



Press Review Taiwan



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May the year of the rooster help you fulfill all your dreams.

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Switzerland in the local press

Credit Suisse to pay US\$5.3bn over 'bad' securities (Taipei Times, 20.01.2017)

Credit Suisse Group AG is paying US\$5.3 billion to settle claims that it misled investors about the quality of mortgage-backed securities that it sold in the lead-up to the 2008 financial crisis. In the agreement with the US Department of Justice, the Swiss bank acknowledged that it knew the mortgages it packaged and then sold as securities did not meet underwriting standards. It is the latest bank to settle with authorities for dealings in mortgage-backed securities, complex investments that were one of the causes of the global financial crisis in 2008.

Muslim Girls In Switzerland Should Take Swimming Lessons With Boys (Taiwan News, 11.01.2017)

Muslim girls in Switzerland should not be exempt from mixed-sex school swimming lessons, the European Court of Human Rights ruled in a landmark case. In a judgment handed down, a panel of judges in Strasbourg unanimously agreed to throw out a case brought by a Muslim couple in Basel, Switzerland, who refused to let their two daughters attend compulsory school swimming lessons with boys. The ruling agreed with Swiss law that children had to follow the school curriculum even if it interfered with the freedom of religion, as it was "pursuing a legitimate aim" in protecting "foreign pupils from any form of social exclusion".

Foreign Policy

Taipei to bolster Asia-Pacific links amid TPP fallout (Taipei Times, 25.01.2017)

Taiwan's government said that it will continue to strengthen economic links with other countries in the Asia Pacific region after the United States formally pulled out of the Trans-Pacific Partnership (TPP) trade deal. However, Executive Yuan said that Taiwan will also keep its talks with the US under the bilateral Trade and Investment Framework Agreement (TIFA) on ways to strengthen economic and trade relations. Taiwan will work to relax the relevant regulations in order to establish free trade agreements with the US and other countries.

President back in Taiwan after 4-nation tour in Central America (The China Post, 15.01.2017)

President Tsai Ing-wen arrived back in Taipei on 15 January and pledged that Taiwan will maintain its cooperation projects with its allies but that they will be carried out more efficiently and with a better chance of benefitting the both sides. She said that Taiwan's allies which she has just visited approved of her administration's "steadfast diplomacy," which favors methods that are mutually beneficial by adopting bilateral dialogue instead of providing unilateral aid. She is back in Taiwan after visiting four of Taiwan's 21 remaining diplomatic allies: Honduras, Nicaragua, Guatemala and El Salvador. The president also made a transit stop in Houston on Jan. 7 en route to Central America and another in San Francisco after concluding the official part of her visit in San Salvador. It was Tsai's second overseas trip as president since she came to office on May 20, 2016.

Taiwan, Saint Lucia ink anti-money laundering MOU (Focus Taiwan, 10.01.2017)

Taiwan signed a memorandum of understanding (MOU) with Saint Lucia on cooperation in the battle against money laundering, the funding of terrorism and other major forms of financial crime. The MOU was signed by Financial Intelligence Authority Director Paul Thompson on behalf of the Saint Lucia government in a ceremony held at the Embassy of the Republic of China (Taiwan) in the Caribbean country. The finalization of the MOU, witnessed by ROC Ambassador Ray Mou, went into effect January 9, 2017.

Taiwan-Poland double tax avoidance pact comes into effect (Focus Taiwan, 04.01.2017)

The Taiwan-Poland agreement on avoidance of double taxation came into effect on Jan. 1, the Ministry of Finance said. Investors will no longer be required to pay personal income tax and corporate tax in both jurisdictions, with Taiwanese manufacturers of electronic parts and laptops expected to benefit most. Including Poland, Taiwan now has double tax avoidance agreements with 32, covering 67 % of the nation's total foreign direct investment (FDI).

China Relation

Approved Taiwanese investment in China down sharply in 2016 (Focus Taiwan, 19.01.2017)

The Investment Commission approved a total of 252 China-bound investment applications in 2016, down 21.49 % from a year earlier, while the value of approved investments in China in 2016 also fell 11.67 % to US\$9.18 billion. The commission attributed the decline to slower growth and a less attractive investment environment in China, which have discouraged Taiwanese investors from injecting funds into the market. China's weakening export growth in recent years also drove Taiwanese investors to other countries, in particular to Southeast Asia. On the other hand, the number of approved investment plans by Chinese companies in Taiwan fell 7.06 % from a year earlier to 158, with the value of the approved projects up 1.46 % to US\$247 million.

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**Liaoning passes through tense Taiwan Strait (The China Post, 12.01.2017)**

The Liaoning, leading a Chinese fleet, entered Taiwan's Air Defense Identification Zone (ADIZ) from the southwest at 7:00 a.m. 11 January and continued to sail north along the Taiwan Strait, apparently on their way back to China from the South China Sea after training exercises, the Ministry of National Defense (MND) said. The passage was seen by many as sabre-rattling on the Chinese side as the relations across the Taiwan Strait became strained when Tsai of the pro-independence Democratic Progressive Party took power last May.

Mainland visitors to Taiwan down 800,000 for 2016 (The China Post, 12.01.2017)

The number of Chinese visitors to Taiwan totaled 3.61 million in 2016, a drop of nearly 800,000 from the previous year based on an initial estimate, according to China's Taiwan Affairs Office said. This represents the first fall in eight years. In contrast, Taiwanese made 5.73 million visits to China in 2016, an increase of 300,000 from the previous year.

MAC to draw up, implement new model for cross-strait interaction (Focus Taiwan, 11.01.2017)

Taiwan's Mainland Affairs Council (MAC) will draw up a new model for interaction between the two sides of the Taiwan Strait and will implement it this year. The MAC will formulate the model based on the changes in cross-strait relations, Beijing's strategies for handling Taiwan-related affairs, and the development of regional situations after the inauguration of US President-elect Donald Trump. The new cross-strait interaction model is one of the key tasks the MAC will undertake in 2017, according to MAC.

Domestic Policy**Government's 4-year plan targets economic growth at 2-3% a year (Focus Taiwan, 23.01.2017)**

The government's four-year national development plan has set an economic growth target of 2 % to 2.5 % this year and of 2.5 % to 3 % in the upcoming four years, according to the National Development Council (NDC). The government will focus its efforts on two main areas to promote economic development in the upcoming four years - increasing investment in Taiwan and carrying out economic structural reform programs. With respect to a stimulus to investment, the government has pushed ahead a series of development programs for promoting the "five plus two" industries, including green energy technology, Asian Silicon Valley, biomedicine, intelligent machinery, national defense and aerospace, plus a new agricultural paradigm and a circular economy. In line with the economic structural reform programs the government has been promoting, the development of the "five plus two" industries will channel capital to the industrial sector.

Taiwan passes law to liberalize green energy supply (Focus Taiwan, 11.01.2017)

Taiwan's Legislature passed an amendment to the Electricity Act, allowing for the supply of green energy directly to consumers and the restructuring of the state-owned Taiwan Power Company (Taipower). The new law changes the regulation that permitted green energy suppliers to sell electricity only to Taipower and is expected to spur more rapid development of the sector, which currently produces only 4 % of the electricity generated in Taiwan. Other suppliers of conventional power will also be allowed to sell electricity directly to consumers, ending Taipower's 70 years of monopoly.

Small investment program to kick off on Jan. 16 (Eye on Taiwan, 02.01.2017)

A plan that makes expensive stocks and other securities more accessible to retail investors will be launched on Jan. 16, according to the Taiwan Stock Exchange (TWSE). Under the plan, which was recently approved by the Financial Supervisory Commission (FSC), retail investors will be able to invest fixed amounts at regular intervals in stocks and exchange traded funds. The new investment program also includes exchange traded funds (ETFs), which accounted for 9.26 % of the total turnover of Taiwan's stock market.

Economy/Finance**Taiwan Q4 GDP up 2.58%, beating forecast (The China post, 25.01.2017)**

Taiwan's GDP grew 2.58 % in the fourth quarter of 2016 from the same period a year earlier, beating an earlier forecast of 2.37 % in November, according to the Directorate General of Budget, Accounting and Statistics (DGBAS). In the wake of the better than expected GDP figure in the fourth quarter, Taiwan's economy is expected to have grown a minimum of 1 % in 2016. The strong local demand came mainly from investments in advanced manufacturing processes by the semiconductor sector and fleet expansion by domestic airlines. In addition, domestic enterprises posted a 30.4 % increase in capital equipment imports for the quarter, the biggest increase since the first quarter of 2011.

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**Think tank lifts Taiwan's 2017 GDP growth to 1.78% (Focus Taiwan, 25.01.2017)**

The Taiwan Institute of Economic Research (TIER) has raised its forecast for the country's real GDP growth to 1.78 % for 2017, up by 0.13 percentage points from an earlier estimate made in November 2016. The increase is due to an improving global economy, rising oil and raw material prices, and foreign trade growth. The TIER forecast that Taiwan's export and import growth for this year could reach 3.89 % and 4.25 %, respectively, up 0.63 percentage points and 0.58 percentage points from its November forecast,

Unemployment falls to 3.79% in December (The China Post, 23.01.2017)

Taiwan's unemployment rate fell slightly last December to 3.79 %, with 446,000 people out of work, 9,000 fewer than in the previous month, according to the DGBAS. A lower unemployment rate is not unusual during the winter break and Lunar New Year holiday, as certain business sectors normally hire more people to meet demand.

Taiwan December export order value down on month, up on year, says MOEA (DigiTimes, 23.01.2017)

Citing data, the Ministry of Economic Affairs said that export orders for the entire 2016 stood at US\$444.54 billion, down 1.6 % from a year earlier, while December was the fifth consecutive month that the country's export orders posted a y-o-y increase as the global economy bounced back to boost consumption, in particular in high-tech gadgets. It was the second consecutive year for Taiwan to post a y-o-y decline in export orders. In 2015, Taiwan's export orders fell 4.4 percent from 2014 due to an economic slowdown.

Government to increase investment in public infrastructure (Eye on Taiwan, 12.01.2017)

The government will increase investment in public infrastructure this year as part of ongoing efforts to boost employment and balance regional development, the National Development Council (NDC) said. This year, the Cabinet plans to spend NT\$363.4 billion (US\$11.55 billion) on public infrastructure projects, of which NT\$326.6 billion is listed in the central government's annual budget. He said related projects can be divided into 17 categories: highways, rail transport, aviation, harbors, tourism, environmental protection, water resources, sewage, national parks, industrial and commercial facilities, fuel and electricity, urban development, culture, education, sports, agricultural facilities and health.

Taiwan reports 3rd consecutive month of export growth (Focus Taiwan, 09.01.2017)

Taiwan's exports grew 14 % y-o-y for the third consecutive month in December to US\$25.7 bio., making it the third straight monthly increase, mainly due to strong global demand for electronic gadgets and a rebound in raw material prices, the Ministry of Finance said. In the fourth quarter of 2016, Taiwan's exports totaled US\$77.78 billion, up 11.7 % from a year earlier, but that was still not enough to prevent a 1.7 % drop in exports for the year as a whole to US\$280.4 billion. The better-than-expected growth indicated that demand toward the end of the year was very solid, in particular in the high-tech sector.

Taiwan's IC output forecast at record high for 4th straight year (DigiTimes, 06.01.2017)

The production value of the local integrated circuit sector is expected to break a record in 2016 for the fourth consecutive year, driven by rising demand for high-end processors in the global market, the Ministry of Economic Affairs (MOEA) said. Strong buying interest in handheld devices, resulting from the launch of new gadgets, pushed up the use of advanced ICs, which benefited Taiwan manufacturers in the IC sector. It estimated that the output of the local semiconductor industry for 2016 would top NT\$1.2 trillion (US\$37.5 billion), breaking the record of NT\$1.17 trillion in 2015.

Taiwan's forex reserves down for 3rd straight month in December (Eye on Taiwan, 06.01.2017)

As of the end of December, Taiwan's forex reserves totaled US\$434.20 billion, down US\$144 million from a month earlier due to a drop in the value of the euro, which has been part of the central bank's portfolio to manage the country's forex reserves, the Central Bank said. While the global financial market will likely counter volatility down the road, the central bank will continue to watch closely the forex market in a bid to stabilize the Taiwan dollar.

CPI rises to near four year annual high (Taiwan News, 05.01.2017)

Taiwan's consumer price index (CPI) for December dropped 1 % from the previous month, but was up 1.4 % for the year, the highest annual increase in inflation in 4 years, mainly because of a spike in food prices, according to the DGBAS. Food prices rose by 5.24 % for the year, the biggest increase since an 8.55 % increase in 2008. The DGBAS also said that the implementation of the new work rules on vacation days and a 40-hour work week could increase inflationary pressure on consumer prices, predicting an increase 0.3 % in the CPI y-o-y.

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**Taiwan's service sector shows significant improvement: survey (Focus Taiwan, 05.01.2017)**

The local service sector showed significant improvement in November, flashing a "yellow-red light" that signaled slight overheating, according to a survey conducted by the Commerce Development Research Institute (CDRI). It was the first yellow-red light since August 2011. The institute attributed the improvement to growth in the wholesale, retail and restaurant industries, due mainly to higher demand ahead of Christmas and anniversary sales campaigns by department stores, which encouraged consumer spending.

Technology/Innovation**ITRI demonstrates 2 cutting-edge technologies at CES 2017 (Focus Taiwan, 07.01.2017)**

The Industrial Technology Research Institute (ITRI) demonstrates 2 cutting-edge technologies at CES 2017, a global consumer electronics and consumer technology trade show being held Jan. 5-8 in Las Vegas, the US, according to the ITRI. The institute demonstrates a robot equipped with ITRI's Intelligent Vision System that is able to play chess with attendees and fill coffee at various fill levels while the coffee cup is at random locations, while the institute also presents an ICT solution for drones that can remotely control LTE-connected drones for fleet management.

Leading German institute to set up research center in Hsinchu (Eye on Taiwan, 05.01.2017)

The Max Planck Institute (MPI) from Germany is set to establish an international research center in Hsinchu, in conjunction with Taiwan's National Synchrotron Radiation Research Center (NSRRC). The center will strengthen scientific collaboration and exchange of scientists and students between the Max Planck Society (MPS), the NSRRC and the universities. In addition, the MPS has invested 1.5 million euros (US\$1.56 million) in the construction of a beamline station at the Taiwan Photon Source.

Special Focus**President Xi: China shows what opening up can do (The China Post, 18.01.2017)**

President Xi Jinping voiced support for open economies while meeting in Bern with Swiss businesspeople in the company of Swiss president, Doris Leuthard, during his four-day visit to the country. China and Switzerland will make joint efforts to encourage innovation, and to cooperate closely in areas including investment, finance and insurance, Xi said. Citing the 2022 Winter Olympics to be held in China, Xi said that the two countries could work together on winter sports and share development opportunities from the event. Mentioning that 17 Jan. marked the 67th anniversary of Switzerland's recognition of the People's Republic of China, Leuthard said that Switzerland is one of the first Western countries to establish diplomatic ties with Beijing. This year is Switzerland-China Tourism Year, she said, adding that more people from both countries have been exchanging visits in recent years.

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