

**Press Review Taiwan**

Trade Office of Swiss Industries, Taipei, 1—30 June 2015

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Switzerland in the local press

Collectors, and bankers, flock to Art Basel (The China Post, 21.06.2015)

The halls of Art Basel, the world's largest contemporary art fair, brim with elegantly dressed collectors all searching for something special—and, increasingly, financial investors just after a good deal. The fair, which last year drew nearly 100,000 visitors from around the world, attracts representatives from museums, large and smaller-scale private collectors and a growing crowd of financial buyers looking for a savvy investment.

Exports of Swiss watches slump most since 2009 (Taipei Times, 20.06.2015)

Swiss timepiece exports had their biggest monthly drop in more than five years as the strong franc and the introduction of the Apple Watch weighed on deliveries. Shipments slid 8.9 % to CHF1.71 billion (US\$1.9 billion) last month, the Federation of the Swiss Watch Industry said. That is the steepest percentage decline since November 2009 and means exports in the first five months of the year fell 0.3 %.

82-year-old Swiss nun returns home (The China Post, 17.06.2015)

Sister Marie-Therese Felder, a nun from Switzerland who gave the majority of her life to Taiwan, returned home recently due to her old age. Before leaving, Felder attributed part of her decision to not wanting to become a burden to the health insurance of the country. Felder first came to Taiwan at the age of 32 in 1965 when she accompanied other nuns and priests to the eastern parts of Taiwan.

Songs battle to become new Swiss anthem (The China Post, 07.06.2015)

The Swiss Society for the Common Good (SSCG), a charitable association promoting societal participation, organized a contest to create a new Swiss anthem. A full 208 songwriters sent in contributions by the deadline last July, with contributions in all four of Switzerland's official languages. After a jury, made up of politicians, musicians, journalists and members of yodel clubs, choirs and sports associations, whittled down the list to six, some 70,000 people voted online for the final three. A second round of online voting that kicks off on 8 June would help determine the winner, along with votes cast at a national music festival in the canton of Aarau on September 12, where the champion will be crowned. But this is only the beginning of a process to try to convince the parliament, government and Swiss people to officially agree to replace the existing anthem.

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Foreign Policy

US rights report shows weaknesses in Taiwan (Taipei Times, 27.06.2015)

Taiwan's principal human rights problems are labor exploitation of migrant workers by fishing companies, exploitation of domestic workers by brokerage agencies and official corruption, a new report from the US Department of State says. While Taiwan gets generally high marks in the report, it notes that authorities indicted 687 officials, including 69 high-ranking officials, on corruption charges last year.

Myanmar sets up trade office in Taiwan (Central News Agency, 24.06.2015)

Myanmar established a trade office on 22 June in Taiwan to promote bilateral trade relations. The Myanmar Trade Office will be responsible for promoting bilateral trade, investment, business, transportation, tourism, and agriculture cooperation.

Taiwan, Papua New Guinea join hands to crack down on illegal fishing (Focus Taiwan, 22.06.2015)

Taiwan and Papua New Guinea inked a memorandum of understanding in which the two countries agreed to cooperate in cracking down on illegal fishing. The fishery cooperation deal is expected to expand their cooperation on efforts to stem illegal, unreported and unregulated (IUU) fishing activities

Taiwan, Nauru ink MOU to combat human trafficking (The China Post, 09.06.2015)

Taiwan and Nauru sealed a memorandum of understanding to cooperate on immigration and the prevention of human trafficking. Nauru is the 14th country to sign a human trafficking prevention MOU with Taiwan. Other countries include Mongolia, Indonesia, Vietnam, Paraguay, the US and Japan.

St. Lucia opens embassy in Taiwan; first in Asia (Focus Taiwan, 04.06.2015)

St. Lucia opened an embassy in Taiwan, the Caribbean country's first in Asia, in an effort to strengthen bilateral ties. The inauguration ceremony was presided over by St. Lucia Prime Minister Kenny Anthony. Also present were Taiwan's Foreign Minister David Lin, and Taiwan's ambassador to St. Lucia James Chang.

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**Taiwan, US sign MOU to extend partnership in global health, aid (The China Post, 02.06.2015)**

The Global Cooperation and Training Framework (GCTF) memorandum of understanding (MOU) was signed in Taipei. The MOU offers a good platform for Taiwan and the US to work closely in the areas of global health, environmental protection, science and technology, humanitarian assistance and disaster relief.

China Relation**Taiwan faces new test in AIIB bid (Central News Agency, 29.06.2015)**

The People's Republic of China has made it difficult for Taiwan to join the Asian Infrastructure Development Bank (AIIB). The new rule announced by Beijing applied to an applicant that "does not enjoy sovereignty or cannot take responsibility for its international relations behavior." The proposal complicated Taiwan's bid because while it would allow Taiwan to apply for membership as a member of the Asian Development Bank (ADB), the country is known as "Taipei, China" in that institution, a name it considers demeaning.

Cross-strait pacts on meteorology, seismic monitoring take effect (Focus Taiwan, 24.06.2015)

Taiwan's Straits Exchange Foundation (SEF) and the China's Association for Relations Across the Taiwan Straits (ARATS) announced simultaneously the implementation of two cooperation agreements on meteorology and seismic monitoring, which were signed by the two sides in February 2014. With the two accords taking effect, the two sides will enhance their exchange of experience and expertise in scientific and technological development, and effectively improve their monitoring and early warning capabilities for extreme weather and major earthquakes.

China to exempt Taiwanese travelers from entry permits from July 1 (Taipei Times, 19.06.2015)

Taiwanese travelers to China will no longer need to apply for an entry permit starting from July 1, China's State Council announced. The amendments to the "Measure for the Control of Chinese Citizens Traveling to or from the Region of Taiwan" state that Taiwanese can travel to China as long as they hold a valid Mainland Travel Permit for Taiwan Residents. To apply for a Mainland Travel Permit, applicants only need to present their Taiwanese identification card and passport, as well as a filled-in application form and a photograph.

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Taiwan sharply raises estimate of AIIB investment to NT\$11 billion (Focus Taiwan, 11.06.2015)

Taiwan's government will likely invest about NT\$11 billion (US\$355.60 million) to gain membership in the China-led Asian Infrastructure Investment Bank (AIIB), Finance Minister Chang Sheng-ford said. Under the AIIB's the newly confirmed charter, Asian members will contribute 75 % of the total capitalization, while non-Asian members will make up the other 25 %. Judging from South Korea's share, Taiwan will likely have to invest about NT\$11 billion to be accepted as a member, which will take place later in the year when the AIIB charter becomes effective.

US reaffirms 'one China' policy after Tsai's call at State Department (The China Post, 07.06.2015)

The US reaffirmed its "one China" policy after a meeting between a State Department official and Taiwan's Democratic Progressive Party Chairwoman and 2016 presidential candidate Tsai Ing-wen. It was the first such meeting between a Taiwanese presidential candidate and a US official in the building, which raised questions about the US government's stance on Taiwan. However, State Department spokeswoman Marie Harf said there has been no change in the US' policy regarding Taiwan.

Domestic Policy**Legal Aid Act revised to cover foreign laborers and foreign spouses (The China Post, 17.06.2015)**

The Legislative Yuan passed a revision to the Legal Aid Act, extending legal assistance to foreign laborers and economically disadvantaged foreign spouses who previously did not qualify for help. Notable among the revised clauses is one that extends the coverage of the act to foreign fishing laborers, foreign maids, foreign care-givers, as well as economically disadvantaged foreign spouses who have yet to qualify for legal residency in Taiwan.

Bill passed to suspend stock trading for food scandal suspects (The China Post, 16.06.2015)

The Legislative Yuan approved an amendment to the Securities and Exchange Act to allow the securities authorities to order suspension of trading of a stock involved in food scandals. In the newly passed rules under the Securities and Exchange Act, securities authorities will also be allowed to order suspension of trading of a stock that is involved in any hazard that undermines public safety, such as pollution.

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**Foreign graduates of vocational schools eligible for work program (Central News Agency, 11.06.2015)**

Taiwan is planning to further open up its special employment program for foreign students by including graduates of vocational schools and two-year colleges. Since last July when Taiwan introduced the points system for foreign graduates of local schools, applicants are awarded points in eight sectors, including Chinese-language ability, educational level and special skills.

Bill passed to allow Easycard, others to conduct third-party payments (Focus Taiwan, 09.06.2015)

The Legislative Yuan passed an amendment that authorizes Easycard and three other existing electronic stored value cards to conduct third-party online payments. The amendment to the Act Governing Issuance of Electronic Stored Value Cards builds on another bill passed by the Legislature in January that provided a legal basis for local companies to run third-party online payment businesses. The legislation passed this month is expected to broaden the scope of existing electronic stored value cards and give an added boost to Taiwan's third-party online payment sector.

Property capital gains tax bill approved by Legislative Yuan (Focus Taiwan, 05.06.2015)

The Legislative Yuan approved a tax reform plan proposed by the Ministry of Finance that will impose a capital gains tax of up to 45 % on profits made on the sale of property. The new tax plan, scheduled to take effect on Jan. 1, 2016, is part of the government's efforts to rein in high residential housing prices and represents a major change from current practices. Gains on the sale of property will be taxed based on the actual gains made in the future. Once the new capital gains tax goes into effect, a luxury tax which has been enforced since June 2011 will be abolished.

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Cabinet approves long-term care insurance bill (Taiwan Today, 05.06.2015)

A long-term care insurance bill expanding Taiwan's social welfare net was approved June 4 by the Cabinet, paving the way for the ROC to become one of the few countries in the world offering such state-sponsored benefits. Under the legislation proposed by the Ministry of Health and Welfare in October 2014, the cost of long-term care services will be shared by employers, employees and the government at 40 %, 30 % and 30 %, respectively. The bill is being fast-tracked for legislative review and, if everything goes as planned, it is expected to take effect in 2018 and benefit 820,000 individuals nationwide.

ROC Cabinet unveils industrial upgrade scheme (Taiwan Today, 01.06.2015)

An NT\$45 billion (US\$1.46 billion), nine-year development scheme aimed at facilitating Taiwan's next-generation industrial sector upgrade is under consideration by the ROC Cabinet. Tapping Taiwan's resources in big data, Internet of Things and robotics, the policy will usher in a new era of smart automatic production across the major sectors of agriculture, consumer electronics, food, logistics, machine tools, metal processing and retail.

Economy/Finance

Consumer confidence in Taiwan falls in June (Focus Taiwan, 29.06.2015)

Taiwan's consumer confidence index (CCI) fell in June, according to a survey released by National Central University. The survey indicated that the CCI for June dropped 1.06 points from a month earlier to 90.58, although there was an upward trend in four of its six sub-indices, which reflect how consumers feel about aspects of Taiwan's economy over the following six months. The four rising indices were consumer prices, the local job market, timing of durable goods purchases, and family finance, while the business climate and the timing for equity market investment fell from the previous month.

Central bank leaves interest rates unchanged (The China Post, 26.06.2015)

The Central Bank of the Republic of China decided to leave its key interest rates unchanged upon conclusion of a quarterly policymaking meeting. It is the 16th consecutive quarter in which the central bank has kept interest rates intact. The central bank has maintained a discount rate of 1.875 %, the rate of accommodations with collateral at 2.25 % and the rate of accommodations without collateral at 4.125 %.

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Taiwan records drop in industrial production in May (Focus Taiwan, 24.06.2015)

Taiwan's industrial production index fell 3.18 % to 106.71 in May from the previous year, ending 15 consecutive months of growth, according to the Ministry of Economic Affairs. The ministry attributed the drop to a decline in the production of panels, LEDs and solar cells due to inventory adjustments. In a breakdown of the production in the different sectors, manufacturing dropped 2.57 % y-o-y in May, mining and quarrying increased 4.71 %, electricity and gas supply dropped 19.32 %, water supply fell 4.21 %, and buildings construction rose 2.45 %.

**Taiwan's economy likely to slow down in 2015: UBS (Focus Taiwan, 23.06.2015)**

Swiss brokerage firm UBS Securities forecast that Taiwan's gross domestic product (GDP) growth will slow from 3.7 % in 2014 to 3.3 % in 2015. The slower growth will be due in part to the falling price of exports, tech product rollover cycles, and an economic slowdown in emerging markets. On the political front, UBS expects more market-friendly policies from the government in the second half of the year, ahead of the country's presidential and legislative elections next January. However, domestic retail investors appear less than enthused, given the uncertainty of the election outcome.

Yuanta-Polaris cuts Taiwan's 2015 GDP forecast (Central News Agency, 23.06.2015)

The Yuanta-Polaris Research Institute lowered its forecast for the country's gross domestic product (GDP) growth to 3.32 % for 2015, citing weakening domestic consumption and global demand. Taiwan is expected to maintain GDP growth of above 3 % this year despite a decline in exports, however, because imports will also decline, keeping the country's trade surplus high. But the declining imports also reflect weakness in domestic demand and unhealthy economic growth.

May export orders at 22-month low (Focus Taiwan, 23.06.2015)

Taiwan's export orders registered a 22-month low in May, amounting to US\$35.79 billion, down 5.9 % from the same month of last year. Statistics released by the Ministry of Economic Affairs (MOEA) indicate that the amount of export orders had shrunk for two consecutive months, with the y-o-y drop, the biggest since April 2013. The Ministry suggested that weaker demand for smartphones from newly industrialized countries had an impact on the supply chain of related products.

Unemployment down slightly in May (Focus Taiwan, 22.06.2015)

Taiwan's unemployment fell slightly to 3.62 % in May, down 0.01 percentage points from April and 0.23 points from a year earlier. The jobless rate was the lowest for the month of May since 2000, when it dropped to 2.78 %. The Directorate General of Budget, Accounting and Statistics (DGBAS) said that with the arrival of the graduation season, the unemployment rate in June is likely to increase by 0.2 to 0.4 percentage points.

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Taiwan's fixed asset investments fall in Q1 (Central News Agency, 20.06.2015)

Taiwan's fixed asset investments for the first quarter of this year fell 29.1 % from a quarter earlier and dropped 11.9 % from a year earlier to NT\$199.1 billion (US\$6.42 billion) as the economy at home and abroad showed signs of slowing down, according to the MOEA. It was the first time that Taiwan's fixed asset investments fell below the NT\$200 billion mark in more than four years. Fixed asset investments refer to investments such as machinery, land, buildings, installations, vehicles, or technology upgrade.

Economic growth to increase 3.35% in 2015: think tank (Central News Agency, 16.06.2015)

The Taiwan Research Institute (TRI) cut its forecast for Taiwan's economic growth this year to 3.35 % from previous prediction of 3.43 %, thanks to a weak recovery in the global economy. The institute attributed the decline to a weak economic recovery worldwide and weak exports and investment at home. However, the think tank was upbeat about local consumption this year, as agricultural and industrial materials remain low, which is keeping commodity prices in check.

Taipei house prices nearly triple in 20 years: realtor (Taipei Times, 14.06.2015)

From 1995 to last year, Taipei real estate soared 196.5 %, while prices in New Taipei City rose 145.3 % and those in Taoyuan 80.3 %, according to a research report released by Sinyi Realty Inc. The realtor said that since the government has launched a tax reform plan in which property sellers are to face up to 45 % in capital gains tax, the local property market is expected to become stable and mature.

Bank lending falls as of end-April (Central News Agency, 06.06.2015)

Loans extended by banks registered in Taiwan as of the end of April fell as the local economy showed signs of weakening, according to the Financial Supervisory Commission (FSC). The data showed that outstanding loans extended by Taiwanese banks as of April fell NT\$121.7 billion (US\$3.93 billion) from a month earlier to NT\$24.95 trillion. The magnitude of the monthly loan decline was the steepest in more than seven years. The FSC attributed the decline to the fact that the local economy has been affected by falling global demand, which dragged down the country's bilateral trade, causing fund demand in Taiwan to fall accordingly.

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**Service sector remains sluggish for 2nd consecutive month (Central News Agency, 06.06.2015)**

The index for Taiwan's services activity flashed a "yellow-blue" light in April for the second month in a row, signaling a sluggish climate, according to the Commerce Development Research Institute (CDRI). The economic think tank said that the service industry (ISI) index stood at 98 points in April, one point higher than in March, but still in the yellow-blue range of 93-99. The entire service sector was adversely affected in April by falling revenues in the transportation business. The April ISI, one point lower than the CDRI's forecast, also remained weak as a result of sluggish commercial sales in Taiwan during the usual slow season for the service sector.

Taiwan's CPI in May down 0.73% (Central News Agency, 05.06.2015)

The local consumer price index (CPI) for May fell 0.73 % from a year earlier, reflecting lower fuel costs resulting from a plunge in international crude oil prices. The y-o-y decline in the May CPI came after a 0.82 % drop in April, marking the fifth consecutive month for local consumer prices to register a fall. In the first five months of this year, the local CPI fell 0.66 % from a year earlier.

Taiwan's PMI down in May (Focus Taiwan, 01.06.2015)

Taiwan's purchasing managers index (PMI) for May fell from a month earlier but the figure still pointed to "slow expansion," the Chung-Hua Institution for Economic Research (CIER) said. The May PMI fell 3.6 points from a month earlier to 51.1 because of a fall in new orders and weakening production. The May figure was the lowest level since February, when the PMI stood at 47.8. Despite the fall, however, the latest data showed that the local manufacturing climate remained in an expansion mode but with growth at a very slow pace.

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Technology/Innovation**IMF highlights ROC government's key role in innovations (Taipei Times, 29.06.2015)**

The IMF lauded the role played by the Republic of China's (ROC) government in technology innovation, noting that it has helped the country escape the middle-income trap and leapfrog to high-income status. It said that an increase in R&D spending, an improvement in education, a hike in the number of science and engineering graduates, and a move toward creating local firms and clusters in the high-tech sector were the key for Taiwan to break the middle income trap.

Taiwanese researchers find obesity-reducing properties in fungus (Focus Taiwan, 25.06.2015)

Taiwan researchers have found that *Ganoderma lucidum*, known locally as lingzhi mushrooms, can prevent obesity, as well as discovering a weight-loss gut bacterium. The results, achieved by a team led by Lai Hsin-chih, a professor at Chang Gung University's Department of Medical Biotechnology and Laboratory Science, have been published in the peer-reviewed scientific journal *Nature Communications*.

TSMC, Hon Hai ranked among world most innovative firms (The China Post, 16.06.2015)

Taiwan Semiconductor Manufacturing Co. and Hon Hai Precision Industry Co. are among the top firms globally in terms of the number of patents obtained in the US this year, the only two Taiwanese companies to gain that distinction, according to a recently released list. TSMC, the world's largest contract chip maker, was granted 620 patents in the US between January and May this year, ranking 16th on the list of the "most innovative" companies worldwide. Hon Hai, the world's largest contract electronics maker and a major supplier to Apple Inc., was granted 408 US patents and was ranked 29th by the Seattle-based startup Sqoop Inc. on June 11.

Special Focus**EU, rights group repeat calls for moratorium on executions in Taiwan (The China Post, 07.06.2015)**

The European Union has reiterated its opposition to the use of the death penalty and called for an "immediate moratorium" on executions after Taiwan's Ministry of Justice executed six death-row inmates. The EU considers capital punishment inhumane and unnecessary, saying that experience has shown that it does not serve as a deterrent to crime. No legal system is flawless and any miscarriage of justice could lead to the tragic loss of an innocent life, it said on its website. In its statement, Amnesty International criticizes the decision by Taiwan's government to carry out the executions at this time, saying it "reeks of political calculations by a government attempting to gain points by quelling public anger." The executions occurred amid public outrage following the random killing of an 8-year-old girl in a Taipei school.

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