

**Press Review Taiwan**

Trade Office of Swiss Industries, Taipei, 1—31 July 2015

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Switzerland in the local press

Scientists discover new particle: the pentaquark (The China Post, 16.07.2015)

Scientists at the Large Hadron Collider in Switzerland have discovered a new kind of particle called the pentaquark. Physicists had theorized the existence of the pentaquark since the 1960s, but had never been able to prove it until its detection by the LHCb experiment at the LHC, the world's most powerful particle smasher. The discovery of the pentaquark comes after the LHC was used in 2012 to prove the existence of another particle, the Higgs Boson, which confers mass.

Swiss cut public transport fares as heat wave spikes pollution (The China Post, 06.07.2015)

Regional authorities in Switzerland temporarily cut bus and train fares to encourage people to leave their cars at home, as a scorching heat wave sent ozone pollution levels soaring. The measure, aimed at reducing vehicle-driven pollution, means a bus or tram ticket in the Swiss city will cost 2 Swiss francs instead of 3. Switzerland, like a range of other European countries, has in recent days been facing a searing heat wave, with temperatures as high as 38 degrees Celsius.

Foreign Policy

President concludes three-nation visit (Focus Taiwan, 18.07.2015)

President Ma Ying-jeou concluded an eight-day visit to three Central American and Caribbean diplomatic allies (Dominican Republic, Haiti and Nicaragua), while to the United States, where he made two stopovers in eastern and western US, bringing home a group of plastic and reconstructive surgeons and therapists from Johns Hopkins Medicine of the US.

Stable cross-strait ties key to growing U.S.-Taiwan ties: AIT head (The China Post, 15.07.2015)

Stable management of cross-Taiwan Strait relations has been a key factor that has made possible significant progress in recent years in US-Taiwan relations, said Raymond Burghardt, the chairman of American Institute in Taiwan (AIT). The US has very much welcomed the marked improvement in cross-strait ties during the past seven years," he said. Both sides of the strait have reduced tension and also the possibility of miscalculation, and that stability is in the interest of the US.

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China Relation

China's missiles targeted elsewhere but threaten Taiwan: MND (Focus Taiwan, 28.07.2015)

The medium and long range ballistic missiles (LRBM) deployed by China may target other countries but still threaten Taiwan, Ministry of National Defense (MND) spokesman Maj. Gen. Luo Shou-he said. Luo was responding to an 8,000-word report published by the People's Liberation Army Daily on Monday detailing the strategic missile forces under China's Second Artillery Corp. He described the report as an attempt to intimidate Taiwan's people psychologically.

China builds replicas of Taiwan targets with 2016 in mind: expert (The China Post, 25.07.2015)

The People's Liberation Army (PLA) has made more physical mock-ups of strategic targets in Taiwan for simulated attacks since 2014, which suggests Beijing has stepped up its "preparations for a military struggle" with Taiwan, an expert on the Chinese military said. Recently, Chinese state-run TV showed a building similar to Taiwan's Presidential Office being stormed by PLA troops in a military exercise, leading some experts to believe the series of drills may be staged on the premise of "resolving the Taiwan issue with force." The footage and related media reports prompted Taiwan's government to convey a "serious protest" to China.

Cross-strait scheduled flights increased to 890 per week (Focus Taiwan, 03.07.2015)

The aviation authorities of Taiwan and China have decided to boost the number of regularly scheduled nonstop flights across the Taiwan Strait to 890 per week from the current 840, the Civil Aeronautics Administration (CAA) said. The two sides have agreed to add Huaian, Yangzhou, Nantong and Yiwu along China's eastern coast, Yanji in northeastern China and Kashgar in western China, as new destinations to be served by cross-strait routes.

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Domestic Policy

Cabinet plans NT\$500 billion fund to stimulate economy (Taipei Times, 28.07.2015)

The Executive Yuan has planned a fund of NT\$500 billion (US\$15.87 billion) to stimulate Taiwan's export-oriented economy, which has become sluggish amid a slowdown in global trade. Under the funding plan, the government will provide guarantees to larger enterprises that need loans to expand, hoping to strengthen their competitive



edge in the global market. According to government sources, the NT\$500 billion will be provided by 39 banks, which will set their own interest rates. To be eligible for the loans, manufacturers must have paid-in capital of at least NT\$80 million and a workforce of 200, while service companies must have sales of at least NT\$100 million a year or a workforce of at least 50 people.

MOEA announces opportunities for businesses with key technologies (Central News Agency, 21.07.2015)

The Ministry of Economic Affairs (MOEA) has identified the industries and technologies that are in great demand in Taiwan, which include offshore wind power, electric vehicles, semi-conductor production equipment, power plant air pollution control equipment, and liquefied natural gas terminals. International firms which own such key technologies industries are welcome to set up research centers, factories, or even headquarters in Taiwan. Investment in these sectors is estimated to reach NT\$1.5 trillion (US\$48 billion) over the next five years.

Trading halt mechanism to start in January 2016 (Central News Agency, 14.07.2015)

Taiwan will soon launch a mechanism that will allow halts in trading of individual securities for the first time ever to improve information disclosure and protect investors, the Taiwan Stock Exchange (TWSE). The new trading halt mechanism will be carried out on the main stock exchange and the over-the-counter market beginning on 15 Jan. 2016. According to the exchange, whenever a listed company is set to announce material information which could influence its share price, it can apply to the TWSE for approval of a temporary halt in trading. It expects the move to help Taiwan's equity markets narrow their gap with international counterparts.

NDC approves 2016 budgets for major public works projects (Focus Taiwan, 13.07.2015)

The National Development Council (NDC) approved the 2016 budgets of NT\$177.24 billion (US\$5.7 billion) for 199 major infrastructure projects. The proposal will be presented to the Cabinet for its approval before being referred to the Legislative Yuan by the end of this year. Of the budgets approved, NT\$45.53 billion will be invested in highway construction projects, followed by NT\$43.67 billion for rail transport. Agricultural construction projects will get NT\$20.27 billion in funding, and another NT\$17.19 billion will be devoted to educational, cultural and sports projects. A total of NT\$13.85 billion will be invested in water construction projects, and NT\$13.21 billion will go to sewer projects.

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Economy/Finance

Taiwan's Q2 GDP growth lowest in 11 quarters (Focus Taiwan, 31.07.2015)

The nation's GDP for the 2nd quarter of this year rose 0.64 % from a year earlier, compared with an earlier forecast of a 3.05 % increase. The increase was the smallest in 11 quarters, according to the Directorate General of Budget, Accounting and Statistics (DGBAS).

Taiwan's approved outbound investment nears US\$3 billion in July (Central News Agency, 28.07.2015)

Taiwan's outbound investment approved by the government in July reached US\$2.78 billion after Taiwan Semiconductor Manufacturing Co. (TSMC) applied to send a large US\$2 billion sum overseas investment for financial investment purposes. Meanwhile, the Investment Commission approved four applications to invest a total of US\$167 million in China.

Taiwan's economy suffers downturn in June: NDC (Focus Taiwan, 27.07.2015)

Taiwan's composite economic monitoring indicator compiled by the National Development Council (NDC) flashed a blue light in June, indicating that the economy was showing signs of a recession. The overall score decreased by two points in June from a month earlier, slipping into the blue light range of 9-16 points, the NDC said.

Leading think tank cuts the nation's 2015 GDP forecast to 3.11 percent (The China Post, 25.07.2015)

The Taiwan Institute of Economic Research (TIER) has lowered its forecast of Taiwan's 2015 gross domestic product growth to 3.11 % at a time when the weakness of the global economy has sent demand lower. In June, Taiwan's exports fell 13.9 % from a year earlier, marking the fifth consecutive month in which the country registered a y-o-y drop in exports. In the first six months of this year, exports dropped 7.1 % from a year earlier. As a result, TIER has cut its forecast for Taiwan's 2015 export growth by 1.29 percentage points to 3.99 %, while the estimate for imports has been cut by 2.11 percentage points to 2.67 %.

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**June jobless rate hits 3.71 percent (Focus Taiwan, 22.07.2015)**

Taiwan's unemployment rate in June hit 3.71 %, up by 0.09 percentage points from May but down 0.21 percentage points from a year earlier, the Directorate General of Budget, Accounting and Statistics (DGBAS) reported. In the first six months of this year, the average local jobless rate stood at 3.68 %, down 0.29 percentage points from a year earlier, while the average local labor participation rate for the six month period reached 58.55 %, up 0.11 percentage points.

CIER cuts Taiwan's 2015 GDP growth forecast to 3.04% (Focus Taiwan, 16.07.2015)

The Chung-Hua Institution for Economic Research (CIER) has lowered its forecast for Taiwan's gross domestic product (GDP) growth for 2015 to 3.04 %. The updated forecast is 0.52 percentage points lower than the previous estimate of a 3.56 % increase the think tank made in April. The downgrade reflected slower-than-expected exports, private consumption, and public and private investments, at a time when the global economy has shown signs of slowing down, affecting worldwide demand, according to the CIER.

ADB cuts Taiwan's 2015 economic growth forecast to 3.4% (Central News Agency, 16.07.2015)

The Asian Development Bank (ADB) has revised downward its forecast for Taiwan's economic growth for this year to 3.4 %, from 3.8 % estimated in March, attributing the adjustment mainly to the worse-than-expected economic performance of the US and China.

Taiwan the 17th richest country in world: Global Finance (The China Post, 15.07.2015)

Taiwan was the 17th richest country among 184 countries and territories in the world from 2009 to 2013, according to an analysis by Global Finance Magazine based on per capita income adjusted for purchasing power. Taiwan's ranking was much improved from its 25th position in 2009.

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Taiwan's debt obligations total almost NT\$24 trillion: TIER (Central News Agency, 14.07.2015)

The public debt accumulated by the central and local governments stood at NT\$5.25 trillion and NT\$731.2 billion, respectively, as of the end of 2014, according to Ministry of Finance statistics. The total debt--NT\$5.99 trillion--was 37.2 % of gross domestic product in 2014, approaching the average of 40.6 % ceiling imposed by the Public Debt Act in the previous three years before 2014. According to the Taiwan Institute of Economic Research (TIER), the total of these obligations over the next 30 years will be an estimated NT\$17 trillion to NT\$18 trillion, which when added to public government debt totals nearly NT\$24 trillion, or about 160 % of Taiwan's current GDP.

Taiwan's tax revenue up nearly 10% in H1 (Focus Taiwan, 11.07.2015)

Taiwan's tax revenue rose almost 10 % in the first half of this year largely on the back of an increase in personal income tax and corporate income tax collected, according to the Ministry of Finance (MOF). The nation collected NT\$1.19 trillion (US\$38.14 billion) in net tax revenue in the first six months of this year, up NT\$106.7 billion or 9.8 % from a year earlier. The amount was the highest ever collected in the first half of any year.

Taiwan's annual growth rate revised downward (The China Post, 09.07.2015)

Academia Sinica, Taiwan's highest research institute, revised this year's annual GDP growth rate down to 3.24 % from the previous forecast of 3.38 % issued at the end of 2014. Global trade slowed in the second quarter, negatively impacting Taiwan's exports. The volatility in China's economy has also led to changes in production and output expectations, further affecting Taiwan's trade. The second half of the year should prove to have better news, and this will occur as the global economy is expected to stabilize given the current international situation, leading to greater overall investment.

Taiwan's exports decline in June for fifth consecutive month (The China Post, 08.07.2015)

Exports dropped 13.9 % over the past year to US\$23.07 billion in June, marking the fifth consecutive month of decline, while imports in the same month fell 16.1 % to US\$20.89 billion, reported the Ministry of Finance (MOF). Export levels were at their lowest level since October 2010. The ministry attributed the worse-than-expected export performance to weak global demand and falling oil and steel prices. Exports in the first six months of the year totaled US\$142.43 billion, representing a drop of 7.1 %, while total imports in the six-month period fell 14.9 % to US\$116.67 billion.

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**Inflation in Taiwan falls for sixth month in a row (Focus Taiwan, 07.07.2015)**

Taiwan's consumer price index (CPI) fell for the sixth consecutive month in June, dropping 0.56 % y-o-y thanks to falling fuel and natural gas prices, according to the Directorate General of Budget, Accounting and Statistics (DGBAS). For the first six months of 2015, the CPI was down 0.65 % y-o-y, but Taiwan was not facing deflationary pressures because core inflation, which excludes vegetables, fruits and energy, was up 0.87 % y-o-y during the January-June period.

Taiwan's PMI down in June; NMI drops to 11-month low (Central News Agency, 02.07.2015)

Taiwan's purchasing managers index (PMI) fell again in June as the local economy showed signs of slowing, according to the Chung-Hua Institution for Economic Research (CIER). The slowdown of the economic fundamentals also dragged down the June non-manufacturing index (NMI) to the lowest level in 11 months. The June PMI fell 0.3 points from May to 50.8, the lowest level since February when it was 47.8. Despite the drop, however, the local manufacturing climate remained in expansion mode, although manufacturing activity grew at a slower pace, the think tank said.

Nearly half of Taiwan's export orders made in China, Hong Kong (The China Post, 01.07.2015)

A total of 47.1 % of export orders received in Taiwan were produced in China or Hong Kong in 2014, up from 43.8 % in 2010, the Ministry of Economic Affairs said. Overall, the percentage of Taiwan's export orders produced overseas has risen from 50.4 % in 2010 to 52.6 % in 2014, the figures showed. In 2014, Taiwan received US\$472.8 billion in export orders. The figures also showed that among Taiwan's major export items, information/communications technology and electronics products were the least likely to be made at home, with only 9.1 % of those goods for export made in Taiwan in 2014.

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Technology/Innovation**Taiwan's R&D spending as share of GDP rose for 3rd year in a row (Central News Agency, 15.07.2015)**

According to the Ministry of Economic Affairs (MOEA), Taiwan's 2013 research and development (R&D) expenditures accounted for 2.99 % of the GDP, representing an increase for the third consecutive year. Deeply impacted by the financial crisis in 2009, which led to a shrinking market, Taiwan decelerated its pace of investment in R&D with the growth rate for the year dropping to 4.5 %. As the global economy recovered in recent years, Taiwan's investment in R&D began to regain steam with growth rates ranging from 4 to 7 %, and annual growth in 2013 reaching 5.5 %.

NTUH researchers reveal side effect of medication (Taipei Times, 10.07.2015)

National Taiwan University Hospital (NTUH) announced the discovery of a potentially deadly side effect of antithyroid medications called agranulocytosis, which can lead to sepsis and even death. Agranulocytosis is a condition characterized by a severe reduction in the number of granulocytes, a type of white blood cells that help the body fight bacterial infection. The research team has established a link between two human leukocyte antigen (HLA) genes (HLA-B38:02 and HLA-DRB1 08:03) with an increased risk of life-threatening agranulocytosis. The breakthrough has come after 15 years of research.

Special Focus**Taiwan's investment in EU hits record high in 2014 (Focus Taiwan, 14.07.2015)**

Taiwan's investment in the European Union reached a record high of US\$783 million in 2014, making Europe one of the top destinations for Taiwanese foreign investment globally, the Taipei-based European Economic and Trade Office (EETO) said. With total trade in goods between the EU and Taiwan rising 4.1 % y-o-y to US\$783 million in 2014, Taiwan was the EU's 19th-largest trade partner, its 16th-largest source of imports and its 23rd-largest export market, according to the 2015 EU-Taiwan Factfile. The report also shows that the EU was Taiwan's fifth-largest trading partner, accounting for roughly 9 % of Taiwan's foreign trade. EU-Taiwan trade in services also continued to surge, increasing by 5.3 % in 2013 to US\$8.74 billion. Moreover, the EU was the most important investor in Taiwan in 2014, with accumulated direct investment accounting for 24.4 % of all foreign investment in Taiwan. Taiwan's investment in the EU in 2014 also posted an explosive growth of 547 % y-o-y to reach a record high of US\$783 million.

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