



Press Review Taiwan

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Switzerland in the local press

With EU in mind, Swiss parliament passes immigration measure (Taiwan News, 17.12.2016)

Switzerland's parliament has approved an initiative to limit "mass immigration," hoping to maintain good ties with the European Union by rejecting an effort by the leading right-wing party to set quotas on newcomers. The vote follows up on a nationwide referendum aimed to limit immigration that narrowly passed in February 2014. The Swiss People's Party hoped the measure would cap the number of people from the EU who can work in Switzerland, but the bloc warned that quotas could damage ties.

Swiss trains now running through world's longest rail tunnel (The Liberty Times, 11.12.2016)

Switzerland's national rail company SBB has started regular service through the Gotthard Base Tunnel, the world's longest railway tunnel. The first trains ran from Zurich to Lugano on 11 Dec., SBB said. The 35.4-mile (57-kilometer) tunnel can save 30 minutes travel time. It also increases capacity for freight trains as well and relieves the burden on roads by shifting the flow of freight over the Alps from truck to rail. It took 17 years to build and cost \$12 billion. There was a formal inauguration in June with VIPs.

Switzerland eyes AEOI with 21 countries (Taipei Times, 03.12.2016)

Switzerland, which has been working to end its years-long practice of banking secrecy, said it aimed to dramatically increase the number of countries it cooperates with toward international fiscal transparency. The Swiss government wanted to extend the automatic exchange of information (AEOI) on bank accounts to 21 more countries, including Argentina, Brazil, India, Israel and South Africa. The government said consultations on the move would be held through to the middle of March next year and that it expected the accords to enter into force by Jan. 1, 2018 and for information exchange to begin a year later.

Foreign Policy

US president signs bill backing military exchanges with Taiwan (Taiwan Today, 29.12.2016)

US President Barack Obama signed into law a defense bill Dec. 23 that includes a section on high-level military exchanges between Taiwan and the US. The Republic of China (Taiwan) Ministry of National Defense expressed gratitude in a statement, adding that the measure demonstrates the support and concern of the US for the ROC's national defense and security.

After FATCA pact signing, increased focus on possible tax evaders (Focus Taiwan, 27.12.2016)

Taiwan and the US signed an agreement on the Foreign Account Tax Compliance Act (FATCA) that will make it easier to go after "non-cooperative" clients, the Financial Supervisory Commission (FSC) announced. Under the inter-governmental agreement, the US can in the future ask Taiwan to provide data on "non-cooperative" clients. The FSC, along with the Ministries of Finance and Foreign Affairs, signed the agreement based on mutual benefit to protect the investment rights of Taiwan's financial institutions and its nationals.

Taiwan-Canada double taxation avoidance agreement to take effect Jan. 1 (Taiwan News, 23.12.2016)

An agreement between Taiwan and Canada on double taxation avoidance and fiscal evasion prevention is set to take effect Jan. 1, 2017, the Ministry of Finance (MOF) announced, adding that the pact will boost investment, expand trade and foster industrial and technological collaboration. Under the agreement, taxes cannot be levied by both sides on the same assets, income or financial transactions.

Sao Tome and Principe cuts diplomatic ties with Taiwan: MOFA (Taiwan News, 21.12.2016)

The Ministry of Foreign Affairs (MOFA) confirmed that the small west African country of Sao Tome has made an announcement to end diplomatic relations with Taiwan. MOFA said that Taiwan was unable to satisfy the west African nation's huge financial shortages. Now in Africa, only Burkina Faso and Swaziland still maintain formal ties with Taiwan. Just this March, another west African nation of Gambia also terminated diplomatic ties with Taiwan, followed by an announcement from Beijing that it had resumed diplomatic relations with the African nation.

Taiwan, Australia reach open sky aviation agreement (Focus Taiwan, 15.12.2016)

Taiwan and Australia have agreed on an open sky policy that removes restrictions on bilateral flight services stipulated in their previous aviation pact signed in 2006, the Civil Aeronautics Administration (CAA) said. The new agreement could support the government's "New Southbound Policy"--which is aimed at enhancing Taiwan's relations with countries in Southeast Asia, South Asia, Australia and New Zealand--by allowing airlines in Taiwan and Australia to operate unlimited services between the two countries.

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**Costa Rica restores visa-free privilege to Taiwanese travelers (Taiwan News, 14.12.2016)**

Costa Rica has restored visa-free privilege to Republic of China (Taiwan) passport holders for visits of up to 90 days, MOFA said. The Costa Rican government announced that it was granting visa-free treatment to passport holders of 100 countries around the world, including Taiwan, for business and tourism trips.

Taiwan's equity clearing house signs MOU with Iranian counterpart (Focus Taiwan, 12.12.2016)

Taiwan Depository and Clearing Corp. (TDCC), the government-sponsored securities clearing and settlement house, said that it has signed a memorandum of understanding (MOU) with the Central Securities Depository of Iran (CSDI). Under the agreement, the TDCC and CSDI will increase their efforts in business information exchanges, staff training and operations in cross-border business, the TDCC said.

Taiwan, New Zealand sign anti-spam MOU (Taiwan News, 12.12.2016)

Taiwan signed a MOU with New Zealand to strengthen mutual cooperation on anti-spam policies and to seek agreements on commercial e-mails. The anti-spam MOU was signed by Wu Chien-kuo, the head of the Taipei Economic and Cultural Office in New Zealand, and Si'alei van Toor, the director of the New Zealand Commerce and Industry Office in Taipei. According to the National Communications Commission (NCC), the cooperation will allow both sides to exchange ideas on spam management and safeguard consumers' rights and people's freedom of communications in a digital economy.

China Relation**China 'dissatisfied' with name change of Japan's Taiwan representative office (Taiwan News, 29.12.2016)**

China expressed dissatisfaction after Japan's decision to change the name of de facto embassy in Taiwan from "Interchange Association, Japan" to "Japan-Taiwan Exchange Association." Chinese Foreign Ministry Spokeswoman Hua Chunying said China has always maintained a clear stance that it opposes any attempts by Taiwan to create "one China, one Taiwan", or "two Chinas." Hua exhorted Japan to honor the "one China" principle, appropriately handle Taiwan-related matters, and not send a wrong message to Taiwan and the international community or create new disturbances in China-Japan ties.

Chinese aircraft carrier sails in waters south of Taiwan (Focus Taiwan, 26.12.2016)

China's first aircraft carrier sailed in waters south of Taiwan overnight with Taiwan's fighter jets and warships monitoring its movement and ready to respond, Taiwan's Ministry of National Defense (MND) said. China's Liaoning and five escorting warships were sailing 20 nautical miles outside Taiwan's air defense identification zone (ADIZ) in the Bashi Channel between Taiwan and the Philippines. The aircraft carrier and its escorts are expected to conduct exercise outside the first island chain, of which Taiwan and the Japanese islands form a part.

Chinese aircraft avoided Taiwan's air defense zone: MND (Taiwan News, 18.12.2016)

Chinese military aircraft have circled Taiwan twice on Nov. 25 and Dec. 10 but did not enter the country's air defense identification zone (ADIZ). The MND confirmed the Chinese flights but said Taiwan's military was able to stay on top of the situation and respond if necessary. The four aircraft that passed outside the zone in southern Taiwan were part of a fleet of 10 from the Eastern Theater Command of the People's Liberation Army Air Force that was on a long-distance training mission.

DPP urges China to protect Taiwan investors' interests (Focus Taiwan, 05.12.2016)

The ruling Democratic Progressive Party (DDP) called on China to abide by its laws to protect the interests of Taiwanese businesses based there. A Taiwanese seafood restaurant chain Hai Pa Wang, which is labeled as a pro-Taiwan independence enterprise, was fined in China for mislabeling items such fish balls that are produced at its food factory in Chengdu. Zhang Zhijun, head of China's Taiwan Affairs Office, said that his country continues to welcome investments from Taiwan companies but not those that support the idea of Taiwan independence.

Domestic Policy**'Asian Silicon Valley' operations base opens (The China Post, 26.12.2016)**

Vice President Chen Chien-jen inaugurated the base for the implementation of the government's ambitious "Asian Silicon Valley" plan, which is designed to improve Taiwan's overall economic structure. The major tasks of the "Executive Center for the Asian Silicon Valley Plan" in Taoyuan will be to promote the internet of things (IoT) and innovation industries, boost Taiwan's economic development by integrating relevant local and international sectors, and push Taiwan's industrial transformation.

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**Gov't to penalize deep-sea fishing violators (The China Post, 20.12.2016)**

Taiwan's deep-sea fishing vessels caught fishing illegally will face a maximum fine of up to NT\$30 million (US\$938,700) after a statute governing deep-sea fishing comes into force on Jan. 20, the Fisheries Agency said. Repeat offenders will face increased fines of up to NT\$45 million. In addition to the fines, the operators and fishermen will have their licenses recalled or revoked. The statute was enacted as part of a government effort to get Taiwan removed from the European Union fishery watch list.

Cabinet approves projects under 'New Southbound Policy' (Taiwan Today, 16.12.2016)

The Cabinet gave approval for the implementation of a series of projects under the government's "New Southbound Policy," starting Jan. 1 next year. The projects have been grouped into four main areas--trade and economic cooperation (to gear toward strengthening cooperation in the manufacturing industry, in infrastructure construction, systematic integration service exports and financial support), talent exchange (by focusing on the nurturing talent to build complementary human resources between Taiwan and the targeted countries), resource sharing (to use Taiwan's strengths in medical services, culture, tourism, technology and agriculture to establish partnerships with the targeted countries and to seek more opportunities for bilateral and multilateral cooperation), and regional connection (to seek to institutionalize bilateral and multilateral cooperation and elevate the level of dialogue). The implementation will be coordinated and monitored by the Cabinet's Office of Trade Negotiations

Money-laundering act changed to expand scope (Taiwan News, 10.12.2016)

A proposed amendment to the Money Laundering Control Act was passed by the Legislative Yuan, under which more professions are required to report to the authorities any suspicious financial transactions by their clients. Under the revised act, in addition to financial institutions, jewelry store operators, land registration agents, real estate brokers, practicing lawyers and accountants are all obliged to make such reports.

Law amended to tax int'l e-commerce firms (The China Post, 10.12.2016)

The Legislative Yuan passed an amendment that will require international e-commerce operators in Taiwan to pay business tax. According to the amendment to the Value-added and Non-Value-added Business Tax Act, international e-commerce companies operating in Taiwan must register their presence with the local tax authorities or face a fine of up to NT\$30,000 (US\$943). Companies that fail to file their tax returns can also be fined up to NT\$30,000, the amendment stipulates.

Legislature approves amendment to labor law (Focus Taiwan, 06.12.2016)

The Legislative Yuan approved the third and final reading of an amendment to the labor law, introducing a five-day work week with one compulsory rest day, one flexible day off and eliminating seven national holidays. The revised labor law cuts the number of national holidays from 19 to 12 per year.

Economy/Finance**Consumer confidence hits three-year low (The China Post, 29.12.2016)**

Taiwan's consumer confidence index (CCI) in December fell to its lowest level in three years, National Central University (NCU) said. The CCI for December was 77.22, down 0.49 points from a month earlier and the lowest level since October 2013. In December, four out of the six sub-indexes fell, with the sub-index for confidence in consumer prices seeing the biggest decline, dropping 2.75 points to 48.80.

Taiwan's economy continues stable growth: NDC (Focus Taiwan, 27.12.2016)

Taiwan's economy continued to show signs of stable growth in November, with monitoring indicators flashing a green light for the fifth consecutive month, according to a the National Development Council (NDC). Overall, the score of the composite monitoring indicator increased by two points from a month earlier to 26 in November. The green light was bolstered by gains in exports and manufacturing production, two of the nine indicators that make up the monitoring indicators.

Industrial production in Taiwan up for 4th consecutive month (Taiwan News, 23.12.2016)

Industrial production in Taiwan posted a y-o-y increase of 8.83 % to 111.27 in November for the fourth consecutive month on the back of rising global consumption during the Christmas season and ahead of the Lunar New Year holiday in China, the Ministry of Economic Affairs (MOEA) said. A buying spree by consumers prompted international brands, such as handheld device vendors and wearable device suppliers, to build up their inventories, which in turn boosted orders for local manufacturers.

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**Expectation of Taiwan's GDP growth: Think tanks (Taiwan Today, 20.12.2016)**

Academia Sinica's Institute of Economics forecast that the economic growth rate for 2017 will be 1.68 %. According to the forecast, economic performance in developed and developing countries, as well as emerging markets, will stabilize, which will fuel the country's exports and investment. The research body forecast that the real economic growth rate for 2016 will be 1.23 %. Cathay Financial Holding Co. said that it has raised its forecast for Taiwan's GDP in 2017, largely in reflection of a rebound in the country's exports. Cathay Financial said that the GDP is expected to grow 1.5 % in 2017, an upgrade from an earlier estimate of a 1.2 % rise recorded in September. In addition, the Asian Development Bank (ADB) revised Taiwan's GDP growth to be 1.2 % this year, rising to 1.6 % next year, mainly due to strong performance in the third quarter and the administration of President Tsai Ing-wen beginning to carry out projects that had been put on hold prior to the presidential election earlier this year. Meanwhile, Fitch Ratings, one of the world's leading rating agencies, also forecasted that Taiwan's GDP will grow at a pace of 1.5 % to 2 % over the next two years. The forecast is in line with the expectations of Taiwan's government, which has said the local economy will benefit from a recovery in global demand boosting exports. Moreover, DBS, a Singapore-based banking group, also expected that Taiwan's economic momentum is expected to pick up in 2017, with its GDP likely to grow 2.1 %.

On the other hand, Taipei-based Chung-Hua Institution for Economic Research (CIER) has lowered its forecast for Taiwan's GDP growth in 2017 to 1.73 % from its previous estimate of 1.81 % in October. The revision was made after taking into consideration uncertainties in government policies next year. These include future policy direction following the election of Donald Trump as US president and the economic and financial policies of third countries. Other factors weighed include movements in global oil and commodity prices, slowing economic growth and rising credit risk in China and geopolitical or political uncertainty.

Export orders up for 4th consecutive month in November (Focus Taiwan, 20.12.2016)

Export orders received from abroad by companies in Taiwan totaled US\$43.62 billion in November, up 7 % from a year earlier, amid rising global demand before the year-end holiday buying spree, according to MOEA statistics. The ministry said orders for information and communication equipment such as handheld devices and notebook computers rose 6.9 % from a year earlier to US\$14.58 billion in November.

Taiwanese outbound investment increases this year (Taiwan News, 20.12.2016)

Taiwan's outbound investment (excluding China) from January to November has increased 11.78 % over the same period of last year to reach US\$11.25 bio., the Investment Commission said. However, investment cases and amounts in China during the same period dropped 26.3 % (213 cases) and 10.47 % (US\$8.42 bio.) from last year mainly due to changes in China's business environment, including increasing labor costs and land prices. The figures also reflect harsher standards imposed by the Chinese authorities in order to promote green industry.

Service sector shows signs of improvement: survey (Focus Taiwan, 11.12.2016)

The index of service industry (ISI) stood at 101 points in October, up from 97 in the previous month, flashing a green light that represents a range of 100 to 103, according to the Commerce Development Research Institute (CDRI). It was the first green light after 19 consecutive months of a "yellow-blue" light that represented a slowdown. The improvement was attributed to a comparatively higher number of holidays in October, anniversary sales campaigns by department stores, and promotional efforts by online vendors, which encouraged consumer spending, according to the CDRI.

Taiwan November CPI down on month, up on year, says DGBAS (DigiTimes, 06.12.2016)

Taiwan's consumer price index (CPI) rose 1.97 % in November from a year earlier, the biggest increase since April, but was down 0.43 % from October. The main factors that drove inflation higher were y-o-y increases in the prices of vegetables, fruit, aquatic products, meat and fuel, according to the Directorate General of Budget, Accounting and Statistics (DGBAS). Vegetable prices were up 37.53 % from November 2015, while the cost of dining out and higher water rates also contributed to the rise in the CPI.

Foreign fund outflow in November highest in a year (Taipei Times, 05.12.2016)

Foreign investors recorded a massive net outflow of funds from Taiwan totaled US\$3.29 billion last month, reaching the highest monthly level in more than a year on the back of rising expectations of a stronger US dollar, according to the Financial Supervisory Commission. Affected by the large fund outflows, the New Taiwan dollar depreciated 0.98 % against the US dollar last month.

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**Euro fall drags down Taiwan's forex reserves (Taiwan News, 05.12.2016)**

The depreciation of the euro, which is one of the currencies in the Taiwanese central bank's foreign exchange reserves' portfolio, dragged down Taiwan's forex reserves in November, the central bank said. Taiwan's forex reserves at the end of November stood at US\$434.35 billion, down US\$915 million from a month earlier, marking the second consecutive month for the country's foreign reserves to register a fall.

Technology/Innovation**Taiwan, Philippines push for scientific cooperation (The China Post, 10.12.2016)**

Taiwan and the Philippines held a meeting under their Joint Science and Technology Commission in Taipei, in an effort to boost cooperation in natural disaster prevention and personnel exchanges. During the fifth meeting under the commission, the two sides officially launched three projects to strengthen bilateral cooperation in the areas of volcanoes, oceans, typhoons and earthquakes. The four areas are the focus of bilateral science and technology cooperation, said Philippines' Department of Science and Technology Secretary Fortunato T. de la Pena.

Special Focus**Trump has 'historic' phone conversation with Taiwan president (Focus Taiwan, 03.12.2016)**

US President-elect Donald Trump spoke with Taiwan President Tsai Ing-wen on the phone in what is described as "a first since the diplomatic ties between the United States and Taiwan were cut off" nearly 38 years ago. According to a press release issued by the Trump transition team, the president-elect "spoke with President Tsai Ing-wen of Taiwan, who offered her congratulations." "During the discussion, they noted the close economic, political, and security ties exists between Taiwan and the United States," according to the press release. "President-elect Trump also congratulated President Tsai on becoming President of Taiwan earlier this year," it said without giving other details about the conversation.

The MOFA said that President Tsai Ing-wen's phone call with US President-elect Donald Trump was a symbol of friendship between the two sides. Taiwan has maintained very good partnerships with both the Democratic Party and Republican Party of the United States and has many friends in both the conservative and liberal camps. MOFA will continue to pay attention to the formation of Trump's security and foreign affairs team and strengthen contact with the new US administration.

United States Vice-President-elect Mike Pence and a senior aide to President-elect Donald Trump both said that Trump's phone call with Taiwan's President Tsai Ing-wen was just a courtesy call and did not signal any plans to change US foreign policy. "She reached out to the President-elect and he took the call from the democratically elected leader of Taiwan," Pence said, adding that the call was one of more than 50 that Trump has had with world leaders since the Nov. 8 election.

China has lodged a diplomatic protest with the US over the phone conversation between Trump and Tsai. China also called on the relevant parties in the US to handle Taiwan-related issues "cautiously and properly" to avoid "unnecessary interference" in the China-US relationship, Chinese foreign ministry spokesman Geng Shuang said in Beijing, according to the news reports. "There is only one China in the world, and Taiwan is an inseparable part of Chinese territory," Shuang said. "The government of the People's Republic of China is the sole legitimate government representing China. This is a fact that is generally recognized by the international community."

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