



Press Review Taiwan

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Switzerland in the local press

Switzerland wires US\$138 million in Lafayette scandal funds to Taiwan (Taiwan News, 19.07.2023)

Switzerland has wired US\$138.04 million (NT\$4.29 billion) to Taiwan in illegal commissions paid to late arms broker Andrew Wang for the purchase of frigates from France, the Ministry of Justice said. Wang fled Taiwan after the body of a Navy captain washed ashore in 1993. The death led to the discovery of a massive kickback scandal involving the procurement of six Lafayette frigates from France. Wang died in London in 2015, but investigators continued to track down his assets and to ask European countries to freeze his accounts. In the meantime, Wang's heirs fought a legal battle questioning the constitutionality of the efforts. Switzerland's decision to move the illegally gained funds to Taiwan capped 20 years of work by the prosecutors. A total of 27 accounts had been frozen by the Swiss authorities during that period, leading Taiwan to agree to split the funds on an equal basis with Switzerland.

Climate-hit Pakistan to cooperate with Switzerland on ways to manage the risks of natural disaster (Taiwan News, 09.07.2023)

Pakistan's Prime Minister Shehbaz Sharif has said his country is looking forward to cooperating with Switzerland on managing the effects of climate change and receiving an advanced weather warning system from the European country. The two countries signed a Memorandum of Understanding at the Nathia Gali resort, located some 85 kilometers from Islamabad, to cooperate on ways to manage natural disaster risks. The two countries announced they will "pool resources" to help strengthen Pakistan's response to natural disasters. The Swiss foreign minister said the MoU signing was a "vital step" in helping Pakistan overcome the catastrophic effects of climate change. The situation in Pakistan was a "stark reminder" of the urgent need for international cooperation against climate change beyond borders, he added. The South Asian nation has been grappling with the effects of climate-induced rains and floods. Last summer's flash floods killed over 1,700 people and left millions homeless, besides incurring \$30 billion in losses to the national economy.

New gondola connects Switzerland and Italy (Taiwan News, 01.07.2023)

A new cable car that allows visitors without skis to cross between Switzerland and Italy near the Matterhorn, one of the most famous Alpine peaks, went into service. The operator, Matterhorn Zermatt Bergbahnen, says the new service enables the highest-altitude border crossing in the Alps. It links the Klein Matterhorn cable car station in Switzerland, at more than 3,800 meters (12,467 feet) above sea level, with Testa Grigia in Italy, at 3,458 meters (11,345 feet). Cars take about four minutes to travel the 1.6 kilometers (1 mile) over the Theodul glacier. The new stretch closes a cross-border gap, enabling tourists to travel between the Swiss resort of Zermatt and its Italian counterpart on the other side of the Matterhorn, Cervinia — with several changes of cable car.

Foreign Policy

U.S. House Passes Bill Supporting Taiwan's International Participation (Taiwan Plus, 26.07.2023)

The US House of Representatives passed legislation aimed at countering efforts by China to exclude Taiwan from participating in international organizations. The bill, titled the Taiwan International Solidarity Act, was passed via voice vote and would amend language in the TAIPEI Act of 2019. While the TAIPEI Act originally focused on how the US should support Taiwan's participation in international organizations, the new bill would also require it to oppose attempts by Beijing to "resolve Taiwan's status by distorting [such organizations'] decisions, language, policies or procedures."

Taiwan-US trade agreements pass committee (Taipei Times, 24.07.2023)

Six legislative committees (from Taiwanese Legislative Yuan), unanimously approved the first batch of agreements reached under the US-Taiwan Initiative on 21st-Century Trade, sending the legislation to the full chamber without need for cross-party negotiations. Taiwan and the US signed the first set of agreements under the initiative on June 1, which covered customs and border procedures, regulatory practices and small business in a bid to facilitate bilateral trade and investment. It was approved by the US House of Representatives on June 21 and by the US Senate on 18 June.

French parliamentary delegation to meet Taiwan VP, ministers (Taiwan News, 23.07.2023)

A four-member French parliamentary delegation arrived in Taiwan to kick off a five-day visit that will include meetings with political and business leaders. Led by Senator André Gattolin, the French Senate's vice president of foreign affairs and EU affairs and vice chair of the Defence Committee, the delegation is expected to exchange views on human rights, regional security, and trade with Taiwan's top officials, and to meet with business leaders from the semiconductor and renewable energy industries.

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House introduces Taiwan tax bill (Taipei Times, 21.07.2023)

The US House of Representatives' Committee on Foreign Affairs introduced a bipartisan bill that would authorize US President Joe Biden's administration to enter into negotiations with Taiwan on tax issues, including the avoidance of double taxation. The Taiwan Tax Agreement Act of 2023 aims to facilitate investment, protect against tax evasion and allow businesses in the US and Taiwan to avoid double taxation. The tax agreement bill needs to be passed by the House and the Senate before it can be signed into law by the US president.

Paraguay President-elect Peña 'determined' to keep diplomatic ties with Taiwan (Focus Taiwan, 15.07.2023)

Visiting Paraguayan President-elect Santiago Peña said that he is "determined" to maintain the existing diplomatic relations with Taiwan during his upcoming five-year tenure, and those bilateral ties will not be compromised by his country's trade links with China. Currently, Paraguay is one of the 13 independent states that maintain diplomatic relations with Taiwan, and it remains the only one in South America.

Milan office to open (Taipei Times, 14.07.2023)

Taiwan is to open its second representative office in Italy in October, in Milan, pending completion of its building, the Ministry of Foreign Affairs said. Construction and decoration of the new office, which is on hold due to summer vacation in Italy, is to be completed by the end of September, the ministry said. The new office, announced in April, is hoped to foster closer economic and trade ties with Milan, which is Italy's financial capital and its most prosperous city in terms of manufacturing and commerce. The office would offer consular and emergency services to Taiwanese in northern Italy. Taiwan has a representative office in Rome. When the Milan office is completed, Italy would be the fifth European state, alongside the UK, Germany, France and Switzerland, to host more than one Taiwanese representative office, the ministry said.

Taiwan's Mumbai office a sign of warming ties: India envoy (Focus Taiwan, 06.07.2023)

A planned representative office in Mumbai is a testament to warming ties and growing cooperation between Taiwan and India, Gourangalal Das, India's representative in Taipei said. The Ministry of Foreign Affairs (MOFA) announced that it had begun work on opening a representative office in Mumbai. MOFA said preparations to establish a Taipei Economic and Cultural Office (TECO) in Mumbai were underway as part of government efforts to facilitate bilateral exchanges in the areas of technology, culture and education. MOFA did not disclose when the office would open, stating only that it would provide consular, emergency, and other services in Mumbai and neighboring states, such as Maharashtra, Goa, Gujarat, Madhya Pradesh.

Taiwan, German justice ministers meet in Berlin (Taiwan News, 05.07.2023)

Taiwan Minister of Justice Tsai Ching-hsiang met his German counterpart, Marco Buschmann, in Berlin, where the two discussed criminal matters of mutual concern, the first-time justice ministers from the two authorities have ever met. The visit took place within the framework of the EU's "one China" policy, the German Ministry of Justice said. Buschmann and Tsai talked about mutual legal assistance in criminal matters, internet fraud, and extradition issues.

Japanese delegation supports Taiwan's bid to join CPTPP (Taipei Times, 05.07.2023)

A delegation of Japanese lawmakers arrived in Taiwan to build bilateral ties and offer support for Taiwan's accession to a regional free-trade agreement. Led by former Japanese minister of foreign affairs Seiji Maehara, the 11-member group had meetings with President Tsai Ing-wen, Vice President William Lai and other senior officials. The delegation was also to visit former Taipei mayor Ko Wen-je, the chairman of the Taiwan People's Party and its presidential candidate, and attend a banquet hosted by the Chinese Nationalist Party (KMT).

Taiwan legislative speaker travels by ferry to Japan's Yonaguni (Taiwan News, 04.07.2023)

Legislative Speaker You Si-kun traveled by ferry to the Japanese island of Yonaguni to promote bilateral tourism. The island, Japan's most westerly point, was 111 kilometers from Taiwan's Yilan County. You boarded a ship in Suao, with the return journey expected to be completed within one day. There is no regular ferry service between Suao and Yonaguni, but You said he hoped the excursion could lay the foundation for such services or travel packages between the two destinations for both Taiwanese and Japanese tourists.

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China Relation

Limited ferry service to open to designated Chinese nationals: MAC (Focus Taiwan, 18.07.2023)

Chinese nationals with a family visit visa will be able to travel to Taiwan and its offshore islands via a limited cross strait ferry service from 18 July, Taiwan's authority announced. The decision was made to provide convenience to Chinese nationals who wish to visit family in Taiwan or the offshore islands of Kinmen, Matsu, and Penghu, the Mainland Affairs Council (MAC) said. The limited ferry service between the Taiwan-held islands of Kinmen and Matsu and three nearby Chinese cities, including Xiamen, Quanzhou, and Fuzhou, were resumed in January after the COVID-19 pandemic, but are currently only open to Taiwan nationals and Chinese spouses.

Exposure of Taiwan's financial firms, mutual funds to China down 17% (Focus Taiwan, 08.07.2023)

Exposure of Taiwan's banking, insurance and securities firms and mutual funds to China as of the end of May fell about 17 % from a year earlier, according to the Financial Supervisory Commission (FSC), which cited a slower Chinese economy. FSC showed exposure of the three financial industries and mutual funds set by local investment trust companies and foreign counterparts with local investors participation totaled NT\$1.49 trillion (US\$47.56 billion) at the end of May, down more than NT\$300 billion. The FSC said China's economy was now faced with downside risks and trade tensions between Washington and China continued, which have turned many investors away.

KMT's Hou backs '1992 consensus that conforms with ROC Constitution' (Focus Taiwan, 04.07.2023)

Kuomintang (KMT) presidential nominee Hou Yu-ih affirmed his support for a version of the "1992 consensus" that conforms with the Republic of China (ROC) Constitution. In contrast to the Democratic Progressive Party (DPP) stance, Hou said, he was against the interpretation of the consensus as "one country, two systems," and was even more strongly opposed to President Tsai Ing-wen's "stigmatization" of the consensus. Hou did not elaborate on the remarks, however, he echoed the KMT's long-held position of "one China, different interpretations" -- which despite recognizing that there is only one China, gives tacit freedom to Taipei and Beijing to come to separate conclusions as to what "China" means.

EU declares position on Taiwan-China issue for 1st time at summit (Focus Taiwan, 01.07.2023)

European Union leaders took a stance on the cross-Taiwan Strait issue for the first time, saying during the two-day European Council meeting that they are against any unilateral moves to change the status quo. "The European Council opposes any unilateral attempts to change the status quo by force or coercion. It reconfirms the EU's consistent 'One China policy,'" according to the conclusions. In addition, the EU expressed concerns about how China handles human rights issues, including forced labor, the treatment of human rights defenders and minorities, the situation in Tibet and Xinjiang, and the honoring of its previous commitments related to Hong Kong. In the conclusions, the EU reiterated its multifaceted policy approach towards China, which it said was simultaneously a partner, competitor and systemic rival.

Domestic Policy

Cabinet approves initial plan to raise taxes on vacant residences (Focus Taiwan, 06.07.2023)

An annual tax on vacant residential properties in Taiwan will be increased to between 2 % and 4.8 %, under an initial plan to curb housing speculation approved by the Cabinet. The proposal, first put forth by the Ministry of Finance (MOF), would see the yearly tax on residential properties not occupied by their owners or registered for rental hiked from the current 1.5 % to 3.6 % of a property's value, Taxation Administration said. In addition, the plan would require all local governments in Taiwan to impose proportional rates on taxpayers according to the number of vacant properties they own, Sung said.

Economy/Finance

Taiwan's H1 industrial production index sees steepest fall since 2009 (Focus Taiwan, 25.07.2023)

Taiwan's main indexes for overall industrial output and the manufacturing sector plummeted again in June, leading to their steepest falls for a first half of the year since the 2009 global financial crisis, the Ministry of Economic Affairs (MOEA) said. In the first six months of this year, Taiwan's industrial production index (IPI) fell 17.59 % y-o-y to 82.15. The manufacturing sector sub-index, which accounts for more than 90 % of Taiwan's total industrial production, plunged 18.29 % to 81.59, according to MOEA data. Both declines were the biggest since 2009.

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Jobless rate up in June but sets 23-year low (Focus Taiwan, 24.07.2023)

Taiwan's unemployment rate rose slightly from a month earlier to 3.49 % in June but it still was the lowest level for the month in 23 years, the Directorate General of Budget, Accounting and Statistics (DGBAS) said. For the first half of 2023, the unemployment rate was 3.51 %, down 0.15 percentage points from the previous year, while the labor participation rate was 59.17 %, up 0.03 percentage points from a year earlier, the DGBAS said.

ADB, DBS lower Taiwan's GDP growth forecasts (Taipei Times, 20.07.2023)

Two international banks and two local think tanks have trimmed their growth forecasts for Taiwan this year, as poor external demand drags down the export-oriented economy, although a turnaround is approaching. The Asian Development Bank (ADB) lowered its growth projection for Taiwan from 2 % to 1.5 %, saying that monetary tightening in advanced economies has weighed on Taiwanese exports of electronics and other manufactured goods. At the same time, Singapore-based DBS Bank cut its growth forecast for Taiwan from 1.6 % to 0.5 %. In addition, the think tank, Chung-Hua Institution for Economic Research (CIER) also cut its economic growth forecast for Taiwan this year to 1.6 % from 2.01 % made in April. Moreover, the Taiwan Institute of Economic Research (TIER) has also downgraded its forecast for Taiwan's GDP growth for 2023 to 1.66 %, citing faltering global demand from end users.

June export orders total US\$44.2 billion, 24.9% year-on-year fall (Focus Taiwan, 20.07.2023)

Taiwan's export orders in June totaled US\$44.2 billion, a fall of 24.9 % and the 10th consecutive month of a y-o-y drop amid persisting low demand for consumer electronics, the MOEA reported. Export orders for electronics and IT technology products--two pillars of Taiwanese exports--in June totaled US\$14.62 billion and US\$12.3 billion, down by 22 % and 27.4 %--the largest fall since December last year--respectively, MOEA data showed. Taiwan's export order performance remains affected by low global market demand and foreign buyers' inventory adjustments, and forecasted that July export orders would be between US\$43-US\$45 billion, down by 17.1- 20.7 % y-o-year.

Taiwan exports slump 23.4% in June (Taiwan News, 07.07.2023)

Taiwan's exports declined in June for the 10th month in a row, falling by 23.4 % from the same month last year, the Ministry of Finance (MOF) said. Exports in June totaled US\$32.32 billion (NT\$1.06 trillion), recording a stronger decline than the 14 % to 16.5 % forecast earlier. The MOF named weak demand in world markets as the main cause. Imports showed an even sharper decline, shrinking by 29.9 % from June 2022 to US\$26.36 billion. Global demand for semiconductors played a part in the 21.3 % fall in the export of electronic parts, the eighth consecutive monthly decline for the products. Taiwan's exports for the first half of the year were US\$202.11 billion, or 18 % less than the figure for January to June 2022, according to the MOF.

Consumer price index rises 1.75% from last year (Taipei Times, 07.07.2023)

The consumer price index (CPI) last month rose 1.75 % from a year earlier, as entertainment costs remained stubbornly high, but food prices stabilized, the DGBAS said. It is the first time in 23 months that headline inflation fell below the central bank's 2 % target, but the core CPI accelerated to 2.61 % after excluding volatile items, such as fruit and vegetables, DGBAS said. In the first six months of this year, the CPI advanced 2.32 %.

Taiwan's forex reserves hit new high for 8th straight month (Focus Taiwan, 07.07.2023)

Taiwan recorded a new high in foreign exchange reserves at the end of June for the eighth consecutive month largely due to an increase in returns from the local central bank's portfolio management, according to the bank. In addition, with the value of European currencies against the US dollar on the rise, when European currency denominated assets in the central bank's portfolio were converted into the greenback, Taiwan's forex reserves increased accordingly, the central bank added. Central bank showed the Taiwan's forex reserves as of the end of June rose US\$1.97 billion from a month earlier to US\$564.83 billion.

Over 50% of export orders made locally (Taipei Times, 03.07.2023)

50.1 % of export orders received by Taiwanese firms were fulfilled by local production facilities last year, the highest level on record, the MOEA said. The ministry said the higher ratio came as strong demand for emerging technologies such as 5G, high-performance computing and automotive electronics boosted production by Taiwan's pure wafer foundry operators, and integrated circuit (IC) packaging and testing services providers. Meanwhile, 39.2 % of goods exported by Taiwanese companies last year were produced in China and Hong Kong, down from 42.4 % in 2021 and the first time the figure has dropped below 40 % since ministry records began in 2011.

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