



CIECA News Letter

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虎躍龍騰生紫氣



風調雨順兆蛇年



year of the snake

CIECA wishes you a prosperous year of the little dragon!

Special Report

Premier's Resignation Means New Cabinet in Taiwan

TAIPEI—Taiwan's cabinet is expected to step down by Thursday, a government spokesman said, following the resignation Friday of Premier Sean Chen for health and family reasons.

A shuffling of the 48-member cabinet is the practice following a change in president or premier, and President Ma Ying-jeou could take the opportunity to try to improve his popularity. Re-elected in January 2012 with 51% of the vote, he now has an approval rating of 13%.

The Presidential Office in a statement said that Mr. Chen, 63, will become a senior adviser to the president. He will be succeeded as premier by Jiang Yi-huah, currently vice premier, while Mao Chi-kuo, the minister of transport and communications, will become vice premier, the statement said. It also announced that central bank Gov. Pong Fa-nan, a member of the

cabinet, had been reappointed for another five-year term, while Economic Minister Shih Yen-hsiang will be replaced by China Airlines Ltd. 2610.TW -0.39% Chairman Chang Chia-juch, and that there would be further changes to the cabinet.

At a press conference Friday, Mr. Chen said, "I need to completely change my work- and lifestyle"—a medical checkup last month having "indicated that my health has changed." He added: "My wife said I should devote my talent to the economy, rather than devoting my health." He also said he was discussing details of the handover with the president.

Political analysts said any cabinet changes are unlikely to affect the continuing economic cooperation and warming ties between Beijing and Taipei, as long as President Ma, who is considered China-friendly, remains at the helm. A shuffling would let Mr. Ma respond to his declining popularity and doesn't suggest there will be drastic changes in domestic or diplomatic policies,

said Yang Tai-shuenn, a political science professor at Taiwan's Chinese Culture University.

"Given Mr. Jiang doesn't have a strong background in handling cross-Strait relations, he is very likely to follow his predecessor's track in maintaining a stable relationship with the U.S. and enhancing interaction with China," Mr. Yang said.

Mr. Jiang, 52, joined the government in 2004 as an adviser to the Ministry of Education. The scholar-turned-politician was named vice premier last year.

The cabinet, also called the Executive Yuan, is the island's highest decision-making body and is jointly appointed by the president and the premier. The last shuffle took place when Mr. Ma was re-elected and Mr. Wu Den-yih resigned as premier to become vice president.

The president's sliding popularity can be discerned from the streets of Taipei, where anti-administration demonstrations have become frequent, expressing public discontent over a deteriorating

economy and such issues as last year's power-price increase and imposition of a tax on capital gains from stock trading.

The island's export-reliant market has been in doldrums since the onset of the euro-zone crisis in 2010. The slower-than-expected recovery in the U.S., along with weakening China demand and stiff competition from South Korea's booming tech industry, have stunted Taiwan's exports, which were down 2.3% in 2012 from the previous year. The unemployment rate remains high by Taiwan standards, above 4%, and wages have been stagnant for a decade.(Feb. 1, The Wall Street Journal)

China Airlines chair tapped to lead MOEA

TAIPEI, Taiwan -- The Executive Yuan yesterday named China Airlines Chairman Chang Chia-juch as the replacement for outgoing Economics Minister Shih Yen-shiang.

Having spent years in both the private and public sectors, Chang will utilize his experience and

expertise to map out policies to bolster the country's economy, the Cabinet said in a statement.

Chang was recommended by several "heavyweight figures" during the government's search for the next economics minister, the Cabinet said. Despite Chang's relative lack of experience in the economic sector, he has extensive experience in running state-owned enterprises and excellent personal qualities, a Cabinet official was quoted by the Central News Agency as saying, pointing out that outstanding former Economics Ministers Chao Yao-tung and Sun Yun-suan also came to their posts without prior experience.

In addition to running the Republic of China's flag-carrier, Chang served as vice minister of transportation and communications and chaired state-owned businesses including the China Steel Corp. and Chunghwa Post Co., Ltd.

Meanwhile, Minister without Portfolio Kuan Chung-ming will take over Yiin Chii-ming's post

as the head of the economic ministry's Council for Economic Planning and Development, the Cabinet said.

Kuan proved his financial expertise by drafting the government's contingency plans in response to the fiscal cliff crisis in the U.S. in December, the Cabinet said.

Vice Premier Jiang Yi-huah, who is set to take over as head of the Cabinet, said earlier yesterday that he hopes to finalize the upcoming Cabinet reshuffle before the Lunar New Year holiday, which starts Feb. 9.

Not all of the Cabinet positions will be changed, Jiang said, adding that he expects consultations with possible candidates to be completed soon.

Premier Sean Chen is scheduled to lead his Cabinet in an en masse resignation Feb. 7. After President Ma Ying-jeou approves Chen's resignation, he will formally appoint Jiang as the new premier, government sources said.

Jiang said he has been discussing the new Cabinet lineup with Ma and that he hopes the list can be finalized before the Lunar New Year break.

As part of the shakeup, the positions of economics minister, finance minister and head of the Council for Economic Planning and Development have received much attention, although Jiang has remained tight-lipped about individual appointments.

One day earlier, Chen stood up for Jiang, a former interior minister, and Transportation Minister Mao Chi-kuo, who is set to become the new vice premier. Jiang and Mao have faced accusations from some critics that they do not have backgrounds in economics and finance.

Jiang said he hopes the new lineup will coordinate their efforts better than the existing one, so that the Taiwanese public will have confidence in the new Cabinet, even though it is not led by a person with much experience in economics and finance. (Feb. 4, The China Post)

Joint Meetings, Seminar and Trade & Investment Mission

The 13th Taiwan-India Joint Business Councils Meeting

The 13th Taiwan-India Joint Business Councils Meeting, jointly organized by Chinese International Economic Cooperation Association (CIECA) and the Federation of Indian Chamber of Commerce and Industry (FICCI) was held on January 9 in Taipei. The meeting was co-chaired by Mr. C.Y. Wang, Chairman of CIECA and Mr. K. K. Modi, former president of FICCI. More than 150 government officials, industrial experts and business leaders from both sides participate in the conference.

Several guests of honor were invited to address the opening ceremony, including Mr. Chun-fu Chang, Director General of Bureau of Foreign Trade; Mr. Pradeep Kumar Rawat, Director General of the India-Taipei Association; both current and former Ambassador of R.O.C. to India, Amb. Chung-Kwang Tien and Amb. Philip Wen-Chyi Ong.

In the Plenary Meeting, Ms. Kristy Tsun Tzu Hsu, Associate

Research Fellow, Chung-Hua Institution for Economic Research, expanded on “Moving Towards an India-Taiwan Economic Cooperation Agreement” ; Mr. Atul Shunglu, Assistant Secretary General of FICCI, delivered a presentation on “Investment Opportunities for Taiwanese Companies in India” ; and Mr. Tony Phoo, Economist of Standard Chartered Bank (Taiwan) Ltd., made a speech on “India: Tomorrow’s Story”.



CIECA visits Myanmar

CIECA Chairman C. Y. Wang and some Taiwanese businessmen joined CACCI Presidential Visit to visit Yangon, Myanmar on January 21 to 25, 2013. A total of 46 delegates from 8 countries join the CACCI delegation led by President Amb. Benedicto Yujuico.

Chairman C. Y. Wang and Dr. Myo Thet, Secretary General of the Union of Myanmar Federation Chamber of Commerce and Industry, signed the Cooperation Agreement on January 22. They also discussed issues of mutual concerns, including investment promotion and industry cooperation.

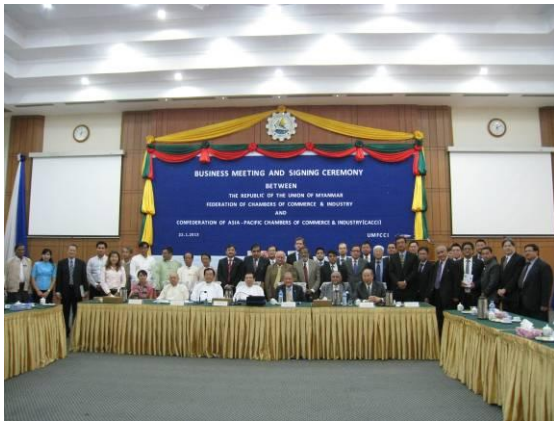
The 5-day visit not only offered members of the delegation a valuable opportunity to better understand the development of various industries, namely Trade, Banking, Energy and Manufacturing, but also helped enhance friendly and cooperative relations between Myanmar and Taiwan.



Chairman C. Y. Wang and Dr. Myo Thet , Secretary General of UMFCCI signed the Cooperation Agreement.



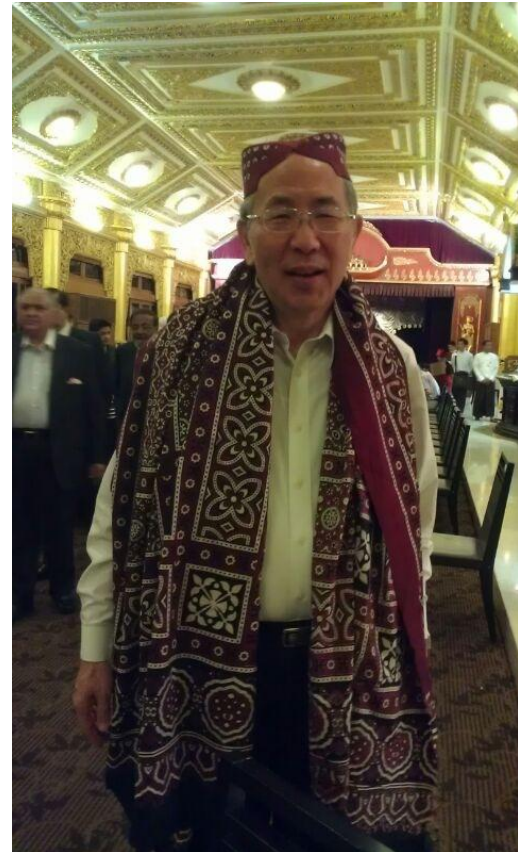
Chairman C. Y. Wang made remarks at signing ceremony.



Group photo at Business Meeting and Singing Ceremony on January 22, 2013



Bird's-eye view of Yangon City



Traditional blessing gift from Federation of Pakistan Chamber of Commerce and Industry

Greece Guests visit CIECA

Mrs. Rodi Kratsa-Tsagaropoulou, Member of the European Parliament and Mr. Apostolos Kratsa, President of ND's Party Ethics Committee called on Dr. Han-Sun Chien, Vice Chairman of CIECA on January 2, 2013. They discussed ways to promote trade and investment relations between Taiwan and Greece, especially in the fields of tourism, hotel and agricultural products.



Delegation of the Irish Parliament
Visit CIECA

Mr. John McGuinness, Chairman of the Ireland-Taiwan Parliamentary Friendship Society, led a delegation of 7 members of the Irish Parliament to pay a courtesy call on Mr. C.Y. Wang, Chairman of the CIECA on January 7, 2013 to exchange views on ways to strengthen bilateral economic cooperation between the two countries and to promote interaction between the two business communities.



Mr. John McGuinness led a delegation to meet with CIECA Chairman C.Y. Wang on January 7, 2013

Mr. İsmet Erikan, Representative of
Turkish Trade Office in Taipei visits
CIECA

Mr. İsmet Erikan, Representative of Turkish Trade Office in Taipei, called on Mr. C. Y. Wang, Chairman of CIECA on January 11, 2013. They exchanged views on direct flight, visa waiver program, health care, tourism, agricultural products and economic issues of mutual concerns, hoping to promote and strengthen trade and investment cooperations between Taiwan and Turkey.



Panama Business Leader Delegation
Luncheon

At the invitation of ROC government,

Mr. Gabriel Diez, President of Consejo Nacional de la Empresa Privada(CoNEP); Mr. Roberto Troncoso, President of Asociacion Panamena de Ejecutivos de Empresas(APEDE); and Mr. Irvin Halman, President of Camata de Comercio, Industrias y Agricultura de Panama (CCIAP), jointly formed a high- level business delegation to visit Taiwan from January 13 to 18. The aim of the visit is to enhance the cooperative relations between the ROC and Panama. CIECA Chairman Mr. C. Y. Wang hosted a luncheon at Taipei World Trade Center Club on January 14 to welcome all the distinguished guests from Panama. Several government officials and distinguished business leaders, including Ambassador Jose Antonio Perez, Embassy of Republic of Panama; Ambassador Carlos Liao, Executive Director of Central American Trade Office; Mr. Antonio Yeh, Counselor of Department of Latin American and Caribbean Affairs, MOFA; Mr. Leon C. L. Lee, Secretary General of CIECA; Mr. Gregorio Huang, Assistant Professor of Graduate Institute of the Americas

(Division of Latin American Studies) of Tam Kang University; Ms. Fennie Chen, Secretary General of New Taipei City Computer Association; Mr. Jeff Sun, General Manager of Green Master International Freight Services Ltd.; and Mr. Allen Huang, Manager of DMP Electronic Inc. were invited to join the luncheon.



New Zealand Guest

Mr. Ivan Kinsella, Counsellor (Investment) and Investment Director of the Greater China of New Zealand Trade & Enterprise, made a courtesy call on Mr. Leon Lee, Secretary General of CIECA on Jan. 28, 2013 to exchange views on the current trade relations and future prospects between Taiwan and New Zealand.



Singing of MoU between CIECA and
AWEX

Mr. C. Y. Wang, Chairman of the Chinese International Economic Cooperation Association (CIECA) and Mr. Philippe Suinen, Chief Executive Officer of the Wallonia Foreign Trade and Investment Agency (AWEX) signed a Memorandum of Understanding in Taipei on January 30, 2013 so as to work jointly to promote and strengthen economic relations between the Kingdom of Belgium and Taiwan in the future.



Saudi Arabian Guests Visit CIECA

Mr. Usama M. Al-Kurdi, Former Member of Shura Council of The Kingdom of Saudi Arabia, and Mrs. Amal J. Fatani, General Supervisor of Female Sections in all Sectors of Ministry of Higher Education, called on Mr. Leon C.L. Lee, Secretary General of CIECA, on January 29, 2013. They exchanged views on various issues of mutual concerns, including facilitation of visa issuance, expansion of bilateral trade and investment, and promotion of industrial and technological cooperation.



Mr. Leon C.L. Lee, Secretary General of CIECA; Mr. Usama M. Al-Kurdi, Former Member of Shura Council of The Kingdom of Saudi Arabia; and Mrs. Amal J Fatani, General Supervisor of Female Sections in all Sectors of Ministry of Higher Education (from right to left)

Economic News

Summary of Exports and Imports for January 2013

(A) Exports

Taiwan's exports reached US\$ 25.6 billion in January, down 1.6% from the previous month, and also up 21.8% when compared with the same month last year. The gap between 2012 and 2013 is down to 5.2% when taking into consideration the Chinese New Year period which was in January 2011.

(B) Imports

Taiwan's imports reached US\$

25.20 billion in January, up 14.7% from the previous month, and also up 22.3% when compared with the same month last year. The gap between 2012 and 2013 is down to 12.6% when taking into consideration the Chinese New Year period.

(C) Trade surplus

The trade surplus in January was US\$ 0.47 billion, a decrease of 0.4% over the same month last year.

Major Economic Index

% Change on previous year	2011	2012			
		Sep.	Oct.	Nov.	Dec.
GDP	4.03	--	0.98	--	2.4
CPI	1.42	2.96	2.36	1.59	1.61
Unemployment rate	4.39	4.32	4.33	4.27	4.18
Export	12.3	10.4	-1.9	0.9	9.0
Imports	12.1	1.3	-1.8	0.1	1.6
Export orders	7.2	1.9	3.2	11.1	0.4
Industrial production	4.6	3.0	4.6	5.9	2.4
Monetary aggregate (M2)	5.8	3.96	3.29	3.26	3.67
Stock Market*	8,155	7,610	7,438	7,246	--

(Source: Ministry of Finance & Council for Economic Planning and Development)

Taiwan Records Rise on Economic Freedom Index

Reduced labor protection, fewer

restrictions for companies and lower taxes for businesses boosted Taiwan's overall score on economic freedom for a fourth straight year, according to the 2013 Index of Economic Freedom.

The 2013 index, released by the Heritage Foundation and the Wall Street Journal on Jan. 10, showed that Taiwan's overall score rose 0.8 points to 75.2 points from the previous year.

Graded on a scale from 0 to 100, the overall score is computed by averaging scores of 10 sub-indices.

Despite its rising score, Taiwan saw its ranking among the 177 countries reviewed fall to 20th place from 18th place last year. It placed fifth among 41 Asia-Pacific nations.

The average score of all countries surveyed increased to 59.6 from 59.5 last year, with Hong Kong remaining the freest economy in the world, followed by Singapore, Australia and New Zealand.

South Korea was ranked 34th in the world, while China was ranked 136th and described as "unfree."

According to the index, higher economic freedom can bring higher income growth, more entrepreneurial activities and greater job creation.

The index is compiled from several indicators, including freedom from corruption, business freedom, labor freedom, monetary freedom, investment freedom, financial freedom and government spending.

This year's report showed that Taiwan's labor freedom score rose from 46.6 points to 53.3 points. However, this increase means Taiwan has a relatively lower minimum wage and lower severance pay, and business owners can adjust employees' working hours or fire them more freely.

Taiwan's business freedom score, which rises as restrictions for starting, operating and closing businesses ease, rose 5.8 points to 94.3 points from a year ago because of ongoing simplification of registration procedures, the report said.

"Bankruptcy proceedings in Taiwan are fairly easy and straightforward," the index said,

adding that to start a company is also convenient and requires only a small amount of capital.

Taiwan's score for freedom from corruption increased 3 points to 61 points this year.

" [However,] despite some progress, corruption continues to be a cause for concern," the report said.

The score for fiscal freedom, which rises as the average tax rate drops, was up 0.1 points to 80.5 points for Taiwan this year. Taiwan's average tax rate was reduced to 7.9 percent of total domestic income after the corporate tax rate was cut from 20 percent to 17 percent in 2010, according to the index.

Increased government spending played the most significant role in dragging down the overall score by dropping 7.4 points to 84.9 points, while the amount of government spending increased to 22.4 percent of GDP this year, the report said.

"The budget balance has fallen into deficit, and public debt is about 40 percent of GDP," the report said.

Taiwan's score for monetary freedom, which rises when inflation is lower and government price controls are rarer, decreased 0.2 points to 82.9 points, a reflection of rising inflation and increasing government intervention on prices.

More Flights to be Added on
Taiwan-China Routes

TAIPEI: The number of direct flights between Taiwan and China will rise more than 10 percent this year to 616 flights per week amid ever-closer ties between the two former rivals, an official said on Monday.

The two sides have agreed to add 58 flights to the present 558 weekly flights, said Lee Wan-li, deputy director-general of Taiwan's Civil Aeronautics Administration.

"It is fair to expect the new flights no later than April, but in the end it will be up to the carriers from the two sides which provide flight services on the routes," he told AFP.

China will put eight more destinations on the map, including

Lijiang, a popular scenic spot in the southwest, while Taiwan will add Chiayi city in the island's south, Lee said.

Direct chartered flights began in 2008 and scheduled flights the following year, amid rapidly improving ties following the election of Taiwan's China-friendly President Ma Ying-jeou five years ago.

He was reelected last year for a last and second four-year term.

Travel between Taiwan and the Chinese mainland stopped at the end of a civil war in 1949. A ban on solo Chinese travellers was lifted in June 2011.

Previously, mainland tourists had been allowed to visit Taiwan only as part of official tour groups due to fears they might overstay their visas to work illegally on the island.

Mainland Chinese made a record 2.23 million visits to Taiwan in 2012, marking growth of nearly 50 percent from the year before, according to Taiwan's National Immigration Agency.(Jan. 21, AFP/

al)

TIFA Talks to resume by the End of March

TAIPEI, Taiwan -- Long-suspended Taiwan-U.S. bilateral trade talks under the Trade and Investment Framework Agreement (TIFA) will resume this March, the Ministry of Foreign Affairs (MOFA) announced yesterday.

A new round of high-level TIFA talks will be held by the end of next month in Taipei, and will be co-chaired by Vice Economics Minister Cho Shih-chao and Deputy U.S. Trade Representative Demetrios Marantis, MOFA said in a released statement.

The exact date and the issues on the agenda of the upcoming talks have not yet been finalized, the statement said.

The two sides are now working on the agenda for the meeting, which is expected to help deepen two-way trade and investment and usher in new milestones in bilateral economic

relations and cooperation, MOFA said.

An unidentified local official told the Central News Agency that Taiwan's major goals in the upcoming talks would be faster progress on a bilateral investment agreement (BIA) and Taiwan's quick entry into the Trans-Pacific Partnership (TPP).

Taiwan is hoping that, under a building-block approach, it will eventually sign a Taiwan-U.S. free trade agreement (FTA), the official said.

Speaking at a separate press conference in Taipei yesterday, visiting American Institute in Taiwan (AIT) Chairman Raymond Burghardt also confirmed the news on behalf of the U.S. government.

Burghardt, however, refused to name some of the top priority issues for the U.S. in the upcoming talks, saying only that the two sides are still negotiating on the precise agenda.

The American official said the U.S. side hopes to make use of the

TIFA talks as a vehicle to regain confidence in bilateral trade.

But it is still too early to tell and “premature” to talk about a Taiwan-U.S. FTA or Taiwan's ultimate inclusion in the TPP, as they are “less urgent issues,” he said.

“Lets get the talks started and see how it goes,” he noted.

Asked to comment on whether the U.S. will push Taiwan to open up its market to U.S. pork containing leanness-enhancing drug ractopamine in the TIFA talks, the AIT chair did not give a direct answer.

The American official said only that there is an existing law in Taiwan that forbids pork with ractopamine from entering the local market so American businessmen will not be able to do so as long as the law exists.

But he also noted that the U.S. has never said that the pork will never be an issue in bilateral trade negotiations.

He reiterated that the U.S.'

permanent position on issues concerning any market around the world has always been that policies and regulations concerning food additives should follow agreed international standards and scientific rules.

That position is across the board and applies to any product, and is not a policy specifically targeting only Taiwan, he added.

Burghardt arrived Taipei Jan. 30 to bring messages from the White House and State Department concerning bilateral trade and security ties. He is scheduled to depart for the U.S. today.

TIFA was signed in 1994 as a framework for Taiwan-U.S. dialogue on trade-related issues in the absence of official diplomatic ties.

It has been suspended since 2007 mainly because of controversies over the import of U.S. beef containing ractopamine.

In July 2012, the Legislative Yuan passed amendments to a food safety act, paving the way for the

resumption of U.S. beef imports.

Since then, there have been numerous reports indicating that Taipei and Washington are expected to restart talks under TIFA soon.

According to government's statistics, the U.S. is Taiwan's third largest trade partner and largest source of foreign investment, while Taiwan is the U.S.' 10th largest trade partner, 15th largest export market and 10th largest source of imports.(Feb. 1, The China Post)

MOEA approves NT\$21.6 billion of
New Investments

The Ministry of Economic Affairs (MOEA) said on Jan. 25 it had approved applications by another two China-based Taiwanese companies to invest NT\$21.6 billion (US\$737.13 million) in Taiwan, which could lead to the creation of 1,500 jobs.

The ministry said in a statement that the Industrial Development Bureau (IDB) had approved applications submitted by home appliance manufacturer New Widetech

Industries Co Ltd and another firm that the ministry declined to name.

IDB Director-General Lien Ching-chang said the bureau had approved the two companies' applications because they both have been investing in overseas markets for more than two years and met the ministry's criteria as they produce high value-added products and represent crucial component manufacturers in global supply chains.

During a telephone interview with the Taipei Times, Lien said that New Widetech planned to invest NT\$1 billion in building new plants in Greater Tainan which would produce compressors and motors.

Lien said that another company planned to invest about NT\$20 billion, but stopped short of identifying the company, citing a request from the firm to protect its interests.

The ministry did not specify which industry the company is involved in, or where it specifically plans to invest.

Encouraged by government investment incentives, 16 China-based Taiwanese businesses have received investment approval from the bureau since last month, totalling NT\$150 billion of investment, which could lead to the creation of 21,000 jobs, Lien said.

Companies that have gained the bureau's approval so far include metal casing supplier Catcher Technology Co and handset lens maker Largan Precision Co. (Jan. 28, Taipei Times)

Taiwan's Economy Flashes Green
Signal in December

TAIPEI, Taiwan -- After 16 months of sluggishness, Taiwan's economy last month finally shone a green signal representing stability, reported the Council for Economic Planning and Development (CEPD) yesterday.

The agency uses a five-signal system to denote Taiwan's economy. The five signals are red, yellow-red, green, yellow-blue and blue, which represent an economy that is,

respectively, overheating, robust, stable, sluggish and contracting.

Taiwan received an overall economic score of 23 for December, which is in the green signal range, CEPD said.

According to the agency, in December banking, manufacturing and consumption remained robust. The labor market was stable, while trade showed signs of improvement.

The 23 score was an increase from 21 for November. Of the nine categories that make up the score, two increased, lifting the overall score by two points. The two were exports and machinery/electronic imports, both seeing their signals changing from blue to yellow-blue.

In December, exports increased by 3.6 percent compared to the same period last year, due to a recovery in the global economy. Machinery imports declined by 2.1 percent year-on-year, narrowing from the 7.3 percent for November.

Flat growth was seen for the remaining seven categories, namely

the M1B monetary supply, direct and indirect financial activities, stocks, industrial output, employment in the nonagricultural sector, sales by manufacturers, and sales in the service sector.

The economic leading indicator stood at 134.7 in December, a rise of 0.9 percent from November, CEPD said, adding the six-month annualized variation rate of the indicator was 6.8 percent, a rise of 0.9 percent from 5.9 percent for November. Overall, the figure had risen five months in a row.

The coincident indicator stood at 132.2 in December, a decline of 0.1 percent month-on-month.(Jan. 29, The China Post)

Asian Currencies Decline in Weeks as Yen Tumble Threatens Exports

Asian currencies fell for a second week, led by South Korea's won and the Taiwan dollar, on concern the yen's slide to a 2 1/2-year low will hurt exports from the region's emerging-market economies.

The Bloomberg-JPMorgan Asia Dollar Index touched a two-month low today as a Bank of Korea board member warned of a global currency war. The yen weakened versus the dollar in each of the last four months amid speculation Japanese Prime Minister Shinzo Abe will favor more aggressive stimulus measures. The Federal Reserve said Jan. 30 it will maintain its \$85 billion of monthly debt purchases, a policy that spurs the flow of funds to emerging markets. India's rupee was headed for a weekly advance after the central bank cut interest rates for the first time in nine months.

“Major Asian economies are looking for ways, such as currency depreciation, to counter a sliding yen's impact on competitiveness,” said Bruce Yam, a currency strategist at Sun Hung Kai Financial Ltd. in Hong Kong. “Yet, quantitative easing in major economies means investors will look to Asia for higher-yielding assets.”

The Asia Dollar Index, which tracks the region's 10 most-active currencies excluding the yen, lost 0.3

percent this week as of 4:15 p.m. in Hong Kong, following a 0.6 percent decline in the five days ended Jan. 25. The won fell 2.1 percent to 1,097.38 per dollar, the biggest loss since May, according to data compiled by Bloomberg. Taiwan's dollar dropped 1.4 percent to 29.668. Japan, South Korea and Taiwan compete in the world market for electronic products and autos.

‘Fear Factor’

The won sank as much as 0.9 percent to a three-month low of 1,098.25 per dollar today as global funds cut holdings of Korean stocks for a seventh day, the longest run of reductions since November. Net sales totaled \$1.7 billion in January, the most since May.

A global currency war seems to be breaking out as monetary easing in Japan drags the yen lower, Ha Sung Keun, a Bank of Korea board member, said on Jan. 28 in Seoul. South Korea's government wants to cut the “vicious cycle” in which fast money inflows increase the won's volatility, Deputy Finance Minister

Choi Jong Ku said Jan. 30.

“The won’s drop this week was largely due to fear stoked by the expectation that the yen would erode the competitiveness of Korea,” said Wai Ho Leong, a Singapore-based economist at Barclays Plc. “The mention of a transaction tax on currency trading accentuated the fear factor in the market.”

Intervention Risk

Taiwan’s dollar completed the biggest weekly slide in 16 months on speculation the central bank will intervene to protect exports. Policy makers warned on Jan. 29 they will enter the currency market if “irregular factors,” such as large fund flows, cause excessive volatility,

“The central bank’s been carefully watching other Asian currencies,” said Samson Tu, a Taipei-based fund manager at Uni-President Assets Management Corp., which oversees \$700 million.

The rupee advanced 0.7 percent this week to 53.33 per dollar as the Reserve Bank of India said cooling

inflation provides some room for further policy easing, after reducing the repurchase rate to 7.75 percent from 8 percent on Jan. 29. It reached 53.0650 yesterday, the strongest level since Oct. 18.

China’s yuan halted a two-day gain as the lowering of the central bank’s daily fixing forced the currency to weaken to stay within its 1 percent permitted trading range. The spot rate fell 0.13 percent today to 6.2270 per dollar in Shanghai. It lost 0.1 percent this week.

The world’s second-largest economy’s Purchasing Managers’ Index was 50.4 in January, the national statistics bureau said today, lower than 50.6 in December and a median forecast of 51 in a Bloomberg News survey of economists. A reading above 50 indicates expansion.

Elsewhere in Asia, Indonesia’s rupiah weakened 1 percent to 9,750 per dollar, the Thai baht gained 0.3 percent to 29.82 and the Philippine peso lost 0.1 percent to 40.71. Vietnam’s dong was little changed at

20,845. Malaysia's financial markets were closed today for a holiday. (Feb. 1, Bloomberg Businessweek)

Activity Reports

National Day in January

CIECA had already sent congratulatory message to several counterparts on their respective national days, namely, Haiti National Day on January 1, Australia National Day on January 26, India National Day on January 26, Nauru National Day on January 31.

General Information

Land Area	36,193 sq. km	Population	23.3million (1/2013)
Capital	Taipei	Population of Capital	2.65 million (12/2011)
National Day	October 10	Country Code	886
Currency	New Taiwan Dollar	Exchange Rate per USD	US\$1=NT\$29.44 (1/2013)
Languages	Mandarin, Taiwanese, Hakka, Indigenous languages		
Religions	Buddhism, Taoism, Christianity, Islam		
Participation in IGOs	<p>Member:</p> <ol style="list-style-type: none"> 1. APEC (Asia-Pacific Economic Cooperation) since 1991 2. WTO (World Trade Organization) since 2002 3. ADB (Asian Development Bank) since 1966 <p>Observer:</p> <ol style="list-style-type: none"> 1. WHA (World Health Assembly of World Health Organization) since 2009 2. OECD (Organization for Economic Cooperation and Development) – Competition Committee since 2002, Steel Committee since 2005, Fisheries Committee since 2006 		

Government

Head of State	President MA Ying-Jeou
Cabinet	Premier Minister JIANG Yi-huah, Minister of Foreign Affairs David Y. L. LIN, Ministry of Economic Affairs Chang Chia-juch, Minister of Finance Sheng-Ford CHEN
Structure	<p>The ROC government is divided into central, provincial and municipal, as well as county and city levels.</p> <p>The central government is consisted of the Office of the President and 5 branches (called “Yuan”) - the Executive Yuan (Cabinet), the Legislative Yuan, the Judicial Yuan, the Examination Yuan, and the Control Yuan. The Cabinet is headed by the Premier, who is appointed by the President of the R.O.C.</p>
Major Political Parties	Kuomintang (KMT), Democratic Progressive Party (DPP), People First Party (FPF)

Economic Statistics of 2012

GDP	US\$464 billion	Economic Growth Rate	1.25%
GDP per capita	US\$20,374 US\$20,006(2011)	Consumer Price Inflation	1.93% 1.42%(2011)

Republic of China

		Unemployment Rate	4.24% 4.39% (2011)
Major Industries	electronics, communications and information technology products, chemicals, textiles, iron and steel, machinery, cement, pharmaceuticals		
Exports	US\$301 billion (-2.3% of the same period of 2011) Taiwan is the 18 th largest exporter among major countries.		
Major Export Items	Electronic integrated circuits, Liquid crystal devices, Petroleum oils and oils obtained from bituminous minerals (non-crude), Telephone sets and other apparatus for transmission or reception of voice and images, Diodes, transistors and similar semiconductor devices, Printed circuit		
Major Export Markets	China, Hong Kong, U.S., Japan, Singapore, Korea, Vietnam, Malaysia, Germany, Philippines		
Imports	US\$270 billion (-3.8% of the same periode of 2011) Taiwan is the 18th largest importer among major countries.		
Major Import Items	Electronic integrated circuits, Petroleum oils and oils obtained from bituminous minerals (crude and non-crude), Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays; machines, Petroleum gases and other gaseous hydrocarbons, Coal; briquettes, ovoid and similar solid fuels manufactured from coal		
Major Import Markets	Japan, China, U.S., Korea, Saudi Arabia, Australia, Germany, Malaysia, Singapore, Kuwait		
Foreign Reserve	US\$406.56 billion (until 1/2013)		
Outward FDI	US\$3.7 billion (2011) US\$7.4 billion (2012)		
Inward Investment	US\$4.9 billion (2011) US\$3.9 billion (1-9/2012)		
Foreign Direct Investment	Stock: US\$59.8 billion (2012) Inward Foreign Investment: US\$3.68 billion (2012)		
FTAs signed with Trading Partners	<ol style="list-style-type: none"> 1. FTA between the Republic of China (Taiwan) and the Republic of Panama – August 21, 2003 2. FTA between the Republic of China (Taiwan) and the Republic of Guatemala – September 22, 2005 3. FTA between the Republic of China (Taiwan) and the Republic of Nicaragua – June 16, 2006 4. FTA between the Republic of China (Taiwan), the Republic of El Salvador, and the Republic of Honduras – May 7, 2007 5. Economic Cooperation Framework Agreement (ECFA) – June 29, 2010 		

Sources: MOFA; Bureau of Foreign Trade, MOEA; Investment Commission, MOEA; EIU; National Statistics R.O.C; Dept. of Statistics, MOEA