



## KCCI - Country Wrap (April 2015)

## Taiwan

### Taiwan – a brief overview

Taiwan is a small island located off the southeastern coast of China, with very many resources. Taiwan is known for its agriculture and has many natural resources that are used to create goods; natural resources such as coal, limestone, marble, natural gases, and asbestos. The country, as like many others, depends a lot on their exporting to their huge partners such as China, the U.S, and Japan. Taiwan has a population of 23 million people, with an unemployment rate of 4.3% which ranks them 53rd in comparison to the rest of the world.

### Economy of Taiwan

Taiwan is a dynamic multi-party democracy. President Ma Ying-jeou, elected in 2008 on a platform that promised a more open economic relationship with China, has moved to relax cross-strait barriers and has negotiated a formal economic agreement with the mainland. Taiwan remains excluded from membership in the United Nations and other international organizations as a result of efforts by Beijing to pressure it into unification. Although internal opposition to engaging with China is considerable because of fears that sovereignty will be lost, the newly negotiated economic agreement seems to have been helpful in accelerating recovery from the financial crisis. With emphasis on services, technology, and elements of manufacturing, Taiwan's economy is one of the richest in Asia. The exports are mainly led by electronics, machinery, and petrochemicals and have provided the primary impetus for economic development. This heavy dependence on exports exposes the economy to fluctuations in world demand.

### Key Industries of Taiwan

The key industries of Taiwan are electronics, communications and information technology products, petroleum refining, armaments, chemicals, textiles, iron and steel, machinery, cement, food processing, vehicles, consumer products, pharmaceuticals. These industries have made the country to earn significant foreign exchange for Taiwan particularly machinery, auto-parts and petrochemicals.

### Taiwan's major trading commodities and partners

The major trading commodities exported by Taiwan are electronics, flat panels, machinery; metals; textiles, plastics, chemicals; optical, photographic, measuring, and medical instruments. The major export partners of Taiwan are China 28.1%, Hong Kong 13.8%, US 11.5%, Japan 6.6%, Singapore 4.4%. However the commodities imported by Taiwan include electronics, machinery, crude petroleum, precision instruments, organic chemicals, metals. The important import partners of Taiwan are Japan 20.7%, China 14.2%, US 10%, South Korea 6.4%, Saudi Arabia 4.7%.

### Sanctions on Taiwan

In January of 2010 China imposed sanctions on Taiwan against military exchanges with the United States as suppliers of arms to Taiwan. Beijing warned Washington that its \$6.3 billion dollar deal to sell arms to Taiwan could impair relations that are already damaged against China's pressuring for a diplomatic solution to the Iranian nuclear problem. Although Taiwan has had an independent government since the end of the Chinese civil war in 1949, China still considers the island to be part of its territory.

### Economic Relations between Pakistan and Taiwan

Pakistan and Taiwan are trying to enhance their diplomatic relations as the two countries do not have Embassy in each other territories. In the recent years, higher officials of the two countries have highlighted the need for closer economic cooperation to improve economic and bilateral trade relations with each other. At WTO trade policy review (TPR) of Pakistan on January 16, 2008, Ambassador Yi-Fu LIN, and Taiwan's Permanent Representative to the World Trade Organization (WTO) in Geneva, praised Pakistan on its recent economic performance, and described it as an important emerging market with huge potential.

### Bilateral Trade Relations between Pakistan and Taiwan

The bilateral trade relations between the two countries are not of sufficient levels as the bilateral trade is not significant. Both Pakistan and Taiwan are looking forward to improve their bilateral relations and expanding their trade ties through investment in various sectors. Recently, a high level trade delegation has announced its visit to Pakistan during April 9 to 12, 2013. This high level trade delegation, being organized by Taiwan Trade Center, will have the agenda to promote bilateral trade and economic relations between the two countries and explore new opportunities for investment and joint ventures with their Pakistani counterparts. The important fields where both countries can start joint ventures include auto parts, textile machinery, steel products, bearings, coils, UPS and solar power products, adhesives and nets, sanitary napkins etc. This visit of Taiwanese delegation will help expand existing volume of trade between the two countries.

### Potentials for enhancing Bilateral Trade with Taiwan

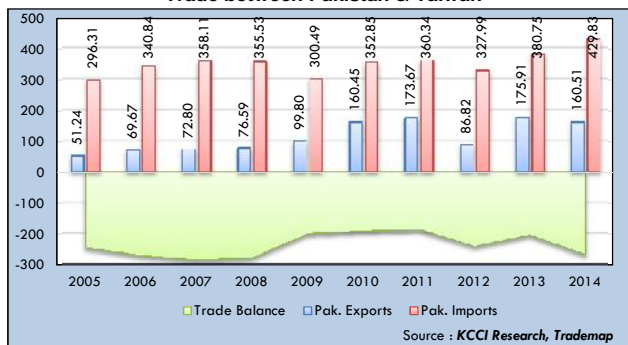
The bilateral trade between Pakistan and Taiwan can be enhanced if both countries cooperate in their respective fields of specialization. The areas where Pakistan can contribute in enhancing bilateral trade with Taiwan are textiles, denim fabrics, leather, and fruits. Similarly, the areas where Taiwan can contribute in enhancing its bilateral trade with OPakistan are the hi-tech industry of Taiwan as it is greatly engaged in the worldwide transfer of technology. Pakistan and Taiwan should also open trade offices in each other's territories in order to facilitate the business community of both countries.

### Economic Indicators

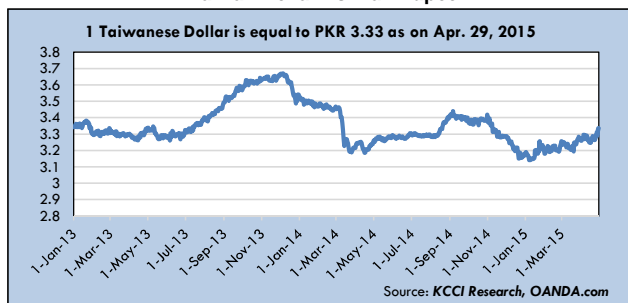
Indicators	Unit	2011	2012 est.	Change
GDP (PPP)	\$ Bn	906.90	918.30	1.26%
GDP per Capita	\$	39,000	39,400	1.03%
GDP growth	%	4.1	1.3	-2.80%
Forex Reserves	\$ Bn	390.60	408.50	4.58%
External Debt	\$ Bn	122.50	125.70	2.61%
Exports	\$ Bn	307.00	299.80	-2.35%
Imports	\$ Bn	279.20	268.80	-3.72%
Trade Balance	\$ Bn	27.80	31.00	11.51%
Current Account	\$ Bn	41.60	40.88	-1.73%
CPI	%	1.4	1.9	0.50%
Unemployment	%	4.4	4.2	-0.20%
Discount Rate	%	1.88	1.88	0.00%

Sources: KCCI Research, CIA Factbook, TDAP, SBP

### Trade between Pakistan & Taiwan

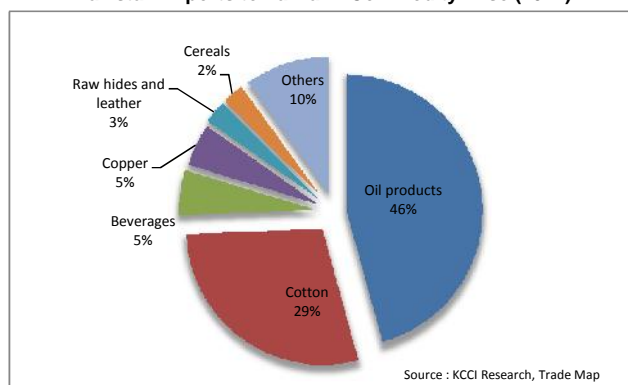


### Taiwan Dollar Vs. Pak Rupee



Taiwan has participation in ADB, APEC, BCIE, ICC (national committees), IOC, ITUC (NGOs), SICA (observer), WTO

### Pakistan Exports to Taiwan - Commodity Wise (2012)



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