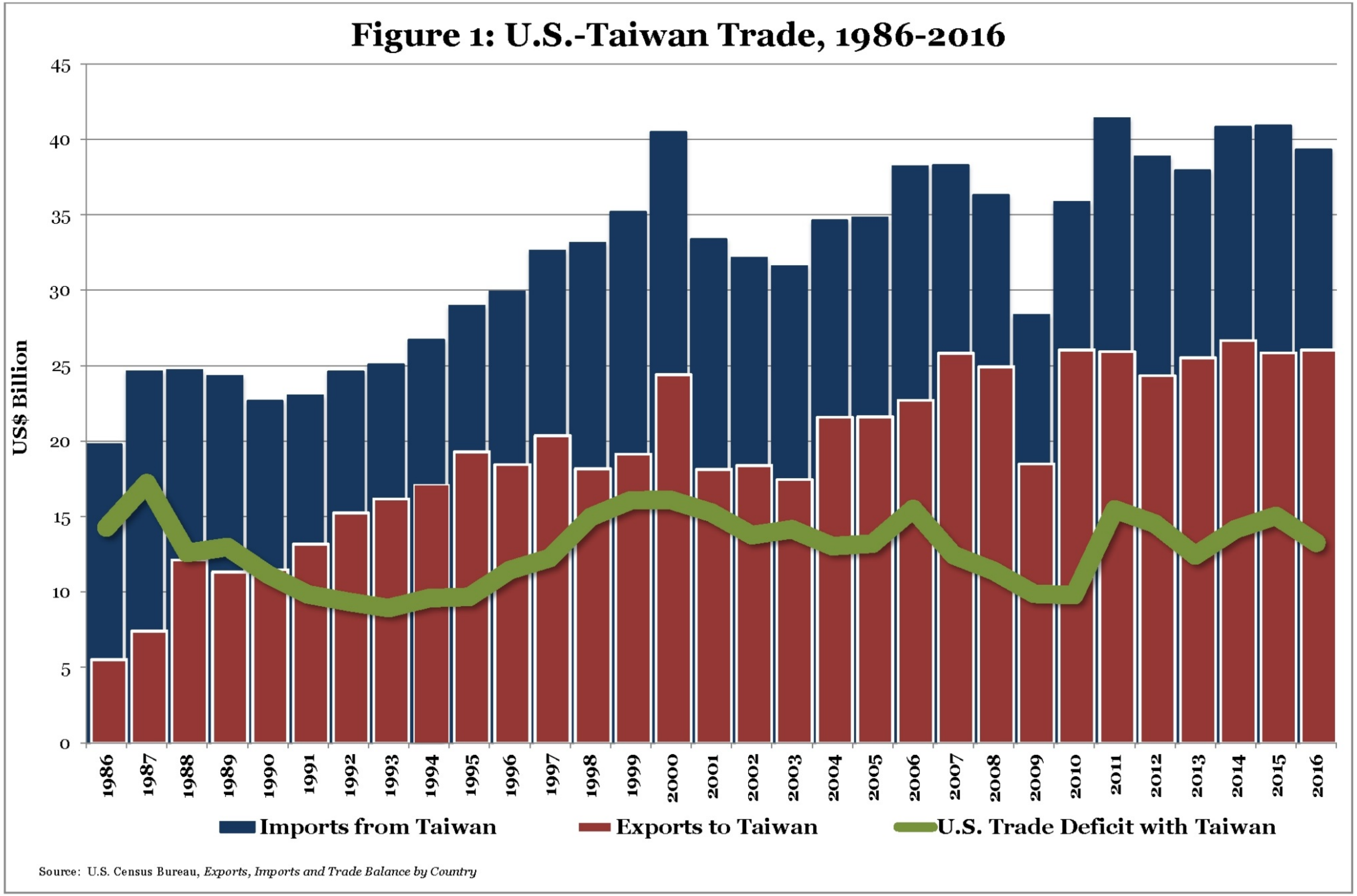
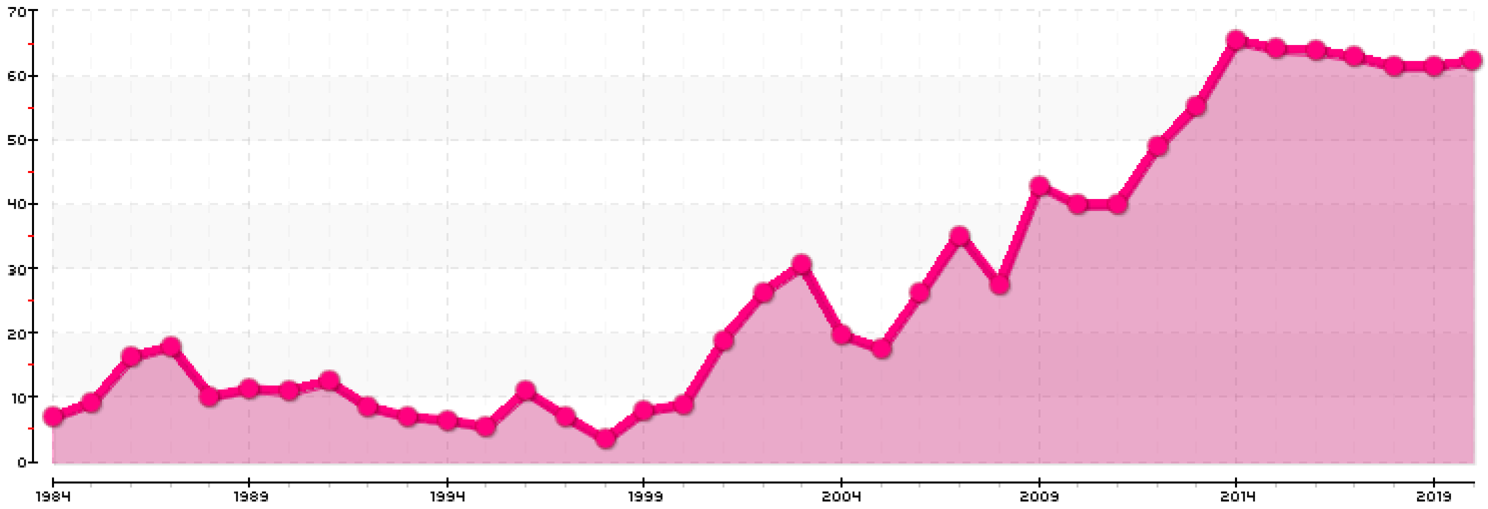


Figure 1: U.S.-Taiwan Trade, 1986-2016
US$ Billion
45
40
35
30
25
20
15
10
5
0
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Imports from Taiwan
Exports to Taiwan
U.S. Trade Deficit with Taiwan
Source: U.S. Census Bureau, *Exports, Imports and Trade Balance by Country*

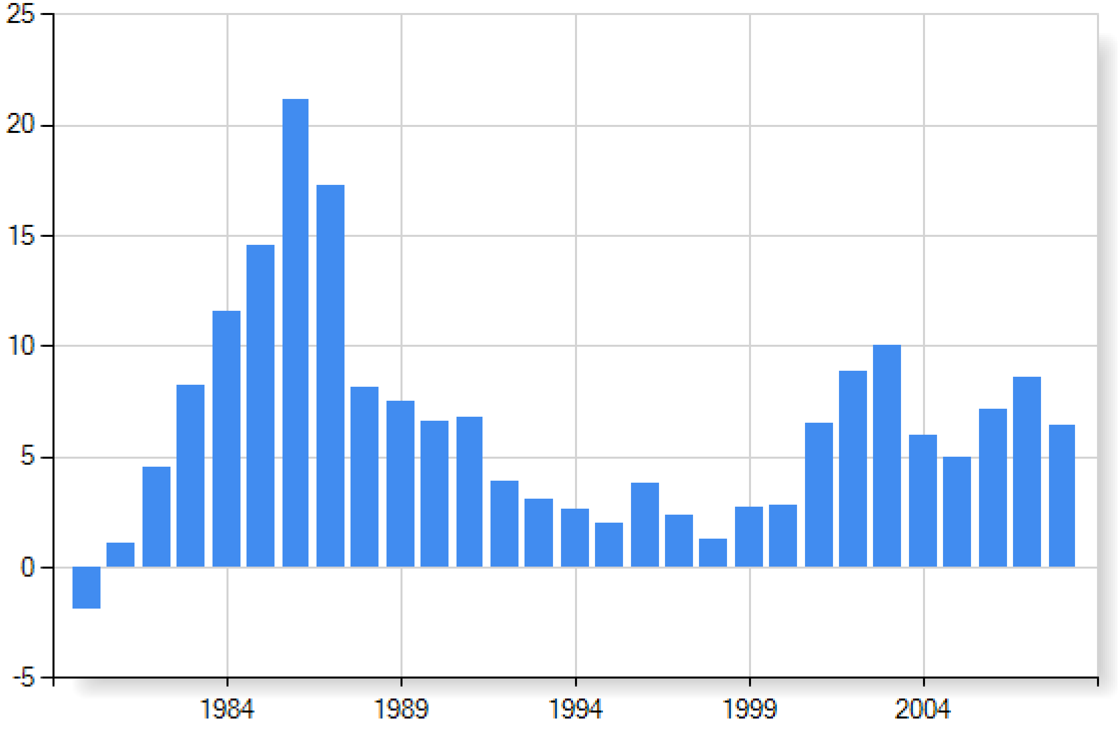
Taiwan - Current account balance (billion US Dollars)



Source : IMF
Date : 2015

Asia - Current account as % of GDP					
	2014	**2015**	**2016**	**2017**	**2018**
Australia	-3.0	-4.8	-4.7	-3.9	-3.7
Japan	0.8	3.3	4.2	4.0	3.8
China	2.6	3.1	2.3	1.8	1.3
Hong Kong	1.1	3.0	3.1	3.0	3.0
Taiwan	11.8	14.4	14.3	13.0	12.6
South Korea	6.0	7.7	7.3	6.6	6.7
India	-1.4	-1.1	-0.4	-0.5	-0.4
Indonesia	-3.1	-2.0	-2.6	-2.4	-2.3
Malaysia	4.5	3.0	2.4	2.4	2.6
Philippines	3.7	2.8	1.9	2.2	2.3
Singapore	17.4	19.8	18.4	16.2	15.1
Thailand	3.8	8.1	10.8	9.6	8.7

Source : Oxford Economics/Haver Analytics

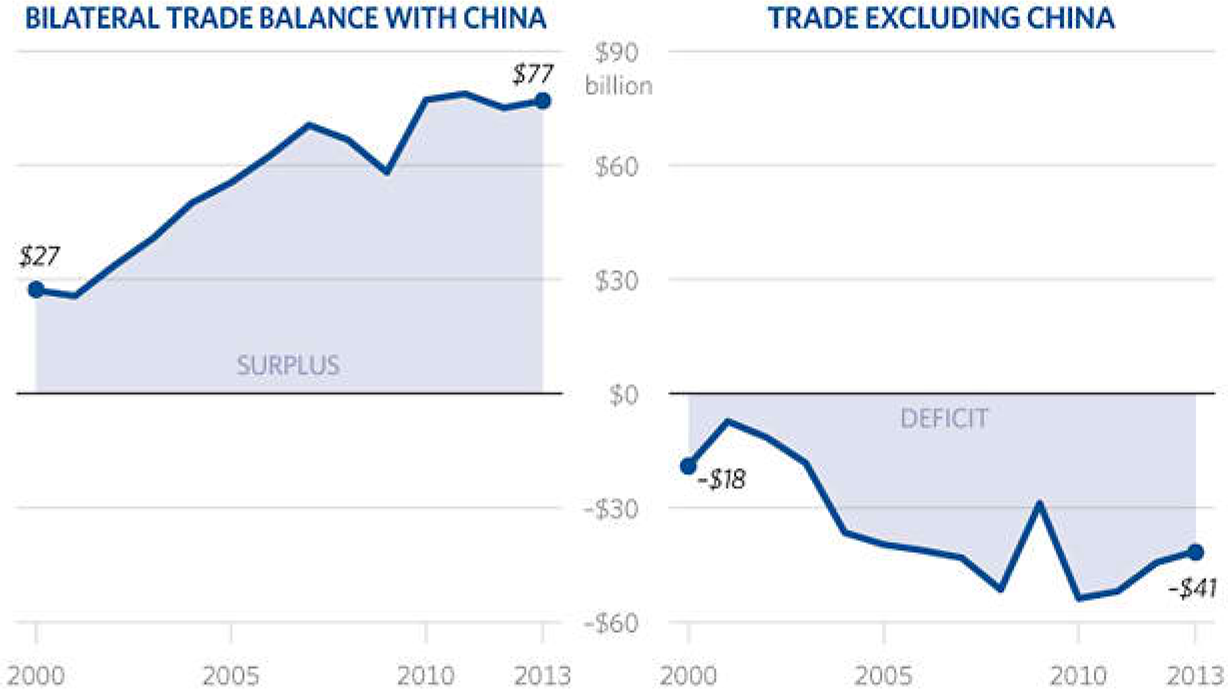

25
20
15
10
5
0
-5
1984
1989
1994
1999
2004


TAIWAN CURRENT ACCOUNT TO GDP
8.9
6.9
11.4
9.3
8.4
9.8
10.8
12
14.3
13.4
16
14
12
10
8
6
2006
2008
2010
2012
2014
2016
SOURCE: TRADINGECONOMICS.COM | CENTRAL BANK OF THE REPUBLIC OF CHINA (TAIWAN)

CHART 4

Absent Bilateral Trade with China, Taiwan Would Have Large Trade Deficit

IN BILLIONS OF U.S. DOLLARS



Source: Taiwan Bureau of Foreign Trade, Trade Statistics, http://www.trade.gov.tw/English/ (accessed July 22, 2014).

Causes of current account surpluses

Structural

- Surplus of savings over investment
- Significant long run competitive advantage
- Long run rise in global prices of main exports
- Structural increase in net investment income
- Trend rise in factor productivity

Cyclical

- Depreciation of the exchange rate
- Strong consumer demand in key export markets
- Cyclical improvement in the terms of trade
- Fall in prices of imported energy / components
- Rise in net inflows of remittances / profits

A current account surplus is a positive difference between a nation’s savings and investment. A current account surplus indicates that a nation is a net lender to the rest of the world, in contrast to a current account deficit, which indicates that it is a net borrower. The current account is the sum of the trade balance (exports less imports), net income from abroad and net current transfers; as the trade balance is generally the largest of these components, a current account surplus usually implies that the nation is a large exporter and has a positive trade balance. A current account surplus increases a nation’s net assets by the amount of the surplus.
BREAKING DOWN 'Current Account Surplus'

Nations with large and consistent current account surpluses are typically exporters of manufactured products or energy. With manufactured products, these export-oriented nations either follow a policy of mass-market production – like China – or have a reputation for top quality, like Germany, Japan and Switzerland.

In 2012, the top ten countries with the biggest current account surpluses were – Germany, China, Saudi Arabia, Kuwait, Netherlands, Norway, Russia, Switzerland, Qatar and Japan. More than half of that list comprises nations that are among the world’s largest exporters of oil and gas.

These current account surpluses are used to finance current account deficits in other nations. In 2012, the nations with the biggest current account deficits were the U.S., the U.K, India, Canada, France, Australia and Brazil. China, which is by far the biggest exporter to the U.S., uses its huge dollar surpluses to buy U.S. Treasuries, and as of November 2013, owned $1.32 trillion or about 23% of the total issued.

A nation with consistent current account surpluses may face upward pressure on its currency. Such nations may take steps to stem the appreciation of their currencies in order to maintain their export competitiveness. Japan, for instance, usually intervenes in the foreign exchange market when the yen is rising by buying large amounts of dollars in exchange for yen. China, on the other hand, has its yuan pegged to the US dollar. With China’s trade deficit with the U.S.

State Department

Economic Relations
The United States has maintained and enhanced its commercial ties with Taiwan since 1979. Taiwan is the United States' ninth largest trading partner, and the United States is Taiwan's second largest trading partner. Taiwan enjoys Export-Import Bank financing, Overseas Private Investment Corporation guarantees, normal trade relations status, and ready access to U.S. markets. AIT has been engaged in a series of trade discussions that have focused on protection of intellectual property rights and market access for U.S. goods and services. The United States has a trade and investment framework agreement with Taiwan under the auspices of AIT and the Taipei Economic and Cultural Representative Office (TECRO) in the United States. As of 2013, companies from Taiwan employed more than 12,000 workers in the United States with total worker compensation of almost a billion dollars.

- Travel for business and pleasure from Taiwan to the United States has increased 50 percent since Taiwan became a member of the U.S. Visa Waiver Program in November 2012. Taiwan is the United States' seventh largest source of international students,
- In June 2015, AIT and TECRO established the Global Cooperation and Training Framework, a platform for expanding U.S.-Taiwan cooperation on global and regional issues such as public health, economic development, energy, women's rights, and disaster relief.

CIA World Factbook

- Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.
- Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei’s first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA up in the air. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US.
- Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.
- The island runs a trade surplus with many economies, including China and the United States, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006 China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors in the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese Renminbi (RMB) and the New Taiwan Dollar across the Strait, which has helped Taiwan develop into a local RMB hub.
- Closer economic links with the mainland bring opportunities for Taiwan’s economy but also pose challenges as political differences remain unresolved and China’s economic growth is slowing. Domestic economic issues loomed large in public debate ahead of the January 2016 presidential and legislative elections, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement.

- Current account balance:
- $75.29 billion (2016 est.) $76.17 billion (2015 est.)
- country comparison to the world: 7
- Exports:
- $314.8 billion (2016 est.) $335.5 billion (2015 est.) country comparison to the world: 15
- Exports - commodities:
- semiconductors, petrochemicals, automobile/auto parts, ships, wireless communication equipment, flat display displays, steel, electronics, plastics, computers
- Exports - partners:
- China 27.1%, Hong Kong 13.2%, US 10.3%, Japan 6.4%, Singapore 4.4% (2012 est.)
- Imports:
- $230.9 billion (2016 est.) $262.9 billion (2015 est.) country comparison to the world: 19
- Imports - commodities:
- oil/petroleum, semiconductors, natural gas, coal, steel, computers, wireless communication equipment, automobiles, fine chemicals, textiles
- Imports - partners:
- Japan 17.6%, China 16.1%, US 9.5% (2012 est.)
- Reserves of foreign exchange and gold:
- $434.2 billion (31 December 2016 est.) $426 billion (31 December 2015 est.) country comparison to the world: 6
- Debt - external:
- $172.2 billion (31 December 2016 est.) $159 billion (31 December 2015 est.) country comparison to the world: 37
- New Taiwan dollars (TWD) per US dollar -
- 32.85 (2016 est.) 31.911 (2015 est.) 31.911 (2014 est.) 30.363 (2013 est.) 29.62 (2012 est.)

USTR

- U.S.-Taiwan Trade Facts
- U.S. goods and services trade with Taiwan totaled an estimated $84.9 billion in 2016. Exports were $37.9 billion; imports were $47.0 billion. The U.S. goods and services trade deficit with Taiwan was $9.1 billion in 2016.
- Taiwan is currently our 10th largest goods trading partner with $65.4 billion in total (two way) goods trade during 2016. Goods exports totaled $26.0 billion; goods imports totaled $39.3 billion. The U.S. goods trade deficit with Taiwan was $13.3 billion in 2016.
- Trade in services with Taiwan (exports and imports) totaled an estimated $19.6 billion in 2016. Services exports were $11.9 billion; services imports were $7.7 billion. The U.S. services trade surplus with Taiwan was $4.2 billion in 2016.
- According to the Department of Commerce, U.S. exports of Goods and Services to Taiwan supported an estimated 208 thousand jobs in 2015 (latest data available) (130 thousand supported by goods exports and 79 thousand supported by services exports).
- Exports
- Taiwan was the United States' 14th largest goods export market in 2016.
- U.S. goods exports to Taiwan in 2016 were $26.0 billion, up 0.7% ($185 million) from 2015 and up 14.7% from 2006. U.S. exports to Taiwan account for 1.8% of overall U.S. exports in 2015.
- The top export categories (2-digit HS) in 2016 were: machinery ($5.4 billion), electrical machinery ($5.2 billion), aircraft ($3.2 billion), optical and medical instruments ($1.8 billion), and organic chemicals ($812 million).
- U.S. exports of agricultural products to Taiwan totaled $3.3 billion in 2016, our 7th largest agricultural export market. Leading domestic export categories include: soybeans ($586 million), corn ($462 million), beef & beef products ($363 million), wheat ($256 million), and fresh fruit ($221 million).
- U.S. exports of services to Taiwan were an estimated $11.9 billion in 2016, 3.6% ($449 million) less than 2015, but 84.4% greater than 2006 levels. Leading services exports from the U.S. to Taiwan, in 2015, were in the intellectual property (audio visual and related products, movies and televison programming), travel, and transport sectors.
- Imports
- Taiwan was the United States' 13th largest supplier of goods imports in 2016.
- U.S. goods imports from Taiwan totaled $39.3 billion in 2016, down 3.9% ($1.6 billion) from 2015, but up 2.9% from 2006.
- The top import categories (2-digit HS) in 2016 were: electrical machinery ($14 billion), machinery ($6.8 billion), vehicles ($2.5 billion), iron and steel products ($2.2 billion), and plastics ($1.8 billion).
- U.S. total imports of agricultural products from Taiwan totaled $335 million in 2016. Leading categories include: nursery products ($61 million), snack foods ($44 million), processed fruit & vegetables ($39 million), other vegetable oils ($15 million), and tea, incl herb ($15 million).
- U.S. imports of services from Taiwan were an estimated $7.7 billion in 2016, 0.7% ($51 million) more than 2015, and 13.3% greater than 2006 levels. Leading services imports from Taiwan to the U.S., in 2015, were in the transport, travel, and research and development sectors.
- Trade Balance
- The U.S. goods trade deficit with Taiwan was $13.3 billion in 2016, a 11.8% decrease ($1.8 billion) over 2015.
- The United States has a services trade surplus of an estimated $4.2 billion with Taiwan in 2016, down 10.7% from 2015.
- Investment
- U.S. foreign direct investment (FDI) in Taiwan (stock) was $15.0 billion in 2015 (latest data available), a 1.5% increase from 2014. U.S. direct investment in Taiwan is led by manufacturing, wholesale trade, and depository institutions.
- Taiwan's FDI in the United States (stock) was $7.0 billion in 2015 (latest data available), up 14.1% from 2014. Taiwan's direct investment in the U.S. is led by manufacturing, depository institutions, and wholesale trade.
- Sales of services in Taiwan by majority U.S.-owned affiliates were $7.9 billion in 2014 (latest data available), while sales of services in the United States by majority Taiwan-owned firms were $2.0 billion.