

Trend Analysis on Asian high-growth markets



Global Economic Trends and Outlook: Challenges and Policy Developments

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Global Economic Outlook and Challenges

		Projections	
	2014	2015	2016
World Output	3.4	3.1	3.6
Advanced Economies	1.8 	2.0	2.2
US	2.4	2.6	2.8
Euro Area	0.9	1.5	1.6
Japan	-0.1	0.6	1.0
EM and Developing Economies	4.6 	4.0	4.5
Commonwealth of Ind. States	1.0	-2.7	0.5
Emerging and Developing Asia	6.8	6.5	6.4
Emerging and Developing Europe	2.8	3.0	3.0
Latin America and the Caribbean	1.3	-0.3	0.8

Source: IMF World Economic Outlook, Oct 2015

Global Economic Outlook and Challenges

		Projections	
	2014	2015	2016
Asia	5.6	5.4	5.4
Advanced Asia	1.6	1.5	2.0
Japan	-0.1	0.6	1.0
Korea	3.3	2.7	3.2
Taiwan	3.8	2.2	2.6
Singapore	2.9	2.2	2.9
Emerging and Developing Asia	6.8	6.5	6.4
China	7.3	6.8	6.3
India	7.3	7.3	7.5
ASEAN-5 (ID, MY, PH, TH, VN)	4.6	4.6	4.9

Source: IMF World Economic Outlook, Oct 2015

Global Economic Outlook and Challenges

Economic Outlook
Gradual Pickup in AE
Slower Growth in EM & DE

Advanced Economies

- ✓ Weaker growth in 2015
- ✓ Underlying drivers for gradual recovery:
 - Easy financial conditions
 - Lower oil prices
 - Less fiscal policy drag

EM & Developing Economies

- ✓ Growth weakening due to:
 - Lower commodity prices
 - Tighter external conditions
 - Structural bottlenecks
 - Rebalancing in China
 - Geopolitical uncertainties

Global Economic Outlook and Challenges

Near-Term Challenges

Disruptive asset price shifts and financial volatility, in advanced and emerging economies

Lower commodity prices undermining near-term growth in commodity-exporting economies

Further US dollar strengthening creating balance sheet challenges for dollar debtors

Medium-Term Challenges

Lower potential growth in advanced and major emerging economies

Sharper-than-expected slowdown in China

Geopolitical disruptions (also near-term)

Economic Policy Developments

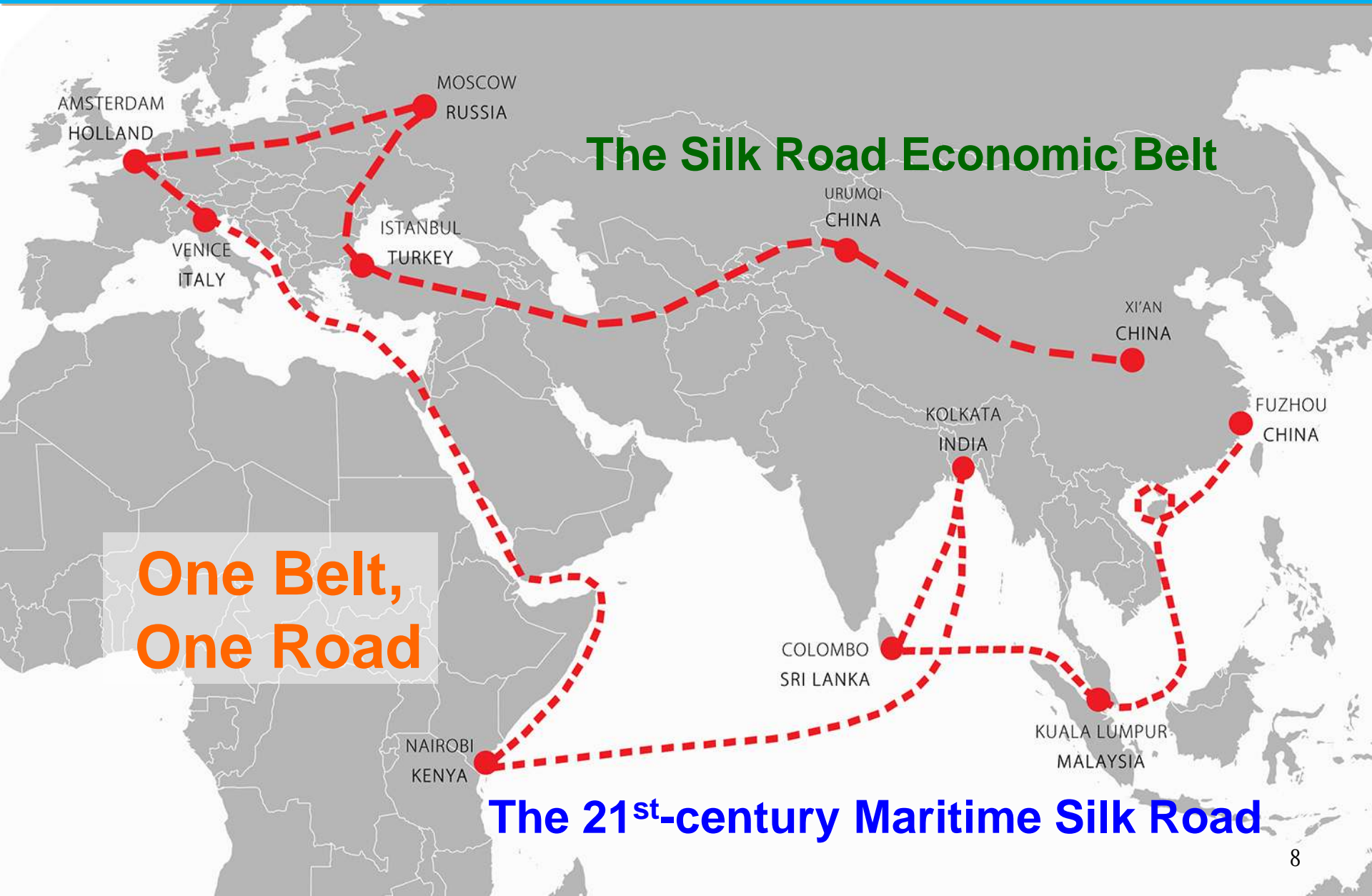
Advanced Economies

- Continue easy monetary policies
- Use macro-prudential policies to contain financial sector risks
- Adopt complementary fiscal policies
- Implement structural reforms to improve productivity

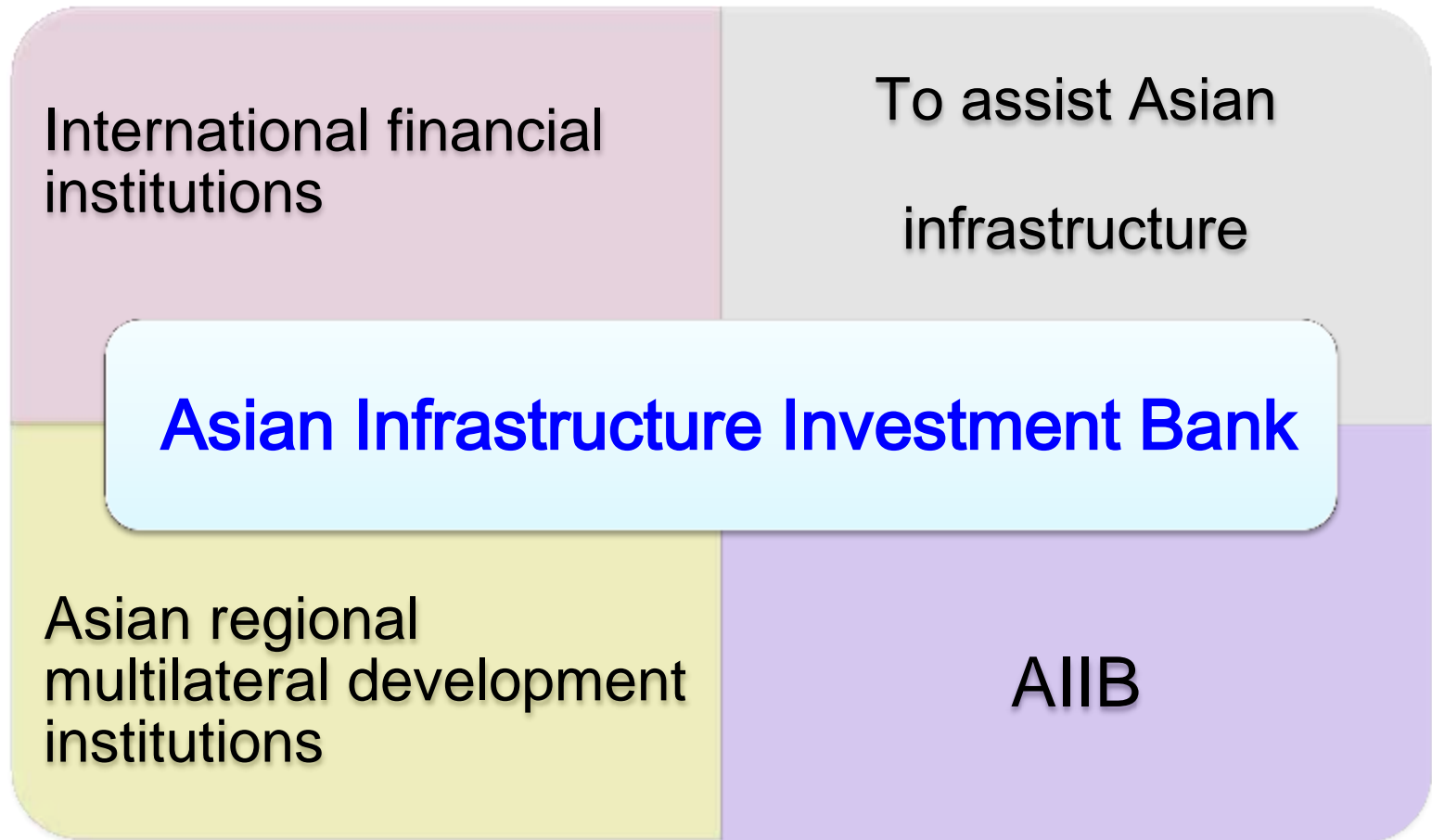
Emerging Market and Developing Economies

- Support demand in slack economies
- Implement structural reforms to raise productivity and remove production bottlenecks
- Allow exchange rate flexibility
- Build resilience through monetary and fiscal policies

Economic Policy Developments



Economic Policy Developments



Taiwan's Actions to Push Economic Growth

Export Growth Rate		(Jan.-Aug. ; * Jan.-Jul.)					
Country	TW	KR	JP	SG	MY*	CN	HK*
%	-8.8	-6.3	-9.1	-18.7	-13.1	-1.3	-14.1

Economic Growth Rate		
2015 Projections	Original	Revised
%	3.28	1.56

Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan.
Datastream.

Taiwan's Actions to Push Economic Growth

Consolidate and Bolster Economic Structure

**Industrial
Upgrading**

Driven by innovation

**Export
Expansion**

Enhanced by systemic integration

**Investment
Promotion**

Amplified from both private and public sectors

Taiwan's Actions to Push Economic Growth

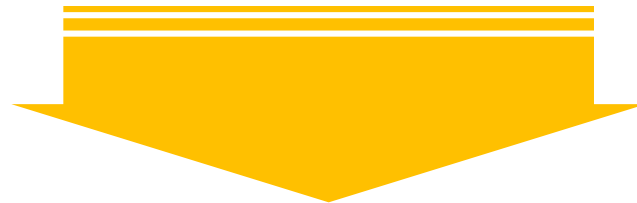
Sound Finance Program

Controlling public debt

Restructuring expenditures

Cultivating financial resources

Adjusting tax system



Sound Finance

Taiwan's Actions to Push Economic Growth

Effects of Implementing “Sound Finance Program”


Deficit-to-GDP Ratio decrease

3.4% in 2009  1.0% in 2015  0.9% in 2016

Debt-to-GDP Ratio decrease


35.9% in 2013  35.6% in 2015  35.0% in 2016

Tax Revenue increase

NT\$1,319.4 billion in 2015  NT\$1,440 billion in 2016
9.1%
NT\$120.6 billion

Taiwan's Actions to Push Economic Growth

The Global Competitiveness Report 2015-2016

Rankings of Taiwan in World Economics Forum	2012	2013	2014	2015	2014-15 comparison
Indicator	13	12	14	15	-1
Basic requirements	17	16	14	14	0
Institutions	26	26	27	27	0
Infrastructure	17	14	11	12	-1
Macroeconomic environment	28	32	23	13	 +10
Health and primary education	15	11	13	14	-1

Fitch Ratings Oct. 2015

Outlooks on Taiwan's
Long-term Foreign-Currency IDRs

Outlook	Positive
Ratings	A+

Taiwan's Actions to Push Economic Growth

Encouragement of Long-term Investment in Infrastructure



Relaxing the restrictions of credit amount in infrastructure projects



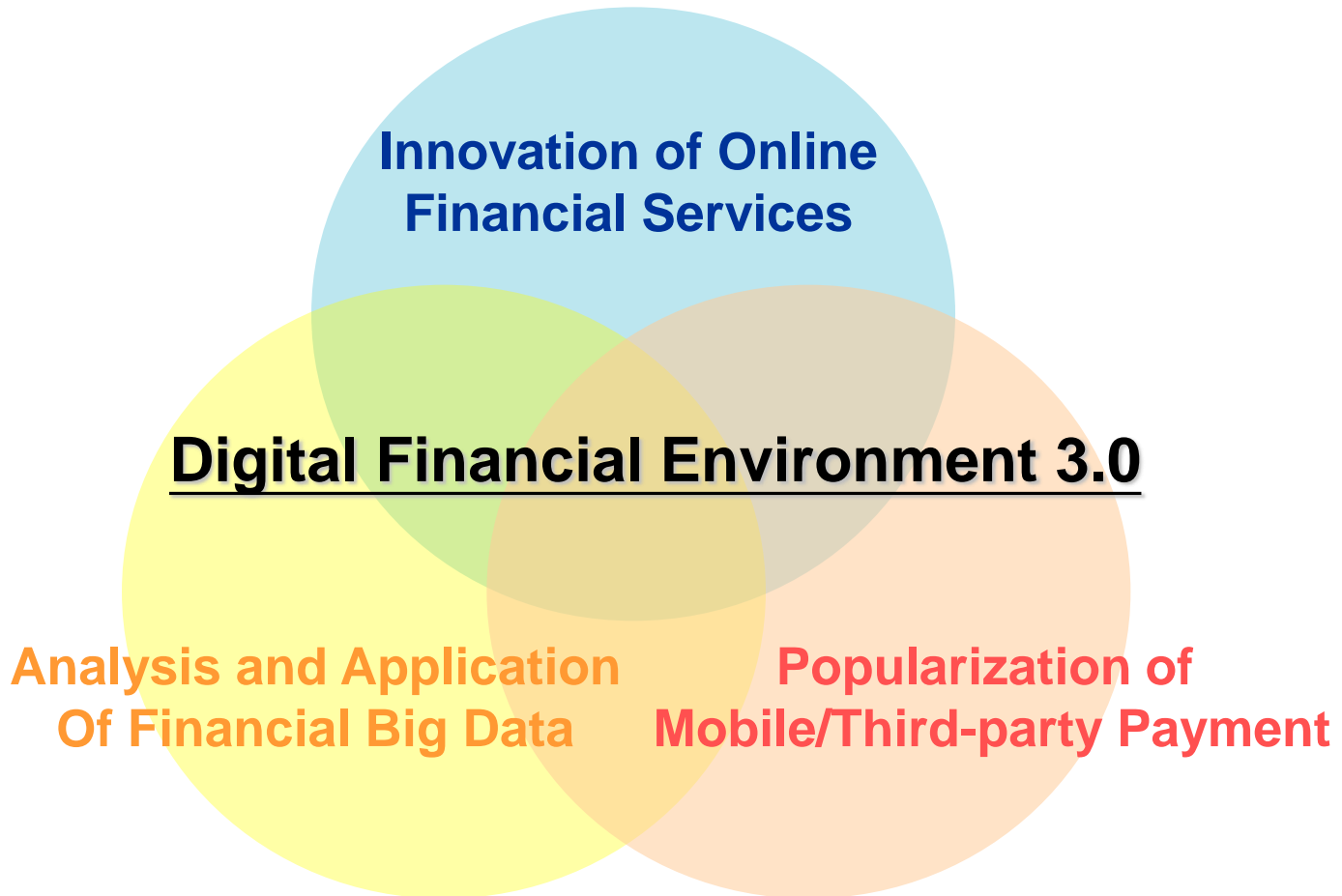
Establishing a suitable model for insurance companies



Allowing insurance companies to participate in particular constructions

Taiwan's Actions to Push Economic Growth

Innovative finance via digitization



Taiwan's Actions to Push Economic Growth

Tax incentives for Economic Restructuring

Items

R&D
Innovation



Recruiting Skilled
and Experienced
Employees



Promoting
Investment



Conclusion

Growth is proceeding but at a generally moderate pace.

Global economic and market developments impact Growth.

Global trends of short and long term make the challenge more difficult.

Structural reforms and accommodative policies remain key factors of growth.



Thank You !

