Current Economic Situation

Chinese Taipei is a capitalist economy. While initially state-planned, an effort was made to privatize many large state owned banks and industrial firms. Because of its outward oriented economy, where exports make up 70 percent of GDP, the heavy dependence on exports has left Chinese Taipei vulnerable to global economic shocks. In addition, Chinese Taipei operates the largest trade surplus in APEC and has the fourth largest foreign reserves holding. In terms of doing business, the World Bank ranks Chinese Taipei as the 46th most attractive business destination out of 183.

APEC Relations

Chinese Taipei has been a member of APEC since 1991. The economy has aggressively taken steps to reduce tariffs and open its services sectors, in line with APEC’s goal of trade and investment liberalization. Within APEC, Chinese Taipei has been a leader in technology and trade, launching the APEC Digital Opportunity Center in 2004 in order to enhance and harmonize information and communication technologies across member economies. Chinese Taipei is also a member of APEC’s Electronic Commerce Steering Group and chairs the Paperless Trading Subgroup. Besides this, Chinese Taipei chairs the Small and Medium Enterprises (SME) working group, which aids SMEs in becoming more internationally competitive.

Given its history, it is only fitting that Chinese Taipei holds the closest economic relationship with China: $54 billion of its exports go to China. However, most of Chinese Taipei’s imports come from Japan, totaling $36 billion, China imports come in second with $24 billion. Other significant trading partners include the U.S. and Hong Kong. In addition, most of the economy’s total trade comes from APEC members, with 70 percent of imports and 81 percent of its exports attributed to APEC members.

Free Trade Agreements

Chinese Taipei-China
Chinese Taipei-Panama
Chinese Taipei-Guatemala
Chinese Taipei-El Salvador
Chinese Taipei-Honduras
Chinese Taipei-Nicaragua

Energy and Environmental Policy

Chinese Taipei passed a renewable energy act to promote the use of renewable energy, boost energy diversification, and reduce greenhouse gases. The goal is to increase Taipei’s renewable energy generation capacity by 6.5 million kilowatts to 10 million kilowatts within 20 years. In order to accomplish such an ambitious goal, the new law offers incentives for the development of renewable energy and works toward reducing regulatory restrictions. Types of renewable energy covered include solar, biomass, geothermal, ocean, wind, non-pumped-storage hydro, and waste conversion. In addition, the law aims to protect the environment and stimulate the development of related industries.