

Recent Japan-Taiwan Relations and the Taiwan Situation

July 2013

First and Second China and Mongolia
Divisions

Asian and Oceanian Affairs Bureau,
Ministry of Foreign Affairs

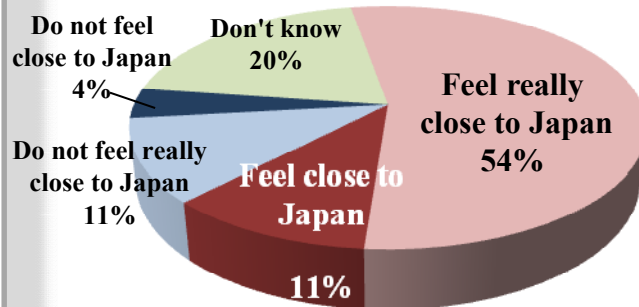
Japan and Taiwan in general: Maintain Close, Friendly Relations

- Record number of short-term visitors in both directions based on the positive public sentiment-

Japan-Taiwan Relations

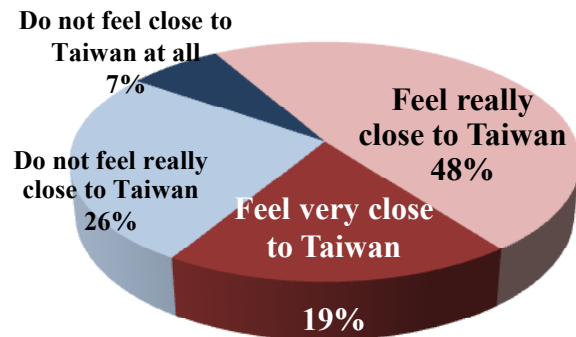
Positive public opinion

Affinity of Taiwanese citizens for Japan



* Results of Jan 2013 opinion poll of 1,002 Taiwanese citizens by Interchange Association, Japan.

Affinity of Japanese citizens for Taiwan



* Results of May 2011 opinion poll of 1,000 Japanese adults by Taipei Economic & Cultural Representative Office in Japan.



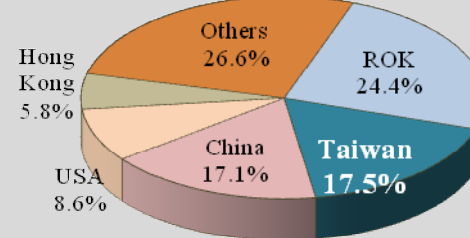
(L) Group of Taiwanese high school students (100 students members) visiting Japan as the Kizuna (Bond) Project [Photo: Interchange Association, Japan]

Close interaction & cultural exchange

Taiwan ⇒ Japan No. of short-term visitors	2012	1,466,688 (up 47.6% on the previous year) *Record high: 2nd place ahead of China	(Data) Japan National Tourist Organization
Japan ⇒ Taiwan No. of short-term visitors	2012	1,432,315 (up 10.6% on the previous year) *Record high	(Data) Tourism Bureau, Ministry of Transportation & Communications, Taiwan
No. of Japanese nationals living in Taiwan (long-term residents)	As of Mar 2013	11,661	(Data) Ministry of the Interior, Taiwan
No. of people studying Japanese in Taiwan	2012	232,967 (5th after China, Indonesia, ROK & Australia)	(Data) Japan Foundation
No. of candidates for Japanese Language Proficiency Test	Jul + Dec 2012	58,837 (World's highest no. of candidates as a percentage of population)	(Data) Japan Foundation
No. of international students from Taiwan	May 2012	4,617 (3rd after China & ROK)	(Data) Japan Student Services Organization

Breakdown of visitors to Japan from overseas

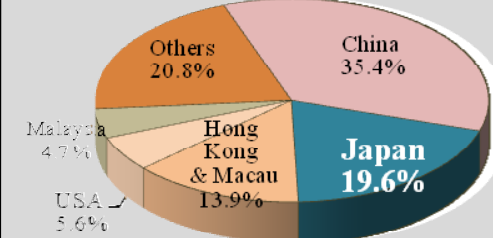
(2012: short-term visits only)



(Data) Japan National Tourist Organization (JNTO)

Breakdown of visitors to Taiwan from other countries/China

(2012: short-term visits only)



(Data) Tourism Bureau, Ministry of Transportation & Communications, Taiwan

One of the Most Important Economic Partners for Each Other

- Japan-Taiwan Economic relations based on a mutually complementary, win-win relationship -

Japan-Taiwan Relations

Close Japan-Taiwan trade relations

Major trading partners of Japan (2012)

Country/Region name	Total value	Exports	Imports	Balance
(1) China	\$333.7 bn	\$144.7 bn	\$189.0 bn	-\$44.3 bn
(2) USA	\$217.1 bn	\$140.6 bn	\$76.5 bn	+\$64.1 bn
(3) ROK	\$102.4 bn	\$61.7 bn	\$40.7 bn	+\$21.0 bn
(4) Australia	\$75.1 bn	\$18.5 bn	\$56.7 bn	-\$38.2 bn
(5) Taiwan	\$70.3 bn	\$46.2 bn	\$24.1 bn	+\$22.1 bn
Total	\$1,689.9 bn	\$801.3 bn	\$888.6 bn	-\$87.3 bn

[Reference] Total value of Japan-Taiwan trade in 2011 was \$73.9 billion (exports: \$50.7 billion; imports: \$23.2 billion)

(Data) Japan External Trade Organization website

Taiwan is Japan's **5th-largest** trading partner

Japan is Taiwan's **2nd-largest** trading partner

Major trading partners of Taiwan (2012)

Country/region name	Total value	Exports	Imports	Balance
(1) China + Hong Kong	\$162.2 bn	\$118.6 bn	\$43.6 bn	+\$75.1 bn
(2) Japan	\$66.6 bn	\$19.0 bn	\$47.6 bn	-\$28.6 bn
(3) Europe	\$57.0 bn	\$28.8 bn	\$28.3 bn	+\$0.5 bn
(4) USA	\$56.6 bn	\$33.0 bn	\$23.6 bn	+\$9.4 bn
ASEAN	\$87.1 bn	\$55.7 bn	\$31.4 bn	+\$24.3 bn
Total	\$571.7 bn	\$301.2 bn	\$270.5 bn	+\$30.7 bn

[Reference] Total value of Japan-Taiwan trade in 2011 was \$70.4 billion (exports: \$18.2 billion; imports: \$52.2 billion)

(Data) Department of Statistics, Ministry of Finance, Taiwan

New development in Japan-Taiwan aviation relationships

Oct 2010: Scheduled flight Haneda-Taipei Songshan launched



Enhanced convenience of travel between the capitals of Japan & Taiwan

Nov 2011: Japan-Taiwan Open Skies Arrangement signed



Easier to open new Japan & Taiwan air routes

Number of passengers of scheduled flights between Japan & Taiwan
275.5 flights/week
(Figure for Feb 2013)

Expansion of cooperation in Japan-Taiwan economy

In figures for total foreign investment in Taiwan over the last 60 years, Japan is **4th in terms of value & 1st in terms of the number of projects** (up to the end of 2011)

Country/region name	Value (\$1 billion)	Country/region name	No. of projects
USA	22.18	Japan	6,810
British West Indies	19.62	USA	4,606
Netherlands	18.64	British West Indies	4,101
Japan	16.79	Hong Kong	3,657
UK	6.78	Singapore	1,531
Total	114.56	Total	29,675

No. of Japanese companies in Taiwan
1,103
(Figure for Oct 2011)

Economic cooperation progressing on the background of active economic exchange

Recent Japan-Taiwan economic cooperation

Sept 2011: Private Investment arrangement signed (entered into force Jan 2012)

Apr 2012: Memorandum on the exchange of financial information related to money laundering and terrorist financing signed

Apr 2012: Memorandum of the Patent Prosecution Highway signed

Nov 2012: Arrangement on mutual recognition of electrical product certification signed

Nov 2012: Memorandum on strengthening industrial cooperation signed

Support from Taiwan After the Great East Japan Earthquake

- "full of friendship and special support" from variety of Taiwan society-

Japan-Taiwan
Relations

material and moral support from Taiwan

Monetary donations totaling NT\$6,839.76 million (¥18,740 million) were contributed from all quarters of Taiwan
(calculated based on a rate of NT\$1=¥2.74; figure announced by Taiwan's Ministry of Foreign Affairs on March 16, 2012)

- Taiwan's Ministry of Foreign Affairs announced a donation of NT\$100 million (¥290 million) (March 12, 2011)
- Interchange Association, received donations in excess of NT\$420 million (up to February 6, 2012)
- The Tzu Chi Foundation, an NGO, provided condolence payments totaling ¥2.3 billion to a total of 45,000 disaster-stricken households in areas affected by the disaster (up to October 2011)
- Amount donated via collection boxes at 7-Eleven stores: Taiwan: ¥303.68 million; USA & Canada: ¥60 million; Thailand: ¥16 million (as of June last year)

Taiwan's Ministry of Foreign Affairs as well as public and private sectors provided local authorities in the disaster-afflicted areas with 560 tons of relief supplies

Twenty-eight members of a disaster relief team from Taiwan conducted search in Miyagi Prefecture (March 14-19, 2011)

- Other Taiwanese teams from the private sector provided assistance in the disaster-stricken areas, supported by Japanese NGOs

Deep condolence shown by President Ma Ying-jeou and other senior Taiwanese government figures

- On the day of the quake, President Ma Ying-jeou and Premier Wu Den-yih sent messages of condolence to then-Prime Minister Kan, while then-Foreign Minister Timothy Yang sent a message of condolence to then-Foreign Minister Matsumoto.
- Along with Premier Wu Den-yih and the mayors of the special municipalities, President Ma Ying-jeou participate in a TV charity appeal program, during which they encouraged citizens to offer support to Japan for four hours.
- President Ma Ying-jeou and then-Foreign Minister Timothy Yang attended a reception organized by the Taipei Office of the Interchange Association to mark the 1st anniversary of the quake (March 12, 2012).



(Above) President Ma Ying-jeou calls for donations during a TV charity appeal after the earthquake

[Photo: Office of the President, Taiwan website]

The Japan-Taiwan Kizuna (Bond) Project to Support Reconstruction and Promote Tourism in the Aftermath of the Great East Japan Earthquake (Outline)

The Interchange Association, Japan and the Association of East Asian Relations (Taiwan) announce their common intention to strive to strengthen cooperation & exchange in the following areas over the next few years (July 14, 2011)

- Promoting visits to Japan by Taiwanese tourists
- Publicizing the safety of Japanese agricultural produce and promoting imports & exports between Japan & Taiwan
- Publicizing reconstruction efforts by inviting Taiwanese media representatives to Japan
- Strengthening youth, educational, academic, and regional exchange
- Strengthening cooperation in the field of earthquake research etc.
- Sharing information about the safety of nuclear energy

- April 11, 2011: Then-Prime Minister Kan sent an official letter expressing his gratitude to the Taiwanese authorities and major media outlets (reports appeared in 4 major newspapers, on TV, and on online news sites).
- September 14, 2011: Answering questions in the Diet, former Prime Minister Noda said, **"I would like to express my heartfelt gratitude for Taiwan's warm friendship and special support"** (reported widely in the Taiwanese media).
- March 11, 2012: The Taipei Office of the Interchange Association placed **advertisements** on television, in newspapers, and on advertising hoardings to **express Japan's gratitude for the support received from across Taiwan.**
- March 11, 2013: Prime Minister Abe expressed his gratitude for Taiwan's support on his Facebook page, saying, **"Taiwan is an important friend of Japan, having donated ¥20 billion - more than any other country - after the quake"**.



(L) Advertisement placed by the Interchange Association, Japan on the 1st anniversary of the quake to express gratitude for support from Taiwan [Photo: Interchange Association, Japan]

Japan's Basic Stance on Taiwan

- Relations with Taiwan focus on maintaining & developing non-governmental, working level relations -

Basic stance

Japan's basic stance on its relationship with Taiwan is as set out in the 1972 Joint Communiqué between Japan and China; since then, Japan has maintained its relationship with Taiwan on the basis of non-governmental, working-level relations

[Joint Communiqué Between Japan and China (1972)]

- (Item 2) The Government of Japan recognizes that Government of the People's Republic of China is the sole legal Government of China.
- (Item 3) The Government of the People's Republic of China reiterates that Taiwan is an inalienable part of the territory of the People's Republic of China.
The Government of Japan fully understands and respects this stance of the Government of the People's Republic of China, and it firmly maintains its stance under Article 8 of the Potsdam Proclamation.

[Joint Declaration Between Japan and China (1998)]

(III, Paragraph 9) The Japanese side continues to maintain its stance on the Taiwan issue which was set forth in the Joint Communiqué of the Government of Japan and the Government of the People's Republic of China and reiterates its understanding that there is one China. Japan will continue to maintain its exchanges of private and regional nature with Taiwan.

- In December 1972, the Interchange Association(Japanese side) and the Association of East Asian Relations (Taiwanese side) were established as organizations for handling working-level relations between Japan and Taiwan.

[Interchange Association] Tokyo Headquarters, Taipei Office, Kaohsiung Office

[Association of East Asian Relations] Taipei Headquarters, Tokyo Office, Osaka Office, Sapporo Branch, Yokohama Branch, Fukuoka Branch, Naha Branch

- The Japanese government has a policy of "providing as much support and cooperation as possible" within the scope of domestic legislation.


(December 26, 1972; statement by then-Chief Cabinet Secretary Nikaido)



[Headquarters]
3-16-33, Roppongi, Minato-ku, Tokyo
7F, Aoba Roppongi Building
Tel: 03-5573-2600


[Taipei Office]
28 Qingcheng Street, Songshan District, Taipei
Tel: +886-2-2713-8000 (main number)

[Kaohsiung Office]
9F, 87 Hoping 1st Road, Lingya Qu, Kaohsiung
Tel: +886-7-771-4008



Taiwan is an important partner of Japan, as evidenced by the close economic ties and people-to-people exchanges between Japan and Taiwan.... Underpinning the deep friendship and relationship of trust between Japan and Taiwan are our shared fundamental values of democracy, freedom, and peace.... I hope that cooperative relationships between Japan and Taiwan will continue to grow steadily.

(January 2013; statement by Foreign Minister Kishida)



We have built up a special partnership with Japan...with relations between us at the most cordial level seen in the last 40 years.

(May 20, 2012; inaugural address by President Ma Ying-jeou)

The East China Sea Situation and Japan's Stance

- Talks between Japan & Taiwan on the fisheries resumed after a hiatus of 3 years 9 months, with a view to establishing the order of the fishing-

Japan-Taiwan Relations

Japan's basic views on the Senkaku Islands

- There is no doubt that the Senkaku Islands are clearly an inherent territory of Japan, in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under the valid control of Japan.
- **There exists no issue of territorial sovereignty to be resolved** concerning the Senkaku Islands.

Taiwan's own assertion

- Taiwan **initiated its own assertion in the 1970s**, when it was reported that there was oil in the vicinity of the Senkaku Islands.
- On August 5, 2012, President Ma Ying-jeou launched the **East China Sea Peace Initiative**, calling for efforts to turn the East China Sea into "a sea of peace and cooperation", based on the fundamental spirit of "shelving disputes over sovereignty, engaging in peaceful dialogue, and promoting joint resource development".

↔ **When the Senkaku Islands were placed under the administration of the US in accordance with Article 3 of the San Francisco Peace Treaty (1951), the Taiwanese authorities did not raise any objection to this. Neither did the Taiwanese side raise the issue of the sovereignty of the Senkaku Islands during the process of negotiating the Treaty of Taipei in 1952. Moreover, none of the points raised by the Taiwanese authorities as historical, geographical or geological evidence provide valid grounds to support Taiwan's assertion of sovereignty over the Senkaku Islands. Japan does not accept Taiwan's own assertion.**



Signing of the Japan-Taiwan Fishery Arrangement

- Starting in 1996, private sector talks between Japan & Taiwan on the fisheries were held on 16 occasions, to discuss approaches establishing an orderly arrangement for fishing in the waters around Taiwan and Okinawa and other matters of mutual interest to Japan & Taiwan in relation to issues in the fisheries sector.
- **On April 10 this year, the Japan-Taiwan Fishery Arrangement was signed by the Japanese & Taiwanese private sector bodies that deal with Japan-Taiwan relations.** In order to establish order in operations by Japanese & Taiwanese fishery operators, an "exemption zone" and a "special cooperation zone" were established in part of the exclusive economic zone south of the 27th parallel north, and the Japan-Taiwan Fishery Committee was founded to serve as a forum for discussions between Japan & Taiwan concerning operational rules and measures to protect and manage fishery resources.

The issue of a fisheries arrangement has been something of a thorn in the side of our relationship with Taiwan, with which we have traditionally enjoyed friendly relations...so I believe that the signing of this Fishery Arrangement is an historic development.
(April 23, 2013; from Prime Minister Abe's answer to a question in the Diet)



(Above) President Ma Ying-jeou & Interchange Association, Japan Chairman Mitsuo Ohashi express delight at the signing of the Japan-Taiwan Fishery Arrangement (April 11, 2013)
[Photo: Office of the President website]








(L.) Interchange Association, Japan Chairman Mitsuo Ohashi & Association of East Asian Relations Chairman Liao Liou-yi exchange copies of the Japan-Taiwan Fishery Arrangement after signing it (April 10, 2013)
[Photo: Interchange Association, Japan]

The Kuomintang Continues to Control Both the Legislative & Executive Branches

- In January 2012, Ma Ying-jeou won the presidential election, while the Kuomintang was victorious in the legislative election -

- Since the end of the 1980s, there has been progress in peaceful democratization, moving away from the dictatorial regime of the Kuomintang. In 1996, the President began to be elected via direct elections, which have been held 5 times to date, with regime changes taking place on 2 occasions.
- In the double election held in January 2012 for the President and legislature, the **Kuomintang-affiliated incumbent President Ma Ying-jeou was re-elected**, while the **Kuomintang won a stable majority of seats in the legislative election**.
- President Ma Ying-jeou's approval rating has been sluggish since the beginning of his second term, at around the 13-14% mark. Although there was a change of Premier in February this year, resulting in a reshuffle of some of the personnel in the regime, and despite the signing of the Japan-Taiwan Fishery Arrangement in April, President Ma Ying-jeou's approval rating has not recovered.

Presidents of Taiwan

[Photo: Office of the President website]


President Chiang Kai-shek (1948-75)

President Yen Chia-kan (1975-78)

President Chiang Ching-kuo (1978-88)

President Lee Teng-hui (1988-2000)

President Chen Shui-bian (2000-08)



Incumbent President Ma Ying-jeou

Date of Birth July 13, 1950
Place of Origin Hong Kong (Domicile of origin: Hunan Province)
Academic Background Graduated from the College of Law at National Taiwan University, obtained LL.M. from New York University Law School in the USA, obtained S.J.D. from Harvard Law School in the USA

Career
 Ma has impeccable credentials within the Kuomintang: after obtaining his Doctor of Laws degree from Harvard University, he worked as English-speaking secretary to President Chiang Ching-kuo, and was selected for a Cabinet-level post at the tender age of 38. Following terms as Justice Minister and Mayor of Taipei, he won a sweeping victory over the Democratic Progressive Party candidate in the 2008 presidential election, gaining control over the government; he was re-elected in the January 2012 presidential election.

Taiwan's main political parties

- The Kuomintang holds a working majority in the legislature -

Party	Leader	Year established	Number of seats captured [Percentage of votes under proportional representation]	Number of seats currently held
Kuomintang (KMT)	Ma Ying-jeou	1919	64 [44.6%]	65
Democratic Progressive Party (DPP)	Su Tseng-chang	1986	40 [34.6%]	40
People First Party (FPF)	James Soong	2000	3 [5.5%]	3
Taiwan Solidarity Union (TSU)	Huang Kun-huei	2001	3 [9.0%]	3
Non-Partisan Solidarity Union (NPU)	Lin Pin-kuan	2004	2 [-]	1
Independents	-	-	1 [-]	1
Number of seats in Legislative Yuan			113	113

Results of the 13th presidential election (January 14, 2012)

Candidate	Ma Ying-jeou (KMT)	Tsai Ing-wen (DPP)	James Soong (FPF)
Percentage of votes	51.6%	45.6%	2.8%
No. of votes	6,891,139	6,093,578	369,588

Reasons for having voted for Ma Ying-jeou in the presidential election (January 16, 2012 TVBS survey)

- (1) Stability of cross-strait relations 29%
- (2) Integrity 16%
- (3) Political achievements 11%
- (4) Asset to economic development 11%
- (5) Better than other candidates 8%









Cross-strait Relations Have Progressed Rapidly Under Ma's Regime

- Cross-strait dialogue has continued without a break, while interactions between the ruling parties and interregional interaction across the strait have expanded -

- Having acknowledged "One China", President Ma Ying-jeou proclaimed the "Three No's" (no unification, no independence, no use of force) and has promoted the expansion of cross-strait economic and cultural exchange.
- Working-level exchange and cooperation has progressed rapidly, owing to the dialogue that resumed after a ten-year hiatus.

Cross-strait Relations

Comparison of the basic stances of China & Taiwan		
 China 	 Taiwanese authorities (Ma Ying-jeou regime) 	 Taiwan Democratic Progressive Party 
Cross-strait unification is a sacred mission Does not rule out the use of force if Taiwan declared independence	The Three No's (No unification, no independence, no use of force)	Consent of Taiwanese citizens required for a change in the current status of cross-strait relations
There is one China and Taiwan is a part of China (One China)		
However, China means the People's Republic of China	However, China means the Republic of China	China means the People's Republic of China; Taiwan is not part of China
Oppose to Taiwanese independence		Taiwan is already an independent nation
Aims for cross-strait unification after a period of "developing peaceful relation"	Long-term goal of cross-strait unification based on the preconditions of democracy, freedom, and the equitable distribution of wealth	Consent of Taiwanese citizens required for cross-strait unification
Commence with cross-strait economic & cultural exchange and the strengthening of cooperation, building up mutual trust		Desire to promote economic exchange & cooperation with China

Intensification of cross-strait dialogue and contacts

Talks between the leaders of cross-strait working-level consultation bodies resumed after a 10-year hiatus

- These working-level talks involve the Association for Relations Across the Taiwan Straits (President: Chen Yunlin), representing the Chinese side, and the Straits Exchange Foundation (Chairman: Chiang Pin-kung), representing the Taiwanese side
- Top-level talks took place 8 times over the course of 4 years or so from June 2008, with agreements concluded on cooperation and exchange in 18 fields

Intensification of cross-strait exchange between ruling parties (Communist Party of China and the Kuomintang)

- The leader of Taiwan's ruling party visited China for the first time in May 2008 and met with Communist Party of China General Secretary Hu Jintao
- Every year, the two ruling parties hold a large conference in China, called the Straits Forum

Bilateral talks are also held by participants from both sides of the strait at APEC summit meetings.

- Since 2008, Chinese President Hu Jintao has held bilateral talks with Kuomintang Honorary Chairman Lien Chan at all APEC summit meeting

Intensification of reciprocal cross-strait visits by local government leaders

- A succession of senior figures from provincial, municipal, and autonomous regional governments in China have visited Taiwan, leading large economic missions

Rapid Expansion of Cross-strait Flows of People in Both Directions

- Entering a new phase with the establishment of direct cross-strait flights and the lifting of the ban on visits to Taiwan by Chinese tourists -

Cross-strait Relations

Expansion of cross-strait flows of people

Operation of direct cross-strait flights	Jan 2005: Operation of direct cross-strait charter flights during the Chinese New Year holiday Jul 2006: Agreement to expand service to direct cross-strait charter flights around the time of major holidays Jul 2008: Launch of direct cross-strait charter flights at weekends only Nov 2008: Launch of direct cross-strait charter flights, including on weekdays Aug 2009: Launch of direct cross-strait scheduled flights (270 flights/week) Jun 2011: Agreement to expand the number of direct cross-strait flights to 558 per week
Lifting of ban on Chinese tourists visiting Taiwan	Jun 2008: Agreement to lift ban on Chinese tour groups visiting Taiwan Jul 2008: First Chinese tour group visits Taiwan Jun 2011: Agreement to lift ban on individual Chinese tourists visiting Taiwan

China (including routes via Hong Kong) is overwhelmingly the top overseas destination for people from Taiwan

- According to Taiwanese statistics, the breakdown of overseas destinations of Taiwanese people in 2012 was as follows: (1) **China 30.7%** (2) **Hong Kong 19.7%** (3) Japan 15.2% (4) ROK 5.2% (5) Macau 5.1% (Tourism Bureau, Ministry of Transportation & Communications, Taiwan)

China overtook Japan to become the country that has the largest number of visitors to Taiwan.

- The breakdown of visitors to Taiwan from China and other countries in 2012 was as follows: (1) **China 35.4%** (2) **Japan 19.6%** (3) **Hong Kong & Macau 13.9%** (4) USA 5.6% (5) Malaysia 4.7% (Tourism Bureau, Ministry of Transportation & Communications, Taiwan)

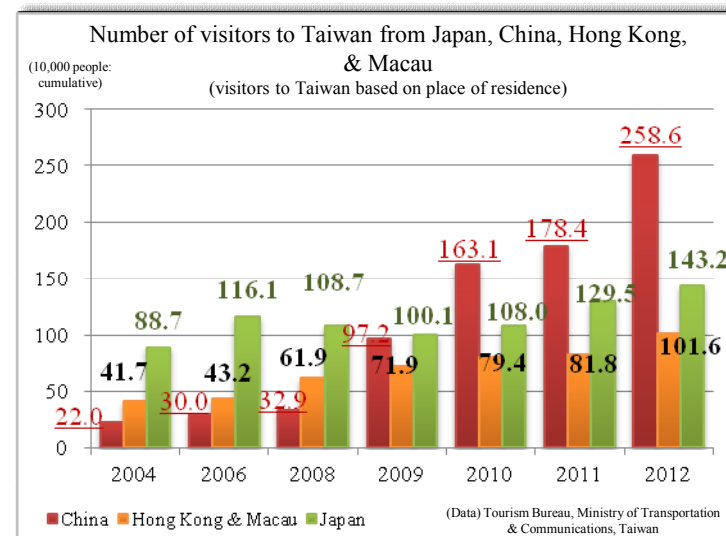
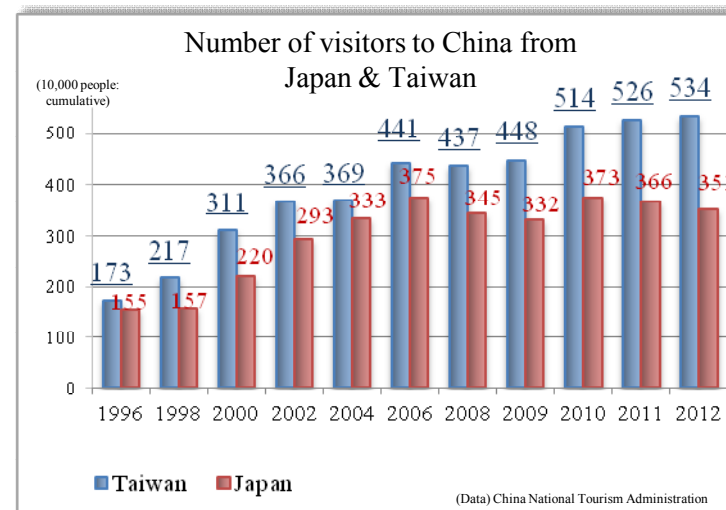
Approximately 300,000 Chinese people (94% of whom were female) are long-term residents in Taiwan as the spouse of the Taiwanese

- 10.5% of all marriages registered during the period 2002-2011 involved marriages between a Chinese partner & a Taiwanese one (the figure for international marriages is 7.9%); about 94% of these involved a Taiwanese man marrying a Chinese woman (Department of Statistics, Ministry of the Interior, Taiwan)

Cross-strait direct scheduled flights

Taipei Songshan	↔	Shanghai (Hongqiao, Pudong), Tianjin, Fuzhou, Xiamen, Hefei, Hangzhou, Wuhan, Chongqing, Chengdu, Wenzhou, Nanning, Taiyuan
Taipei Taoyuan	↔	Beijing, Shanghai (Pudong), Tianjin, Guangzhou, Shenzhen, Qingdao, Jinan, Yantai, Huangshan, Harbin, Dalian, Shenyang, Changchun, Yancheng, Xuzhou, Nanjing, Ningbo, Hangzhou, Wuxi, Wenzhou, Hefei, Fuzhou, Xiamen, Wuhan, Chengdu, Chongqing, Xi'an, Zhengzhou, Changsha, Kunming, Nanchang, Taiyuan, Shijiazhuang, Guiyang, Nanning, Xining, Yinchuan, Xi'an, Guilin, Haikou, Sanya, Urumqi, Hohhot, Hailar, Weihai, Lijiang, Zhangjiajie
Kaohsiung	↔	Beijing, Shanghai (Pudong), Tianjin, Guangzhou, Shenzhen, Ningbo, Hefei, Fuzhou, Xiamen, Hangzhou, Zhengzhou, Qingdao, Nanning, Kunming, Chengdu, Chongqing, Guilin, Changsha, Haikou, Guiyang
Taichung	↔	Shanghai (Pudong), Tianjin, Jinan, Zhengzhou, Shenzhen, Ningbo, Nanjing, Fuzhou, Xiamen, Hangzhou, Nanchang, Chongqing, Wuhan, Chengdu, Changchun
Hualien	↔	Hangzhou, Wuhan
Taitung	↔	Nanjing
Magong	↔	Wuhan

(Data) Website of the Civil Aeronautics Administration, Ministry of Transportation and Communications, Taiwan (as of May 2013)



Further Acceleration of Cross-strait Economic Exchange under ECFA

- China is Taiwan's most important partner in terms of trade & investment relations -

Cross-strait Relations

Closer cross-strait economic relations

China (& Hong Kong) is Taiwan's most important trading partner

- Trade with China accounted for 21.3% of the total value of trade by Taiwan in 2012, while trade with Taiwan accounted for 4.1% of the total value of trade by China. (Department of Statistics, Ministry of Finance, Taiwan; Department of Statistics, General Administration of Customs, China)
- 40% of Taiwan's exports in 2012 were destined for China & Hong Kong, enabling Taiwan to achieve a trade surplus of about \$75.1 billion from its trade with China & Hong Kong. (Department of Statistics, Ministry of Finance, Taiwan)

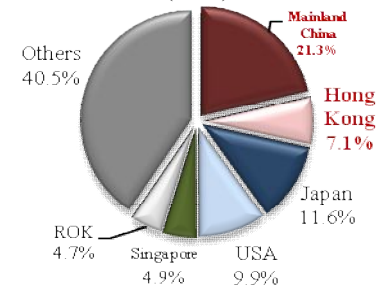
More than 60% of Taiwan's external investment was focused on China

- 63% of the total value of Taiwan's external investment between 1991 & 2012 was focused on mainland China (76% in terms of the number of cases)

Growth in cross-strait trade and Taiwanese investment in China slowed in 2012

- According to Taiwanese statistics, the value of cross-strait trade declined compared with the previous year (Chinese statistics show a slight increase).
- The share of the total value of external direct investment by Taiwan accounted for by investment in China has dwindled considerably, from 84% in 2010 and 80% in 2011 to 61% in 2012 (the value of investment also fell, from \$14.4 billion to \$12.8 billion).

Share of Taiwan's total trade accounted for by each country/region (2012)



External investment by Taiwan (2012, approved basis)		
	Amount of investment	Share
Mainland China	\$12.79 bn	61.2%
Singapore	\$0.45 bn	21.5%
Japan	\$0.11 bn	5.2%
Vietnam	\$0.09 bn	4.5%
Total	\$20.89 bn	

(Data) Department of Statistics, Ministry of Finance, Taiwan

(Data) Department of Statistics, Ministry of Economic Affairs, Taiwan

Conclusion of the Economic Cooperation Framework Agreement (ECFA)

- Signed during the 5th round of talks between the leaders of cross-strait working-level consultation bodies in June 2010 (entered into force in September that year)
- It set out the framework for promoting comprehensive economic partnership between China & Taiwan, including the phased reduction of tariffs, the protection of investment, and the resolution of disputes, so it could serve as the structure for a "China-Taiwan FTA"
- An "early harvest" of tariff concessions was implemented in January 2011. However, tariff reductions are only being implemented in regard to about one-tenth of the 5,000 or so items classified by the customs authorities, with goods in the fields of agriculture and traditional industries being excluded, due to Taiwan's desire to protect them.

[Taiwanese products to China] 539 items

Equivalent to 16.1% of the total value of Taiwanese exports to China

[Chinese products to Taiwan] 267 items

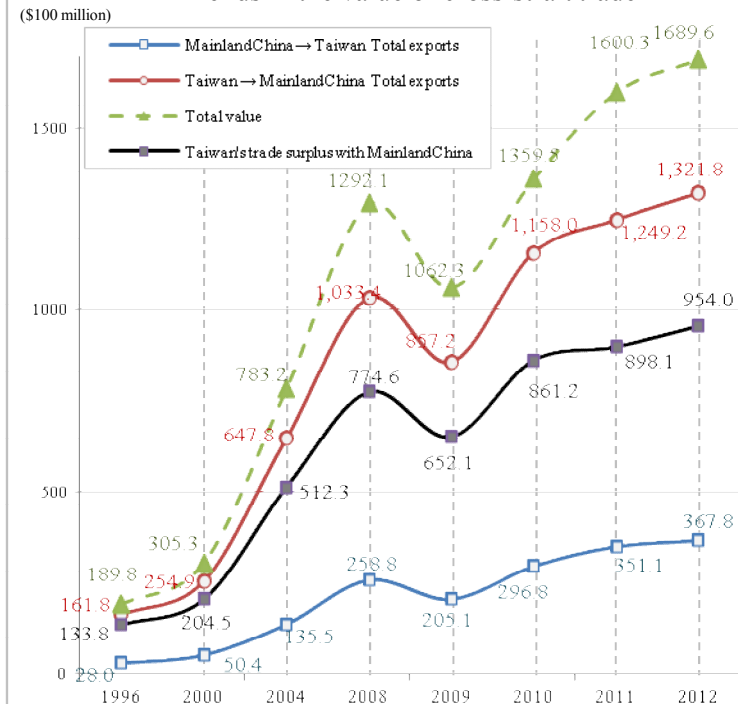
Equivalent to 10.5% of the total value of Chinese exports to Taiwan

- In August 2012, the Cross-strait Bilateral Investment Protection and Promotion Agreement and the Cross-strait Customs Cooperation Agreement were signed, as part of the preparations for concluding the ECFA into reality. The Cross-strait Service Trade Agreement was signed in this June and discussions for tariff reduction on trade in good are expected to be held in coming days.



(Above) ECFA signing ceremony (June 2010) [Photo: China-Taiwan Net]

Trends in the value of cross-strait trade

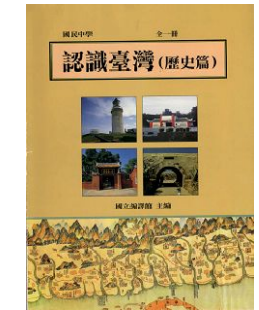
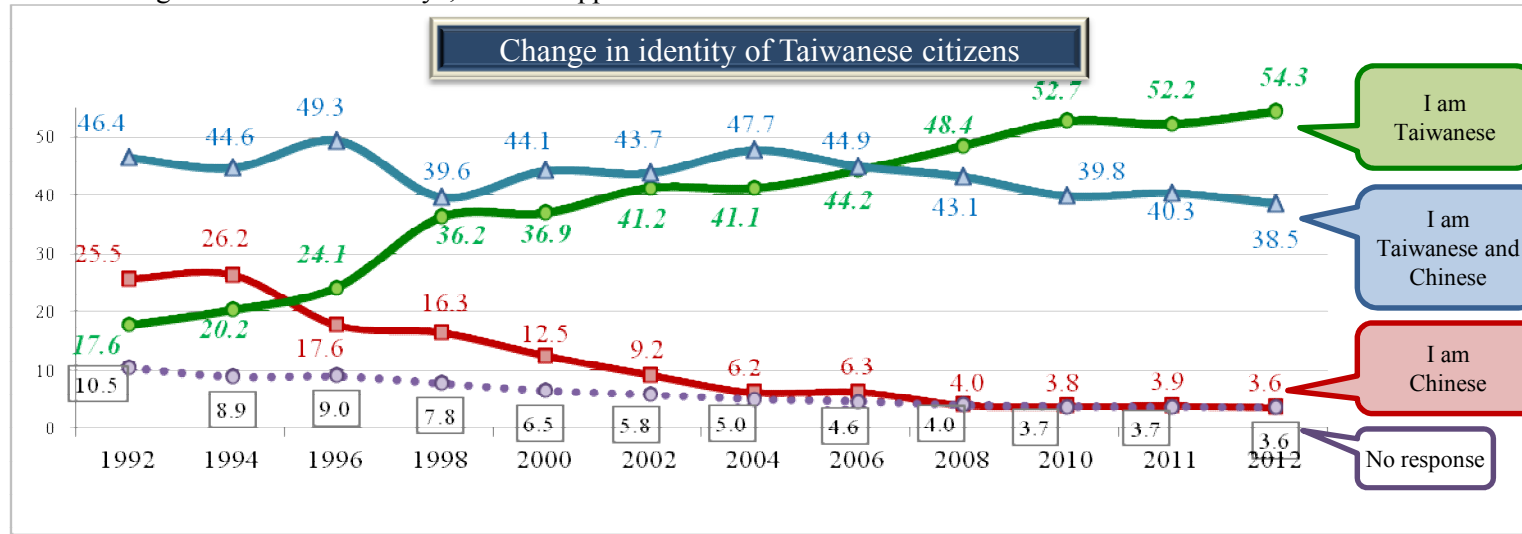


(Data) China Customs Statistics

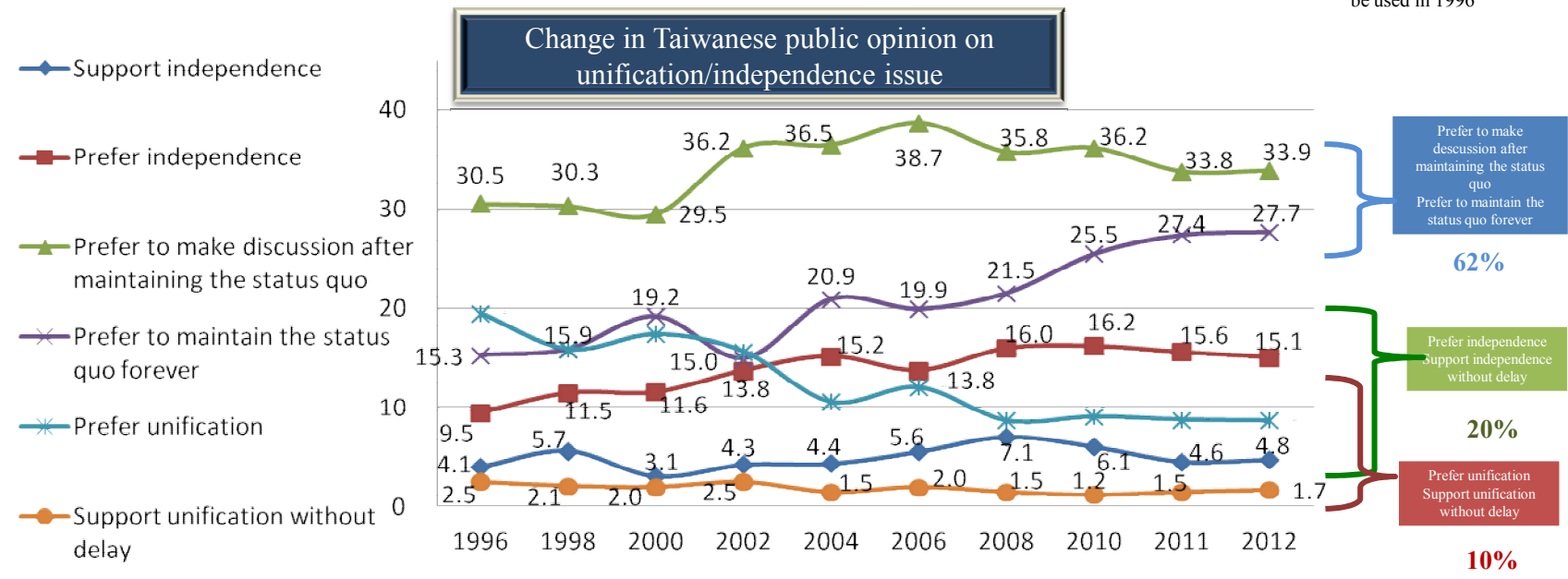
Public Opinion in Taiwan in Favor of Maintaining the Status Quo in Cross-strait Relations

- Stronger "Taiwanese Identity"; 1 in 10 support cross-strait unification -

Cross-strait Relations



(L) Taiwanese history textbook for junior high schools that began to be used in 1996



Taiwanese Economy Recovering, but President's Approval Rating Low

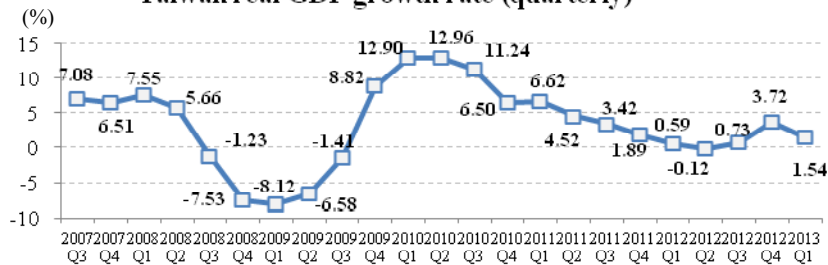
- Seeking to sustain growth, rectify inequality, and secure employment by reshuffling regime personnel -

Taiwan's Economy

Present Taiwanese economic climate

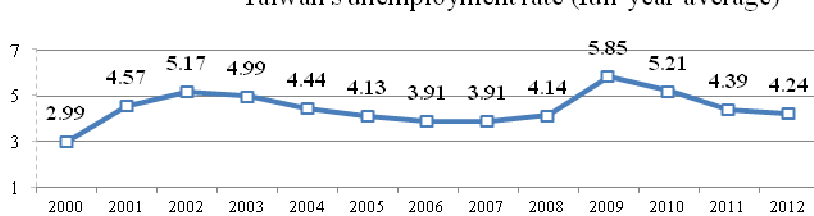
- Signs of economic recovery were seen in the 4th quarter of last year, but sluggish external demand since March this year has meant that the economic growth rate for the 1st quarter of this year (1.72%) was not as high as projected at the end of last year.
At the end of last year, the Taiwanese authorities projected the GDP growth rate for the 1st quarter of this year to be 3.26%.
- There is no prospect of achieving the "633 economic goals" that were one of President Ma Ying-jeou's election pledges.
(1) An average annual growth rate of at least 6%; (2) an unemployment rate of less than 3%; (3) per capita GDP of \$30,000 by 2016
- According to an opinion poll by the Taiwanese media, 76% of respondents stated that they were "dissatisfied" with the Ma Ying-jeou regime's economic management (18% reported being "satisfied").
(Survey conducted by United Daily News, May 2-7, 2013)

Taiwan real GDP growth rate (quarterly)



(Data) Directorate-General of Budget, Accounting & Statistics, Executive Yuan, Taiwan website

Taiwan's unemployment rate (full-year average)



(Data) Directorate-General of Budget, Accounting & Statistics, Executive Yuan, Taiwan website



Premier Jiang Yi-huah, leader of the new Cabinet inaugurated on February 18. As well as the Premier, those holding key positions in charge of economic policy were replaced, including the Minister of Economic Affairs, the Chair of the Council for Economic Planning and Development, and the Minister of Transportation and Communications.

Overview of recent economic developments in Taiwan

	2008	2009	2010	2011	2012	
GDP (\$1 bn)	391.28	387.95	449.24	466.48	474.09	
Comparison with previous year (*1)	0.06%	-1.91%	10.88%	4.03%	1.26%	
Per capita GDP (\$1)	17,087	16,423	18,588	20,122	20,378	
Employment structure (10,000 people)	Agriculture, etc.	53.5 (5.1%)	54.3 (5.3%)	55.0 (5.3%)	54.6 (5.1%)	54.5 (5.0%)
	Industry	383.2 (36.8%)	368.4 (35.8%)	376.9 (35.9%)	392.1 (36.3%)	395.7 (36.2%)
	Service	603.6 (58.0%)	605.1 (58.9%)	617.4 (58.8%)	633.5 (58.7%)	643.0 (58.8%)
Unemployment rate (year-end)	4.14%	5.85%	5.21%	4.39%	4.18%	
Foreign currency reserves (\$1 billion)	291.7	348.2	382.0	385.6	403.2	
NT\$ rate against US\$	31.54	33.06	31.65	29.47	29.61	
Stock market index	4,591.22	8,188.11	8,972.50	7,072.08	7,699.50	
Average disposable income (NT\$)	272,742	265,750	273,647	275,984	-	
Income inequality (*3)	6.05	6.34	6.19	6.17	-	

(*1) Real NT\$ basis.

(*2) Includes estimate for 4th quarter.

(*3) Income inequality is a comparison of how much greater the income of the top 20% of households is than that of the bottom 20%, when all households are divided into five equal segments of 20% based on their disposable income, starting with the highest first.

(Data) Directorate-General of Budget, Accounting & Statistics, Executive Yuan website; Ministry of Finance website, Taiwan.

International trade by Taiwan (2012)

(amounts = \$1 billion)

	Total value	Share	Exports	Imports	Balance
China	121.62	21.3%	80.71	40.91	+39.80
Japan	66.56	11.6%	18.99	47.57	-28.58
USA	56.79	9.9%	32.98	23.60	+9.38
Hong Kong	40.59	7.1%	37.93	2.66	+35.27
South Korea	26.92	4.7%	11.84	15.07	-3.23
Singapore	28.20	4.9%	20.09	8.11	+11.98
Total	571.65	-	301.18	270.47	+30.71

(Data) Website of the International Trade Commission, Ministry of Economic Affairs, Taiwan

Foreign Relations Remain Relatively Stable Since Inauguration of the Ma Ying-jeou Regime

- Striving to create a virtuous circle of "improvements in cross-strait relations" and "development of foreign relations" -

The pillars of the Ma Ying-jeou regime's foreign policy

The Ma Ying-jeou regime has a policy of concurrently pursuing more relaxed cross-strait relations and the development of relationships with the international community

Current pillars of the Ma Ying-jeou regime's foreign policy

- (1) Deepening ties with countries with which Taiwan has diplomatic relations
- (2) Improving substantive relations with countries with which Taiwan does not have diplomatic relations
- (3) Promoting the conclusion of FTAs or ECAs (Economic Cooperation Agreements) with other countries, and participation in TPP & RCEP
- (4) Achieving "meaningful, substantive participation" in international organizations and international frameworks (ICAO, UNFCCC, etc.)
- (5) Participating in the activities of international NGOs & becoming actively involved in international humanitarian aid activities
- (6) Promoting visa waivers & working holiday programs with major countries, and strengthening consular services
- (7) Improving Taiwan's image through youth exchange, academic exchange, cultural diplomacy, and overseas PR

(March 28, 2013; from the Executive Yuan's FY2013 Administrative Policy)

The Ma Ying-jeou regime has positioned Japan-Taiwan relations as a "special partnership", stressing that it values its relationship with Japan



President Ma Ying-jeou: I am well-versed in Japan and I am also pro-Japan, so I hope that further progress in Japan-Taiwan relations will be achieved, building on the existing foundations. (Statement dated October 10, 2011)

President Ma Ying-jeou is confident that cross-strait relations and relations with the USA & Japan improved during the administration's 1st term



President Ma Ying-jeou: Within the last 3 years or so, Taiwan's relations with the US & Japan have been better than at any stage in the last 60 years, as have its relations with mainland China. (Statement dated February 1, 2012)

Countries that have switched their diplomatic recognition between China & Taiwan in the last decade		
	Taiwan → China	China → Taiwan
2001	Macedonia	
2002	Republic of Nauru	
2003	Republic of Liberia	Republic of Kiribati
2004	Dominican Rep.	
2005	Grenada Republic of Senegal	Republic of Nauru
2006	Republic of Chad	
2007	Costa Rica	Saint Lucia
2008	Malawi (January)	
May 2008 -	No switch in diplomatic recognition	

Cross-strait "diplomatic truce"

In recent years, there has been a "cease-fire" in the cross-strait competition for diplomatic recognition of other countries

- The number of countries which have diplomatic relations with Taiwan has decreased by 6 since the time of the Chen Shui-bian regime.
- No countries have severed diplomatic relations with Taiwan since the inauguration of the Ma Ying-jeou regime (May 2008).

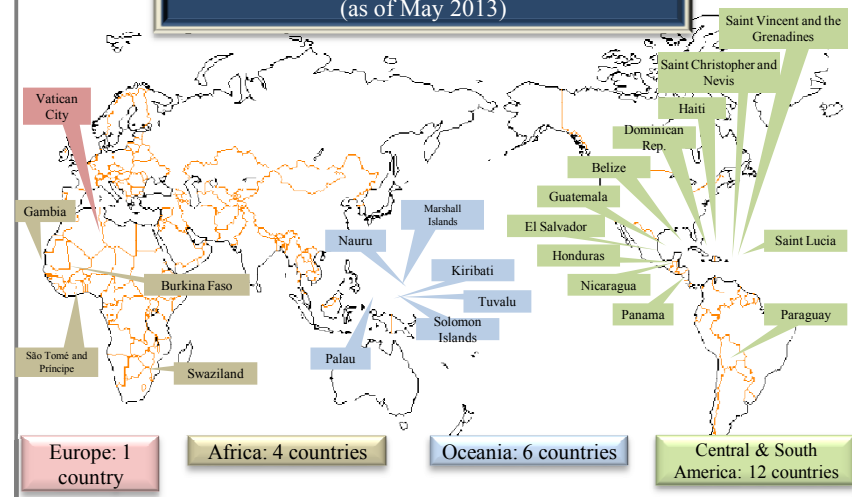
Promotion of participation in international organizations & international frameworks

In 2009, Taiwan was granted observer status at meetings of the World Health Assembly (decision-making body of the WHO)

- This was the first time since Taiwan's 1971 withdrawal from the UN that it had participated in a meeting of a UN body.
- Main international organizations in which Taiwan participates: APEC, WTO, ADB, etc.

The Ma Ying-jeou regime has a policy of aiming to participate in the Trans-Pacific Partnership (TPP) within 8 years

Countries have Diplomatic Relations with Taiwan (23 countries) (as of May 2013)



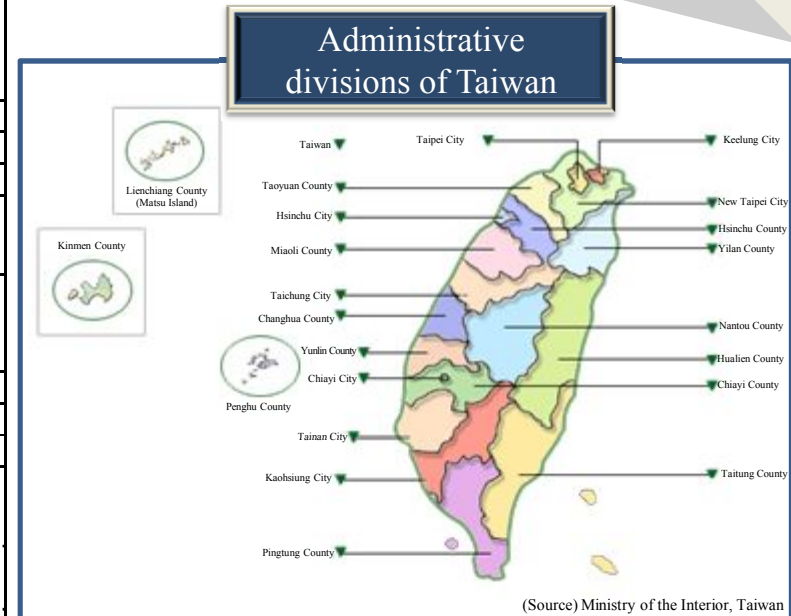
Reference Data Taiwan

Taiwan Overview

Basic Information on Taiwan	
Area	36,191km ² [Reference] Kyushu is 42,000 km ²
Major cities	Taipei, Kaohsiung
Population (end of December 2012)	23.32 million people :New Taipei 3.939 million people :Kaohsiung 2.779 million people :Taichung 2.685 million people :Taipei 2.673 million people (Data) Ministry of the Interior, Taiwan
Ethnic groups	Han Chinese (98%), 14 aboriginal ethnic groups (2%)
Main languages	Chinese, Taiwanese Hokkien, Hakka Chinese, other aboriginal languages
Religion	Buddhist, Taoism, Christianity
Currency (Rate against US dollar current as of May 20, 2013)	New Taiwan Dollar US\$1 = NT\$30.030 (Data) Taiwan Central Bank
GDP (2012: preliminary results for nominal GDP) :Comparison with previous year	NT\$14,000,003,690,000 (\$474.1 billion) Up 1.26 % (Data) Directorate-General of Budget, Accounting & Statistics, Executive Yuan, Taiwan
Per capita GDP (2012)	\$20,378 (Data) As above
Major industries	Electrical & electronic goods, ferrous metals, textiles, precision machinery
Major Taiwanese companies	HONHAI Precision Industry, HTC, QUANTA, ACER, ASUS, TSMC, UMC, GIANT
Political system	- President elected via direct elections (4-year term of office; can be re-elected once) - Premier appointed by the President - Unicameral system (No. of legislators: 113; term of office: 4 years)
:Ruling party	Kuomintang (KMT)
:President	MA, Ying-jeou
:Vice President	WU, Den-yih
:Premier	JIANG, Yi-huah
:Foreign Minister	LIN, Yung-lo David
:President of the Legislative Yuan	WANG, Jin-pyng

Climate of Taiwan (2011)													
		January	February	March	April	May	June	July	August	September	October	November	December
Taipei	Average temperature (°C)	13.7	16.9	16.2	21.7	24.7	29.0	29.7	29.6	27.6	24.1	22.9	16.7
	Average humidity (%)	83	78	74	68	78	74	72	72	70	76	79	82
Kaohsiung	Average temperature (°C)	17.5	20.1	21.4	24.6	27.2	29.3	28.7	29.4	28.7	26.9	25.1	20.0
	Average humidity (%)	72	72	68	69	75	76	79	76	75	76	78	75
(Reference) Tokyo	Average temperature (°C)	5.1	7.0	8.1	14.5	18.5	22.8	27.3	27.5	25.1	19.5	14.9	7.5
	Average humidity (%)	36	52	47	50	63	71	67	71	68	61	58	48

(Data) Japan Meteorological Agency, Taiwan Central Weather Bureau



Heads of local authorities (provinces & municipalities) in Taiwan (as of May 2012)

Region	Authority	Name	Party
North	Taipei Mayor	Hau Lung-pin	(KMT)
	New Taipei City Mayor	Eric Chu	(KMT)
North-Central	Taoyuan county Commissioner	Wu Chih-yang (John)	(KMT)
	Hsinchu County Commissioner	Chiu Ching-chun	(KMT)
Central	Taichung Mayor	Jason Hu	(KMT)
	Nantou County Commissioner	Lee Chao-ching	(KMT)
South	Yulin County Commissioner	Su Chih-feng	(DPP)
	Chiayi County Commissioner	Helen Chang	(DPP)
	Kaohsiung Mayor	Chen Chu	(DPP)
East	Hualien County Commissioner	Fu Kun-Chi	(none)
	Penghu County Commissioner	Wang Chien-fa	(KMT)
Outlying islands	Lienciang County Commissioner	Yang Sui-sheng	(KMT)
	Kinmen County commissioner	Lee Wo-shi	(KMT)

(Data) Taipei, New Taipei, Taichung, Tainan, and Kaohsiung are special municipalities

Reference Data: Major Developments in the Taiwan Situation & Japan-Taiwan Relations

Taiwan
Chronology

Chronology of Key Postwar Events Involving Taiwan

August 1945	Second World War ends
February 1947	Clashes between civilians & police over illegal sale of tobacco (called the "228 Incident")
May 1949	Martial law imposed throughout Taiwan
October 1949	People's Republic of China founded
June 1950	Korean War breaks out
September 1951	San Francisco Peace Treaty signed
April 1952	The treaty of Peace between Japan and the Republic of China signed
October 1971	Resolution passed to invite China to participate in the United Nations General Assembly & expel Taiwan
February 1972	US President Nixon visits China (February 27, US-China Shanghai Communiqué issued)
September 1972	Normalization of diplomatic relations between Japan & China
December 1972	Interchange Association, Japan (Japan) & Association of East Asian Relations (Taiwan) established
January 1975	Taiwanese President Chiang Kai-shek dies
May 1978	Chiang Ching-kuo appointed Taiwanese President
January 1979	Normalization of diplomatic relations between the US & China (Joint Communiqué between the US and China issued)
January 1979	Standing Committee of the National People's Congress of China issues its "Message to Compatriots in Taiwan"
April 1979	US President signs the Taiwan Relations Act
September 1986	Democratic Progressive Party formed in Taiwan
July 1987	Martial law lifted in Taiwan
November 1987	Ban on Taiwanese citizens visiting relatives on the mainland lifted
January 1988	Death of Taiwanese President Chiang Ching-kuo; then-Vice President Lee Teng-hui appointed as President
June 1989	Tiananmen Square protests (June-Fourth Incident) occur
December 1991	Association for Relations Across the Taiwan Straits launched in China (start of cross-strait contact & dialogue)
February 1992	First full re-election of the Legislative Yuan (parliament) in Taiwan
April 1993	Leaders of the cross-strait working-level consultation bodies hold talks in Singapore
June 1995	Taiwanese President Lee Teng-hui visits the USA
July 1995	China holds surface-to-surface missile tests on the high seas in the East China Sea
March 1996	China holds surface-to-surface missile tests aimed at Taiwanese coastal waters
March 1996	President Lee Teng-hui re-elected in Taiwan's first direct presidential election
July 1999	Taiwanese President Lee Teng-hui declares that "China & Taiwan have special state-to-state relations"
September 1999	Major earthquake (M7.6) in central Taiwan (more than 6,400 people killed and injured)
March 2000	Chen Shui-bian of the Democratic Progressive Party elected in the Taiwanese presidential election
January 2002	Joins the WTO as the "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu"
March 2004	Chen Shui-bian re-elected as president (first nationwide referendum in Taiwan held)
March 2005	China enacts the Anti-Secession Law
May 2005	Kuomintang Chairman Lien Chan visits China and holds the first talks between leaders of the Kuomintang and the Communist Party since 1949
March 2008	Ma Ying-jeou of the Kuomintang elected in the Taiwanese presidential election
July 2008	Direct cross-strait charter flights begin operating at weekends
December 2008	Daily cross-strait air and sea services begin operating
May 2009	Taiwanese authorities granted observer status for the first time at meetings of the WHA (decision-making body of the WHO)
June 2010	Economic Cooperation Framework Agreement (ECFA) signed
January 2012	Incumbent Ma Ying-jeou of the Kuomintang re-elected in the Taiwanese presidential election; Kuomintang secures a majority in the legislative election
May 2012	President Ma Ying-jeou re-elected
July 2013	Agreement between New Zealand and separate Custom Territory of Taiwan on Economic Cooperation (ANZTEC) signed

Recent Developments in Japan-Taiwan Relations

August 2005	Japan decides to make the visa waiver for short-term visits by Taiwanese citizens permanent
January 2007	Taiwanese bullet train line opened
April 2008	JAL & ANA begin operating routes to Taiwan
June 2008	SS Lien Ho Incident (in which a Taiwanese fishing boat collided with a Japan Coast Guard patrol boat and sank)
October 2008	Mutual recognition of driving licenses by Japan & Taiwan
June 2009	Reciprocal introduction of working holiday visa program
August 2009	Japan provides ¥10 million of emergency grant aid after Taiwan sustains typhoon damage
December 2009	Taipei Economic & Cultural Representative Office in Japan opens its Sapporo Office
March 2010	Association for Contemporary Japanese Studies established in Taiwan
April 2010	2010 comprehensive memorandum of understanding on cooperation between the Interchange Association, Japan & the Association of East Asian Relations announced
October 2010	Flights between Tokyo Haneda and Taipei Songshan begin
March 2011	Various support received from throughout Taiwan following the Great East Japan Earthquake
May 2011	Yoichi Hatta Memorial Park opened in Taiwan
July 2011	Interchange Association, Japan & Association of East Asian Relations announce the Kizuna (Bond) Project between Japan & Taiwan
September 2011	Japan-Taiwan Investment Arrangement signed
October 2011	NHK's Nodō Jiman program (contest for local amateur singers) broadcast from Taiwan
November 2011	Japan-Taiwan Civil Aviation Arrangement (Japan-Taiwan Open Skies arrangement) signed
April 2012	Japan-Taiwan memorandum of understanding on the Patent Prosecution Highway signed
April 2012	Japan-Taiwan memorandum of understanding on the prevention of money laundering and terrorism financing signed
December 2012	Memorandum of understanding on strengthening industrial cooperation between Japan & Taiwan signed
December 2012	Private sector arrangement on mutual certification and cooperation between Japan & Taiwan signed
April 2013	The Takarazuka Revue performs in Taiwan
April 2013	Japan-Taiwan Fishery Arrangement signed