TAIWAN'S ECONOMIC PERFORMANCE IN THE SECOND QUARTER OF 2008 AND OUTLOOK FOR 2008-2009

Economic Performance in the Second Quarter of 2008 and Forecasts for 2008

In the second quarter of 2008, Taiwan's real gross domestic products (GDP) grew by 4.32%, compared with the same quarter of previous year. Due to the decreasing private fixed capital formation and modest private consumption, the real domestic demand contributed -1.46 percentage points to the change in real GDP. In external sector, real exports and imports of goods and services increased by 9.16% and 1.09% respectively, and net exports contributed 5.78 percentage points to the change in real GDP. Furthermore, the GDP growth rate of the first quarter is revised up to 6.25%(formerly 6.06%) as well.

Looking ahead the second half of 2008, the investment will rebound but the private consumption is expected to continue weakening. Meanwhile, the world economic slowdown is expected to be deeper and more protracted, the external trade will downshift. For 2008 as a whole, real GDP is forecasted to grow by 4.30%, and CPI will advance 3.74%.

Outlook for 2009

According to the latest world economic forecasts, the global economy in 2009 may be still gloomy. However, Taiwan's exports and investments are expected to remain resilient owing to closer economic ties with China and other emerging economies. Combining the improved contribution from the private consumption, real GDP is predicted to grow by 5.08% in 2009. Regarding CPI, we expect the price of raw material and grains to be moderating, and hence forecast the change rate of headline CPI be 1.91%.

Next release – Not Later Than Nov 28, 2008, for:

Third Quarter Gross Domestic Products in 2008 (Preliminary).