

## **Taiwan to Spend NT\$181 Billion on Economy, Stocks**

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TAIPEI, Taiwan -- Taiwan's export orders grew at the weakest pace in more than five years in August as demand from China fell and sales to the U.S. slowed.

Orders, an indicator of actual shipments over the next one to three months, rose 5.38 percent from a year earlier, following July's revised 5.52 percent gain, the Ministry of Economic Affairs said in Taipei yesterday. That was the smallest increase since May 2003. The median estimate in a Bloomberg News survey of 12 economists was 5.2 percent.

The first decline in orders from China since 2002 and faltering U.S. sales add to evidence Asian economies are cooling as the deepening global slowdown curbs demand for laptops, mobile phones and televisions. Taiwan's jobless rate climbed to a six-month high in August as moderating economic growth prompted companies to rein in hiring.

"Asia's export outlook is far from optimistic," said Sherman Chan, an economist at Moody's Economy.com in Sydney. "Softening global demand for electronic products hurts most Asian economies as the region's manufacturers are tech specialists."

The figures were released after the close of trading on the stock exchange. The TAIE-- index climbed 1.2 percent to 6,182.21 yesterday, narrowing this year's decline to 27 percent. The local currency gained 0.3 percent against the U.S. dollar.

Taiwan's economy expanded last quarter at the weakest pace in more than a year. Overseas shipments are equivalent to about half of gross domestic product.

The Asian Development Bank last week lowered its forecast for Taiwan's economic growth in 2009 to 4.6 percent from 5.6 percent previously. It expects the economy will expand 4.2 percent this year.

"The global economy is in trying times," the Manila-based institution said.

The U.S. housing slump that forced Lehman Brothers Holdings Inc. to file for bankruptcy last week deepened a financial crisis that threatens to topple the world into a recession.

Taiwan's government on Sept. 11 announced a NT\$180.9 billion package of spending and tax cuts to bolster economic growth and revive the stock market.

Industrial production grew 0.41 percent in August from a year earlier, less than July's revised 1.79 percent increase, today's report showed. That compares with economists' median estimate of a 2.55 percent increase.

“The slowdown in orders is indicative of the situation in the U.S.,” said Tony Phoo, an economist at Standard Chartered Bank in Taipei.

Orders from the U.S., Taiwan’s second-biggest overseas market, rose 2.18 percent, down from 3.21 percent in July.

Export orders from China and Hong Kong combined, Taiwan’s biggest overseas market, fell 8.86 percent in August, compared with a 1.73 percent increase in July.

Many Taiwanese electronics makers ship parts to China that are re-exported as finished products to other markets, such as the U.S. More than 85 percent of Taiwan’s computer products are made in China.

Export orders were worth US\$32.13 billion in August, compared with July’s US\$31.36 billion.

Orders for electronics goods rose 4.23 percent in August, easing from a 8.6 percent advance in July. Orders for information, technology and communications products gained 12.07 percent, slowing from 15.74 percent in the previous month.

**Source: Bloomberg**