

INDIA-TAIPEI ASSOCIATION

Monthly Economic and Commercial Report December 2007

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EXECUTIVE SUMMARY

In 2007, India's trade with Taiwan expanded rapidly at a rate of 80% to reach US\$ 4.88 billion. Bilateral trade in the same period of year 2006 stood at US\$ 2.71 billion only, so the increase in trade in this period is to the tune of US\$ 2.17 billion. During this period, Indian exports to Taiwan doubled to touch US\$ 2.54 billion, up from US\$ 1.24 billion in 2006. In the same period, Taiwanese exports to India grew at a slightly moderate but nevertheless fairly fast rate at 59.2% to touch 2.34 billion. Thus for the first time, India recorded a trade surplus in its trade with Taiwan, amounting to US\$ 200 million in 2007. In the corresponding period last year, India had a trade deficit to the tune of US\$ 225 million.

However, even though Indian exports to Taiwan have expanded at an impressive rate this year, the composition of the Indian export basket remains a matter of concern. A disproportionate share (more than 60%) of the Indian exports to Taiwan is comprised of Mineral & Fuel Oil (HS 27). In fact exports in this category have expanded by more than 300% in the Jan-Dec period this year, which is much more than the average rate of growth of the rest of the categories of Indian exports. In comparison, Taiwanese exports to India are much more balanced, with almost all categories exhibiting strong and stable rates of growth.

In 2007, Taiwanese trade with the world grew at a rate of 9.2% to reach US\$ 466 billion. Taiwanese exports to the world grew at a rate of 10.1% to reach US\$ 246 billion, while imports grew at 8.2% to touch US\$ 219 billion. Taiwan's trade surplus during this period thus increased to US\$ 27.3 billion, up from US\$ 21.2 billion in of 2006.

Mainland China & Hong Kong remain the top export destination for Taiwanese exports, accounting for a 40% share, followed by US, Japan and Singapore. Top import sources for Taiwan during this period were Japan, China and US, in that order.

The report below presents an analysis of India's trade with Taiwan based on the updated detailed trade figures for Jan-Dec 2007.

**India's Exports to Taiwan in 2007
Doubled to reach US\$ 2.54 billion**

INDIA-TAIWAN TRADE STATISTICS

Table 1: Overall Bilateral Trade in Jan-Dec 2007
(Amount in US\$ million)

Month/Year	Indian Exports	Indian Imports	Total	Trade Balance for India
Jan-Dec 2007	2542.40	2342.00	4884.40	+200.40
Jan-Dec 2006	1245.30	1471.10	2716.40	-225.80
% Growth	+104.16%	+59.20%	+80%	

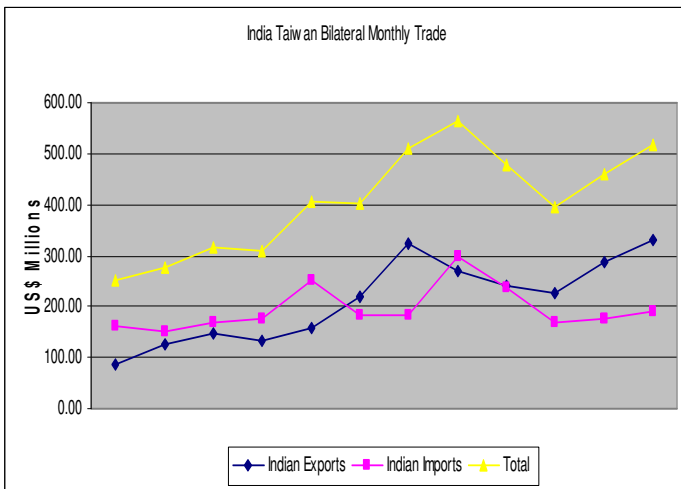
Highlights:

As per statistics from the Taiwan's Bureau of Foreign Trade, India-Taiwan **bilateral trade** in Jan-Dec 2007 totaled **US\$ 4.88 billion**, which is an increase of **80%** year-on-year.

In 2007, **Indian exports** to Taiwan **doubled**, reaching **US\$ 2.54 billion** as compared to US\$ 1.24 billion in 2006.

Taiwanese exports to India in 2007 expanded by **59%** to reach **US\$ 2.34 billion**.

In year 2007, India recorded a **trade surplus of US\$ 200 million** with Taiwan as compared to a deficit of US\$ 225 million in 2006.



According to Taiwanese statistics, in 2007, India was the 15th largest destination for Taiwanese exports, as also the 15th largest exporter to Taiwan, thus gaining one position in rank as compared to the previous year.

During this period, India accounted for only 0.9% of total Taiwan exports to the world. Similarly, India's share in total Taiwanese imports from the world was also at 1.2%.

However, **it is notable that among the top 15 trading partners of Taiwan, both Taiwan's exports to India as well as India's exports to Taiwan have grown at the fastest rate** (at 59% and 104% respectively).

On a monthly basis, since June 2007, Indian exports to Taiwan have consistently broken the US\$ 200 million mark, with the previous peak of US\$ 324.6 million in July this year. In the month of December 2007, Indian exports climbed to US\$ 329.5 million, up from US\$ 285 million in November and thus marking the high point for exports in 2007. Indian imports from Taiwan in the month of December 2007 were at US\$ 189.2 million, up from November 2007. As a result, **in the month of December, India's monthly trade surplus widened to US\$ 140 million**.

At the same time, the **composition of Indian exports remains highly imbalanced** with a disproportionate share this year of Waste Oil and Naptha (Details overleaf).

INDIAN EXPORTS

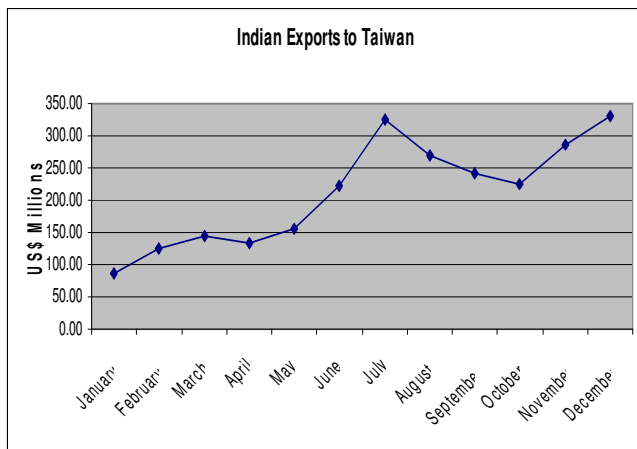
Table 2: India's Top 15 Exports (Jan-Dec 2007)
Value (US\$ Millions)

HS	Description	Exports		% Change
		Jan-Dec 2006	Jan-Dec 2007	07/06
	India	1,245,269,749	2,542,403,169	104.165
27	Mineral Fuel, Oil Etc	384,763,562	1,622,056,799	322
74	Copper and its articles	173,980,219	182,776,207	5.056
29	Organic Chemicals	134,362,500	143,750,830	6.987

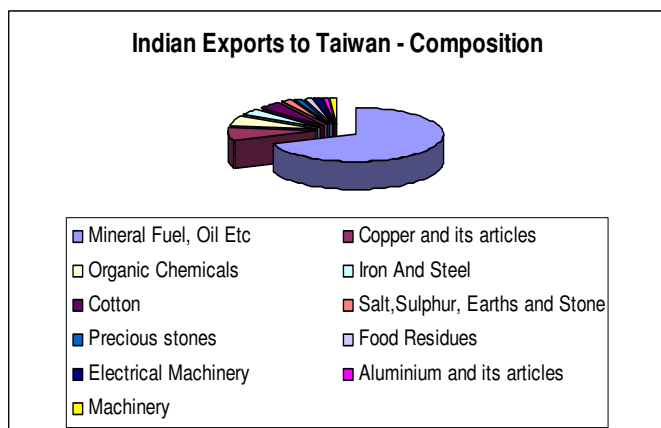
72	Iron And Steel	117,877,593	104,711,706	-11.169
52	Cotton	81,964,089	91,996,794	12.24
25	Salt,Sulphur, Earths and Stone	38,389,521	42,576,181	10.906
71	Precious stones	32,890,980	39,818,047	21.061
23	Food Residues	31,595,750	35,927,160	13.709
85	Electrical Machinery	31,088,160	32,102,766	3.264
76	Aluminium and its articles	33,752,949	27,811,130	-17.604
84	Machinery	21,420,582	23,321,156	8.873
38	Miscellaneous Chemical Products	20,008,706	22,114,181	10.523
32	Tanning or Dyeing Extracts	21,542,926	20,810,839	-3.398
3	Fish and Seafood Products	12,419,419	17,219,460	38.649
12	Grains, Seeds and Fruits	13,147,276	16,472,049	25.289
39	Plastic and its articles	13019888.00	13139773.00	0.921

INDIAN EXPORTS TO TAIWAN - COMPOSITION

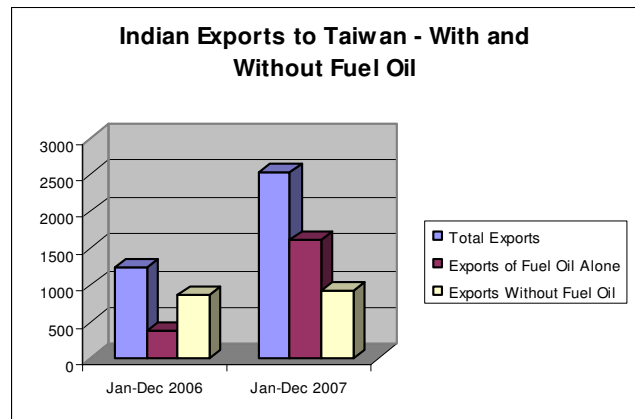
The main Indian exports to Taiwan in the period Jan-Dec 2007 were Waste Oil and Naptha, Copper, Organic Chemicals, Iron and Steel and Cotton although their rates of growth varied considerably.



Even though Indian exports to Taiwan have maintained a fast rate of growth this year, yet the composition of the export basket is imbalanced with a disproportionate share of exports being accounted for by Waste Oil and Naptha (HS 27101964).



Out of total exports of US\$ 2.54 billion till December 2007, US\$ 1.62 billion or 63.80% were of Mineral Fuel Oils (HS 27). Within this category, almost all exports are of category HS 27101964, namely Naptha. As compared to the same period in 2006, share of exports of mineral fuel oil in total Indian exports has risen from 30.90% to 63.8%. As a matter of fact, **if the exports under the category of mineral fuel oil are taken out, the rate of growth of the rest of the Indian exports to Taiwan dips to a mere 6.96%.**



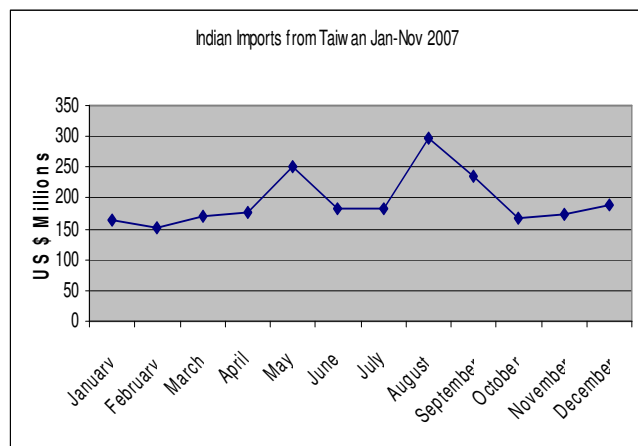
Among other exports, cathodes of copper (HS 740311) occupy the second rank, notching up a total value of over US\$ 182 million. On a year to year basis, this category has gained in value by 5%. At the 6-digit level, the category recording fastest rate of growth after mineral fuel oil, is that of hot rolled bars and coils of Stainless Steel (HS 722100) that has recorded a rate of growth of more than 145% to reach US\$ 38.7 million in Jan-Dec 2007 as compared to US\$ 15.8 million in the same period in 2006. The category occupying third rank in Indian exports at the 6 digit level (after Naptha and Copper) is that of Crude Granite (HS 251611). Exports of cotton in the year 2007 from India to Taiwan touched US\$ 31 million, roughly the same value as reached in 2006. Indian exports of cotton yarn (HS 5205) saw a growth

INDIAN IMPORTS
Table 3: India's Top 15 Imports (Jan-Dec 2007)
Value (US\$ Millions)

HS	Description			% Change
		Jan-Dec 2006	Jan-Dec 2007	07/06
	India	1,471,065,511	2,341,976,657	59.203
84	Machinery	310,261,732	420,624,525	35.571
85	Electrical Machinery	202,837,516	358,417,957	76.702
39	Plastics and its articles	230,549,363	355,893,791	54.368
27	Mineral Fuel, Oil Etc.	88,081,194	324,914,186	268.88
29	Organic Chemicals	173,104,608	270,612,728	56.329
72	Iron And Steel	63,601,144	152,965,310	140.507
54	Manmade Filament,Fabric	51,404,110	52,757,427	2.633
59	Impregnated Text Fabrics	52,623,502	52,073,355	-1.045
32	Tanning or Dyeing Extracts	32,022,226	37,154,743	16.028
73	Articles of Iron and Steel	30,343,995	32,544,683	7.252
40	Rubber and its articles	25,749,684	32,356,031	25.656
90	Optic,Nt 8544;Med Instr	22,307,383	24,117,038	8.112
87	Vehicles, Not Railway	15,576,232	19,909,216	27.818
38	Misc Chemical Products	10,480,525	17,369,413	65.73
74	Copper and its articles	10,417,063	15,469,878	48.505

INDIAN IMPORTS FROM TAIWAN - COMPOSITION

In the period Jan-Dec 2007, Taiwanese exports to India touched US\$ 2.34 billion, growing more than 59% on a year-to-year basis. On a monthly basis, Taiwanese exports in December 2007 were at US\$ 189.2 million, up from US\$ 174.4 million in November 2007.



The Taiwanese export basket to India is much more balanced as can be seen in the chart above. The main Taiwanese exports to India during the period Jan-Dec 2007 include Mineral Fuel Oil, machinery and plastic. All top Taiwanese exports have enjoyed healthy rates of growth.

At the 6-digit level, after diesel oil, the main categories are Polymers of Ethylene (HS 390130), Printer Circuits (HS 853400), Polyvinyl Chloride (HS 847330) and Photo-sensitive semiconductor devices (HS 854140).

TAIWAN'S TRADE WITH THE WORLD

In 2007, Taiwan's total trade reached a value of US\$ 466 billion, rising by 9.22% over the figure for 2006. Taiwan's exports to the world increased by 10.1% to touch US\$ 246 billion, while Taiwanese imports increased by a more modest 8.2% to record US\$ 219 billion. As such, Taiwan's trade surplus expanded and reached US\$ 27.3 billion during this period, higher than the surplus at the end of December last year at US\$ 21.2 billion. (Details on Next Page)

VISAS

In the month of December 2007, ITA issued a total of 2561 visas, with the total for Jan-Dec 2007 reaching 29,057. On a month-to-month basis, the number of visas issued in December 2007 is slightly lower than those issued in December 2006 (2665). On a cumulative basis however, there has been a moderate growth of 6% in the total number of visas issued in 2007 as compared to 2006.

Table 4: Taiwan's Top Trading Partners for Jan-Dec 2007
US\$ millions)

Taiwan's Exports					Taiwan's Imports				
Rank	Country	Value	%Share	% Change	Rank	Country		%Share	% Change
		2007	2007	07/06			2007	2007	07/06
0	--World--	246723.10	100	10.1	0	--World--	219346.9	100	8.2
1	China & H.K.	100444.10	40.7	12.6	1	Japan	45943.5	20.9	-0.7
2	United States	32073.50	13	-0.9	2	China &H.K.	29844.1	13.6	11.9
3	Japan	15936.20	-6.5	-2.2	3	United States	26517.8	12.1	17
4	Singapore	10501.40	4.3	13.2	4	South Korea	15159.7	6.9	1.1
5	South Korea	7794.60	3.2	9	5	Saudi Arabia	10413.2	4.7	6.7
6	Vietnam	6859.90	2.8	40.9	6	Germany	7070.2	3.2	15.2
7	Malaysia	5390.20	2.2	9.1	7	Malaysia	6184.3	2.8	2.2
8	Thailand	5199.00	2.1	13.6	8	Australia	6128.6	2.8	14.6
9	Germany	5173.90	2.1	3.3	9	Indonesia	5782	2.6	11.1
10	Philippines	4922.20	2	9.8	10	Kuwait	5744.9	2.6	6.7
15	India	2342.00	0.9	59.2	15	India	2542.4	1.2	104.2

Table 5: Taiwan's Top 10 Exports to the World (Jan-Dec 2007)
US\$ Millions

Rank	Description	Year		% Change
		2006	2007	07/06
	--World--	224012.93	246739.59	10.145
1	Electrical Products	82419.67	89550.07	8.651
2	Machineries	29171.12	28542.72	-2.154
3	Optical, Photographic and Measuring Equipment	18007.87	19576.55	8.711
4	Plastics and its articles	13926.91	16696.42	19.886
5	Mineral Fuels, Oils etc	10785.60	13748.67	27.472
6	Iron and Steel	9200.68	11072.85	20.348
7	Organic Chemicals	5909.01	8918.97	50.938
8	Vehicles other than railways	6213.49	6313.90	13.94
9	Articles of Iron or Steel	5541.43	6313.90	13.94
10	Copper and its articles	4031.06	4537.09	12.553

Table 6: Taiwan's Top 10 Imports from the World (Jan-Dec 2007)
US\$ Millions

Rank	Description	Year		% Change
		2006	2007	07/06
	--World--	202694.85	219331.43	8.208
1	Electronic Products	48966.94	48932.00	-0.071
2	Mineral Fuels, Oils etc.	36633.44	43484.07	18.7
3	Machineries	23573.77	23597.41	0.1
4	Optical, Photographic and Measuring Equipment	12006.97	12599.07	4.931
5	Iron and Steel	9127.73	11444.75	25.384
6	Organic Chemicals	9742.42	10238.48	5.092
7	Copper and its articles	6187.23	6524.15	5.445
8	Miscellaneous Chemical Products	5109.45	6251.98	22.361
9	Plastics and its articles	5607.36	5913.52	5.46
10	Vehicles other than railways	3277.79	3374.18	2.941
