

TAIWAN

By a Special Contributor

Taiwan under the capitalist credo developed fast, its economy growing at a rate of 6.5% over many years. Its prosperity was based not on giant industrial conglomerates as in South Korea, but on small and medium industries. Taiwan is now a leader in IT industries and semi-conductor production. From electronic mice to chips it has enjoyed considerable success. When China liberalised its economy some years ago, substantial Taiwanese capital and enterprise migrated to China, although Taiwan bans direct investments in China.

Taiwan thus became a major asset to China, and at one point accounted for almost 70% of China's increase in trade surpluses. The shifting of production facilities to China has become a touchy issue in Taiwan owing to the loss of job opportunities to the locals. Taiwan has become a capital surplus country with major investments in Asia and its becoming a member of the World Trade Organisation (WTO) has given it a major role in export trade.

In a bid to become a hub for Asia-Pacific business by 2000, Taiwan hastened infrastructure development by inviting foreign and private participation. The government has huge foreign exchange reserves and its economic fundamentals are sound. But the Chinese threat will be a major drain on the country's resources.

Taiwan has sizeable reserves of coal estimated at 180 Mt, but coal output has been small amounting to 500,000 t/y. Annual imports of coal were of the order of 15 Mt, the main source being South Africa. The requirements of the domestic steel industry are growing with the expansion of production capacity. The state-owned China Steel Corp. raised its capacity a few years ago from 5.6 Mt/y to 8 Mt/y. A large integrated steel plant with a capacity 7 Mt/y is being established at Taichung in central Taiwan. The An Feng and Yieh Loong groups have plans to establish steel plants with capacities of 4 Mt/y and 6 Mt/y respectively. These would call for sizeable increases in imports of metallurgical coal.

Taiwan has large reserves of natural gas, which are estimated at 19,500 million m³. The island's daily requirement of gas of around 4.5 million m³, more than 50% of which used to be imported, is gradually being met from domestic production. Chinese Petroleum Corp., hitherto a public-sector monopoly, is being privatised with over 50% of the company's shares going to private investors.

Over the years, Taiwan has come to be considered a major holder of gold by utilising its large trade surpluses to import gold. The country has four gold-bearing mines with metal content estimated at 100 t. Three of the deposits are concentrated in the central mountain range, while the fourth one is on Pingfeng Mountain in the north.