

## TAIWAN

*By a Special Contributor*

Under American influence and its capitalist credo, Taiwan has been a shining example of the success of private entrepreneurship. Its economic progress, particularly in the industrial sector, has been the cynosure of other developing nations. Development was fast, its economy growing at a rate of 6.5% for 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 and semi-conductor production. When China liberalised its economy some years ago, substantial Taiwanese capital and enterprise migrated to China, although Taiwan banned 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 been a sore point for Taiwan owing to the loss of job opportunities to the local Chinese. Taiwan became a capital-surplus country with major investments in Asia, and its membership of the World Trade Organisation (WTO) gave it a cutting edge in export trade.

According to the World Gold Council, Taiwan's gold reserves totalled 422 t. in 2002, against 421 t a decade ago. Apparently Taiwan has ceased buying gold in substantial quantities from its large export surpluses.

Taiwan has substantial 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 has been established at Taichung in central Taiwan. The An Feng and Yieh Loong groups had 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.

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

Taiwan has large reserves of natural gas, estimated at 19,500 Mm<sup>3</sup>. The island's daily requirement of gas of around 4.5 Mm<sup>3</sup>, more than 50% of which used to be imported, is gradually being met from domestic production. Chinese Petroleum Corp, formerly a public-sector monopoly, has been

| privatised, and over 50% of the company's shares are now owned by private investors

Taiwan has four known gold deposits containing a total estimated resource of some 100 t. Three of the deposits are concentrated in the central mountain range, while the fourth one is in the north at Pingfeng Mountain.