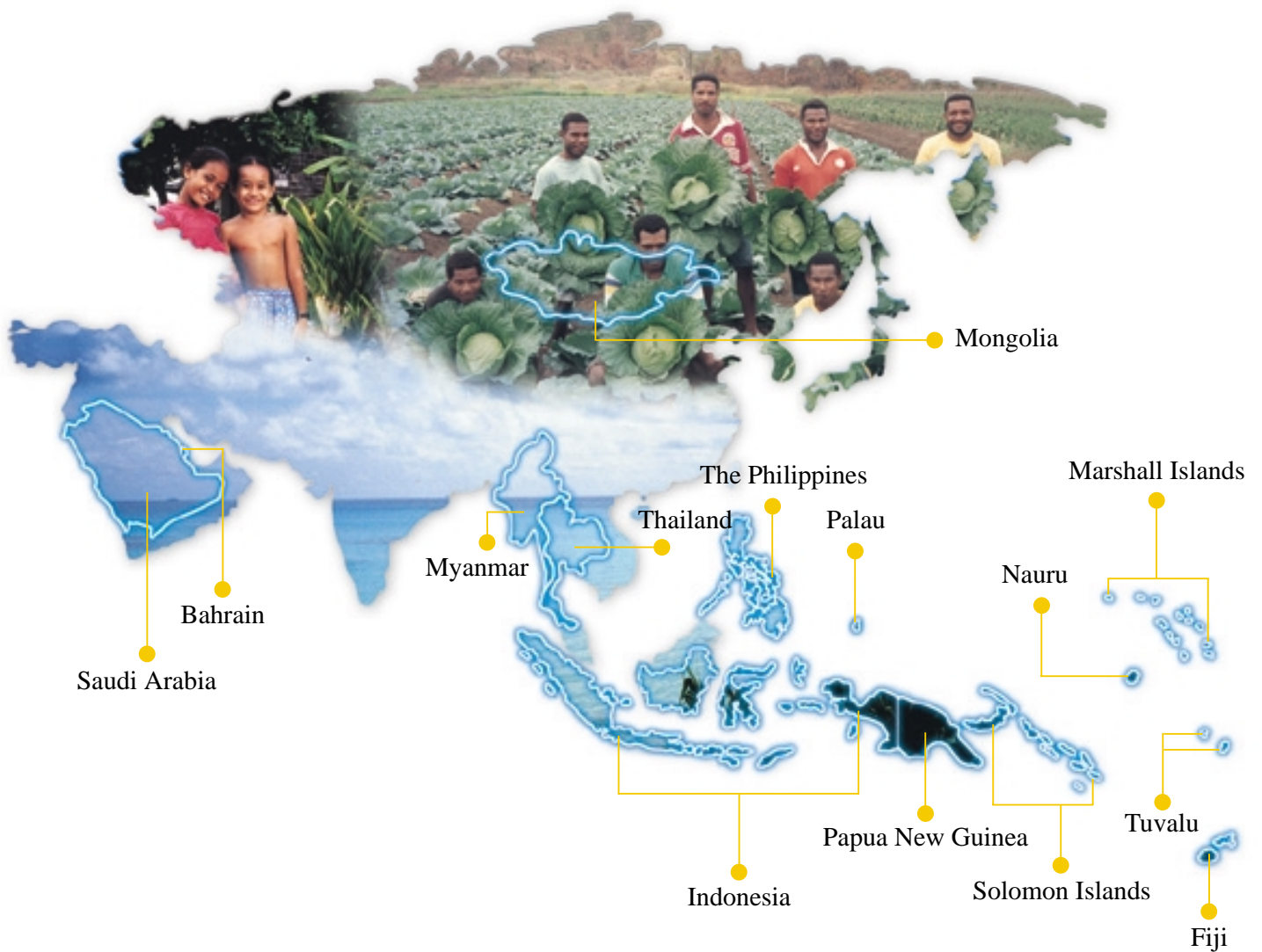




Asia Pacific and the Middle East



Although it enjoys formal diplomatic relations with only four countries in the Asia Pacific region – the Marshall Islands, Palau, Tuvalu and the Solomon Islands, the ROC is cultivating productive relations throughout the Asian continent, as well as in the Middle East. Currently, the ICDF has a combination of personnel, projects or volunteers active not only in allied countries, but also in Bahrain, Fiji, Indonesia, Mongolia, Myanmar, Nauru, Papua New Guinea, the Philippines, Saudi Arabia and Thailand.

Poverty is the most glaring barrier to human development in the Asia Pacific region. Half a billion people live on less than a dollar a day, and a lack of access to quality education inhibits poverty reduction for a large part of society. Agriculture is critical to Southeast Asia's economy: according to the World Bank, 25 percent of GDP comes from that sector (compared to the worldwide average of four to five percent), which employs 58 percent of the labor force. Yet the region is a net importer of food, because of low productivity, water scarcity, poor management practices and other developmental constraints.

Countries in Asia could develop dynamic, resilient and interdependent economies, if they were to invest in education and training, and embrace technology and innovation. The ICDF is encouraging such investment. For example, the ICDF is working with the Department of Education in Tuvalu to improve the educational standards by upgrading teaching equipment for primary schools. In Mongolia, the ICDF is cooperating with World Vision in offering the "Mongolian Children's Scholarship Project," which is helping more than 1,000 children pay for miscellaneous school expenses, winter clothing and medical items.

In the Middle East, conditions and prospects are being shaped by a combination of global and local influences – notably the American and European economic slowdown and oil market developments, the difficult regional security situation in Iraq and Afghanistan, and country specific policy pressures. The terrorist attacks in the United States have unleashed new and unpredictable forces that have substantially raised the risk of a global downturn.

However, the ICDF is helping friendly nations in the region inject new vitality into their economies, through programs designed to help develop local agricultural industries. Countries in that region are importing large quantities of commercial agricultural products, to cover shortfalls and to compensate for production that is inadequate to satisfy the increasing demand for food and feed grains.

In Asia Pacific and the Middle East, the ICDF is helping to stabilize and foster development by promoting measures designed to achieve agricultural progress and economic growth. In Southeast Asia, ICDF projects are helping to increase grain output and diversify crops, in order to ease pressures caused by high population density. In areas that are rich in marine resources and



Asia Pacific and the Middle East

tourism potential, the ICDF is helping nations develop their fisheries and aquaculture industries, build up nonpolluting industries, and tap their tourism resources.

Fisheries and Tourism Development and Diversification in the Asia Pacific Region

Because the ICDF's partner nations in the Asia Pacific region are maritime in nature, the development of fisheries and the tourism industry is deemed a priority. Many options exist for development of aquaculture, including capture fisheries, sport fisheries, ornamental fisheries, and the stocking of economically important species. Aquaculture development cannot be pursued in isolation, but must be seen as a vital component of overall development plans that address social, economic and conservation issues. Strategies must consider broad ecosystem factors and take into account the impact upon rural livelihoods.

The ICDF recognizes the importance of a multifaceted approach, as it embraces the ROC policy of cooperative relationships in diplomacy and fisheries. To review and analyze world fisheries development, the ICDF organized "The International Workshop on Sustainable Management of Tropical and Subtropical Fisheries" from 15 to 30 July 2002.

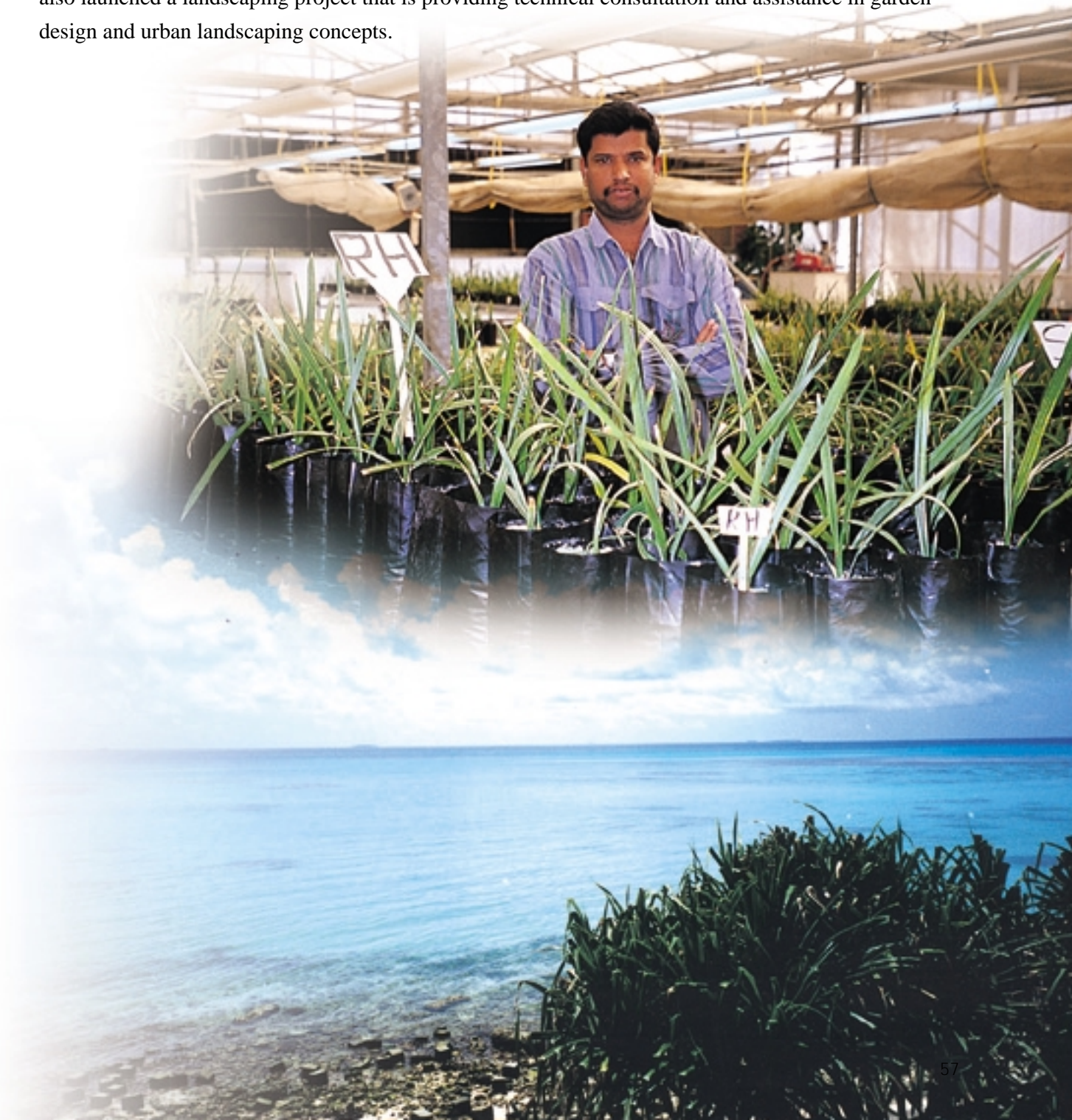
Tourism has always been a vital industry in the Asia Pacific region, and growth in travel and tourism will continue to be strong. However, according to World Travel and Tourism Council (WTTC), the industry has suffered severely as a result of the events of 11 September 2001. The accumulative loss in travel and tourism demand in the Asia Pacific region resulted in a loss of an estimated 4.4 million job equivalents in the years 2001 and 2002. WTTC had predicted that, after a year of stabilization and recovery, the industry would rebound in 2003, but immediate prospects have been dampened by the continuing risks from terrorism in several countries and a slower recovery is now anticipated.

The ICDF is assisting several partner countries in promoting sustainable development and tourism. An example of its collaborative approach was illustrated on 12 and 13 September 2002, when the ICDF managed the Palau Eco-Tourism Conference. The goal of the ecological tourism conference was to develop ways to enhance the tourism industry in Palau, based on some of the perspectives learned by Taiwan in its own tourism development.

Strengthening the Agricultural Sector in Asia Pacific and the Middle East

Agriculture, horticulture and aquaculture are not fully developed in many Asian nations, so these industries present fertile ground for ICDF work. That is true not only for Asia but also for countries such as Bahrain and Saudi Arabia in the Middle East.

Because of their petroleum resources, both Bahrain and Saudi Arabia are economically secure, but they are interested in extending the parameters of their economies. Therefore, the ICDF is currently helping them to strengthen aspects of their agricultural sectors – which, according to World Bank statistics, account for only six percent of GDP in Saudi Arabia, and one percent in Bahrain. In the latter country, the ICDF is helping to develop the horticulture industry and it has also launched a landscaping project that is providing technical consultation and assistance in garden design and urban landscaping concepts.



Bahrain



Fast Facts

Capital:

Manama

Languages:

Arabic, English, Farsi, Urdu

Population:

714,300

Area:

665 sq km

Religion:

Islam

Currency:

Bahraini Dinar



Economic Overview and Outlook

Bahrain's small size and central location among Persian Gulf countries require it to play a delicate balancing act in foreign affairs among its larger neighbors. Possessing minimal oil reserves, Bahrain has turned to petroleum processing and refining and has also transformed itself into an international banking center. Other industries include aluminum smelting, ship repairing and tourism. With its highly developed communication and transport facilities, Bahrain is home to numerous multinational firms doing business in the Persian Gulf.

Petroleum production and refining account for about 60 percent of exports, 60 percent of government revenues, and 30 percent of GDP. According to World Bank statistics, agriculture accounts for less than two percent of Bahrain's GDP. The agricultural sector is generally in an unhealthy state, with tenancy problems, small farm holdings, labor shortage and lack of financial incentives to investment. Furthermore, urban development has led to significant loss of traditionally agricultural areas.

The young, US educated Crown Prince, Shaikh Salman bin Hamad Al-Khalifa, is a firm believer in the "Singapore Model" – the small island success story in which the service sectors are the driving forces in the economy. He is currently pushing for greater private sector investment, particularly in information technology, telecommunications and tourism. He is also stressing the need for greater transparency in government procurement as well as challenging monopoly in certain sectors such as telecommunications and infrastructure development.

In 2001, Bahrain had a population growth rate of 3.3 percent per annum. Although the country is affluent, the unemployment rate, especially among the young, remains around 12 to 15 percent and illiteracy affects 12 percent of the population.

Bahrain's total external debt is expected to rise to US\$3.6 billion in 2003 as the government borrows to finance large industrial and infrastructure projects. In 2001, Bahrain received assistance of US\$18 million. Various Arab countries, Japan and France were the largest donors.

ICDF Operations

There is currently one technical mission working on agricultural diversification and landscaping projects in Bahrain.

Technical Mission

Horticulture Project

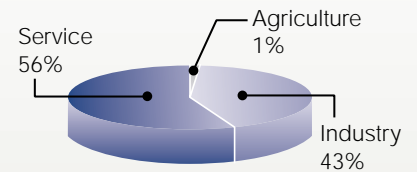
This project is developing fruit and flower cultivation, including bedding plants, potted flowers and cut flowers. The mission is assisting farmers in building up a floriculture system, on a trial basis, in order to reduce reliance on flower imports, especially during the winter. In 2002, the project acquired and tested cut flower varieties at the Ministry of Agriculture and Industry experimental farm, held demonstrations, and propagated flower and fruit tree seeds and seedlings. Mission members have helped vegetable growers to shift to flower production, and are sharing vegetable and fruit cultivation skills with Bahraini farmers.

Landscaping Project

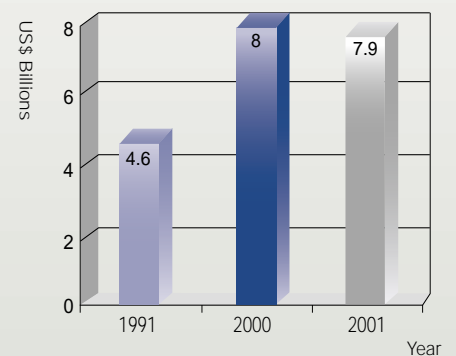
This project is providing technical consultation to the Park and Beautification Directorate of the Ministry of Environment and Municipalities of Bahrain. The ICDF technical mission has assisted the directorate in garden designing and introduced urban landscaping concepts that were developed during city beautification in Taiwan. In 2002, the project provided guidance to the Bahraini Bureau of Parks. It also continued to propagate large tree seedlings and sod for use in landscaping and assisted in landscape design and maintenance.



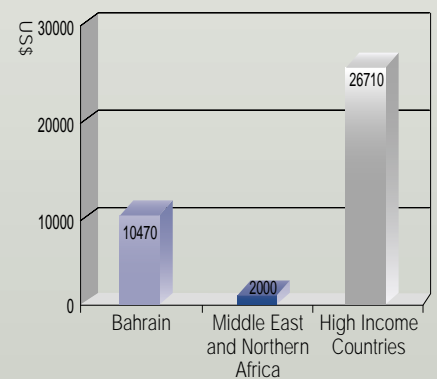
Structure of the Economy 2001 (%GDP)



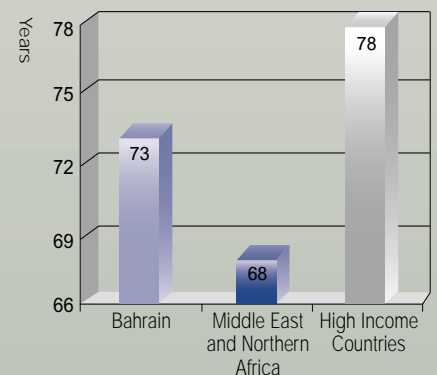
GDP



GNI Per Capita 2001



Life Expectancy 2001



Bahrain at a Glance

Fiji



Fast Facts

Capital:

Suva

Languages:

English, Fijian, Hindustani

Population:

823,500

Area:

18,270 sq km

Religions:

Christianity, Hinduism, Islam

Currency:

Fijian Dollar



Economic Overview and Outlook

Fiji is located in the South Pacific Ocean, about two thirds of the way from Hawaii to New Zealand. The country is endowed with rich forest, mineral and fishing resources, and is one of the most developed of the Pacific island economies. Sugar processing makes up one third of industrial activity. Major exports are sugar, garments, timber, fish and gold.

The new administration of Laisenia Qarase is adopting a more interventionist approach to economic management, addressing the long standing problems of weak employment growth, low levels of private investment, and restructuring of the sugar industry.

Tourism has suffered since a military coup in 2000. However, the country has fared better economically than expected. Although the GDP shrank by an estimated eight percent in 2000, the economy remained relatively strong overall. The government's 2001 budget represented an attempt to attract foreign investment and restart economic activity. A strong sugarcane crop, increased tourism, and a drive to export more garments, agricultural products and fish are expected to boost economic growth.

Fiji had a population growth rate of 1.4 percent in 2001 and a fertility rate of 2.8 births per woman. Life expectancy is 69 years.

According to the World Bank, Fiji had an external debt of US\$135 million in 2001 and received US\$26 million in foreign assistance from Japan, Australia, New Zealand and other donors.

ICDF Operations

There is one technical mission helping farmers with agricultural diversification.

Technical Mission

Off Season Vegetable Project

The ICDF is assisting farmers to establish an exclusive zone in which vegetables of high value, such as tomato, green pepper, lettuce and chili pepper, can be grown during the summer rainy season. It is also helping farmers to grow other high value produce, such as watermelons and muskmelons, during the winter season, and asparagus and green peppers for the local tourist market throughout the year. Newly acquired betel nut heart taro has been introduced to Fiji to serve as a staple food.

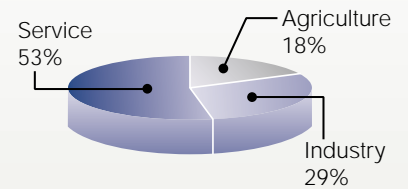
Taiwan Youth Overseas Service

There is currently one serviceman specializing in horticulture working with the technical mission in Fiji.

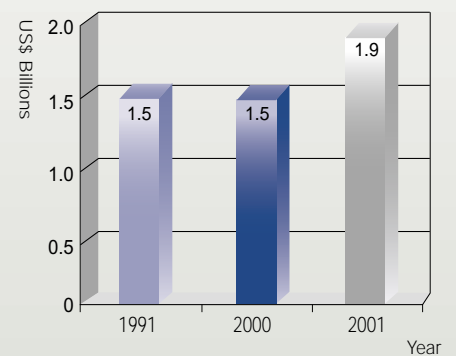


▲ A tomato demonstration farm in Fiji

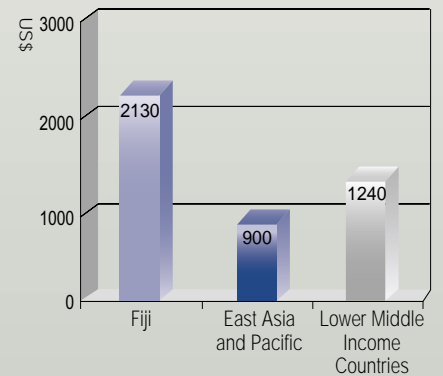
Structure of the Economy 2001 (%GDP)



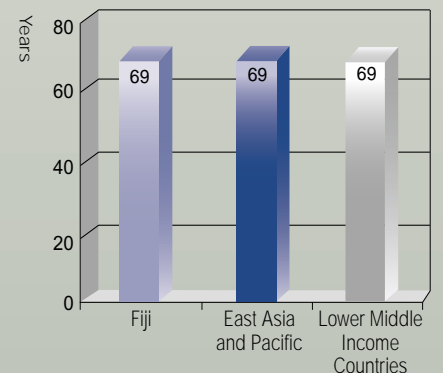
GDP



GNI Per Capita 2001



Life Expectancy 2001



Fiji at a Glance

Indonesia



Fast Facts

Capital:

Jakarta

Languages:

Bahasa Indonesia, English, Dutch, Javanese

Population:

213.6 million

Area:

1.9 million sq km

Religions:

Islam, Christianity, Hinduism, Buddhism

Currency:

Indonesian Rupiah



Economic Overview and Outlook

From 1967 to 1997, Indonesia saw its economic performance soar, with growth at seven percent a year. Adult literacy went from 56 percent of the adult population to 87 percent today; fertility rates declined from 5.4 in the early 1970s to 2.6; and life expectancy increased by 20 years: to 66 years. Production of food doubled during the period, and the trade volume of exports grew at eight percent a year. Indonesia was considered a “model” of development success.

Then, in mid 1997, the Asian financial crisis struck and wreaked havoc with the economy.

Now, Indonesia appears to be poised to regain its recovery momentum. Its economy grew by 3.3 percent in 2001, with growth being driven by strong private domestic spending, especially on consumer goods. The IMF anticipates growth to be even higher, at 3.5 percent, and the government is forecasting growth of four percent.

Indonesia is still confronted by high poverty levels. According to the World Bank, over 40 million Indonesians are living in poverty. This is further complicated by the erosion of the welfare and security of low income and lower middle class groups, widespread distress in the banking and corporate sectors, and a deterioration in basic public services and investment. The return of investor confidence and capital remains crucial to sustaining Indonesia’s initial post crisis economic recovery. Indonesia had an external debt of US\$133 billion in 2001. In the previous year it received US\$1.731 billion in assistance, to which Japan, the United States and Germany were the biggest donors.

Although agriculture has been accounting for a declining share of GDP, the sector still employs 45 percent of the Indonesian population. This is primarily due to the labor intensive process of rice production, Indonesia’s predominant agricultural product. Indonesia’s resources are among the richest in the world and, in addition to rice, the country produces sugar, coffee, peanuts, soybeans, rubber, oil palm and coconuts.

ICDF Operations

There are currently one technical mission and one investment and lending project in Indonesia.

Technical Mission

General Agricultural Management Project

The objective is to provide farmers with reasonable incomes after improving cultivation techniques, reducing production costs and elevating the yield and quality of produce. The mission has introduced new vegetable types and varieties, which have been grown in trial and demonstration projects, and seeds are being produced and distributed.

Livestock Project

This project is helping to develop the meat and milk potential of the Indonesian Peranakan Ettawa goat. The objective is to achieve daily milk production of two to three liters from each female goat over a lactation period of 150 days. The goal in meat production is to achieve a weight of 65 to 70 kilograms when the goats are butchered at the age of 10 to 12 months. The project is helping farmers to adopt effective animal husbandry management practices.

Aquaculture Project

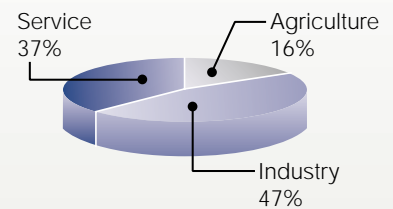
This project seeks to improve the aquaculture environment by meeting the needs of shrimp raising with processed water, reducing the occurrence of disease, and increasing the shrimp raising success rate. A shift from grass shrimp to saltwater fish, including milkfish, sea bass and grouper, is planned.

Investment and Lending Project

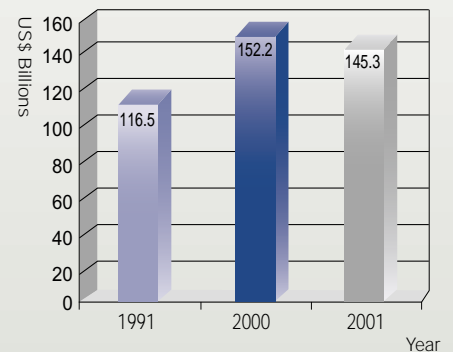
Cooperative Rural Saving and Credit System Project

The project has provided a US\$10 million term loan that is being used to improve and expand the Cooperative Credit Program. The loan is providing financial assistance in order to make possible the accumulation of capital at the village level.

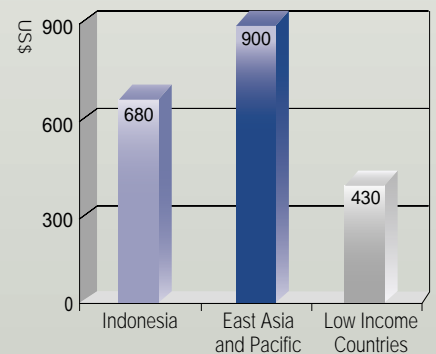
Structure of the Economy 2001 (%GDP)



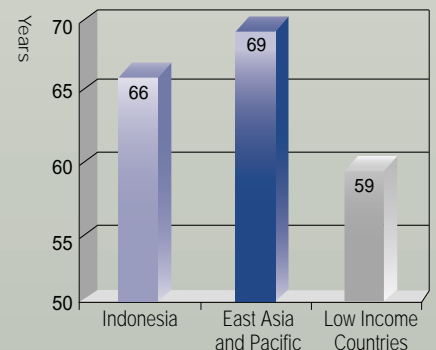
GDP



GNI Per Capita 2001



Life Expectancy 2001



Indonesia at a Glance

Marshall Islands



Fast Facts

Capital:

Majuro

Languages:

English, Two major Marshallese dialects from the Malayo-Polynesian family, Japanese

Population:

73,600

Area:

181.3 sq km

Religion:

Christianity

Currency:

US dollar



Economic Overview and Outlook

The Marshall Islands is a group of atolls and reefs in the North Pacific Ocean, about one half of the way from Hawaii to Australia. After almost four decades under US administration as the easternmost part of the UN Trust Territory of the Pacific Islands, the Marshall Islands attained independence in 1986 under a Compact of Free Association.

The Marshall Islands receives considerable direct US assistance, currently averaging around \$35 million a year, the vast majority of which is in the form of direct budget support under the Compact.

The economy combines a small subsistence sector and a modern urban sector. Fishing and the cultivation of breadfruit, banana, taro and pandanus constitute the subsistence sector. On the outer islands, handicrafts and the production of copra provide cash income.

Growth in the economy was sluggish in 2001, and was based largely on limited expansion in private sector activity. A small rise in copra exports and the first full year of operations of a tuna loin processing plant contributed to a 5.1 percent increase in exports to an estimated US\$8 million, while imports declined to a projected US\$60 million. Among the wide variety of goods imported are foodstuffs, consumer goods, machinery and petroleum products. As its top development priorities, the government has set fishing and aquaculture, tourism and agriculture. The tourism industry, now a small source of foreign exchange employing less than 10 percent of the labor force, offers the best hope for future added revenue.

In 2002, the Marshall Islands had a population growth rate of 3.89 percent, a fertility rate of 6.49 children per woman, and a life expectancy of 65 years. According to the World Bank, the Marshall Islands had an external debt of US\$86.5 million in 2001 and received US\$74 million in foreign assistance. The United States, the ADB, and Japan are the three largest donors.

ICDF Operations

There is currently one technical mission working on two agricultural projects in the Marshall Islands.

Technical Mission

Horticultural Crop Development Project

The objectives of this project are to acquire and test fruit tree and vegetable varieties, assist family level fruit and vegetable production, increase fruit supply by cultivating papaya seedlings, conduct agricultural skills seminars, train outstanding farmers on outlying islands, and test compost management techniques.

Livestock Project

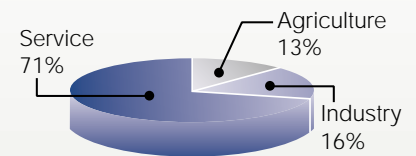
This project is transferring technology on chicken and hog raising to the people of the Marshall Islands and establishing a feed crop growing area on outlying islands. The objective of the project is to reduce the Marshall Islands' current dependence on imported chicken and hogs. In 2002, a hog breeding and egg laying management system were implemented at the Laura demonstration farm.

Taiwan Youth Overseas Service

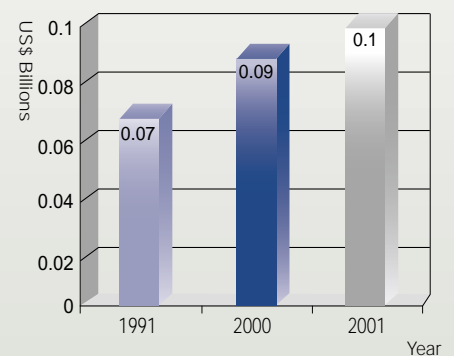
Two servicemen are serving in the Marshall Islands. They are involved in animal husbandry and horticulture programs.



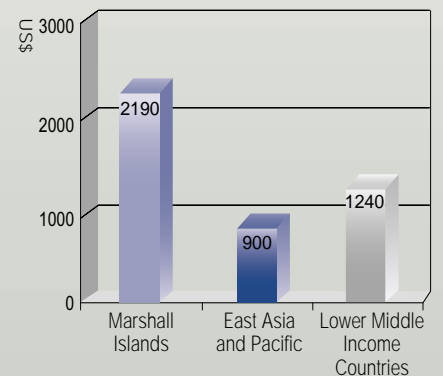
Structure of the Economy 2001 (%GDP)



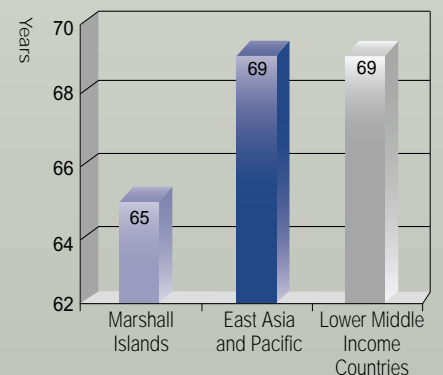
GDP



GNI Per Capita 2001



Life Expectancy 2001



Marshall Islands at a Glance

Mongolia



Fast Facts

Capital:

Ulaanbaatar

Languages:

Khalkha Mongol, Turkic, Russian

Population:

2.4 million

Area:

1.565 million sq km

Religions:

Tibetan Buddhist Lamaism, Islam, Shamanism, and Christianity

Currency:

Togrog/Tugrik



Economic Overview and Outlook

Mongolia is one of the few countries in Asia undergoing simultaneous political and economic transformation. Ten years after adopting a democratic form of government and a market economy, Mongolia is still a country in transition, and it remains committed to democratic reforms.

Traditionally, economic activity has been based on agriculture and breeding of livestock. The country also has extensive mineral deposits: copper, coal, molybdenum, tin, tungsten and gold account for a large part of industrial production.

Because its population is only 2.4 million, Mongolia must rely on its comparative advantages over other Asian countries in order to attract foreign investment. Strategically located between the much larger Siberian and northern Mainland China markets, Mongolia provides a thriving business environment. In addition, it benefits from a highly literate and motivated work force.

Mongolia's long term growth depends principally on the extraction of minerals and petroleum and the value added processing of livestock products, particularly cashmere and meat. Tourism offers some potential, but the short summer, the cost of travel to Mongolia, and the lack of infrastructure limit it.

In 2001, Mongolia had a population growth rate of one percent and a fertility rate of 2.6 births per woman, with a life expectancy of 67 years. The country continues to face challenges in dealing with poverty and unemployment, its social sectors having suffered significantly in the economic transition process. According to the World Bank, Mongolia had an external debt of US\$885 million in 2001 and received US\$212 million in foreign assistance. Japan, the ADB and Germany were the biggest donors.

The Ministry of Foreign Affairs in Taiwan announced in September 2002 that Taiwan and Mongolia are establishing reciprocal representative offices, and the government began operating a Taipei Trade and Economic Representative Office in Ulaanbaatar on the first of September. This will further promote bilateral trade, tourism and cultural exchanges, as well as deepen cooperation in economic and labor affairs.

ICDF Operations

Humanitarian assistance was provided to Mongolia in 2001 and educational scholarships are offered in conjunction with World Vision Mongolia.

International Humanitarian Assistance

In January 2001, a severe blizzard struck Mongolia, resulting in the impoverishment of thousands of herding families. The extremely cold temperatures and lack of grass resulted in drastically reduced stock numbers and had a severe impact on food supplies for some 75,000 herders and their families. By the end of that month, 605,300 head of livestock, the mainstay of the rural economy and the main source of food, had died.

The ICDF conducted the Mongolia Blizzard Relief Project in January, to assist residents who had suffered from the natural disaster. This project, which included the donation of an emergency relief payment of US\$47,000, provided the necessities of life to stricken families as soon as possible after the emergency and helped them in the difficult post-disaster period.

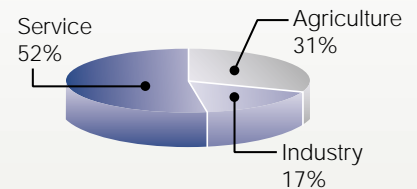
Mongolian Children's Scholarship Project

The ICDF is cooperating with World Vision Mongolia in developing educational strategies and relieving poverty. This project is providing scholarships to students to help them pay for miscellaneous school expenses, winter clothing and medical items. To date, individual scholarships of US\$100 have been provided to 1,000 children.

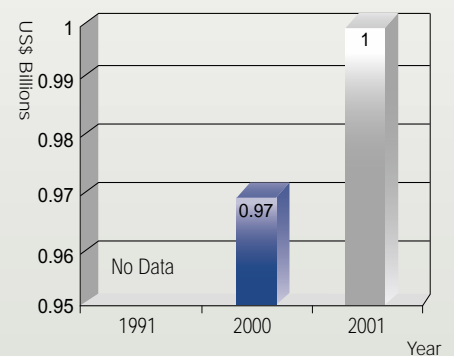


▲ Children benefiting from our scholarship program

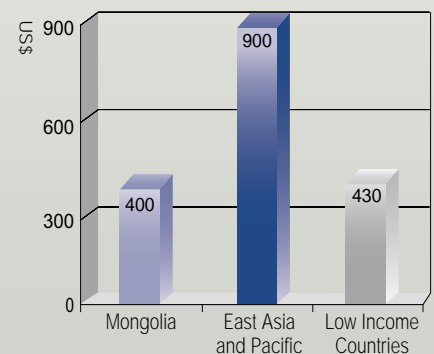
Structure of the Economy 2001 (%GDP)



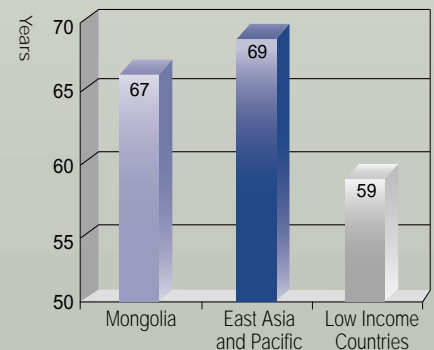
GDP



GNI Per Capita 2001



Life Expectancy 2001



Mongolia at a Glance

Myanmar (Burma)



Fast Facts

Capital:

Rangoon

Languages:

Burmese, Minority ethnic groups have their own languages

Population:

48.3 million

Area:

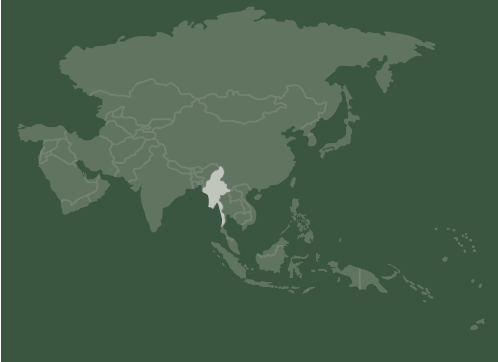
678,500 sq km

Religions:

Buddhist, Christianity, Islam

Currency:

Kyat



Economic Overview and Outlook

Myanmar has a mixed economy, with private activity dominant in agriculture, light industry and transport, and substantial state controlled activity, mainly in energy, heavy industry and the rice trade.

During the 1990s, the Burmese government implemented a number of economic reforms designed to develop markets and foster greater economic openness. Despite the fact that the execution of these plans began to slow in the second half of the 1990s as a result of declining growth and economic sanctions, the country's economic policy continues to focus on central planning and import substitution.

The agricultural sector in Myanmar contributes 57 percent of the GDP and employs an estimated 67.4 percent of the labor force. The primary food crops produced are coconut, coffee, maize, potato, rice, soybean, sugarcane and wheat.

According to the ADB, Myanmar's GDP is estimated to have grown at an average annual rate of 5.9 percent since 1988. With a population growth rate of about two percent in 2001, this translates into an annual per capita growth of around four percent.

Of particular concern is the rapid pace at which the HIV/AIDS epidemic in Myanmar is expanding. It is affecting a wide cross section of the population and will surely have an enormous impact on both society and the economy. Other transboundary issues of concern include people trafficking and illicit drugs. Myanmar had a population growth rate of 1.2 percent in 2001 and a fertility rate of three births per woman. Illiteracy affects 15 percent of the population.

According to the World Bank, Myanmar had an external debt of US\$5.315 billion in 2001 and received US\$127 million in foreign assistance. Japan, the United Nations Development Programme, and the United Nations International Children's Emergency Fund were the largest donors.

ICDF Operations

The ICDF is committed to helping Myanmar improve its social infrastructure, primarily in the educational field.

Taiwan Overseas Volunteers

There are currently four volunteers serving in Myanmar teaching Chinese, English, mathematics, history and geography. They are also assisting with administrative work.

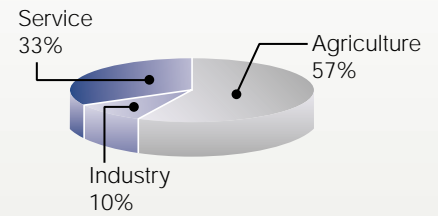


◀ ICDF volunteer in Myanmar taking pictures with local weaving women

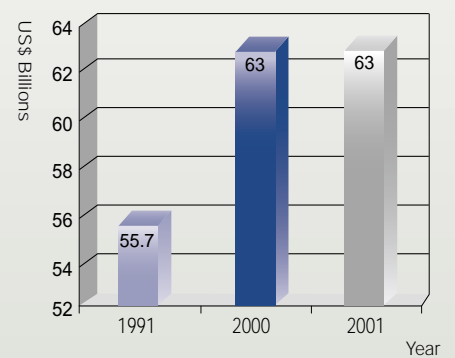


◀ ICDF volunteer teaching in Myanmar

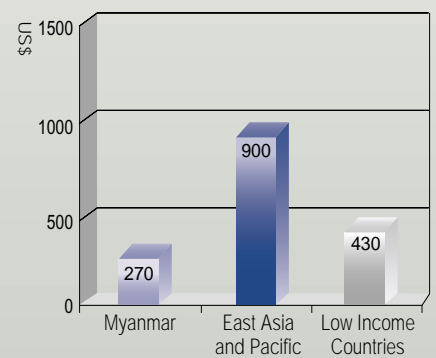
Structure of the Economy 2001 (%GDP)



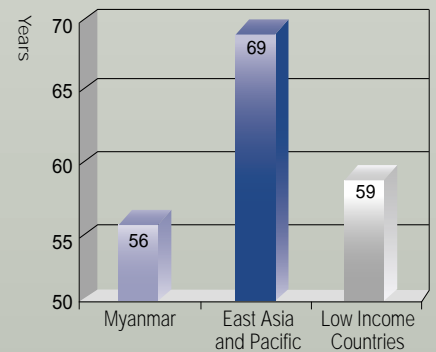
GDP



GNI Per Capita 2001



Life Expectancy 2001



Myanmar at a Glance

Nauru



Fast Facts

Capital:

Yaren District

Languages:

Nauruan, English

Population:

12,300

Area:

21 sq km

Religion:

Christianity

Currency:

Australian Dollar



Economic Overview and Outlook

Nauru is the world's smallest independent republic, located in the Western Pacific Ocean some 1,000 km northeast of Papua New Guinea.

Nauru's economy is based on the phosphate industry, whose resources are roughly estimated to last for another three to five years. The rehabilitation of mined land and the replacement of income from phosphates are serious long term problems for Nauru. While phosphates have given Nauruans one of the highest per capita incomes in the developing world, few other resources exist. The government has attempted to develop other industries, including offshore fishing, but although there are substantial fish resources in the water surrounding Nauru, no commercial fishery base has been established yet. Most necessities must be imported, including fresh water from Australia.

Nauru has an external debt of US\$227 million. It received US\$4 million in foreign assistance in 2000. Japan, Australia and the United Nations Regular Programme of Technical Assistance were the largest donors.



ICDF Operations

The ICDF had one technical mission implementing an aquaculture project. It was terminated due to the severing of diplomatic ties. Currently, there is one investment and lending project dealing with tourism development.

Technical Mission

Milkfish Acquisition, Raising, Management and Demonstration Event

This project was being implemented in conjunction with Nauru's Department of Island Development and Industry. The goals of the project were to install four small milkfish culture ponds, conduct a demonstration of intensive deep water milkfish farming, and assist local residents in constructing culture ponds in which to raise milkfish. The mission demonstrated techniques, conducted training classes, and assessed the feasibility of intensive milkfish farming.

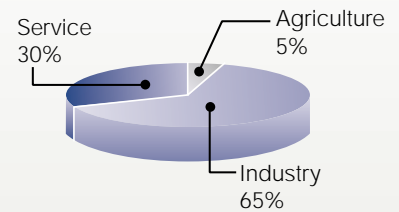
Investment and Lending Project

Hotel Building Loan Project

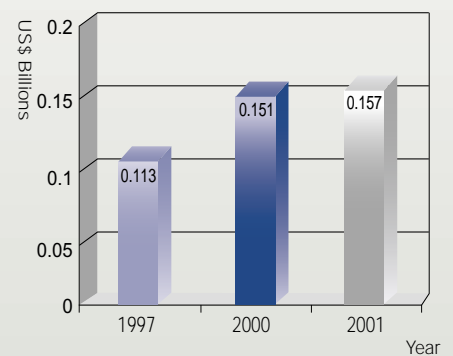
The ICDF provided a US\$8.5 million loan to assist Nauru in building an international standard hotel.



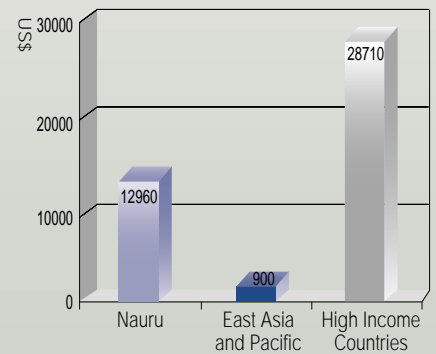
Structure of the Economy 2001 (%GDP)



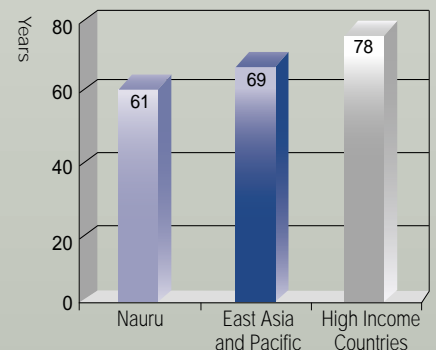
GDP



GNI Per Capita 2001



Life Expectancy 2001



Nauru at a Glance

Palau



Fast Facts

Capital:

Koror

Languages:

English, Palauan, Sonsorolese, Tobi, Angaur, and Japanese

Population:

19,500

Area:

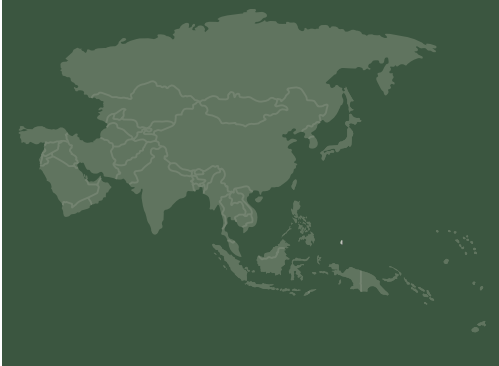
458 sq km

Religions:

Christianity, Modekngel religion

Currency:

US dollar



Economic Overview and Outlook

The Republic of Palau comprises more than 200 islands in the Pacific Ocean islands, but only eight of those islands are permanently inhabited. Major industries include tourism, handicrafts, construction and garment making. Agricultural products include coconut, copra, cassava and sweet potato.

After three decades as part of the UN Trust Territory of the Pacific under US administration, this westernmost cluster of the Caroline Islands opted for independent status in 1978 rather than join the Federated States of Micronesia. A Compact of Free Association with the US was approved in 1986, but not ratified until 1993. It entered into force the following year, when the islands gained their independence. The Compact provided for assistance from the United States of up to US\$700 million over 15 years in exchange for access to Palau's military facilities.

Government operations, subsidized largely by the United States, dominate the economy. The government employs about 60 percent of the work force. It is estimated that 90 percent of revenue comes from external sources.

The Palauan economy has good potential for sustained growth. The country has suffered less than its neighbors from the effects of the Asian economic downturn. Tourism, the main source of income for Palau, declined in 1998 and the first six months of 1999, but had begun to improve in response to expanded air travel in the region and the rising prosperity of East Asian countries. While tourism infrastructure development, including the construction of a new hotel, remains a priority of the government, so too does the need to retain a balance between tourist numbers and the maintenance of Palau's renowned pristine environment. In order to achieve this balance, promotion is being geared to high income, low volume tourism.

Growth in small scale agriculture, originally driven by expanding trade in tourism, is being stimulated by increased demand from the construction sector. Fisheries are also important to Palau: Japan is a major importer of tuna and mackerel, and Chinese and Taiwanese long line fishing fleets also fish in Palau's exclusive economic zone (EEZ).

Palau has an annual population growth rate of almost

three percent, a fertility rate of 2.47 births per woman, and a life expectancy of 70 years. According to the World Bank, Palau has no external debt and received US\$34 million in assistance in 2001. The United States, Japan and Australia are the three biggest donors.

ICDF Operations

There is currently one technical mission helping Palau to diversify its agricultural resources. There are also two technical assistance projects assisting tourism industry development.

Technical Mission

Horticultural and Crop Extension Project

In conjunction with Palau's policy of agricultural self sufficiency, this project is accelerating the development and extension of both new and traditional crops in order to relieve the current shortage of fruits, vegetables and staple foodstuffs. In 2002, superior cassava seedlings, taro, breadfruit and sweet potato were grown. The mission helped to acquire mainstream vegetable varieties with high economic value, and worked to develop economically feasible production technology. It propagated papaya, pineapple, banana and guava seedlings and supplied these to farmers.

Technical Assistance Project

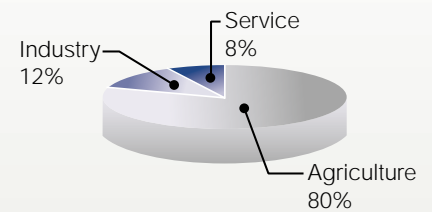
Tourism Feasibility Study

The ICDF is researching Palau's tourist market needs and resources, government institutions, relevant laws and regulations, and investment management factors, and using the results of this research to formulate technical assistance projects and implementation plans. There have been noticeable improvements in the quality of tourist services and related industries have been developed. Relevant information is provided to Taiwanese firms interested in investing in Palau.

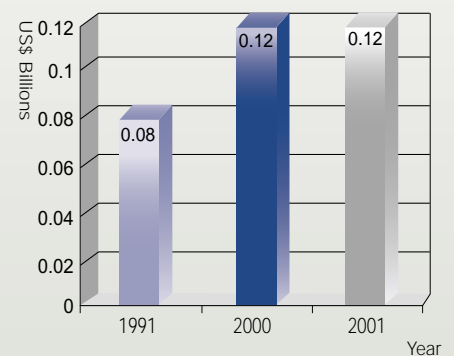
Eco-Tourism Conference

On 12 and 13 September 2002, the ICDF held the Palau Eco-Tourism Conference. The goal of the ecological tourism conference was to develop ways to enhance the tourism industry in Palau, based on the "Taiwan Experience."

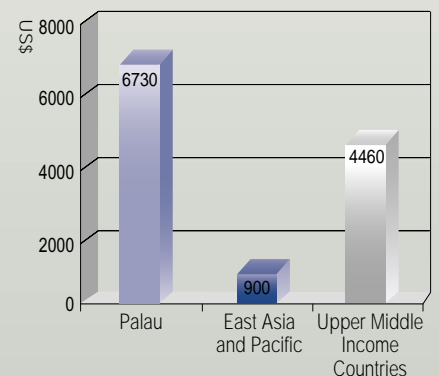
Structure of the Economy 2001 (%GDP)



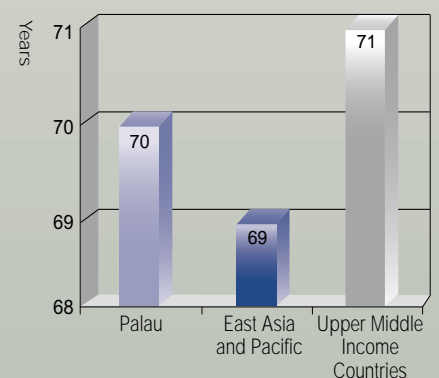
GDP



GNI Per Capita 2001



Life Expectancy 2001



Palau at a Glance

Taiwan Youth Overseas Service

Two servicemen are currently serving in Palau. Both young men have specialized in agricultural techniques and are helping with the design and construction of agricultural irrigation systems.

▼ Eco-Tourism conference in Palau



Papua New Guinea



Fast Facts

Capital:

Port Moresby

Languages:

English, Motu, 715 Indigenous languages

Population:

5.3 million

Area:

462,840 sq km

Religions:

Christianity, Indigenous beliefs

Currency:

Kina



Economic Overview and Outlook

Papua New Guinea (PNG) has a great abundance of natural resources, particularly minerals, forests and fisheries. However, utilization of these resources has been hampered by rugged terrain and a very limited infrastructure. Mineral deposits, including oil, copper and gold, account for 72 percent of export earnings.

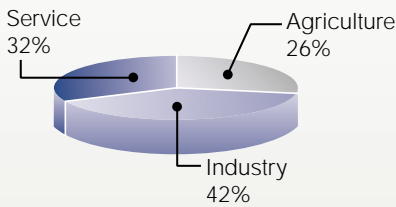
The new Somare government supports economic and governance reform, and it is focusing on the establishment of financial stability, delivery of services to rural areas, reform of the institutional and public sector, privatization, and management of the forestry sector. Nevertheless, the prospective costs of extending a modernized infrastructure throughout the country are considerable.

PNG's economy is dual in nature, including a "modern" formal economy and a large informal economy in which subsistence farming accounts for the bulk of activity. The formal sector provides a rather narrow employment base, consisting of workers engaged in mineral production, a relatively small manufacturing sector, the public sector, and service industries including finance, construction, transportation and utilities. The bulk of the population is engaged in the informal sector, although migration to major city centers over the past decade has contributed to urban unemployment and social problems.

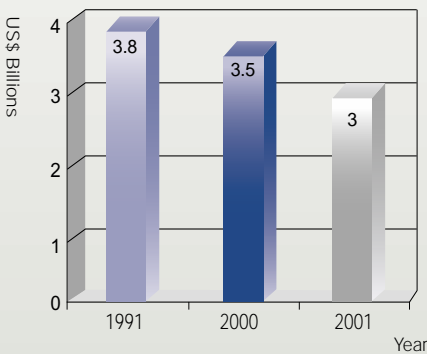
Agriculture provides a subsistence livelihood for 85 percent of the population. The main products are coffee, cocoa, coconut, palm kernel, tea, rubber, sweet potato, fruit, vegetables, poultry and pork. Foreign investors dominate the minerals, timber and fisheries sectors. Manufacturing is limited, consequently the formal labor sector also is limited. The 3.4 percent average annual growth rate of GDP between 1979 and 1998 conceals considerable variation from year to year, resulting from external economic shocks, natural disasters and problems related to economic management. During the recent global economic downturn, the vulnerability of the economy became more evident. The annual growth declined by 1.3 percent in 2000 and by 3.5 percent in 2001.

The country had a population growth rate in 2001 of 2.4 percent and a fertility rate of 4.4 births per woman. Poverty touches over 37 percent of the population, and this is seen in a

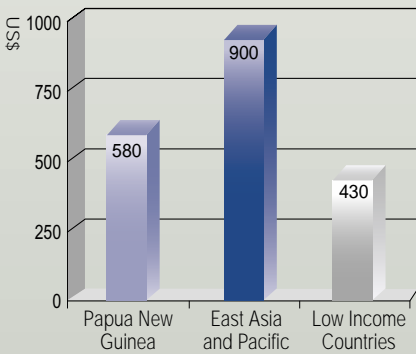
Structure of the Economy 2001 (%GDP)



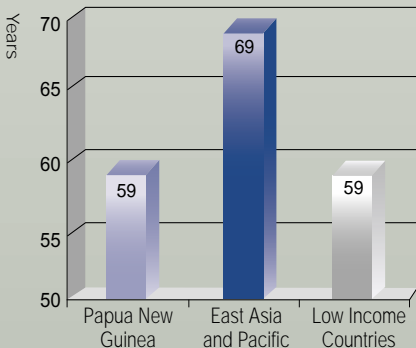
GDP



GNI Per Capita 2001



Life Expectancy 2001



Papua New Guinea at a Glance

marked inequality in incomes and access to public services, which in turn results in relatively high rates of malnutrition, poor health standards, and illiteracy. PNG has an illiteracy rate of 35 percent and a life expectancy of 59 years.

According to the World Bank, PNG had an external debt of US\$1.6 billion in 2001 and received US\$203 million in foreign assistance. Australia, Japan and New Zealand were the largest contributors.

ICDF Operations

There are currently one technical mission and one investment and lending project working on agriculture development and water infrastructure improvement.

Technical Mission

Cereal Grain Production Project

The aim of this project is to help PNG reduce its grain imports by extending upland rice cultivation and diversifying crop production. The PNG government hopes to cut rice imports by 60 percent by the year 2020. Projected benefits include the creation of new employment opportunities, increased grain output, and development of related industries.

Investment and Lending Project

Third Urban Water Supply Project

PNG places high priority to the development of water supply and sanitation in urban centers in the country in order to enhance living standards, support urban development and improve environmental sanitation. This project consists of three parts. The ICDF is collaborating with the ADB for project implementation.

The Philippines



Fast Facts

Capital:

Manila

Languages:

Filipino (based on Tagalog),
English

Population:

77 million

Area:

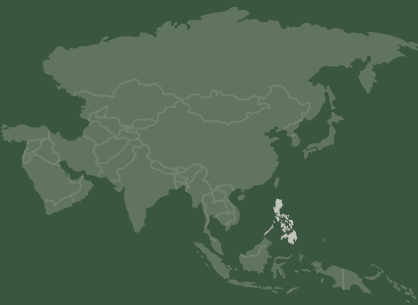
300,000 sq km

Religions:

Christianity, Islam, Buddhism

Currency:

Philippine Peso



Economic Overview and Outlook

The Philippines lies on the Western rim of the Pacific Ocean, north of the equator and approximately 1,000 kilometers from the Asian mainland. It is an archipelago comprising some 7,100 islands with a total land area of 299,404 square kilometers.

Priorities of the government include poverty alleviation and economic growth. While the Philippines has come through the Asian financial crisis with limited damage, deeply ingrained obstacles to sustainable growth remain.

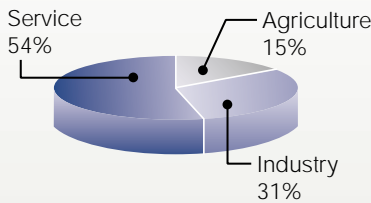
The Macapagal-Arroyo administration is now in the process of identifying and formulating a new generation of economic reforms. The last three administrations, in cooperation with the IMF and the World Bank, carried out macroeconomic, structural reforms. More reforms are needed but, as the new generation of economic reforms indicates, they need to be sector focused and growth inducing if the economy is to perform at higher growth levels.

Spurred by the agricultural and services sectors and continued robustness in private consumption spending, the economy grew by 3.4 percent in 2001. Key sectors of the Philippine economy include agriculture, industrial production and mining. Some 40 percent of the work force is employed in the agricultural sector, producing crops for both domestic consumption and export. Rice and coconut constitute the two largest agricultural products, with Philippine coconuts accounting for nearly half the world's supply. Other major crops include banana, pineapple and mango. Industrial production embraces iron and steel, textiles, clothing, footwear and electronics. The mining industry centers on copper, gold, nickel, silver and coal.

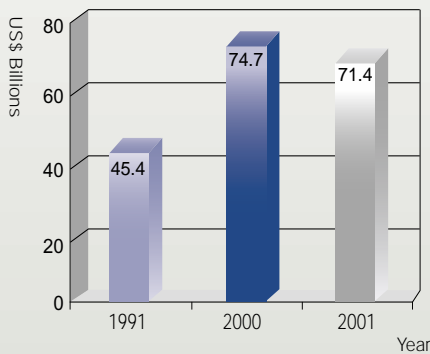
The Philippines' stock of talented, bilingual workers remains an attractive feature of the business environment, particularly for information technology sector investments and for back office operations. Philippine workers overseas continue to send back remittances measured in the billions of dollars.

In the past year, the Philippines has passed laws opening the retail trade, banking and several parts of the agricultural

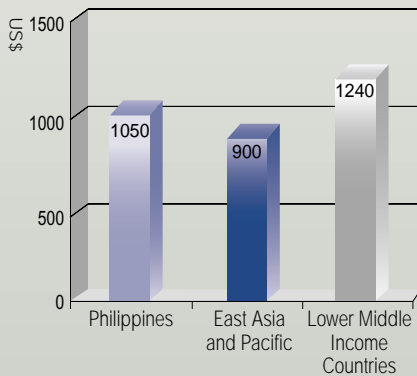
Structure of the Economy 2001 (%GDP)



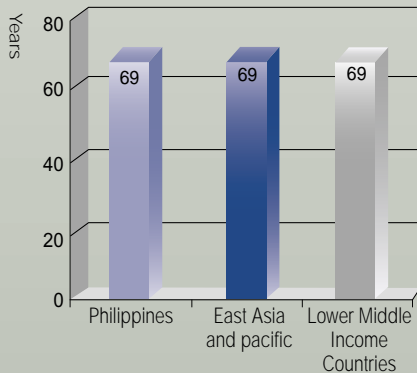
GDP



GNI Per Capita 2001



Life Expectancy 2001



The Philippines at a Glance

sector sectors to foreign investment. A new securities law could help to bring the capital market up to international standards.

According to the World Bank, the Philippines had an external debt of US\$52.31 billion in 2001 and received US\$577 million in assistance. Japan, the United States and Germany were the biggest donors. Life expectancy is 69 years.

ICDF Operations

There are currently four investment and lending projects in the Philippines. Two are facilitating the development of Subic Bay Industrial Park and two relending projects are stimulating economic growth.

Investment and Lending Projects

Subic Bay Industrial Park Development Project, Phases I and II

Subic Bay, in the South China Sea, is located about 55 km northwest of the mouth of Manila Bay and extends northward into the Luzon coastline. From 1901 to 1992, the United States operated the Subic Bay Naval Station there. It was the US's largest naval installation and last remaining base in Southeast Asia. The retreat of the US Navy created a mass unemployment problem and a serious negative economic impact on the area as a whole.

Taiwan agreed to contribute its technology and experience in the development of industrial parks to help the Philippines achieve its objectives. In August 1993, the ICDF signed a loan agreement for US\$23.575 million for the first phase of the project, to cover the development of an area of 105 hectares, of which 86 hectares is available for companies to lease. In 1998, Phase II of the project was implemented, developing an additional 41.97 hectares.

Relending Program for Food Processing and Agricultural Machinery

The project consists of a US\$5 million loan to the Development Bank of the Philippines who will relend it to the food industries and farmer agribusinesses. Providing financial access to the agricultural sector and enhancing living standards in the rural areas.

SME Relending Program

The project aims to support Philippine private export oriented SMEs in augmenting the flow of much needed industrial credit and by establishing the Center – Satellite Systems. The project enhanced the productivity of SMEs and ensured a cost effective increase in industrial output and exports while at the same time creating more employment opportunities for the country’s growing work force.



Saudi Arabia



Fast Facts

Capital:

Riyadh

Language:

Arabic

Population:

21.4 million

Area:

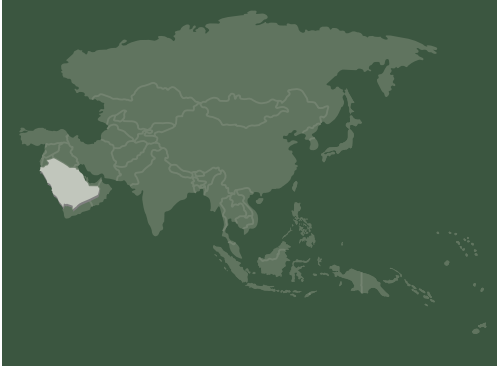
1.9 million sq km

Religion:

Islam

Currency:

Riyal



Economic Overview and Outlook

The Kingdom of Saudi Arabia has the largest reserves of petroleum in the world, ranks as the largest exporter of that commodity, and plays a leading role in the Organization of Petroleum Exporting Countries (OPEC). The petroleum sector accounts for roughly 75 percent of budget revenues, 40 percent of GDP, and over 90 percent of export earnings.

Saudi Arabia is known as the birthplace of Islam, which in the century following Muhammad's death in 632 A.D. spread west to Spain and east to India. Islam obliges all Muslims to make the Hajj, or pilgrimage to Mecca, at least once during their lifetime if they are able to do so.

About 40 percent of GDP comes from the private sector. Major challenges for the Saudi government are population growth that approaches four percent per annum, high national unemployment rates, aquifer depletion, and lack of diversification because of the dependence on petroleum output and prices. The nation is currently seeking to diversify its economy, while increasing spending for education and other social programs.

The government's seventh economic plan (2000-2004) focuses more on economic diversification and a greater role of the private sector in the Saudi economy. The government also has set a target of creating substantial new jobs for Saudi nationals.

The government's goal of achieving semi industrialization by 2020 will require an estimated US\$160 billion in investment; much of that is now being sought from foreign sources. Shortages of water and rapid population growth will constrain government efforts to increase self sufficiency in agricultural products. Major agricultural products include wheat, barley, tomatoes, melons, dates, citrus fruits, mutton, chickens, eggs and milk.

Saudi Arabia had a population growth rate of 3.3 percent in 2001, a fertility rate of 5.5 births per woman, and a life expectancy of 72 years. According to the World Bank, Saudi Arabia had an external debt of US\$26.58 billion in 2001 and received US\$27 million in foreign assistance. Japan, France and Germany were the biggest donors.

ICDF Operations

There is currently one technical mission with two projects operating in Saudi Arabia. There is also one printing mission. The projects are aimed at fisheries and technology enhancement and diversification.

Technical Mission

Agriculture and Fisheries Project

Through this project, Taiwan is assisting the Saudi Ministry of Agriculture and Fisheries to develop its agricultural and fisheries services, in coordination with existing ministry projects. The project is focusing on fisheries and aquaculture services and experiments, veterinary services, and the production of seedlings through tissue culture technology.

Transportation Technology Cooperation Project

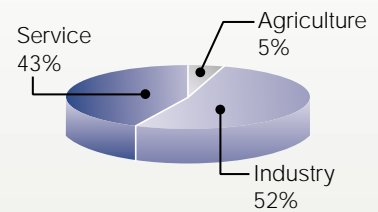
Specialists from Taiwan are working to resolve some of Saudi Arabia's transportation and road engineering problems. In 2002, they helped the Saudi Ministry of Transportation in bridge design and survey work, as well as in engineering and information technology training.

Printing Mission

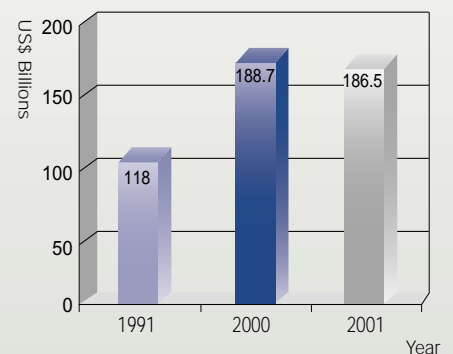
Printing Technical Cooperation Project

This project is assisting Ministry of Finance and National Economy in improving the design of negotiable securities (stamps, passports, residence permits, tax stamps, etc.), implementing professional staff training with a view to boosting production quality and efficiency, and improving plant management, control processes and maintenance, in order to strengthen plant competitiveness.

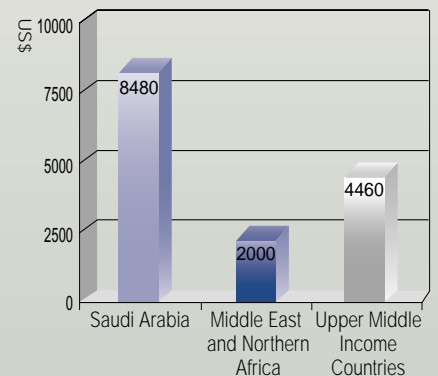
Structure of the Economy 2001 (%GDP)



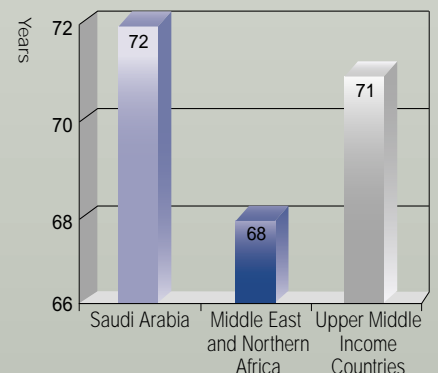
GDP



GNI Per Capita 2001



Life Expectancy 2001



**Saudi Arabia
at a Glance**

Solomon Islands



Fast Facts

Capital:

Honiara

Languages:

English, Melanesian pidgin, 120
Indigenous languages

Population:

432,000

Area:

28,450 sq km

Religions:

Christianity, Indigenous beliefs

Currency:

Solomon Islands Dollar



Economic Overview and Outlook

The Solomon Islands form an archipelago in the Southwest Pacific, about 1,900 kilometers northeast of Australia. With terrain ranging from ruggedly mountainous islands to low lying coral atolls, the Solomons stretch in a 1,450 kilometer chain southeast from Papua New Guinea across the Coral Sea to Vanuatu.

Ninety percent of the population in the Solomon Islands depends on subsistence agriculture. Fishing, logging and copra are the main exports. Capital goods and petroleum products make up the bulk of its imports. The agricultural sector in the Solomon Islands contributes 42 percent of the GDP and employs an estimated 27.4 percent of labor. The primary food crops produced are banana, cocoa bean, coconut and rice. The total value of agricultural exports in 1998 was US\$129.5 million, while the total value of agricultural imports in that year amounted to US\$20 million.

The Solomon Islands present a huge potential for mining, with many unexploited natural resources, including gold, lead, zinc, nickel, silver, bauxite, cobalt and nickel. Gold mining has assumed a significant position in the economy and is set for further expansion.

Exploitation of the Solomon Islands' rich fisheries offers the best prospect for further export and domestic economic expansion. Currently, a Japanese joint venture operates the only fish cannery in the country.

Tourism is an important service industry for Solomon Islands. Growth in that industry is hampered, however, by lack of infrastructure and transportation limitations. The Solomon Islands was hard hit by the Asian economic crisis. The Asian Development Bank estimates that the crash of the market for tropical timber reduced the Solomon Islands' GDP by between 15 to 25 percent.

According to the World Bank, the Solomon Islands had an external debt of US\$164 million in 2001 and received US\$59 million in foreign assistance. The EU, Australia and Japan were the largest donors. The Solomon Islands had a population growth rate of 2.5 percent in 2001, a fertility rate of 5.1 births per woman, and a life expectancy of 69 years.

ICDF Operations

There are currently one technical mission and one investment and lending project in the Solomon Islands. The projects are encouraging agricultural and rural diversification and development.

Technical Mission

Rice Project

This project has the objective of increasing the Solomon Islands' rice output and creating rural employment. Continued efforts are being made to extend rice cultivation, by offering classes on rice milling machine operation and the control of rice pests and disease. The mission also conducts rice growing demonstrations and review meetings for farmers. Efforts are being made to establish a production/marketing system, and crops such as corn and sweet potato are being rotated and extended.

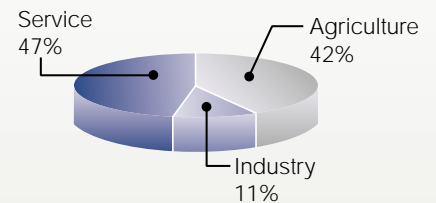
Investment and Lending Project

Rural Credit Project

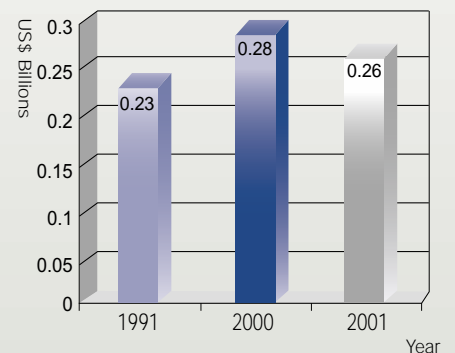
The primary objective of the project is to accelerate rural development in the Solomon Islands. The development potential in the country, especially in rural areas, is limited due to a lack of funding and labor resources needed for commercial and production activities. The project is working to overcome the resource constraints faced by rural people and to enhance the efficiency of resource mobilization, while strengthening the mechanism for development fund intermediation and allocation. It is also assisting farmers in sustaining the desired level of production in order to increase their income.



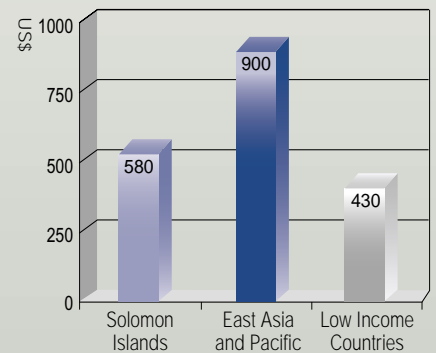
Structure of the Economy 2001 (%GDP)



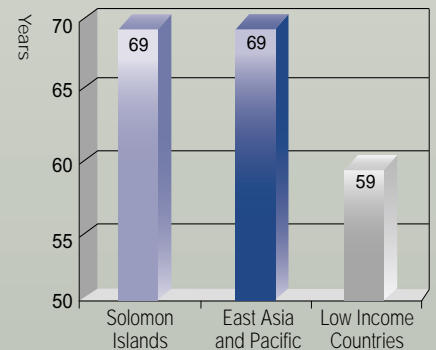
GDP



GNI Per Capita 2001



Life Expectancy 2001



Solomon Islands at a Glance

Thailand



Fast Facts

Capital:

Bangkok

Languages:

Thai, English, Ethnic and regional dialects

Population:

61.2 million

Area:

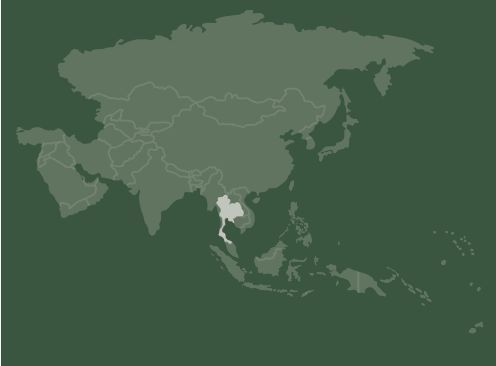
514,000 sq km

Religions:

Buddhism, Islam, Christianity, Hinduism

Currency:

Baht



Economic Overview and Outlook

The Kingdom of Thailand is a constitutional monarchy that shares its borders with Cambodia, Laos, Myanmar and Malaysia.

Before the Asian economic crisis that erupted in 1997, Thailand was transforming its economy into one of the most diverse in Southeast Asia. By the 1970s, the active promotion of foreign investment had already created an industrial sector based on import substitution. In the 1980s an export oriented manufacturing sector, based on labor intensive items such as textiles and garments, began to develop. After 1990 the fastest growth was in goods of higher technology, such as computer accessories and motor vehicle parts.

Thailand implemented several structural measures in order to address the underlying causes of the crisis in 1997, and its economic recovery has exceeded expectations. GDP growth rebounded from -10.2 percent in 1998 to 4.3 percent in 2000.

The economy rebounded strongly in 2002, led by robust private consumption fueled by loose monetary and fiscal conditions. Fiscal policy is expected to tighten in 2003-04 and interest rates are expected to rise by 2004. Stronger export growth, combined with still solid private consumption, should enable the economy to grow by 4.6 percent in 2003, slowing to 3.6 percent in 2004 as the policy environment tightens.

Financial sector reform has resulted in banks that are better capitalized, improved regulatory and supervisory regimes, and a more balanced financial system. This brought greater diversification to the domestic economy.

Manufacturing is no longer the largest sector in Thailand. Services replaced manufacturing as the largest contributor to growth in the second half of 2000 and attracted a large proportion of foreign direct investments. Tourism has replaced agricultural products as Thailand's largest source of foreign exchange. Nevertheless, agriculture remains an important part of Thailand's economy and culture. Agricultural products are being produced in such quantity that the country ranks as the world's number one supplier of many commodities. In addition to tapioca and rice, Thailand is a leader in the production of frozen shrimp, canned pineapple, natural rubber and sugar.

According to the World Bank, Thailand had an external

debt of US\$51.76 billion in 2001 and received US\$281 million in assistance. Japan, Germany and Denmark were the biggest donors. Thailand had a population growth rate of 0.8 percent in 2001, a fertility rate of 1.9 births per woman, and a life expectancy of 69 years.

ICDF Operations

There is one technical mission in Thailand conducting an agricultural development project.

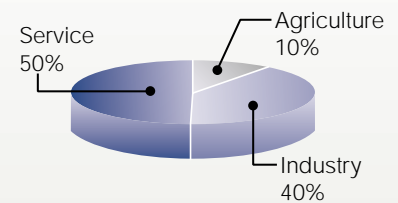
Technical Mission

Northern Thailand Horticulture and Agriculture Product Processing Project

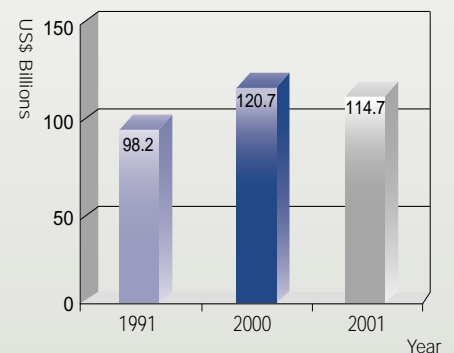
In 2002, the ICDF and the Thai Royal Foundation jointly addressed development issues and proposed projects and funding plans. The goals of the Northern Thailand project are to integrate human and natural resources planning and implementation. The Royal Foundation has been working closely with ICDF personnel and other professionals to strengthen and extend agricultural and environmental projects in Thailand. Under this project, ten workstations with development promise were selected in conjunction with the Royal Family, and demonstrations were held there. The income of farmers who participated has risen, and many of the farmers who cooperated in the project have since attained leadership positions in their communities.



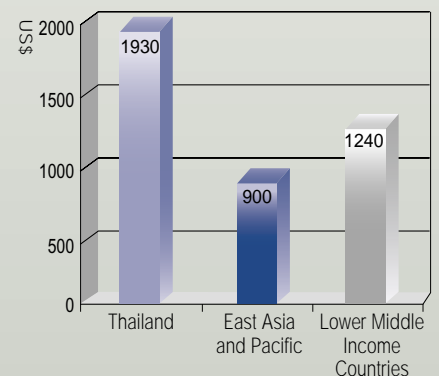
Structure of the Economy 2001 (%GDP)



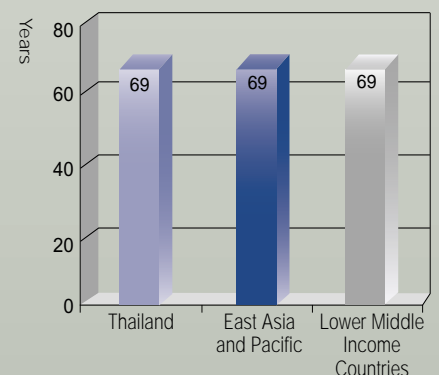
GDP



GNI Per Capita 2001



Life Expectancy 2001



Thailand at a Glance

Tuvalu



Fast Facts

Capital:

Fongafale

Languages:

Tuvaluan, English, Samoan, Kiribati

Population:

10,990

Area:

26 sq km

Religion:

Christianity

Currency:

Australian Dollar



Economic Overview and Outlook

Tuvalu consists of a densely populated, scattered group of nine coral atolls. The country has minimal mineral resources and few exports. Subsistence farming and fishing are the primary economic activities. The primary food crops produced are banana and coconut.

The economy of Tuvalu is based on copra (dried coconut flesh) and fishing. Ten percent of the population works in the phosphate mines in Nauru, but these are being depleted. Currently, the government is reforming the public sector in an effort to reduce its dependence on foreign assistance.

The government established a publicly owned investment fund in 1987 to provide a safety net against fluctuations in revenue. Earnings from the trust fund, to which Australia, New Zealand and the United Kingdom are the major contributors, are used to help the government finance the budget. In August 1999, the trust fund was valued at US\$37 million and was generating an annual average return of 10 percent.

In 1998, Tuvalu began marketing “.tv” Internet domain addresses and has received revenue from use of its area code for “900” lines. The deal promises US\$4 million every year for the next 13 years, making it the nation’s single largest source of income.

The agricultural sector in Tuvalu contributes 24.6 percent of the GDP and employs an estimated 68 percent of labor. The total value of agricultural exports in 1998 was \$0.4 million, while the value of agricultural imports in that year totaled \$1.3 million.

The country had a population growth rate of 1.4 percent in 2002, a fertility rate of 3.07 births per woman, and a life expectancy of 67 years. Successive governments have put a high priority on education, health and other social services, and this remains the central policy of the current government.

In 2001, Tuvalu received US\$10 million in foreign assistance. Australia, the ADB, and New Zealand were the largest donors.

ICDF Operations

ICDF operations in Tuvalu include a technical assistance project.

Technical Assistance Project

Primary School Teaching Equipment Improvement Project

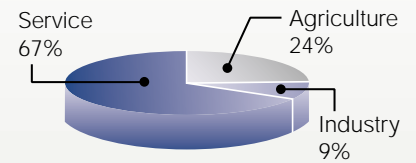
The ICDF is implementing this project in coordination with the Tuvalu Department of Education. The goals are to improve the educational standards of Tuvalu by helping primary schools to upgrade their teaching equipment. In 2002, the ICDF donated classroom equipment including 490 sets of tables and chairs for students and teachers.

Taiwan Overseas Volunteers

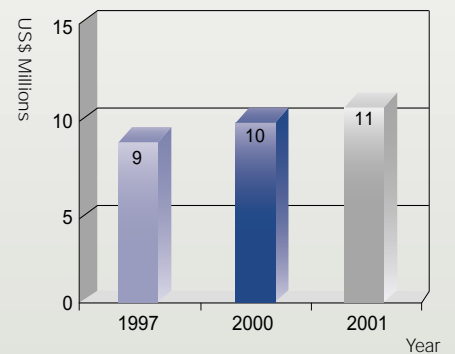
The ICDF sent one volunteer to Tuvalu in 2002. That volunteer is helping the Tuvalu Ministry of Information with computer software, Internet and hardware maintenance and ISP operations.



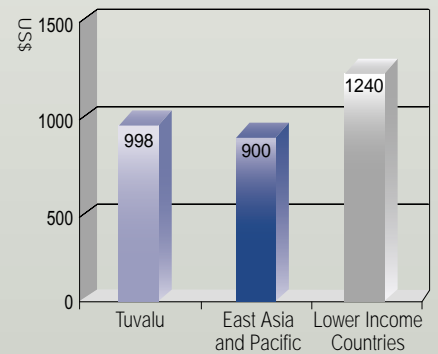
Structure of the Economy 2001 (%GDP)



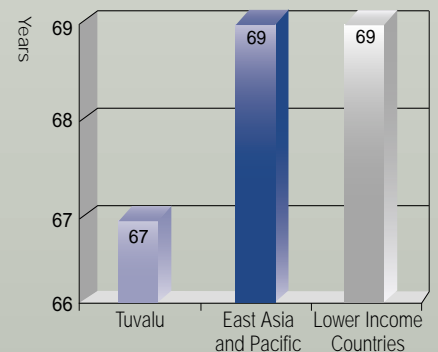
GDP



GNI Per Capita 2001



Life Expectancy 2001



Tuvalu at a Glance