



中華經濟研究院

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Changes in Taiwan's economy and trade after the U.S.-China trade war

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Presentation Outline



01 Taiwan's Economic Performance



02 Change in Trade



03 Change in Outward FDI



04 Closer Connection with Partners



05 Opportunities, Challenges, and Prospects



01 Taiwan's Economic Performance



- ✓ During the U.S.-China trade war and COVID-19, Taiwan's economy showed resilience, outperforming the global average with strong **investment** and **export**-driven growth. Per capita GDP **exceeded \$30,000 in 2021**.
- ✓ After the U.S.-China trade war, Taiwan proposed the "**Three Major Programs for Investing in Taiwan**" to attract Taiwanese businesses from China, resulting in around **\$70 billion** in investments.
- ✓ During the pandemic, Taiwan's production was largely unaffected. Additionally, the high demand for electronic products and the relocation of production lines in China contributed to robust exports from 2020 to 2021.
- ✓ Global economic growth slowed from Q4 2022, with a decline in demand for electronic products and the interest rates rising in the United States leading to negative export trends and more cautious business investments, impacting Taiwan's economic growth.

Taiwan's Economic Performance 2018-2022

Unit : %

Year	Global Economic Growth Rate	Taiwan Economic Growth Rate	GDP Contribution				Per Capita GDP (USD)
			Private Consumption (C)	Government Consumption (G)	Gross Capital Formation (I)	Net Exports (X - M)	
2018	3.63	2.79	1.07	0.56	0.67	-0.29	25,838
2019	2.81	3.06	1.18	0.08	2.42	0.19	25,908
2020	-2.81	3.39	-1.33	0.39	1.47	2.63	28,549
2021	6.28	6.53	-0.17	0.51	3.50	2.01	33,059
2022	3.42	2.45	1.60	0.46	1.63	-0.72	32,811
2023(P)	2.83	2.04					



Source: IMF; National Statistics, Republic of China (Taiwan)

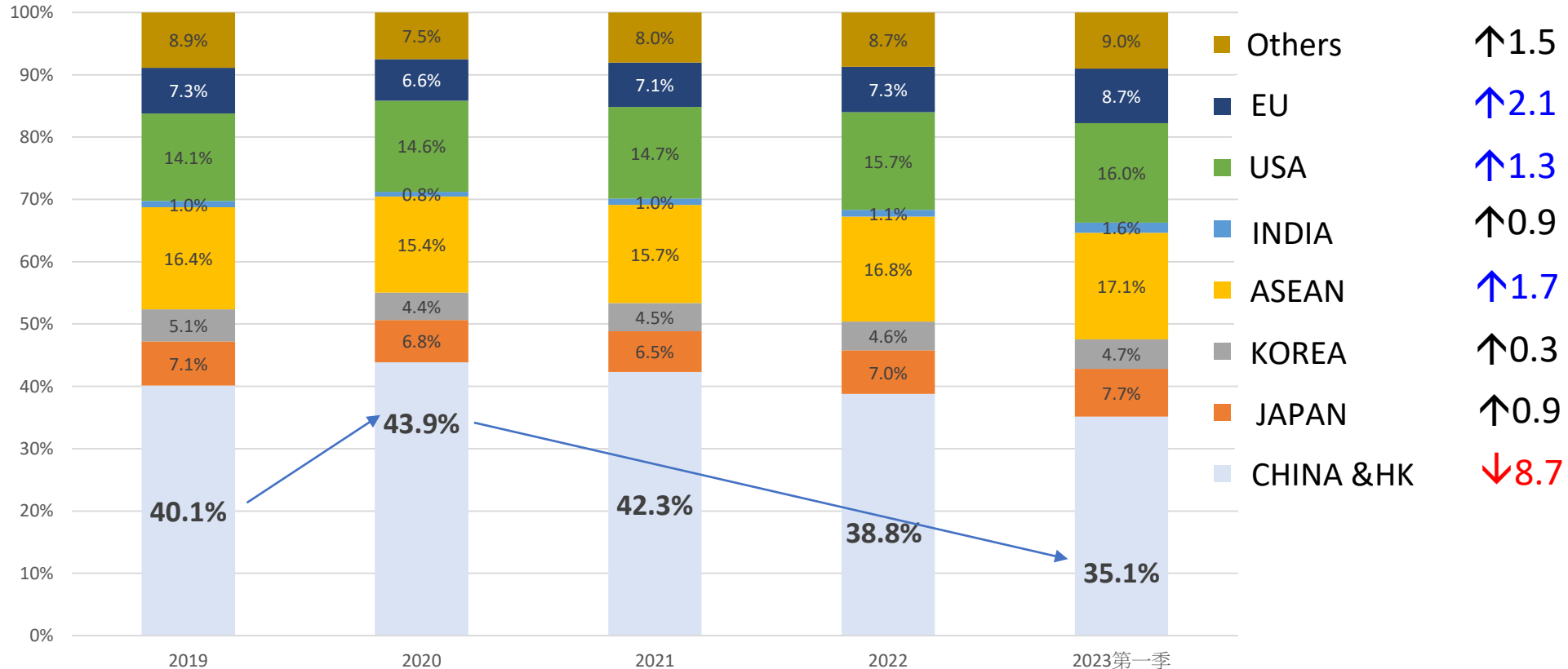
02 Change in Trade- Decline in Export Share to China



- ✓ The share of Taiwan's total exports to China reached a peak of **43.9%** in 2020, mainly driven by the increased demand for electronic products during the pandemic contributed to the growth of Taiwan's electronic components exports.
- ✓ China 's share of Taiwan' s total exports gradually declined to **35.1%** in Q1 2023 due to factors such as China 's dynamic **zero-tolerance policy**, **sluggish consumption**, and **supply chain relocation**. The share of exports to the EU, the U.S., and ASEAN noticeably increased.

Share of Taiwan's total exports by country

Changes in 2020-2023Q1



02 Change in Trade - Increased Exports to the U.S., a Rise in Import Share in the U.S.



- ✓ From 2018 to 2022, Taiwan's exports to the US increased by **90%**. Taiwan's ranking in the US import market rose to **8th**.
- ✓ The most significant increase in import share was observed in **ICT products**.

Top 10 US Imports by Country in 2022

rank	Country	2022 US Imports (unit: \$100 million)	2022 Import Share	Diff. in Import from 2018 (pp)	Diff. in rank from 2018
	Global	32,464	100.0%	-	-
	EU27	5,533	17.0%	0.24	
	ASEAN10	3,371	10.4%	3.09	
1	China	5,368	16.5%	-4.70	-
2	Mexico	4,549	14.0%	0.46	-
3	Canada	4,377	13.5%	0.92	-
4	Japan	1,483	4.6%	-1.04	-
5	Germany	1,466	4.5%	-0.44	-
6	Vietnam	1,275	3.9%	1.99	↑6
7	Korea	1,153	3.6%	0.63	↓1
8	Taiwan	918	2.8%	1.03	↑5
9	India	857	2.6%	0.50	↑1
10	Ireland	820	2.5%	0.26	↓2

Source: GTA

Changes in Share of US Imports for 301 Products, 2018-2022

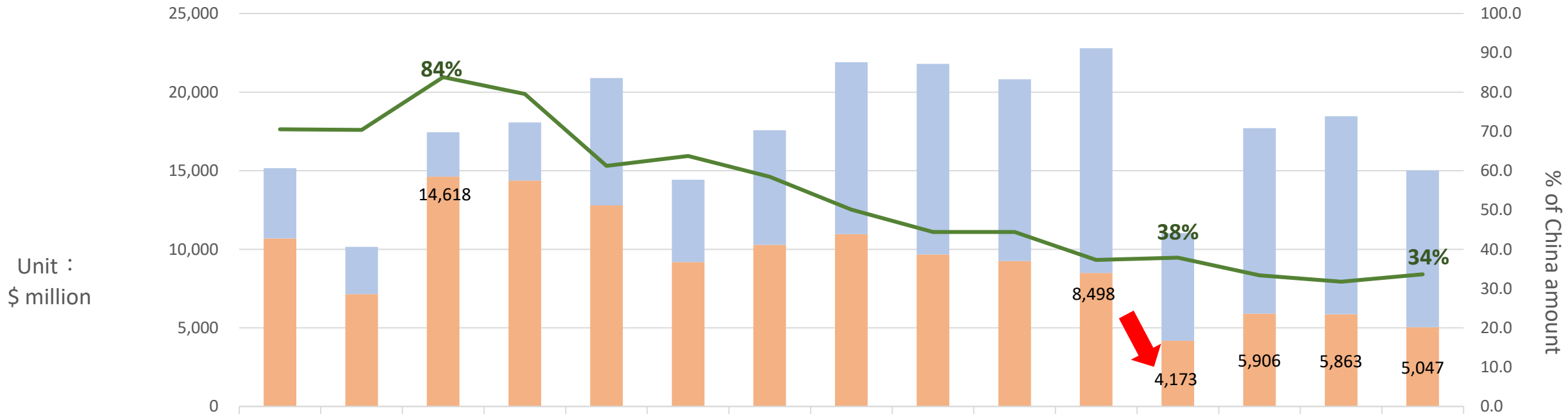
Product	US Imposes Tariffs on China	US Imports from China Change Rate	Change in Share of Imports (pp)		
			China	Taiwan	
ICT Products Subject to Section 301 Tariffs	V	-55.7%	-22.3	8.0	
Computers and Components		31.4%	-2.7	1.4	
		V	-67.9%	-17.8	8.6
		V	-58.9%	-40.2	21.0
Mobile Phones and Components		16.2%	-4.7		
		V	-54.0%	-12.1	
Network Equipment					
	V	-59.3%	-30.7	8.5	
Electronic Components		V	-18.7%	-3.21	6.5
		V	-8.7%	-13.9	6.6
		V	-37.9%	-10.6	

03 Change in Outward FDI - Decrease in the Proportion of Taiwan Investment in China.



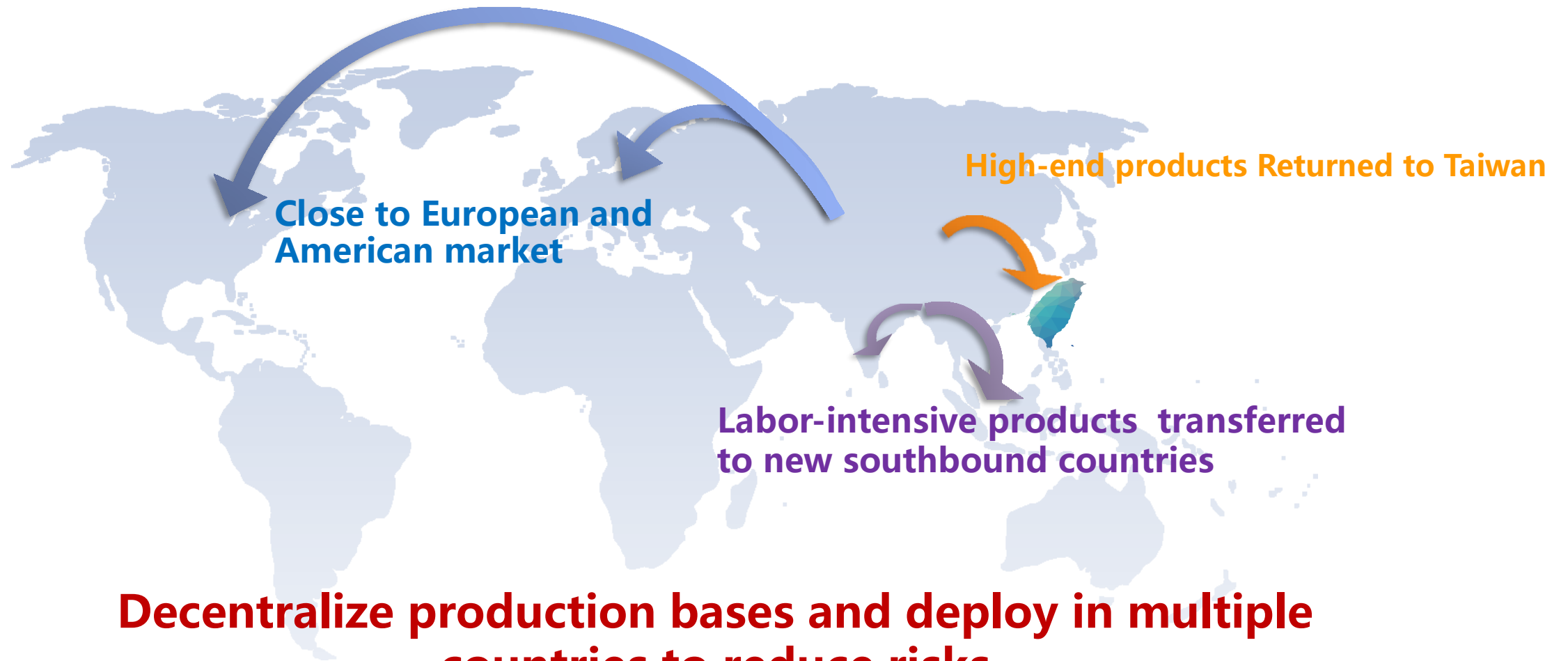
- ✓ The amount and proportion of Taiwan's investment in China have been continuously declining since 2010, with a shift towards investment in **ASEAN**, as well as in the **U.S.**, **Japan**, and other countries.
- ✓ In **2019**, due to the escalation of the **U.S.-China trade war**, Taiwan's investment in China decreased by **50%** and has since maintained an investment scale of around **5 to 6 billion** U.S. dollars.
- ✓ In 2021-2022, **ASEAN** accounted for more than **30%** of Taiwan investment, which is comparable to the proportion invested in China

Taiwan's FDI 2008-2022



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Investment in other countries	4,466	3,006	2,823	3,697	8,099	5,232	7,294	10,931	12,123	11,573	14,295	6,851	11,805	12,599	9,962
Investment in China	10,691	7,143	14,618	14,377	12,792	9,190	10,277	10,965	9,671	9,249	8,498	4,173	5,906	5,863	5,047
Invest in China cases	643	590	914	887	636	554	497	427	323	580	726	610	475	423	372
Share of Taiwan's FDI in China	70.5	70.4	83.8	79.5	61.2	63.7	58.5	50.1	44.4	44.4	37.3	37.9	33.3	31.8	33.6

Taiwanese Enterprises In Mainland China Seek New Manufacturing Bases



Decentralize production bases and deploy in multiple countries to reduce risks

04 Closer Connection with Partners



✓ In response to geopolitical changes, Taiwan is committed to expanding international participation and strengthening industrial partnerships with trusted partners.

Strive to join the CPTPP

Completion of the Taiwan-U.S. 21st Century Trade Initiative

Join the Chip 4 Alliance

Continue to promote the New Southbound Policy

Strengthen alliances and industrial cooperation with major trading partners

Promote two-way investment





04 Closer Connection with Partners -More Apple suppliers setting up production facilities in Taiwan

- ✓ In 2021, **China's share** (incl. HK) of Apple supplier production sites **declined by 7.1 pp** to approximately **35.4%** from 2020.
- ✓ The number of Apple supplier production sites in **Taiwan increased from 37 to 72**, about **9.7%** of the total. These sites involved 45 multinational companies from 7 countries (including Taiwan), including **25** foreign enterprises with **44** production sites in Taiwan, marking an increase of **31** compared to 2020.



2020-2021 % Changes in the Share of Apple's Top 10 Production Locations

Rank	Location of prod. sites	2020	2021
	Total	100%	100%
1	China(incl. HK)	42.5%	35.4%
2	Japan	15.3%	13.6%
3	USA	8.1%	11.3%
4	Taiwan	6.1%	9.7%
5	Korea	5.0%	6.2%
6	Philippines	2.7%	2.7%
7	Vietnam	3.8%	3.8%
8	Malaysia	2.5%	3.2%
9	Thailand	3.0%	2.8%
10	Singapore	2.3%	2.8%

Data source: Calculated from Apple Supplier List (FY20~FY21) ◦

05 Opportunities, Challenges, and Prospects



Opportunities

- ✓ Taiwan has solid industrial foundation and superior manufacturing capabilities, making it a trusted supply chain partner for global multinational companies.

Challenges

Geopolitical factors:
Competition among
major powers.

Highly concentrated
in electronics
industry

Developing the next
generation industries

Prospects

- ✓ In recent years, both Taiwan and Korea have faced international challenges such as the U.S.-China competition, emphasis on supply chain autonomy by Western countries, and competition from China.
- ✓ Hope that in addition to people-to-people exchanges in tourism and culture, there will be more opportunities for cooperation between Taiwan and Korea in emerging industries.

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Thank you
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