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Ministry of Economic Affairs
Administrative Report

Minister Ming-Hsin Kung

January 2026 revised

Current Global Economic Situation

International institutions, including the OECD, forecast for this year's global economic growth, which is projected to fall between **2.5%** and **3.1%**

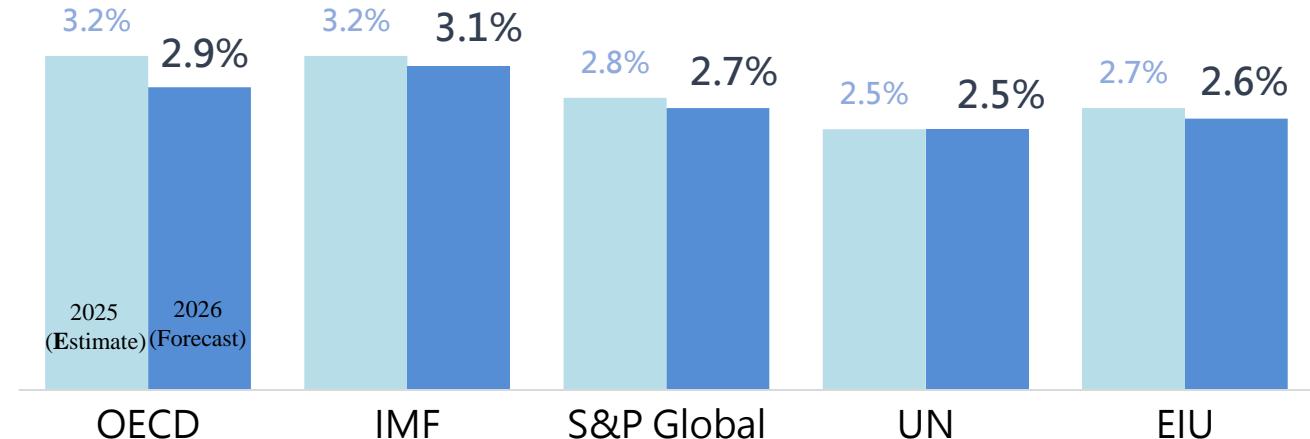
Factors that are beneficial to the global economy

- » Strong global demand for **emerging AI applications** and the accelerated deployment of **AI infrastructure** by various countries
- » The **reciprocal tariffs initiated by the United States** in August 2025 were at a lower rate than the April level
- » Effect of enterprises' **advance stocking**

Global economic risks and variables

- » Impact of extreme climate
- » Geopolitical dynamic
- » Tariffs and fluctuating demand
- » Limitations of key materials and technologies

Global Economic Growth Forecast



Source: Official websites of various research institutions

Current Economic Situation in Taiwan

Facing shifts in the international economic and trade landscape, Taiwan's economy has demonstrated resilience and flexibility

2025 economic growth rate estimate : **7.37%**

2026 economic growth rate forecast : **3.54%**

Outperforming major Asian neighbors, including
Japan and South Korea



7.37%



1.23%

Japan

0.92%

1.02%

South Korea

2.00%

3.24%

Hong Kong

2.46%

4.30%

Singapore

2.48%

Direction and Implementation of the MOEA's Administration

1. Assist traditional industries and small and medium-sized enterprises in enhancing their competitiveness
2. Develop the “Five Trusted Industry Sectors” to strengthen Taiwan's technological capabilities
3. Support enterprises in establishing a global presence to strengthen international trade and economic links
4. Accelerate the promotion of systematic flood control, comprehensively enhance water management resilience
5. Stabilize power supply to bolster industries and ensure the effective implementation of the Second Energy Transition



Executing Special Budgets in Response to Domestic and International Circumstances

Special Act to Strengthen Economic, Social, Livelihood and Security Resilience in Response to Global Challenges

MOEA allocated NT\$**46** billion

Special Act for Post-Disaster Recovery and Reconstruction Following Typhoon Danas and the July 28 Torrential Rainfall

MOEA allocated NT\$**18.74** billion

The Cabinet's meeting approved an additional allocation of approximately NT\$**4** billion at its meeting on October 9



Increase in preferential credit for export loans (NT\$6 billion)



Increase in diversified development loans for MSMEs (NT\$5 billion)



Subsidies for R&D transformation (NT\$25 billion)



Securing overseas orders (NT\$10 billion)



Water conservancy infrastructure (NT\$6.97 billion)
An additional amount of approximately NT\$**4** billion



Electrical systems (NT\$11 billion)



Assist affected businesses with restoration (NT\$770 million)

Promoting Industrial Support and Post-Disaster Recovery and Reconstruction

- Assist in securing necessary export financing
- Provide **low-interest loans, credit guarantees, and interest subsidies**
- Provide subsidies **for R&D innovation and equipment replacement**
- Provide subsidies for establishing **new overseas physical locations or adding agents and distributors**

- Emergency Repair and Restoration Projects, and **Flood Relief Support**
- **Water supply facility repairs**
- Matai'an Creek **embankment restoration and river dredging**
- Strengthen the **power grid's disaster prevention resilience**
- Construct **small-scale disaster-resilient microgrids and mobile power units**
- Subsidies for **equipment replacement and repair**
- **Interest subsidies** for post-disaster business resumption loans

1.

Assist traditional industries and small and medium-sized enterprises in enhancing their competitiveness

Special Act and Support Measures to Enhance Resilience in Response to Global Challenges

The Legislative Yuan passed the "Central Government Special Budget Proposal to Strengthen Economic, Social, Livelihood and Security Resilience in Response to Global Challenges"

Four major measures totaling NT\$46 billion will be implemented to support industries

Increase in preferential credit guarantees for export loans
(NT\$6 billion)

Guaranteed amount
NT\$60 million per SME
NT\$100 million per non-SME

Guarantee coverage percentage
SMEs: 95%
Non-SMEs: 80-90%

Increase in diversified development loans for MSMEs
(NT\$5 billion)

Loan amount
Up to NT\$35 million per enterprise

Guarantee coverage percentage
For loan amounts up to NT\$1 million : 100%
For loan amounts over NT\$1 million : 90%

R&D and transformation subsidies to enhance industrial competitiveness
(NT\$25 billion)

Individual subsidies
Up to NT\$5 million

Industry alliance
Up to NT\$40 million

Securing overseas orders and diversifying export markets
(NT\$10 billion)

Individual subsidies
Up to NT\$5 million

Joint applications
Up to NT\$20 million

MSME Revitalization and Development

MSME Diversified Revitalization and Development Plan: Supporting Corporate Transformation

Providing consultation to 223,676 enterprises (as of Dec 2025) Generating NT\$171.8 billion



3 strategies

Digital transformation

Net zero transition

Market access expansion



3 supporting measures

**Revitalization support for
MSMEs with < 30 employees**

Tax incentives

**Salary increase incentives &
expanded credit guarantees**



Integrated Service Window

**MOEA's One-Stop Service
Center offers streamlined
support through a single contact
point & dedicated corporate
inquiry portal**

Extending the Three Major Programs for Investing in Taiwan

Extended for **3** years until **2027**; expected to attract **NT\$1.2 trillion** in investment
and create **80,000** job opportunities

Expanding the scope of application

Taiwanese and foreign-invested enterprises worldwide

Focused industries

The Five Trusted Industry Sectors, the service sector, and the greater health industry

Bolstering the scope of transformation

Gradually implementing carbon emission reduction, incorporating AI application elements, and utilizing smart technologies

Enhanced Incentives & Preferential Measures



New Bank loan quota of NT\$720 billion



Raising the commission rate for banks handling payment services



Increasing the upper limit for migrant worker proportion

2.

Develop the “Five Trusted Industry Sectors” to strengthen Taiwan's technological capabilities

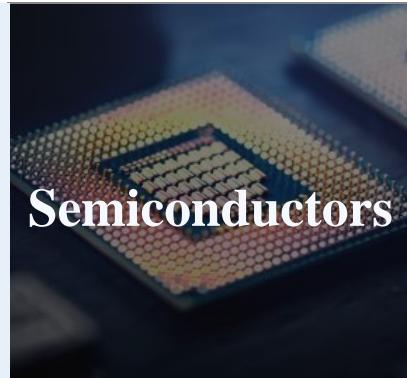
Actively Implement the “Five Trusted Industry Sectors” Initiative

- Developing **advanced semiconductor technologies**

- ✓ Silicon photonics technology supply chain
- ✓ High efficiency and low power consumption AI chips
- ✓ High-power and high-frequency compound semiconductors

- Enhancing the adoption rate of **advanced processes in IC design**

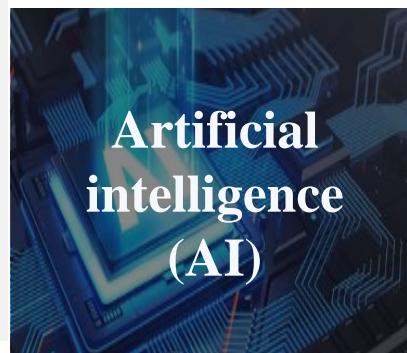
45% in 2025 → **50%** in 2027



- Realizing the **industrialization of AI** to drive industrial upgrading and transformation

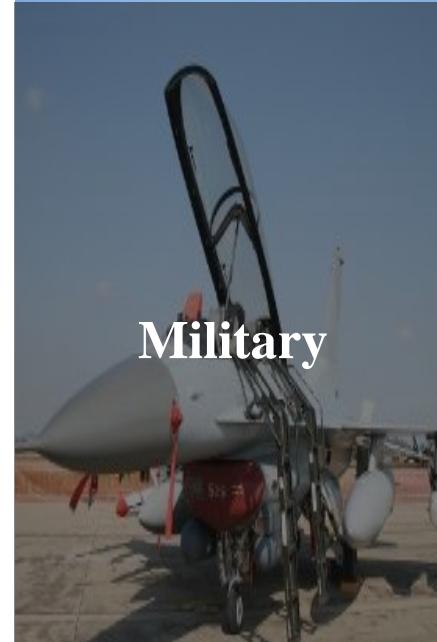
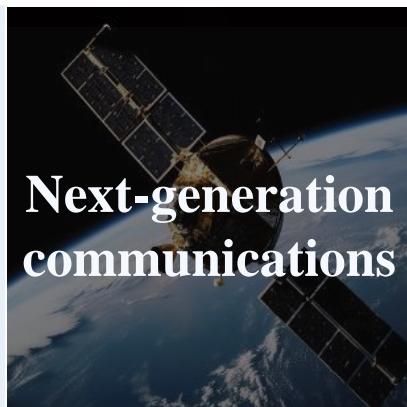
- Adding **AI equipment investment tax credit** to the Statute for Industrial Innovation

AI investment could increase by NT\$100 billion by 2029



- **R&D on 6G and Low-Earth-Orbit (LEO) Satellite Key Technologies**

- ✓ Development of core radio frequency (RF) front-end chips for ground equipment has resulted in 24 technology transfers as of August 2025, facilitating investment of NT\$3.9 billion



- Establishing **integrated capabilities for drones**

- ✓ Forming a national team through the **Taiwan Excellence Drone International Business Opportunities Alliance (TEDIBOA)**

- **Drone production value**

NT\$16 billion in 2026 and **NT\$30 billion** in 2027

- Strengthening **indigenous aircraft and naval vessel programs**

Develop key technologies independently and improve the supply chain



- The global cybersecurity market is projected to grow to **US\$287 billion** by 2027

- Developing a **transparency disclosure mechanism**

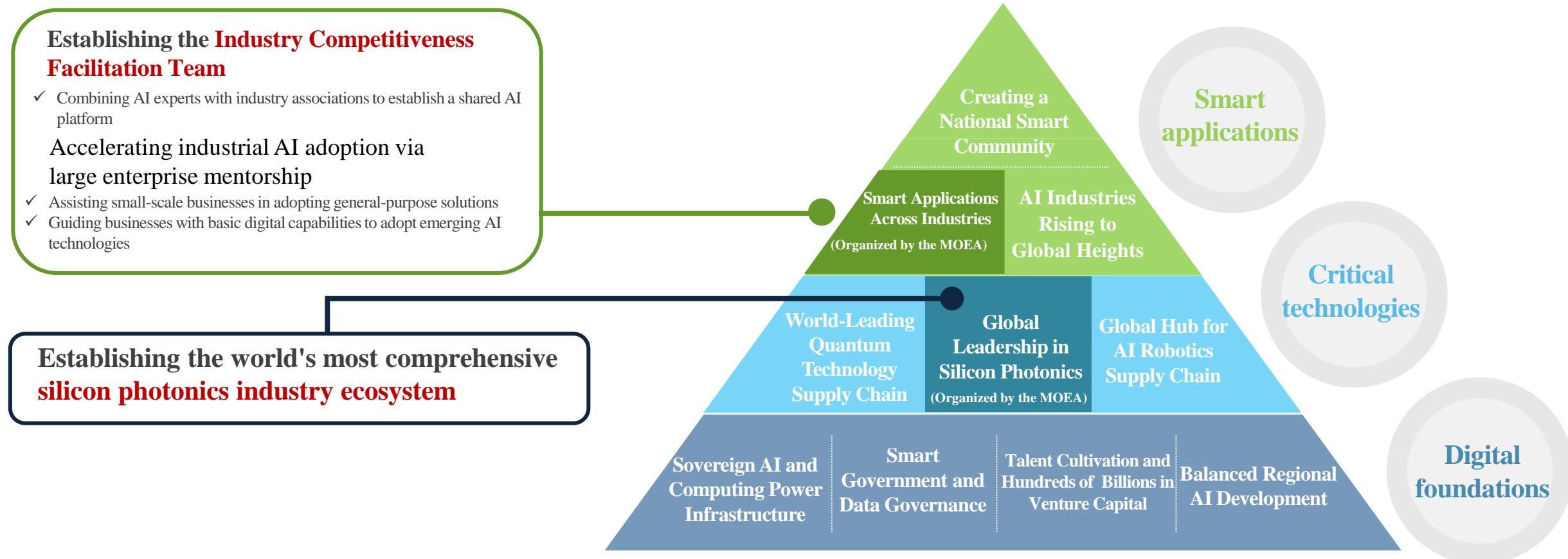
Establishing a platform for disclosing the transparency of security control devices

- **Promoting product value enhancement**

AI-added security products

Promoting the Ten New AI Infrastructure Initiatives to Enhance Taiwan's Technological Prowess

Centering on the Ten New AI Infrastructure Initiatives, the aim is to perfect digital foundations, develop critical technologies, and expand smart applications. The goal is also to deepen the strategic deployment of critical technologies such as silicon photonics, quantum computing, and AI robotics, thereby expanding Taiwan's competitive advantage in the high-tech sector.



Cultivating AI Professionals to Meet the Workforce Demands of Industry

The "AI Rookie Program" aims to develop local, recent graduates into AI professionals ready for immediate deployment in industry



Recent, local
graduates
(Bachelor's degree or above)



Training units
Associations, schools, and research institutions

Training schedule

✓ 4 months of professional training ✓ 4 months of company internships



Upon completion of the training, participants will sign service agreements with companies

At least 2 years

3.

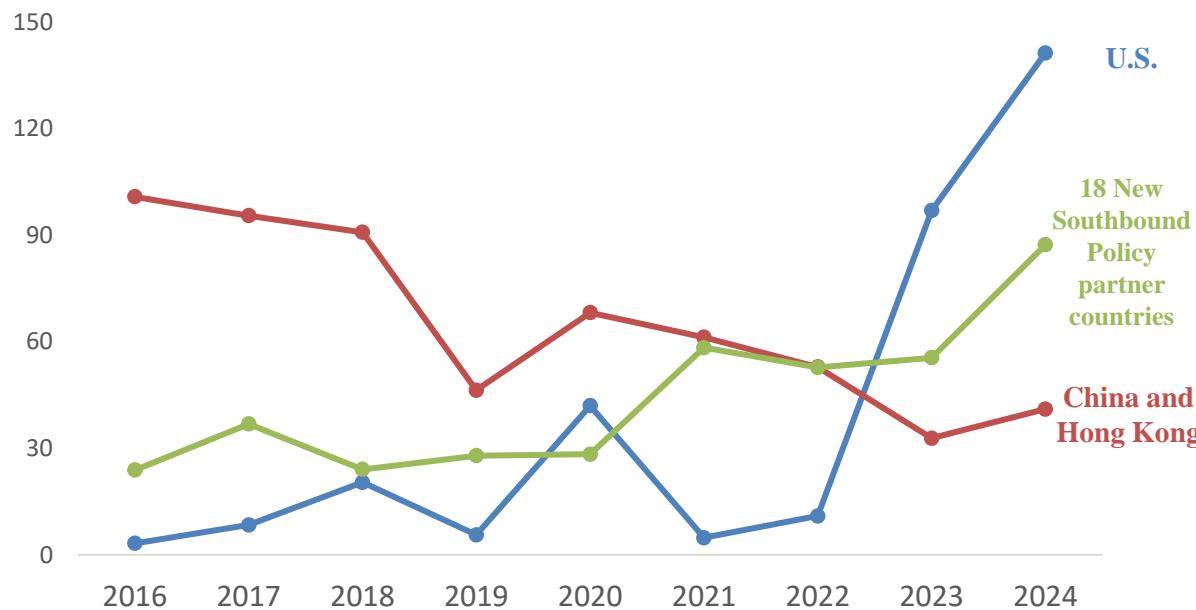
Support enterprises in establishing a global presence to strengthen international trade and economic links

Taiwan and the U.S. are Crucial Trade and Economic Partners

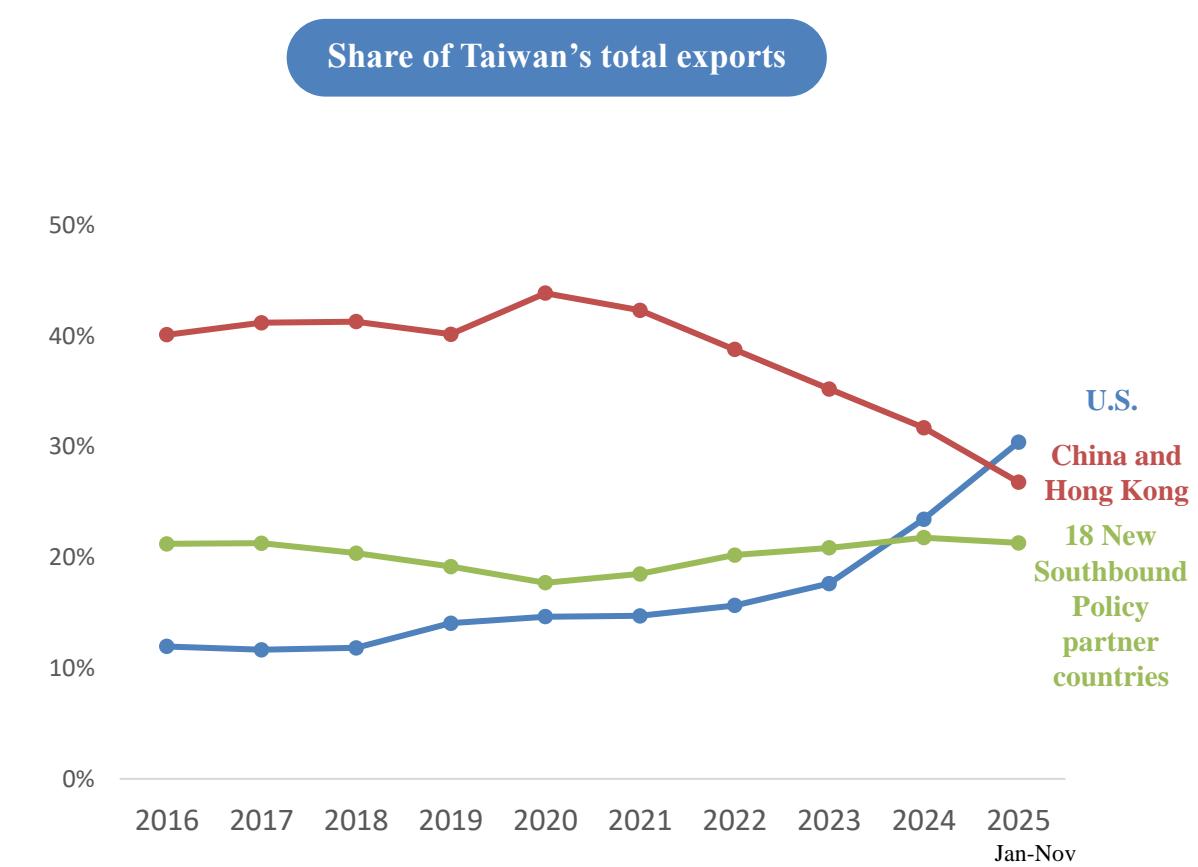
The U.S. has become Taiwan's **foremost partner in foreign investment and exports**, establishing itself as the most crucial trade and economic partner

Taiwan's outbound investment amount

Unit: US\$100 million



Share of Taiwan's total exports



Source: Department of Investment Review

Source: Ministry of Finance

Diversifying Taiwan's Global Presence and Deepening Supply Chain Partnerships with Various Nations

Continuing to deepen trade and economic relations with the U.S
Guided by market demand, assist enterprises in expanding into non-U.S. markets

"Taiwan Trade and Investment Service Centers" have been established in the Czech Republic, Japan, the U.S, and Poland

Securing overseas orders and identifying niche opportunities through localization

Business Day Events in Taipei

U.S. Business Day	Sept. 23, 2025	Europe Business Day	Sept. 24, 2025
Africa Business Day	Nov. 4, 2025		

Taiwan Select

Taichung	Oct. 1-2, 2025	Kaohsiung	Nov. 4, 2025
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Future plans include establishing science and technology parks in Poland, the Philippines, India, and other locations

4.

**Accelerate the promotion of systematic
flood control, comprehensively enhance
water management resilience**

Promoting Innovative Flood Control and Water Supply Measures in Response to Climate Change

Systematic flood control

Enhance flood resilience

A budget of **100 billion** has been allocated Striving for completion by **2029**

- ✓ Minimizing flooded areas
- ✓ Ensuring fastest flood recession time
- ✓ Highest safety standards

Improving flood management efficiency

Enhancing land flood retention capacity

Mitigating residential flooding

Accelerating floodwater drainage

Disaster prevention and response

Diversifying water sources, conserving water, optimizing allocation, establishing emergency backup systems, and strengthening management

Strengthening water supply resilience



Reservoir system



Water supply system



Water utilization system

Supply
[14.31 million tons/day]

>
Demand
[12.17 million tons/day]

With a remaining capacity of **2.14 million tons/day**

✓ **2017 to 2024**
Cumulatively, the daily water supply has increased by **2.37 million tons**, achieving a reserve rate of **48%**

✓ **2025 to 2031**
An additional **1.33 million tons** has been added to the daily water supply, raising the reserve rate to **60%**

Reducing Water Leakage Rates and Improving Water Resource Utilization Efficiency

An additional budget of over NT\$80 billion will be allocated over the next 8 years
Actively reducing leakage and strengthening maintenance management in parallel

2031 goals

Reducing Leakage rate to 10 %

Water pressure management

Optimizing water pressure regulation
Mitigating water leakage risks

Optimizing the speed and quality of leak repair

Establishing a pipeline geographic information system
Shortening leak repair time

Pipeline asset maintenance and management

Replace 5,681 kilometers of aging pipelines
Establish 716 district metering areas (DMAs)

Actively preventing water leakage

Leakage monitoring and early repair

Accelerating Post-Disaster Recovery to Protect Lives and Property

The "Special Act for Post-Disaster Recovery and Reconstruction Following Typhoon Danas and the July 28 Torrential Rainfall" allocates approximately NT\$6.7 billion for water conservancy

Accelerating reconstruction efforts before 2027 to restore flood control functions of water conservancy facilities by 2027

Systematic
flood control

Post-disaster
recovery and
reconstruction

Simplified
water supply
facilities

Repair and
procurement of water
pumps and flood
barriers

Post-disaster
relief

Damage caused by overflow and breaching of the Matai'an Creek embankment

The Executive Yuan has approved an additional budget of approximately NT\$4 billion for water conservancy facilities

 Embankment
restoration

- Embankment reinforcement and strengthening to be completed by the end of 2025
- Comprehensive reconstruction to be completed before the 2026 flood season

 River
dredging

- Removal of 1 million cubic meters of sediment and debris before the end of 2025
- Cumulative removal of 6 million cubic meters of sediment and debris before the end of 2026

5.

**Stabilize power supply to bolster industries
and ensure the effective implementation of
the Second Energy Transition**

Expanding Gas-fired Units and Strengthening Grid Resilience to Ensure Stable Power Supply

Continuously **adding low-carbon gas-fired units** to increase generation capacity
Upgrading the power distribution system to enhance overall grid reliability and stabilize electricity supply

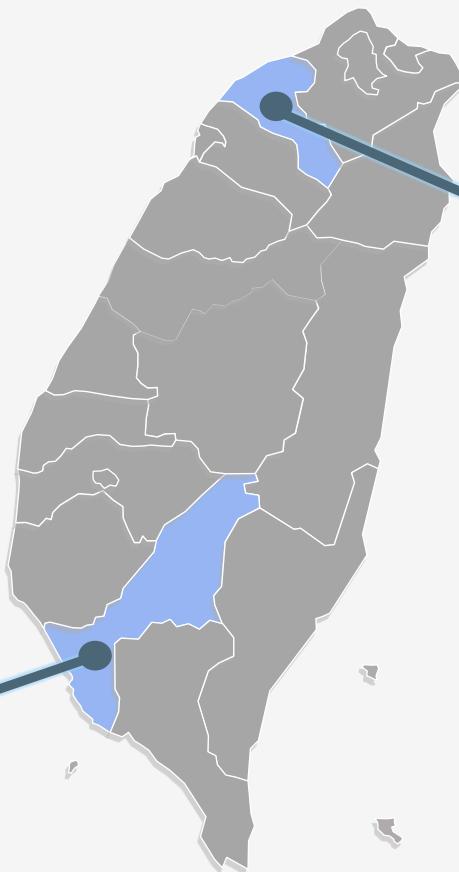


Promoting Power grid resilience enhancement plan



Completing key infrastructure projects before 2028
Implementing the Five-Year Distribution System Upgrade Plan

Replacing secondary substations and distribution line equipment before 2027



Datan Power Plant #7 (2025)
Installed capacity of 913 Megawatts (MW)

Hsinta Power Plant #1 (2025)
Installed capacity of 1,300 MW

New gas-fired units :
in 2025 +2,213MW
in 2034 +12,220MW (net increase)

Accelerating the Deployment of Diversified Green Energy Sources to Support Industrial Development

Implementing a Three-Phase Strategy:
" Demonstration Incentive Program,
Zones of Potential, and Zonal
Development "

Offshore wind power

2025

Cumulative installed capacity **4.7 GW**

✓ As of the end of August 2025, the cumulative installed capacity had reached **3.1 GW**

2026

Cumulative installed capacity **5.3 GW**

Geothermal energy

Accelerating traditional geothermal energy development, expanding resource exploration, and leveraging state-owned enterprises to introduce advanced international technology and drilling capacity

✓ A cumulative installed capacity of **7.49 MW** across 6 power plants as of the end of August 2025

Incentivizing the installation of rooftop photovoltaic systems
Steadily advancing ground-mounted photovoltaic development through environmentally-conscious integrated land use, including fishery-electricity symbiosis

Photovoltaic power

2025

Cumulative installed capacity **18 GW**

✓ As of the end of August 2025, the cumulative installed capacity had reached **15 GW**

2026

Cumulative installed capacity **20 GW**

Continue developing high-potential small hydropower

✓ As of the end of August 2025, 48 projects had been completed, with a total installed capacity of **181.59 MW**

Hydropower

Actively Promoting Deep Energy Saving and Implementing the Second Energy Transition

Allocating **NT\$35.3 billion** budget for 2024 to 2027, generating **20.6 billion kWh** in electricity savings, and driving **NT\$326.6 billion** investment in energy efficiency



Energy efficiency measures for public and private enterprises

- Mandating electricity-saving targets on 4,900 **major electricity users**
- Energy-saving consultancy and subsidies **for small and medium-sized users**



Building and local governance

- Promoting energy conservation for buildings
- Jointly promoting energy conservation and just transition across counties and cities



Household Appliances Subsidy Program

- Subsidy for replacing low-efficiency appliances with the 1st energy efficiency class
- Commodity tax refund program for high energy efficient appliances



Managing equipment efficiency benchmarks

- Enhancing Taiwan's minimum energy performance standard
- Promoting the energy efficiency rating labelling system and energy saving label

Conclusions

The MOEA stands with industries, serving as the strongest foundation for all sectors:

- Sustaining dialogue with business organizations and heeding industry views on future economic and industrial development.
- Providing full financial and trade support to help industries navigate global changes.
- Mastering cutting-edge applied technologies to enhance industrial competitiveness and resilience.
- Assisting industries in global expansion and deepening mutually beneficial international economic and trade cooperation.
- Building a durable and prosperous economy.

Thank you for your attention

