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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%**

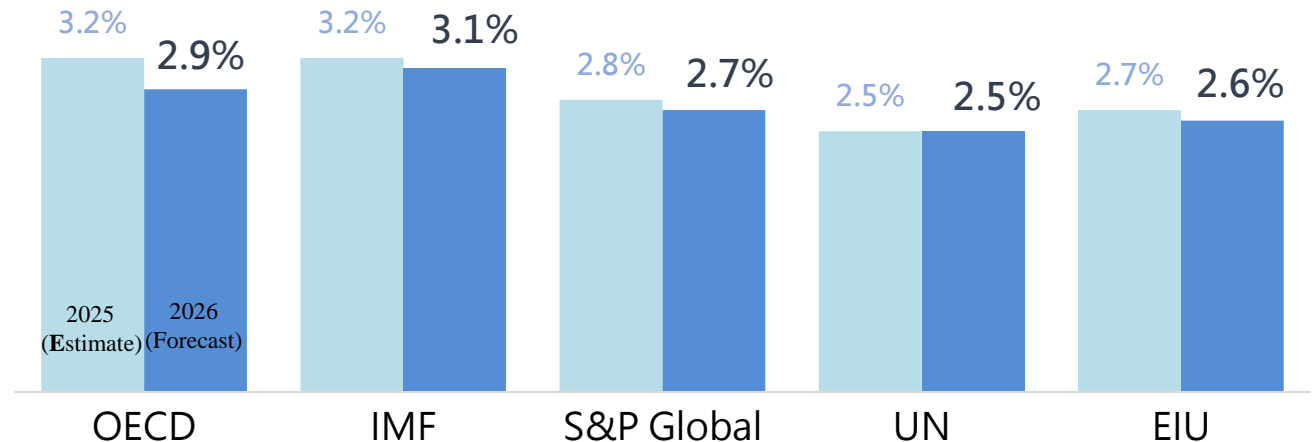
Factors that are beneficial to the global economy

- » 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



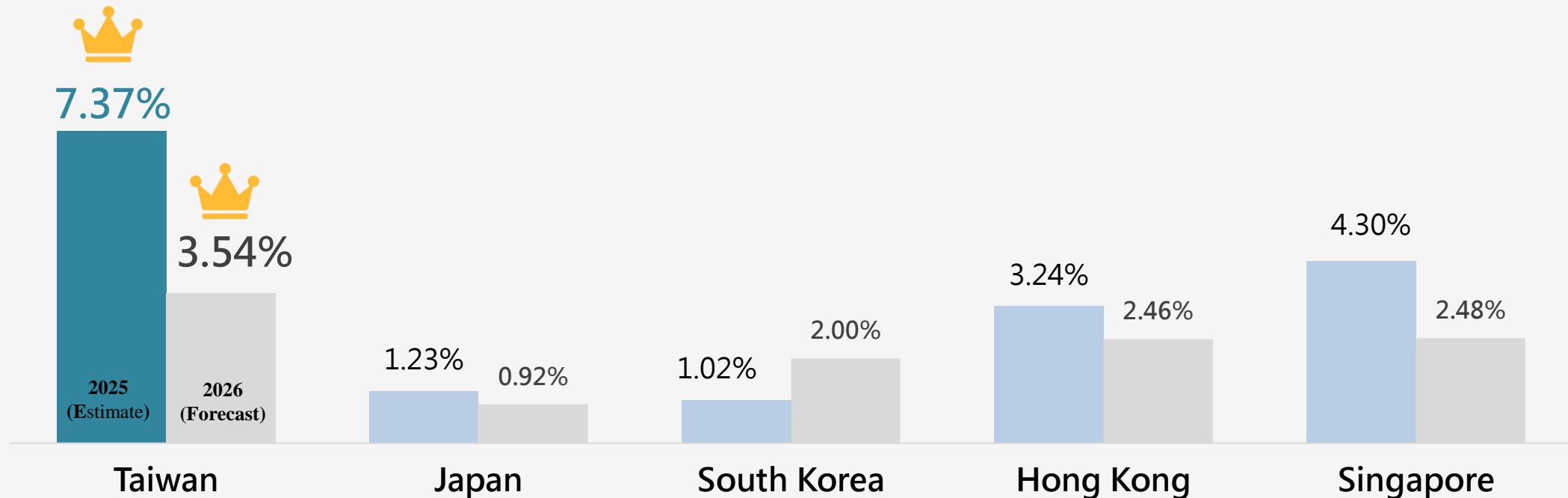
Source: Official websites of various research institutions

Current Economic Situation in Taiwan

Facing of 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



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



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)

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

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



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)

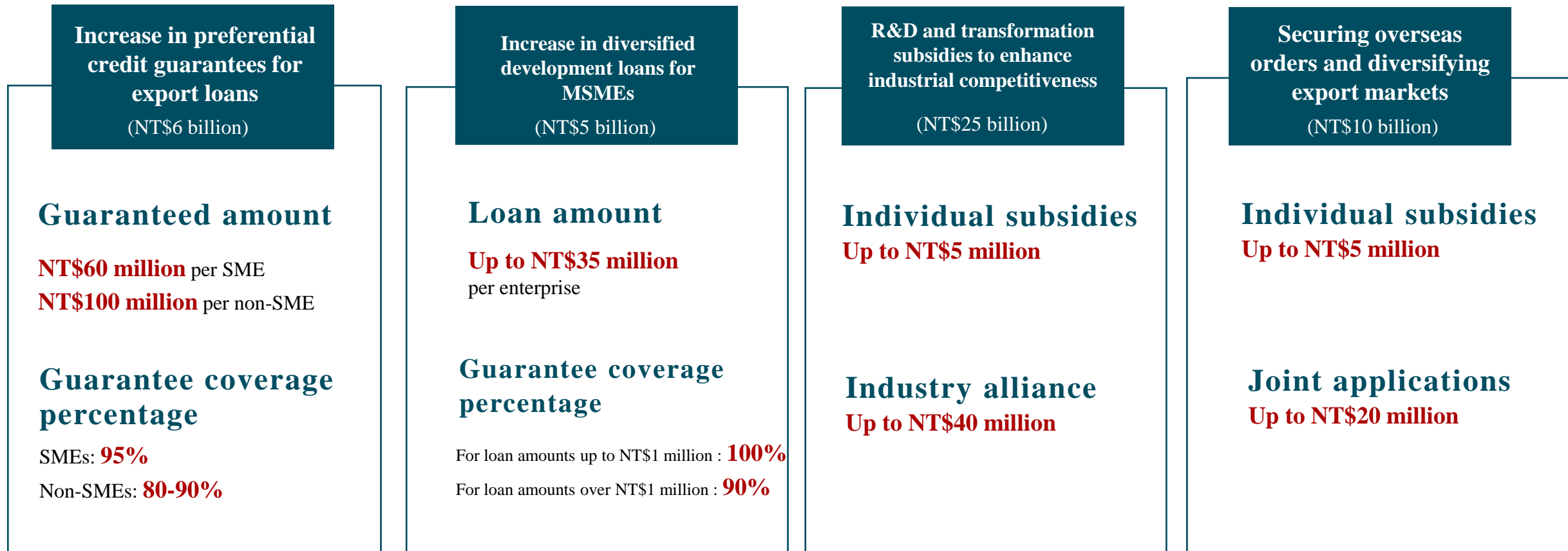
- Emergency Repair and Restoration Projects, and Flood Relief Support
- Water supply facility repairs
- Matai'an Creek embankment restoration and river dredging
- Strengthen the power grid's disaster prevention resilience
- Construct small-scale disaster-resilient microgrids and mobile power units
- 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



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**



1 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	Focused industries	Bolstering the scope of transformation
Taiwanese and foreign-invested enterprises worldwide	The Five Trusted Industry Sectors, the service sector, and the greater health industry	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

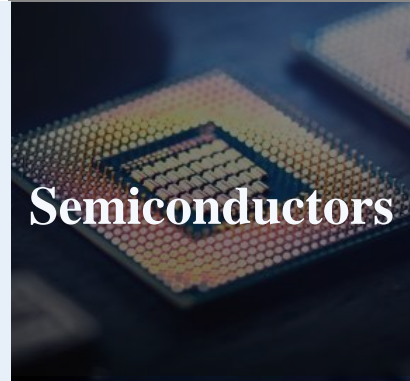
Actively Implement the “Five Trusted Industry Sectors” Initiative

- 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**

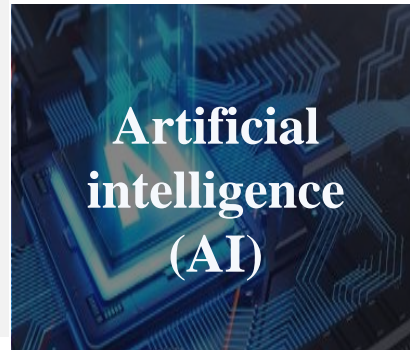
45% in 2025 → **50%** in 2027



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

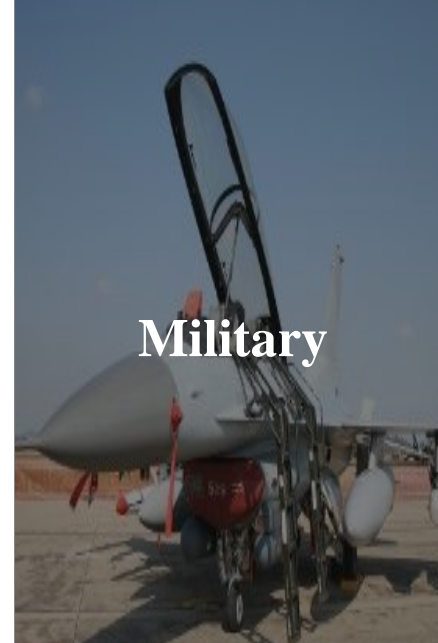
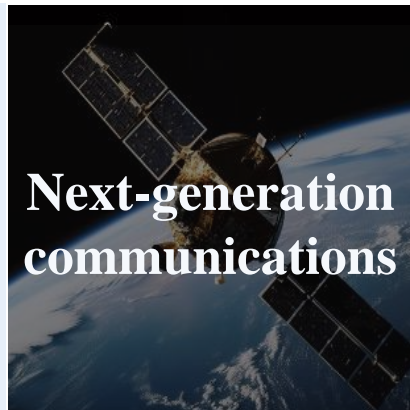
- Adding **AI equipment investment tax credit** to the Statute for Industrial Innovation

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

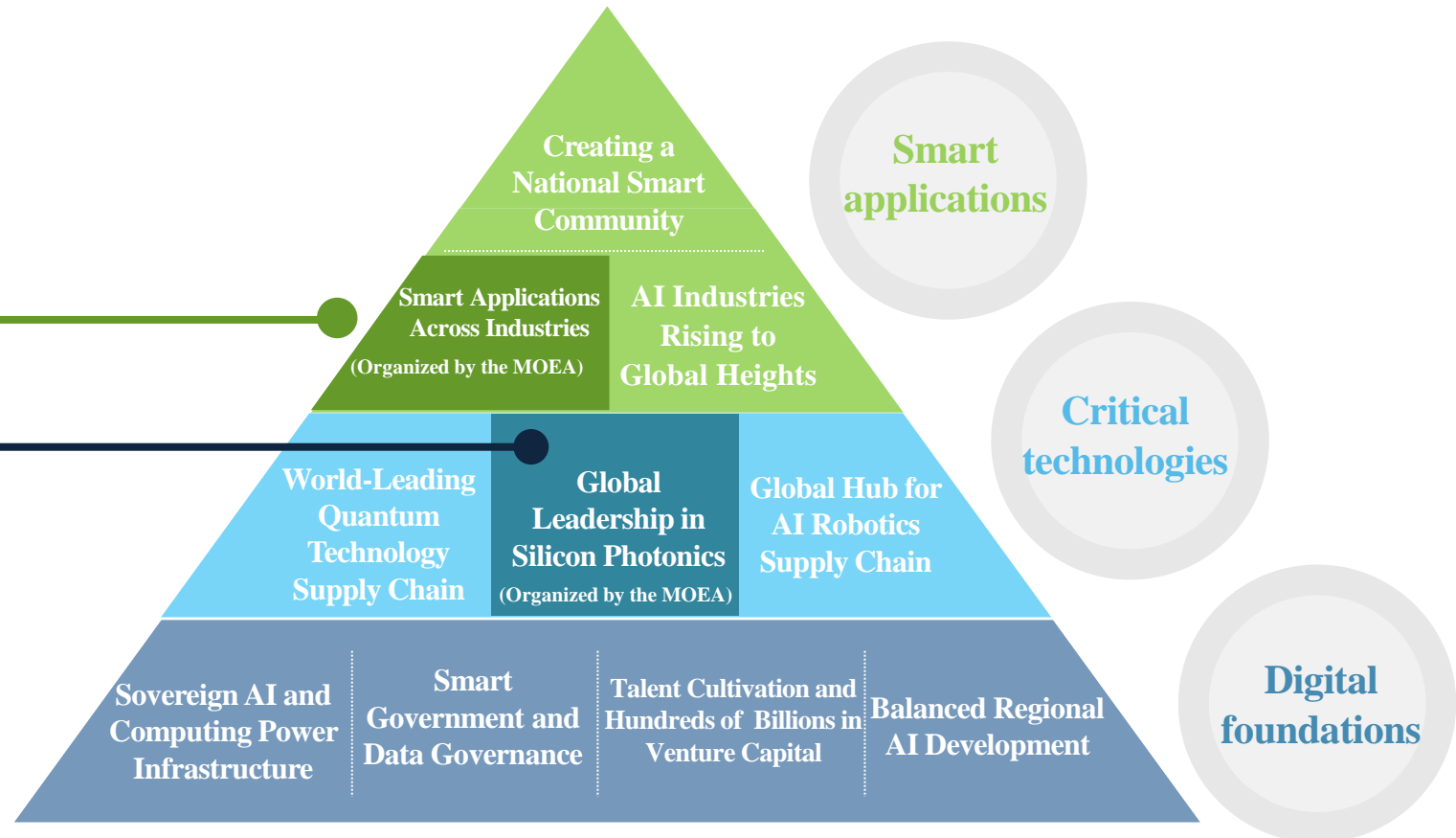
Promoting the Ten New AI Infrastructure Initiatives to Enhance Taiwan's Technological Prowess

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.

Establishing the **Industry Competitiveness Facilitation Team**

- ✓ Combining AI experts with industry associations to establish a shared AI platform
- Accelerating industrial AI adoption via large enterprise mentorship
- ✓ Assisting small-scale businesses in adopting general-purpose solutions
- ✓ Guiding businesses with basic digital capabilities to adopt emerging AI technologies

Establishing the world's most comprehensive **silicon photonics industry ecosystem**



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



Recruitment targets

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



Training methods

Training units

Associations, schools, and research institutions

Training schedule

✓ 4 months of
professional
training

✓ 4 months of
company
internships



Job matching

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

At least 2 years

3.

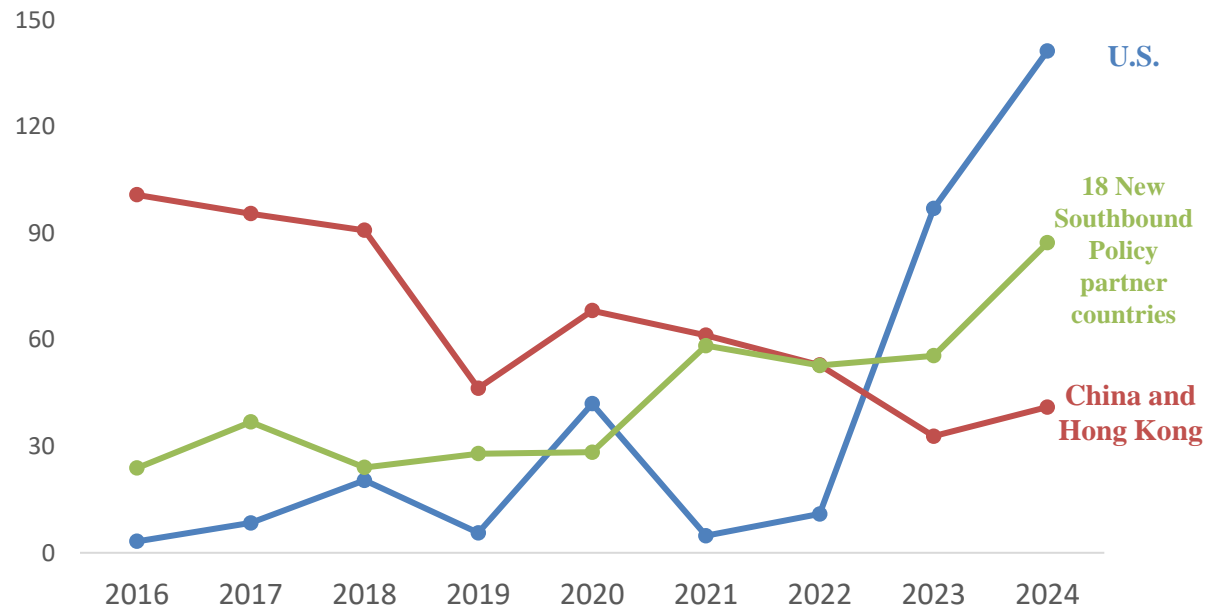
Support enterprises in establishing a global presence to strengthen international trade and economic links

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

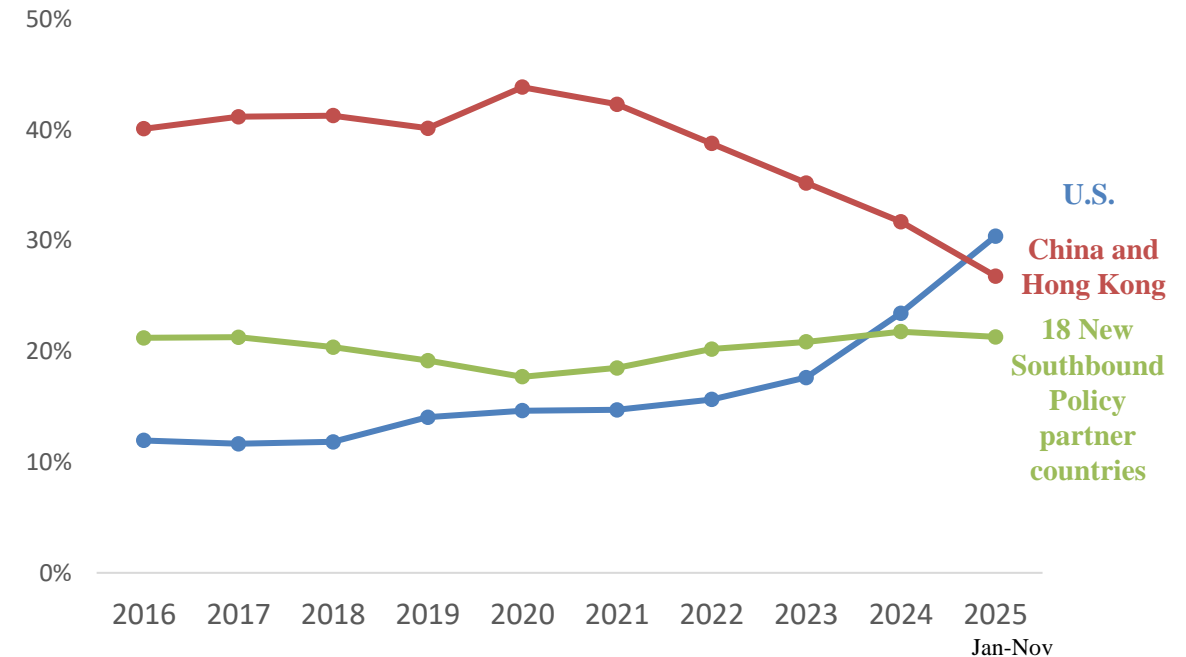
Taiwan's outbound investment amount

Unit: US\$100 million



Source: Department of Investment Review

Share of Taiwan's total exports



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

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

Strengthening water supply resilience



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

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



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

- Improving flood management efficiency
- Enhancing land flood retention capacity
- Mitigating residential flooding
- Accelerating floodwater drainage
- Disaster prevention and response

- 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

Pipeline asset maintenance and management

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

Optimizing the speed and quality of leak repair

Establishing a pipeline geographic information system
Shortening leak repair time

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

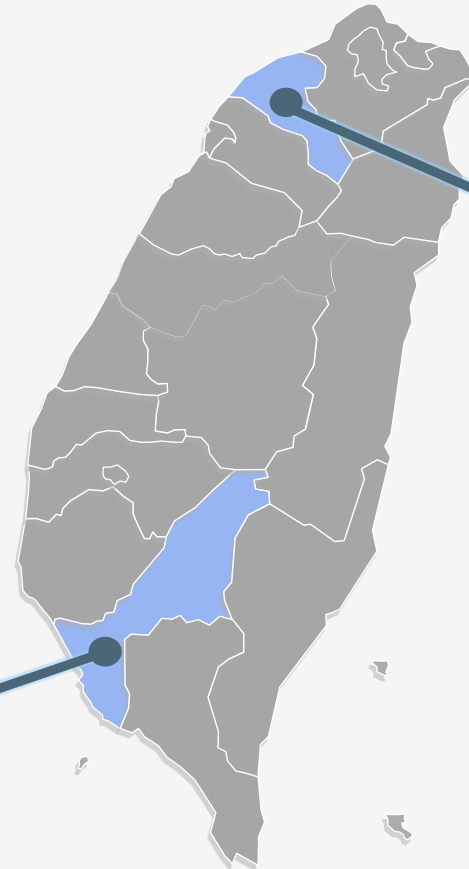


Promoting Power grid resilience enhancement plan



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

Replacing secondary substations and distribution line equipment before 2027



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

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

Offshore wind power

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

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**

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

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**

Photovoltaic power

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

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**



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



Building and local governance

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



Managing equipment efficiency benchmarks

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

**Four
Strategies**

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

