Taiwan's critical role in global supply chains and the future of US-Taiwan ties

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01 A Story about Taiwan

2016: Taiwan at a Pivotal Crossroads

Economic Growth Rate

GDP per Capita

Export Value

Stock Market

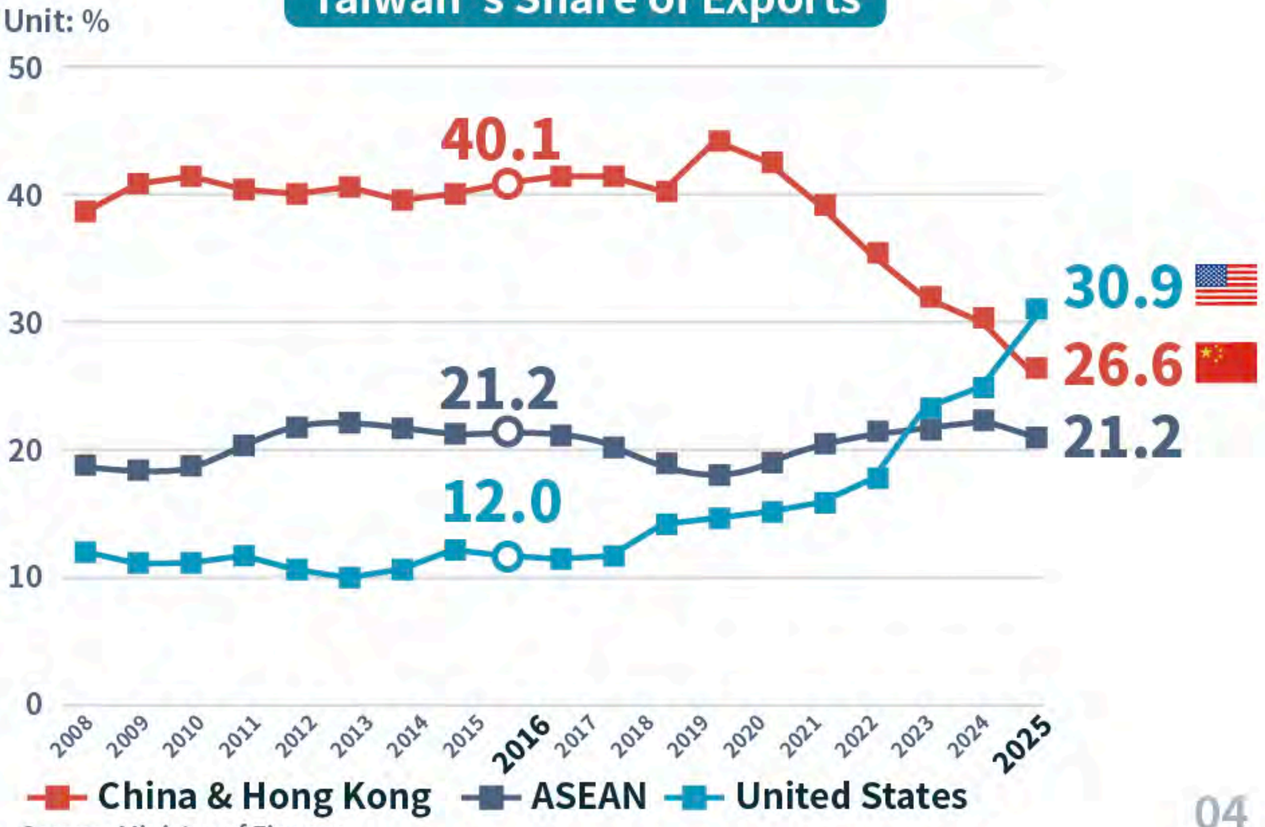
A Decade of Profound Trade and Economic Transformation in Taiwan

- Taiwan is no longer pursing cost reduction but innovation-led growth.
- Over the past five years (2021–2025), Taiwan's investment in the U.S. totaled about **US$30.5 billion**—up from **US$8 billion** in 2016–2020, representing **281%** growth. ▶ **Solid democratic supply chains**

Taiwan's Outbound Investment

Source: Department of Investment Review, MOEA

Taiwan's Share of Exports



Source: Ministry of Finance

Taiwan’s Economic Resilience Through Repeated Challenges

Taiwan’s per-capita GDP is projected to reach approximately US$41,000 by 2026

2018-2019 — U.S.–China Trade War 1.0

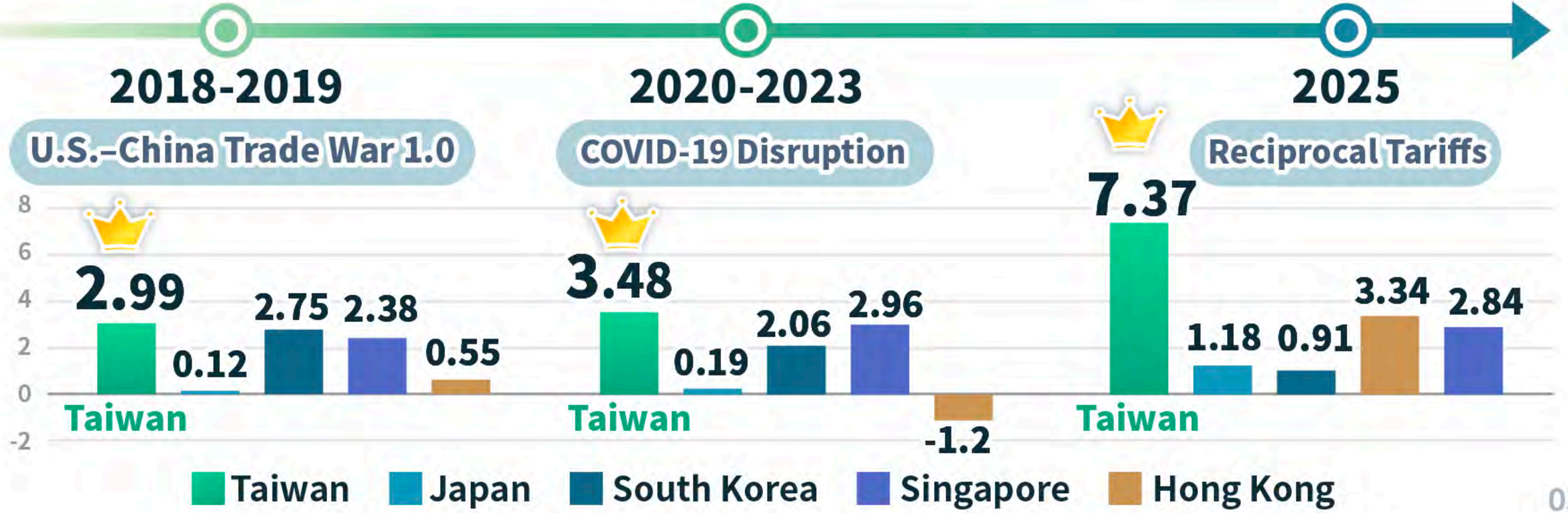
- Taiwanese firms reshored mid-to-high-end supply chains, boosting exports.
- Diversion of business order and the return of Taiwanese businesses drove higher private investment.

2020-2023 — COVID-19 Disruption

- Effective pandemic control strengthened Taiwan’s production capacity through increased investment.
- Working from home drove ICT demand, accelerating investment in the semiconductor sector.

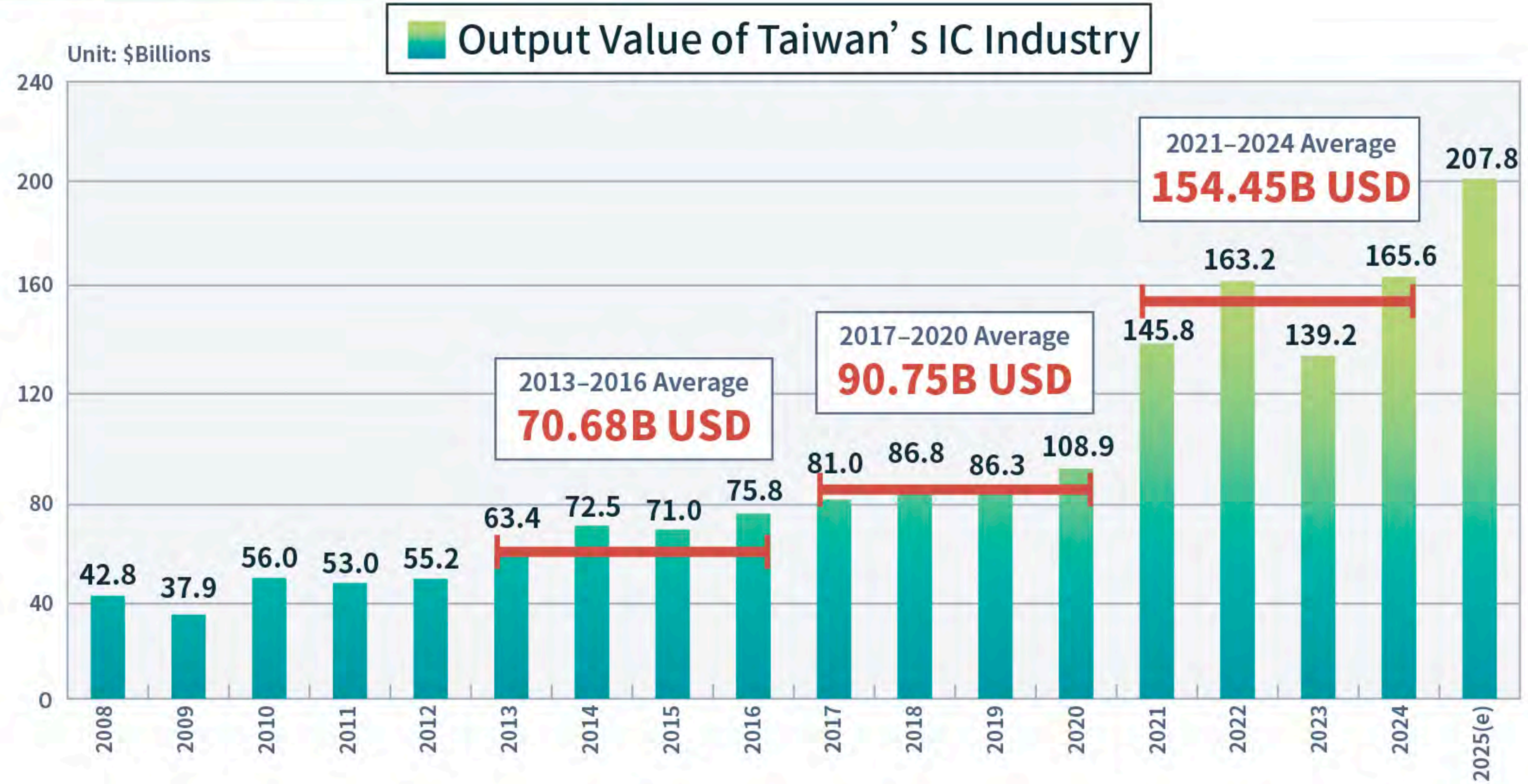
2025 — Reciprocal Tariffs

- Provisional reciprocal tariff prompted pre-shipment orders.
- AI-driven demand for semiconductors boosted exports.
- Demand for emerging tech products drove investment growth.



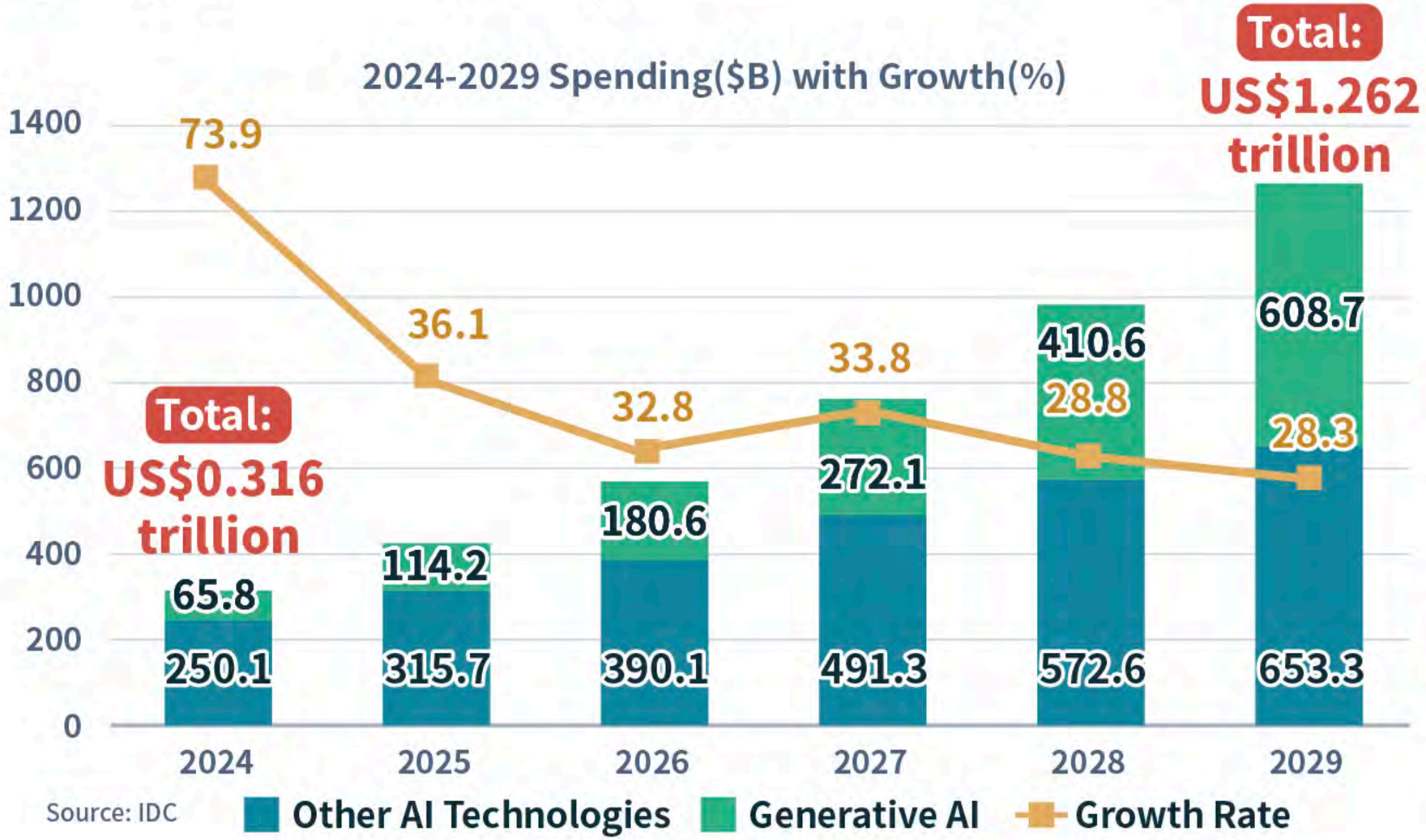
02 AI-Driven Explosive Growth

Decades of Commitment Built Taiwan's Semiconductor Edge



Global AI Market Outlook

IDC projects that by 2029, the AI market will grow to approximately NT$38 trillion.



2025-2029

Total AI Market

31.9% GAGR

From 2026 onward, growth accelerates as demand and investment momentum strengthen in tandem.

Generative AI

56.9% GAGR

Rapid expansion began in 2025, becoming the primary engine of AI market growth.

Other AI Technologies

21.2% GAGR

Continues to grow from a high base, though its share gradually declines.

U.S. Leadership in the Global Semiconductor Supply Chain

Through a highly specialized division of labor, Taiwan plays a critical role in foundry services, IC packaging & testing

IDM Companies

1	Samsung	65.7
2	Intel	49.8
3	SK Hynix	44.2
4	Micron	27.6
5	Infineon	15.8

IC Design Companies

Unit: billion USD

1	NVIDIA	130.5
2	Qualcomm	33
3	Broadcom	27.8
4	AMD	24.1
5	Apple	20.5

Equipment & Materials

1	ASML	31.1
2	Applied Materials	25
3	Lam Research	16.2
4	Tokyo Electron	14.9
5	KLA	10.1

Foundry Companies

Unit: billion USD

1	TSMC	90
2	Samsung	9.6
3	SMIC	8
4	UMC	7.2
5	GLOBAL -FOUNDRIES	6.8

Source：Gartner

2024 Revenue Overview of Key Semiconductor Supply Chain Players

Taiwan Expands Investment in the United States

From 2020 to 2024, Taiwan's investment in the U.S. grew at an average annual rate of 36%. Investment was concentrated in semiconductors and servers, aligning with the growth of U.S. manufacturing, which also fostered an emerging multi-state cluster of semiconductors and ICT across California, Arizona, and Texas.

California

- **Servers:** Quanta (US$1.08b*), Hon Hai (US$130m*), Wistron (US$250m*)
- **Semiconductors:** ASE (US$20million*)…
- **Automotive electronics:** DEPO

Arizona

- **Semiconductors:** TSMC (US$21.28b*)
- **Chemicals:** LCY

Texas

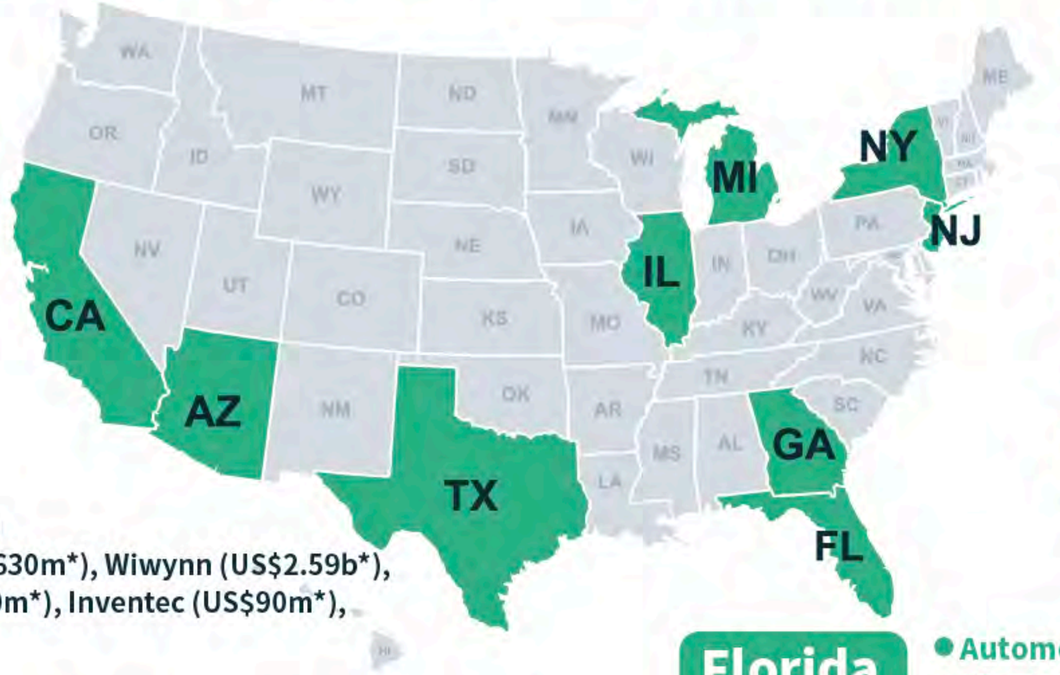
- **Semiconductors:** GlobalWafers (US$510m*)
- **Servers:** Hon Hai (US$850m*), Wistron (US$630m*), Wiwynn (US$2.59b*), Delta (US$280m*), Compal (US$950m*), Inventec (US$90m*), Pegatron (US$80m*)…

Illinois

- **Machinery:** HIWIN
- **Automotive electronics:** TYC

Michigan

- **Automotive electronics:** TTE, LITEON
- **Machinery:** FFG



New York

- **Finance:** Bank of Taiwan, Mega Bank
- **Aviation:** China Airlines, EVA Air

New Jersey

- **Automotive electronics:** TYC
- **Biomedical devices:** EASYWELL BIOMEDICALS

Georgia

- **Machinery:** Tatung
- **Shipping:** Yang Ming, Evergreen Marine

Florida

- **Automotive electronics:** Song Chuan
- **Biomedical devices:** Merits

*Source: Financial Statements of Listed Companies (2020-2025/10)

Expanding U.S.-Taiwan Two-Way Investment in Semiconductor and AI

Taiwan's Investment in the U.S. (Announced in 2025)

US$118.1 billion

Semiconductors & Supply Chain:

TSMC (100B), GlobalWafers (4B), FPCC(14.1B), etc.

US$7.9 billion

AI Servers, EMS & Electronics Manufacturing:

Wistron (2.8B), Hon Hai (1.7B), Quanta(1.6B), Compal(0.8B), Pegatron(0.3B), etc.

Future Commitment

US$250 billion committed to U.S. investment in semiconductors and related supplychains, as well as AI and energy.

U.S. Investment in Taiwan (2020-2025)

US$14.9 billion

Semiconductors:

NVDIA, AMD, Micron, Amkor, Apple, etc.

US$3.1 billion

Semiconductor Supply Chain:

Air Products, Entegris, Corning, Applied Materials, Lam Research, etc.

US$6.9 billion

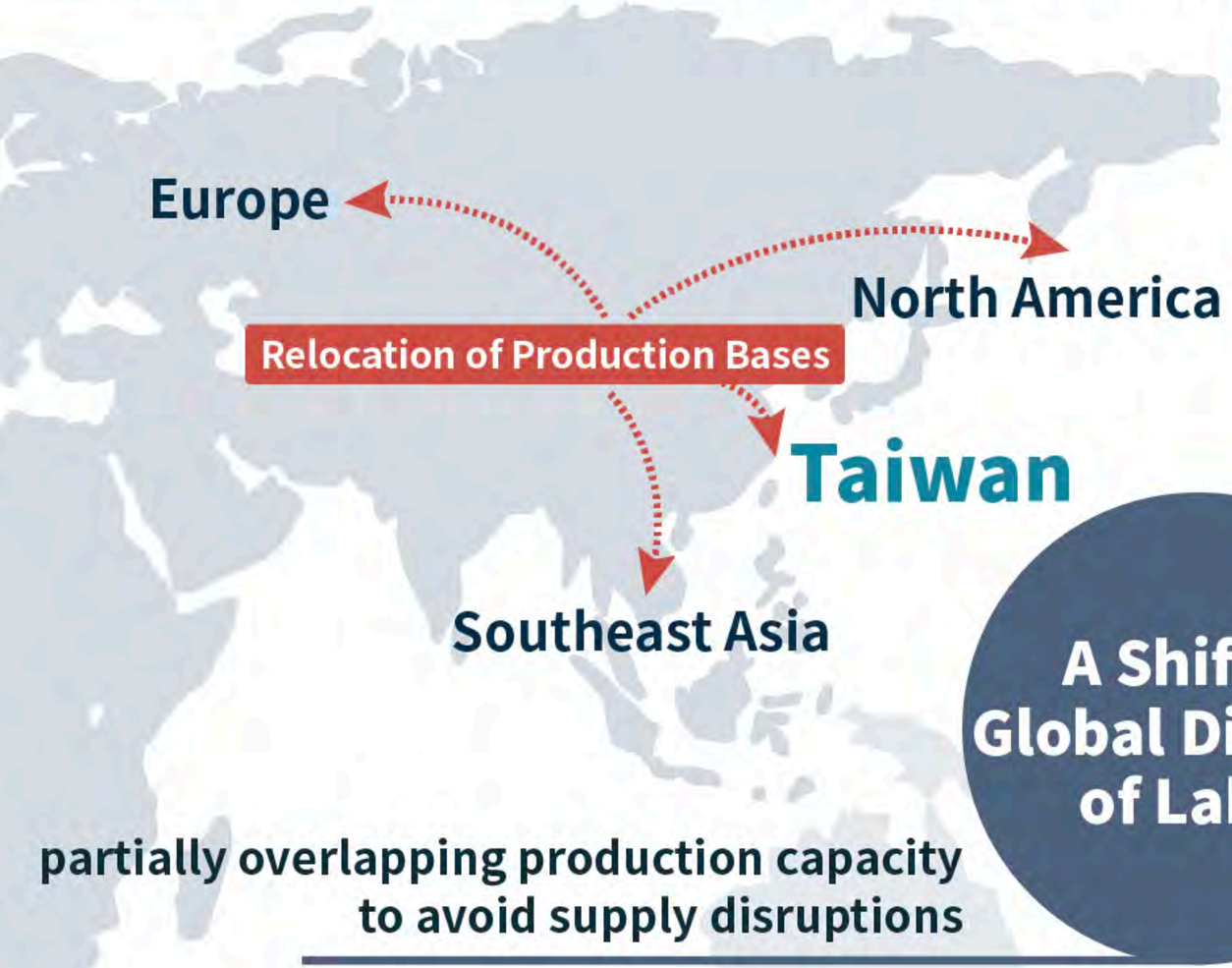
Cloud, Software Services & AI Servers:

AWS, Microsoft, Google, Supermicro, etc.

03 Taiwan's Role in the Rise of Non-Red Supply Chains

The Fragmentation of Global Supply Chains Is Driving the Rise of Non-Red Supply Chains

Investment reshoring back to Taiwan consolidates Taiwan's role in global supply chains.



Geopolitics + U.S. Policy

A Shift in Global Division of Labor

partially overlapping production capacity to avoid supply disruptions

Key Structural Changes in Supply-Chain Specialization

from long chains to short chains—reducing the risk of supply disruptions

critical technologies and components attract supply chains investment

1 Semiconductor Industry

Supply Chain Reconfiguration

Phase 1：Before 2018
Phase 2：2018-2024 (US-China Trade War + COVID-19)
Phase 3：After 2025 (President Trump2.0)

Overall Analysis

1. **Before 2018:** **Manufacturing was concentrated in China**, with limited deployment across Southeast Asia, East Asia, and the U.S. to meet customer needs.
2. **2018-2024:** In response to customer demand, geopolitical dynamics, and policy incentives, **Taiwanese firms expanded extensively** beyond China **into the U.S., Japan, and Europe.**
3. **After 2025:** Driven by U.S. tariffs and the strategy of "anchoring in Taiwan while expanding globally," **Taiwanese firms have ramped up investment in the U.S.** while continuing overseas expansion.

2 ICT Hardware Industry — Servers

Supply Chain Reconfiguration

Overall Analysis

1. **Before 2018:** Production was **concentrated in China**, with limited deployment in North America or Europe based on customer demand.
2. **2018-2024 :** Due to U.S. **security concerns for high-end servers**, production of **advanced servers first shifted back to Taiwan**, while manufacturing capacity in Mexico expanded.
3. **After 2025:** **Establishing new operations in the U.S. or scaling up investment.**

U.S.-Taiwan Cooperation on Non-Red Supply Chains

The U.S. and Taiwan can build close partnerships early, spanning technology development, system integration, prototyping & validation, and supply-chain scaling.

Key Areas for U.S.-Taiwan Collaboration

- Joint investment in fundamental science
- U.S. scientific theory paired with Taiwan's real-world industrial validation
- Talent development
- Core and complementary technology collaboration to accelerate commercialization
- Field validation of innovative applications
- Joint standards development
- Collaboration across design and manufacturing
- Component and system-level collaboration
- Expand manufacturing in the U.S.
- Co-develop non-red supply chains

The U.S.–Taiwan Investment Cooperation MOU and the U.S.–Taiwan Trade Agreement mark a new milestone in bilateral cooperation.

January 16, 2026

The U.S. Department of Commerce, USTR, and Taiwan's Executive Yuan jointly announced the signing of an MOU, with the Agreement on Reciprocal Tariffs (ART) expected to be signed within the following weeks.

Since 2020

The U.S. Department of State and Taiwan's Ministry of Economic Affairs have strengthened their economic cooperation dialogue by establishing the Economic Prosperity Partnership Dialogue (EPPD).

Thank you for listening