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Ministry of Economic Affairs Administrative Report

Minister Kung Ming-Hsin

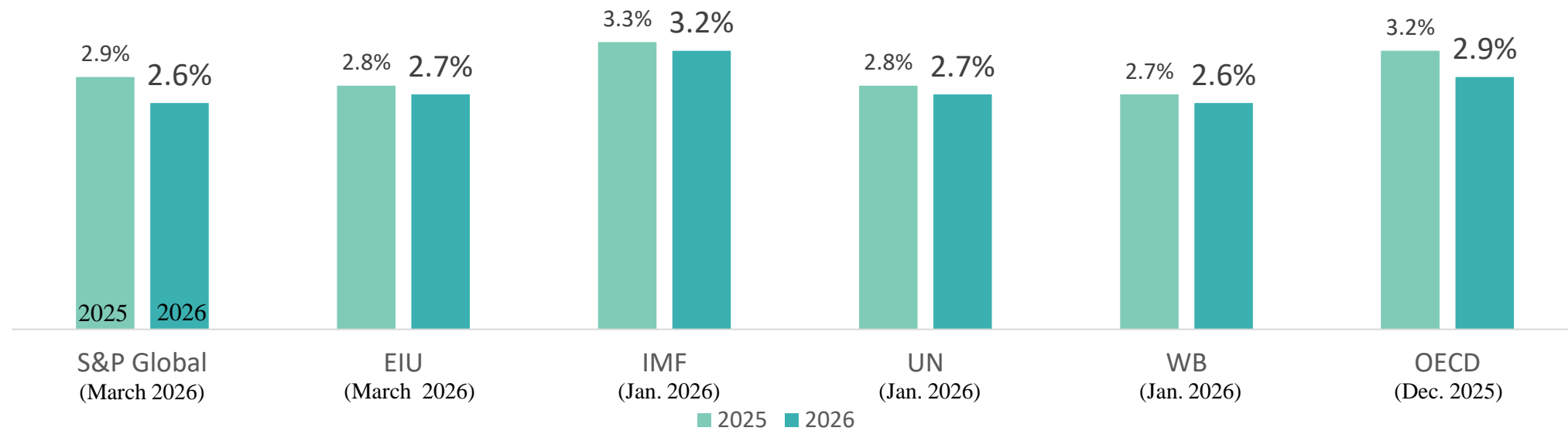
2026/03/25

Current Global Economic Situation

Strong Global Demand for AI Applications

According to the latest forecasts by S&P Global, the Organisation for Economic Co-operation and Development (OECD), and the United Nations, global economic growth this year is projected to range between **2.6%** and **3.2%**.

2026 Global Economic Growth Forecasts



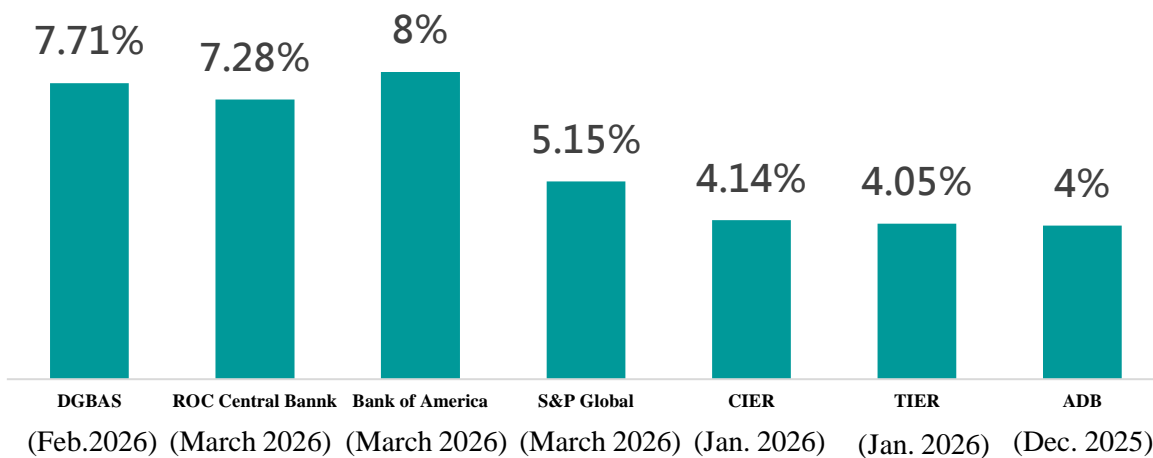
Source: Official websites of major research institutions

Current Outlook for Taiwan's Economic Growth

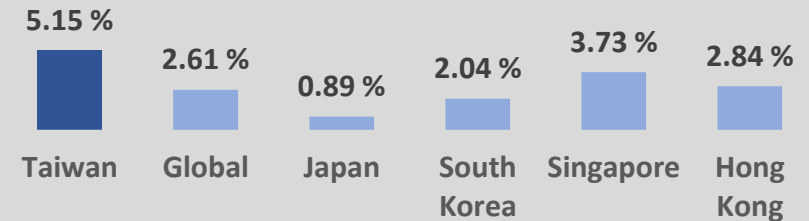
Economic growth reached **8.68%** in 2025, a **15-year high**

Taiwan's semiconductor-based supply chain resilience provides the foundation for global AI development, with Taiwan's economy projected to grow between **4% and 8%** in 2026

2026 Taiwan Economic Growth Forecasts



According to S&P Global's March forecast, Taiwan's economy is expected to outperform the global average as well as major neighboring Asian economies, including Japan, South Korea, Singapore, and Hong Kong



Direction of the MOEA's Administration

01

Assist businesses in responding to the Middle East conflict and global economic and trade shifts

02

Continue advancing the Five Trusted Industry Sectors

03

Support the upgrading and transformation of traditional industries and SMEs

04

Enhance international economic, trade, and investment cooperation
Support enterprises in global expansion

05

Stabilize power supply
Accelerate the development of diverse green energy sources

06

Respond to extreme weather
Advance new water management, new water supply, and leakage reduction

1

Assist businesses in responding to the Middle East conflict and global economic and trade shifts
—Ensuring sufficient energy supply and stable prices in response to the U.S./Israel–Iran conflict

The Energy Response Team was activated on March 2 to closely monitor international developments and domestic energy reserves

Secured liquefied natural gas supplies on an ongoing basis

- Cargo allocation for 22 LNG carriers was completed in March and April
- In May, supplies continued to be secured through “advance scheduling”, “regional sourcing within Asia”, and “spot market purchases”

Activated oil price stabilization mechanism
Expanded reduction of commodity taxes on gasoline and diesel

- Domestic gasoline and diesel prices are set based on the lowest-price principle among neighboring Asian economies, with a special stabilization mechanism in place to absorb **at least 60%** of any price increase
- Tariff on gasoline and diesel fuel has been reduced to 50% starting March 16

Capped bottled liquefied petroleum gas (LPG) prices
Reduced commodity tax on LPG

- The March increase in LPG prices was temporarily absorbed by CPC Corporation, Taiwan, with continued monitoring of international oil and gas market developments
- Starting in April, commodity tax on LPG is reduced by 50%, easing the burden on both businesses and homes

1

Assisting businesses in responding to Middle East conflict and global economic and trade shifts —Introducing industry support measures in response to changes in U.S. tariff policy

A special budget of **NT\$46 billion** has been allocated to strengthen economic resilience and **support 4 major industry measures**; to date, **more than 6,100 applications** have been reviewed and approved for assistance

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

*** 51 cases underwritten**
***Total insured financing amount:**
NT\$462 million

- SMEs:
Maximum loan of NT\$60 million per case, with 95% guarantee coverage
- Non-SMEs:
Maximum loan of NT\$100 million per case, with 80–90% guarantee coverage

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

*** 1,053 loans approved**
***Total approved loan amount:**
NT\$9.48 billion

- Maximum loan of NT\$35 million per case, at interest rate of 2.22%

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

***616 applications approved**
***Total subsidies amount:**
NT\$3.07 billion

- Maximum subsidy of NT\$5 million for individual applicants
Maximum subsidy of NT\$40 million for joint applications

Securing overseas orders and exploring diversified markets
(NT\$10 billion)

***4,417 applications approved**
***Total subsidies amount:**
NT\$2.49 billion

- Increased subsidies for exhibition participation:
Industry associations: NT\$180,000–250,000 per booth
Individual firms: NT\$120,000–160,000 per exhibition
- Establishing overseas marketing channels:
Maximum subsidy of NT\$5 million for individual applicants
Maximum subsidy of NT\$20 million for joint applications

2 Continue advancing the Five Trusted Industry Sectors

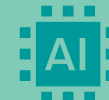
The combined output value of the Five Trusted Industry Sectors reached **NT\$10.37 trillion** in 2025



Semiconductors

2025 Output value
NT\$6.83 trillion

- **Strengthen silicon photonic heterogeneous integration capabilities** and establish a high-speed verification laboratory to provide testing technologies and shorten development cycles
- Leverage the A⁺ Program to **expand semiconductor cooperation between Taiwan and international industry partners** and strengthen memory technology
- **Establish pilot production lines for semiconductor processes, packaging, and sensor chips** to shorten verification timelines and expand industry services
- Target output value for 2026: **NT\$7.715 trillion**, with **annual growth of 12.8%**



Artificial intelligence (AI)

2025 Output value
NT\$2.12 trillion

- Research institutes collaborate with industry associations to integrate subsector-specific data and **develop AI models tailored to specific subsectors**
- Through the Industry Competitiveness Advisory Team, **AI tools will be introduced into industries' practical implementation and real-world applications**
- **AI adoption rate** reached 22.7% in 2025, with a target of **increasing to 30% in 2026.**

2 Continue advancing the Five Trusted Industry Sectors

The combined output value of the Five Trusted Industry Sectors reached **NT\$10.37 trillion** in 2025

Next-generation communications 2025 Output value **NT\$1.15 trillion**

- **Develop industry capabilities in integrated ground-to-air communications** and support enterprises in **developing multi-orbit, multi-band satellite** ground equipment
- **Support Taiwanese companies in advancing the development of 6G base stations and innovative technologies**
- **Target output value for 2026: over NT\$1.18 trillion**

Military 2025 Output value **NT\$230.8 billion**

- **Close technology gaps in key drone modules** and strengthen domestic mass production capacity to support military and public-sector applications
- Drone industry output reached NT\$12.9 billion in 2025, with a **target of over NT\$20 billion in 2026** and **exceeding NT\$40 billion by 2030**

Security and surveillance 2025 Output value **NT\$24.55 billion**

- **Promote a voluntary disclosure mechanism for the traceability of security surveillance product** to enhance product trustworthiness
- **Support manufacturers in complying with EU and U.S. procurement regulations for security surveillance products** and expanding into international markets
- **Target output value to exceed NT\$26 billion by 2026** and **surpass NT\$30 billion by 2028**

3

Support the upgrading and transformation of traditional industries and SMEs —Activating the Industry Competitiveness Advisory Team

The Industry Competitiveness Advisory Team was launched on October 17, 2025, integrating seven major measures from the Ministry of Labor and the Ministry of Economic Affairs to provide a one-stop service process

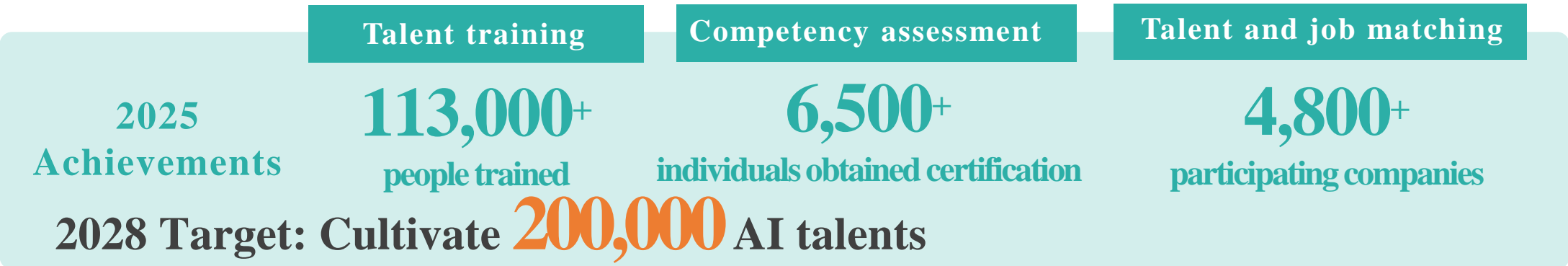
- 4 regional advisory centers were established, integrating 24 research institutes and bringing together 44 advisory teams, with nearly 1,000 advisors trained
- The initiative has reached 186 industry associations nationwide and promoted its services to more than 40,000 enterprises
- Since October 2025, advisory services have been provided to 4,408 enterprises, including 1,584 enterprises receiving AI application advisory support

Targeting micro, small and medium-sized enterprises, traditional industries, and businesses affected by tariffs						
AI/digital transformation	AI talent cultivation	Financial support	Market expansion	Technical guidance	ESCO energy-saving services	Workforce upgrading

2026 Goals

✓ Support 10,000+ enterprises in adopting AI

Integrate training, assessment, and employment systems to cultivate AI talent across all industries

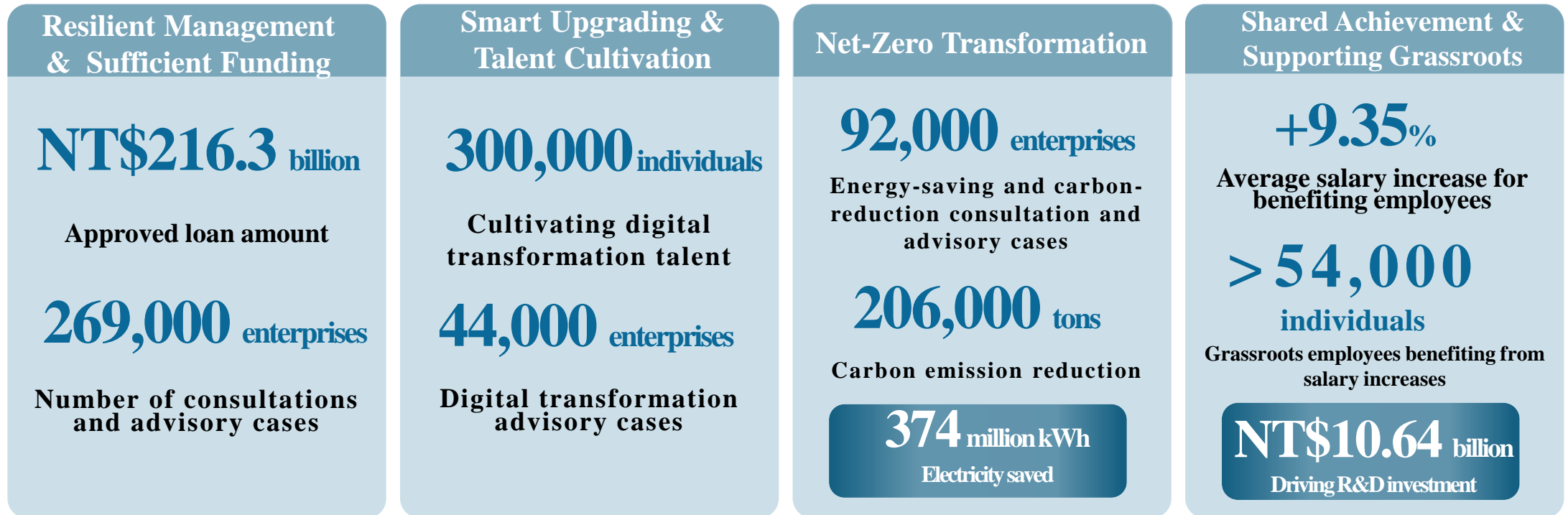


3

Support the upgrading and transformation of traditional industries and SMEs —Promoting the Revitalization and Development of SMEs

Since its launch in January 2025, the program has delivered impressive results

As of March 12, 2026, cumulative consultations and advisory services provided to over 269,000 enterprises, NT\$10.236 billion in output value generated, and NT\$216.3 billion in loans approved.



4

Strengthen international economic, trade, and investment cooperation and support enterprises in global expansion —Further accelerating domestic investment

Three Major Programs for Investing in Taiwan extended to 2027

Expanded Scope

Taiwanese and foreign-invested enterprises worldwide

Industry focus

- Five Trusted Industry Sectors
- 5+2 Innovative Industry Sectors
- Six Core Strategic Industries

Adjustment and transformation

Gradually implement carbon reduction and incorporate AI application elements

Preferential measures

- New Bank loan quota of NT\$720 billion
- Increase the commission rate for banks handling payment services
- Raise the upper limit for the proportion of migrant workers

Amount invested

Domestic employment opportunities created

Policy Outcomes

As of March 19, 2026

> **NT\$2.6 trillion**

165,000

Goals for 2027

NT\$3.6 trillion

248,000

4

Strengthen international economic, trade, and investment cooperation and support enterprises in global expansion

—Continue establishing Taiwan Trade & Investment Service Centers abroad

Exhibition subsidies

Diversified market expansion strategy

Establishment of overseas channels

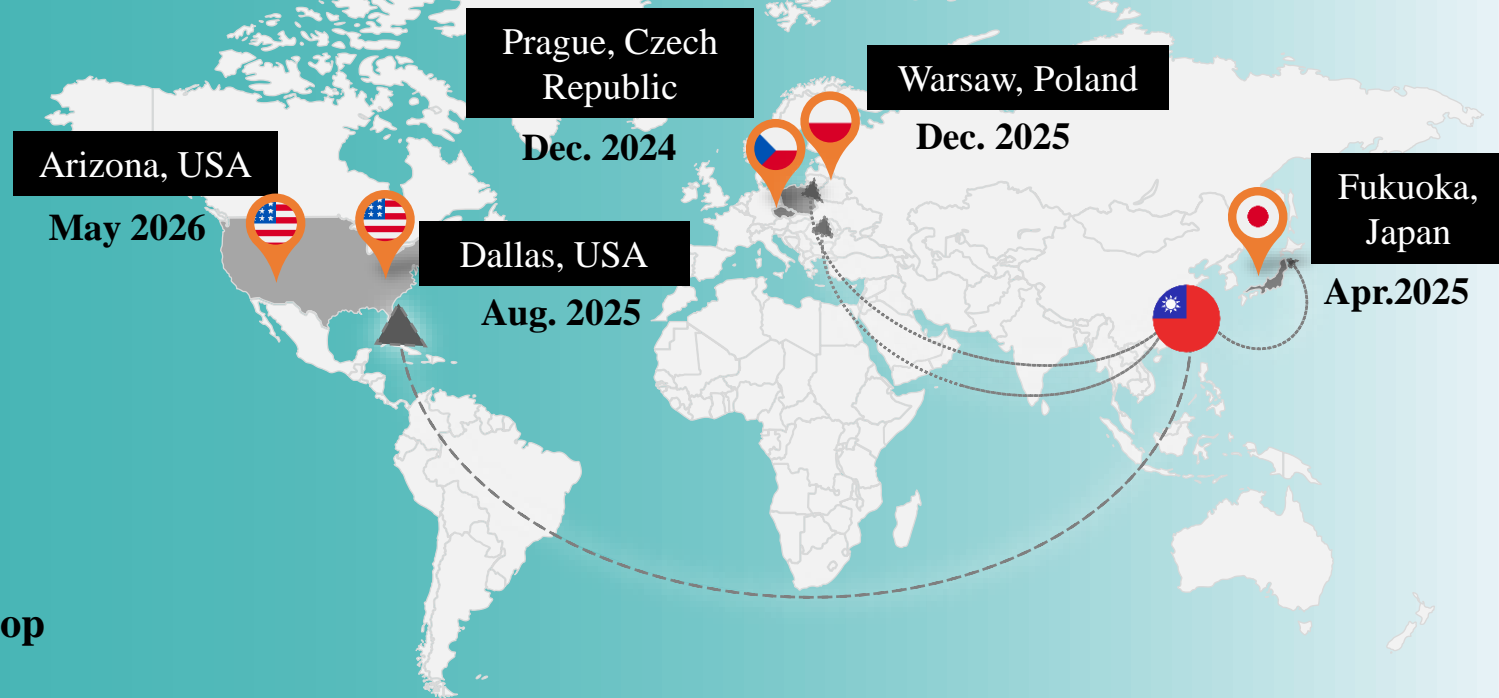
Buyer direct access

Taiwan Trade & Investment Service Centers

Provide professional advisory services to help businesses navigate investment regulations and tax systems

Provide on-the-ground support through regular visits and progress follow-up

Connect with local governments, industry associations, and other resources to provide one-stop integrated services and expand service capacity



Stabilize power supply and accelerate the development of diversified green energy

—Ensure stable power supply and enhance grid resilience

Stabilize power supply

- Four new gas-fired units will be added in 2026, with installed capacity of **+5,200 MW** (Taichung #1 #2, Hsinta #2 #3)
- Ensure the timely and high-quality completion of the Tongxiao Phase II, Dalin, Taichung Phase II, Hsiehho, and Hsinta Phase II projects

Enhance grid resilience

- In September, the **Datan–Meihu** transmission line was added to the system, directly supplying the Taoyuan Aerotropolis and nearby industrial parks
- The power restoration rate for downstream automated feeders reached **74% within 5 minutes after an outage**
- ✓ Continue advancing the **Grid Resilience Strengthening Construction Plan** and the **Power Distribution System 5-year Upgrade Plan** to strengthen power supply reliability in industrial parks and improve rapid power restoration rates

Assess nuclear reactivation

- Taipower plans to submit its **Nuclear Power Plant No. 3 Restart Plan** to the Nuclear Safety Commission for review in March
- ✓ Supervise Taiwan Power Company in completing equipment inventory, workforce planning, maintenance, and inspections for generating units in accordance with regulatory requirements
- Taiwan Power Company **signed an MOU with Westinghouse Electric Company, the original equipment manufacturer**, on January 15 to conduct independent safety inspections for Nuclear Power Plant No. 3, and finalized the contract on February 13

Ensuring Stable water supply

2025 Supply: Increased by **263,700 tons/day**

2026 Target: Increase supply by **540,000 tons/day**

Upstream

Reservoir system

- Total reservoir dredging volume: approximately **20.06 million m³ /year**
- Maintain dredging volumes at Shimen, Zengwen, Baihe, and Mingde Reservoirs **above their average sediment inflow**

Midstream

Water supply system

- **2 main transmission pipelines:**
Increase supply by **255,000 tons/day; dispatch 240,000 tons/day**
- **3 subsurface water facilities :** Increase supply by **200,000 tons/day**
- Continue to promote the construction of **2 desalination plants:** Increase supply by **200,000 tons/day**

Downstream

Water-Use system

- Reduced leakage rate to **11.19%**
- **2 water reclamation facilities:** Increased supply by **83,500 tons/day**

6

Advance new water management, new water supply, and leakage reduction in response to extreme weather

Systematic water management

Central Government River management

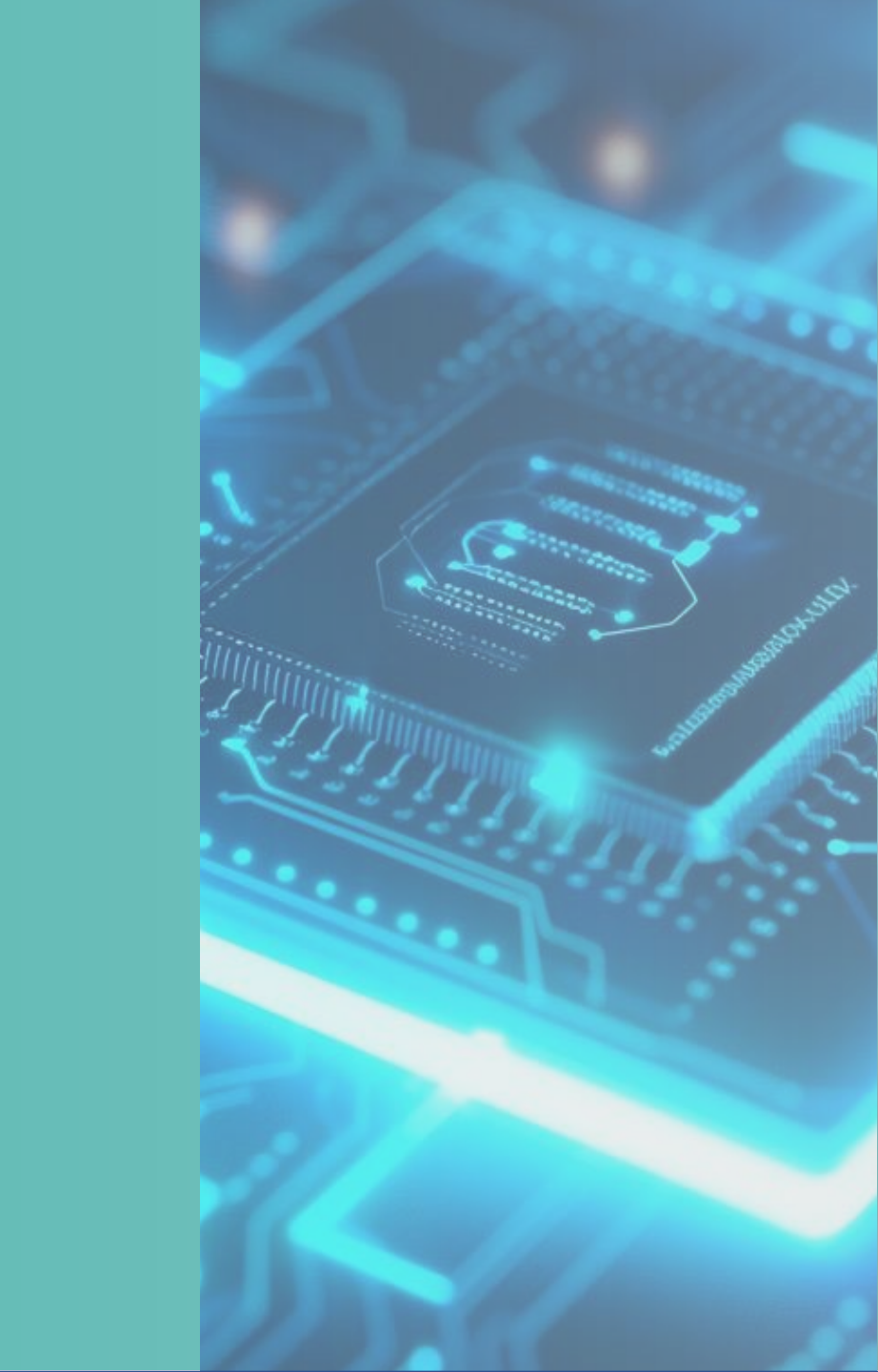
- Continue accelerating river management and improving flood conveyance capacity for centrally administered rivers
- Erchong Floodway Heightening Project
- Maoluoxi Xitou Embankment Channel Improvement Project

County/City Drainage improvement

- Reconstruction of the Jingliao Drainage Outlet Pumping Station in Tainan
- Drainage improvement projects in Liujiao and Nanjing, Chiayi County
- Improvement of the Yantan Drainage System in Yunlin County and heightening of the Dianbao River System in Kaohsiung
- Drainage improvement projects, including reconstruction of the Wujie Tidal Gate in Yilan County

Post-Disaster Reconstruction along the Mataian River

- Accelerate reconstruction of the Guangfu Embankment and the Mingli Village Protection Project in Hualien County
- Cumulative dredging volume since the disaster has reached 10 million m³



Positioning Taiwan as a “Key International Economic and Trade Partner” Amid Global Economic and Trade Shifts

Amid shifts in the international economic and trade landscape and escalating geopolitical tensions, the MOEA will stand shoulder to shoulder with industry partners, maintain close engagement with business associations, and serve as the strongest source of support for all sectors.

We also sincerely seek your strong support for the relevant proposals submitted to the Legislative Yuan during this session, so that together we can help industries strengthen their competitiveness and resilience, thereby driving another chapter of strong economic performance.

Thank you for your attention

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