

Taiwan's Technology Exports: Shifting Focus from Mainland China to New Southbound Markets

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Taiwan's New Southbound Policy: Shifting the Focus of Economic and Technical Exports

To foster regional development, exchange, and cooperation while enhancing the diversity and structure of the national economy, Taiwan launched the "New Southbound Policy" in 2016. This initiative coincided with the U.S.-China tech war and the COVID-19 pandemic, which further intensified the restructuring of global supply chains and deepened economic ties between Taiwan and Southbound countries.

According to trade statistics from the Ministry of Finance, Taiwan's export trade to New Southbound countries grew by over 50% from 2016 to 2023. In the first half of 2024, export figures reached a record high for the same period. In contrast, Taiwan's exports to Mainland China hit a historic low in 2023, with declining exports to China accounting for 70% of Taiwan's overall export downturn.

On the investment front, statistics from the Investment Commission under the Ministry of Economic Affairs show that in 2022, Taiwan's investment in New Southbound countries accounted for 35.1% of total foreign investment, surpassing the 33.6% share in Mainland China. This marked the second consecutive year where investments in New Southbound countries exceeded those in China.

Shifting Trends in Technical Exports

Regarding technology exports, data from the Department of Statistics under the Ministry of Economic Affairs reveal that Singapore and Mainland China are Taiwan's primary export destinations, accounting for approximately 70% of total technology export value. Between 2014 and 2022, Singapore's share of Taiwan's technology exports rose from 15.2% to 31.8%, surpassing Mainland China in 2019 to become Taiwan's largest destination for technology exports. This shift indicates that Taiwan has successfully redirected its focus from the Chinese market to Southbound countries.

In terms of industrial categories, exports to Singapore primarily consist of electrical equipment and components, followed by electronic parts and components.

Singapore, as a global hub for finance, trade, and technology, has seen increasing demand for power in recent years. This demand is driven by sectors such as advanced manufacturing, the digital economy, and transportation.

The need for efficient power equipment, advanced cooling technologies, and energy management systems stems from Singapore's focus on enhancing infrastructure, stabilizing power grids, and ensuring energy reliability. Additionally, the rise of AI, which requires energy-efficient data centers and cloud computing, and the country's sustainability initiatives have further fueled this demand. Taiwanese companies, leveraging their expertise in power equipment, smart grids, and renewable energy technologies, have provided flexible and customized solutions to meet Singapore's technical needs.

A Case Study: Delta Electronics

Taiwanese companies, such as Delta Electronics, exemplify the transition of production capacities from Mainland China to New Southbound countries. Delta Electronics has adopted new investment and operational strategies under the current geopolitical, industrial, and business environment, showcasing the integration of geoeconomics, industrial trends, and business models.

A Promising Future for Taiwan's Technical Exports

In recent years, Taiwan's economic and trade relations with Southbound countries like Singapore and Thailand have grown increasingly robust. Technical exchanges and collaborations have also expanded. As Southbound countries emphasize policies such as "Twin Transformation" (Digital Transformation × Sustainability Transformation), they are introducing various incentives to encourage cross-border investment and cooperation.

Taiwan's strong innovative R&D capabilities and customized solutions uniquely position it to tap into these burgeoning domestic markets, moving beyond the traditional OEM model and expanding its technology exports. This trend is expected to create new opportunities for Taiwanese businesses to demonstrate their technological advancements and broaden their influence in these key markets.

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