

## Taiwan: Exports held up well, imports didn't

Stronger-than-expected export growth is a good sign that Taiwan's semiconductor sector enjoyed more sales before lockdowns tightened in export markets. But import growth was very soft



### Taiwan's export growth was stronger than expected

Exports grew 12.0% year-on-year in December, the same as November. Exports to Mainland China and Hong Kong grew even more, at 20.5% YoY in December after 17.2% YoY in November.

But the picture is quite gloomy for imports. There was a high base effect from last year. But apart from that, we believe the low import growth was a result of manufacturers being wary of building up inventories, especially for machinery, as export markets have been under lockdown and it is close to the Chinese New Year (12 February) when Taiwan's factories will take long holidays.

We don't think that the recent appreciation of the Taiwan dollar against the USD will change the appetite for imports if manufacturers continue to expect a stronger recovery of export demand.

### Electronics at the core of Taiwan's trade

Semiconductors and other electronics are at the core of trade. Exports and imports here grew

18.5% YoY and 22.2% YoY in December.

But imports of machinery fell 17.0% YoY in December after an 8.8% YoY fall in November. As we mentioned, this shows manufacturers' unwillingness to build inventories at a time when the recovery in export markets seems to be more uncertain.

## Author

### **Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)