

## Taiwan's trade growth beats forecasts but outlook hinges on tariff talks

Both Taiwan's export and import growth moderated but came in stronger than market expectations in March. Continuing stable growth in the second half of the year could hinge on success or failure to negotiate away reciprocal tariffs in the 90-day grace period



People walk past the Taipei 101 skyscraper in Taiwan,

# 17.5%

Taiwan's export growth

1Q25, YoY

Higher than expected

### Taiwan's trade data generally outperformed market forecasts in 1Q25

After a Lunar New Year effect skewed February's growth numbers, a moderation of Year-on-Year growth in March was inevitable.

However, export and import growth both ended up beating expectations. Exports grew by 18.6% YoY and imports grew by 28.8% YoY, though in net this resulted in a smaller than forecasted USD 6.95bn trade surplus on the month.

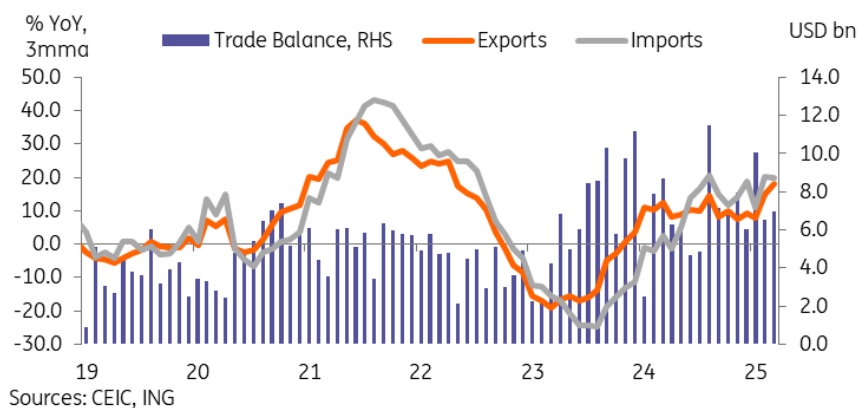
By export product, Taiwan's key exports of semiconductors (20.6%), computers (40.1%), and computer parts (50.9%) all saw robust growth, while other export categories were generally on the weak side.

By export destination, the country with the highest export growth on the month was South Korea (44.4%), with the US (39.9%) just slightly behind. Exports to ASEAN (15.8%) and Mainland China and Hong Kong (12.6%) also showed solid growth. On the weaker end, export growth to the European Union was flat, and exports to Japan contracted at a -4.0% YoY pace.

Imports once again significantly overshot market forecasts, but a closer look reveals that this was almost entirely concentrated in the tech sector as well - semiconductor equipment imports surged 189.8% YoY and integrated circuit and related raw material imports rose 50.4% YoY.

With many of the non-tech related export and import growth in negative YoY territory, Taiwan's trade is quite heavily concentrated and faces potential headwinds if tariffs and export controls come into effect.

## Taiwan's trade growth continues to beat expectations in March



## Reciprocal tariff plans are a rude awakening to risks

A few weeks back - but what felt like a lifetime ago - we wrote that [Taiwan could avoid the worst of the reciprocal tariffs](#) due to its cooperative attitude, the nature of Taiwan's key exports, and the high-profile USD 100bn investment commitment from TSMC into US manufacturing facilities.

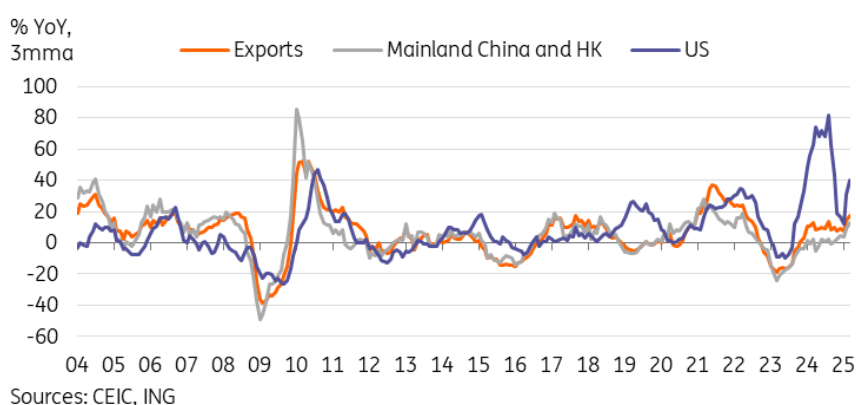
However, it turns out that we severely overestimated the amount of fine-tuning and thought that went into the reciprocal tariff decision, and Taiwan was hit with a 32% reciprocal tariff hike, though the semiconductor exports were indeed exempted.

The logic we laid out in the linked article above still holds true - to date, TSMC's investment commitment is probably still the most high-profile case of announced investment into US manufacturing recently. Semiconductors were already exempted, and given the popularity of many of Taiwan's consumer electronics, such as laptops, as well as the relatively small likelihood that US competitors would be able to fully absorb this market, it's possible that some computer

products could end up being exempted as well.

Taiwan's economy is one of the most vulnerable in Asia to US trade, only slightly behind Vietnam in its exposure to the US market, as illustrated in [Deepali Bhargava's report](#) on the potential regional impact. As such, it was no surprise that Taiwan announced it would not be retaliating against US reciprocal tariffs even before the delay. The 90-day window will be important for Taiwan to secure either a tariff reduction or waiver - failure to do so represents a notable risk to Taiwan's trade and growth outlook in the second half.

## Taiwan's exposure to the US market makes it vulnerable to tariff measures



### Author

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and

which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).