

Taiwan's Industrial Policy Momentum and Investment Incentives

Create Value · Invest in Taiwan · Expand Globally



Alex H.C. Liao
Director-General of the Department of Investment Promotion,
Ministry of Economic Affairs
October 20, 2026

Taiwan's Competitive Edge



2026 IMD World Competitiveness **4th Globally**



**Trusted and Resilient
Supply Chains**



2026 Economic Growth Forecast **11.05%**



**Robust Intellectual
Property Protection**

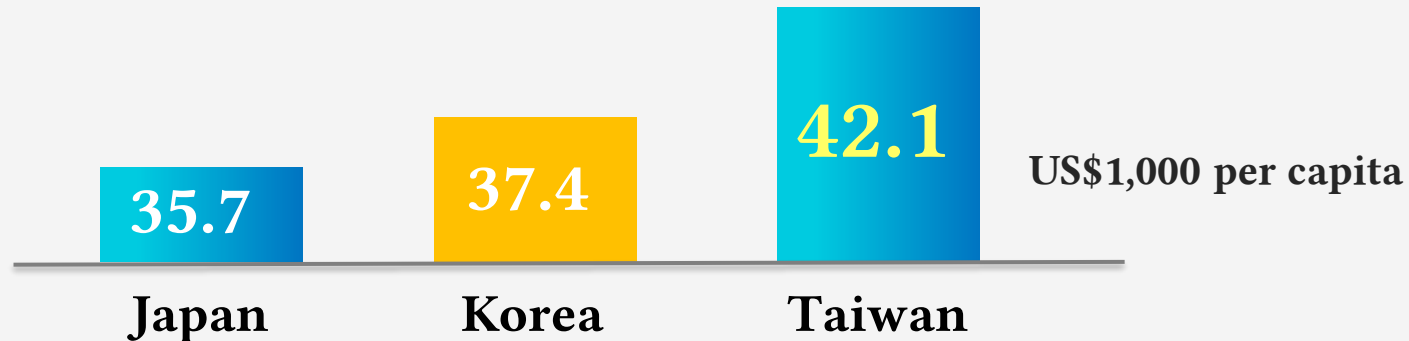


Strong Per Capita GDP Performance

(2026.4 IMF World Economic Outlook)



**Highly Skilled
Talent**



Global AI Infrastructure Boom and Resilient Supply Chains

U.S. AI Infrastructure Investment Boom

Driving Strong Growth in Taiwan's Exports



AI Servers



Semiconductors



Drones



Power
Infrastructure

Taiwan-U.S. Agreement on Reciprocal Trade
(ART) and Investment MOU
Preferential Tariff Treatment for Taiwan



Local Manufacturing in the U.S.
Deep Integration with Taiwan's
Supply Chains



Investing in Taiwan Brings Export Benefits



Economic Security, EPPD, and Pax Silica Strategic Cooperation



U.S.–Taiwan EPPD × Pax Silica
Close Policy Alignment



Against the backdrop of national and economic security,
Taiwan's AI and semiconductor ecosystem is indispensable



Global Tech Leaders
Expanding Investment
in Taiwan

NVIDIA

AMD

Micron

AWS

Microsoft

Google

Key Industry Growth Drivers (1/2)— AI & Semiconductors

From IC Foundry and ICT to a complete supply chain,
Taiwan is building one of the world's most resilient strategic industrial bases.

AI



**Accelerating AI Industry
Deployment**

2025 Taiwan AI Industry Output

NT\$2.12 trillion

Semiconductors



**Building a Silicon Photonics
Ecosystem**

2025 Taiwan Semiconductor
Industry Output

NT\$6.83 trillion



**Connecting Globally
Deepening International Collaboration**

Non-red supply chains
**Taiwan as a Key Strategic
Partner for Allied Economies**

Key Industry Growth Drivers (2/2)— Drones and Democratic Supply Chains

...

Building a “Non-Red Supply Chain”

Connecting the U.S., Europe, and Japan to Make Taiwan the Asia-Pacific Hub for Democratic Drone Supply Chains



2030 Targets



Industry Output

Exceeding **NT\$40 Billion**



Export Share Above **50%**



Drone Flagship Program

Approved **NT\$44.2 Billion**



Strengthen Key Modules
Expand Local Production and
Assembly Exports

Investment Incentives (1/3) — Tax Incentives



20%

**Corporate Income
Tax Rate**

R&D Expenditure

15%

Current-year tax credit

or

10%

Tax credit over 3 years

Equipment Procurement

- Smart Machinery / 5G / Cybersecurity / AI / Energy Conservation & Carbon Reduction
- Qualifying expenditure: NT\$1 million–NT\$2 billion

5%

Current-year tax credit

or

3%

Tax credit over 3 years



Investment Incentives (2/3) — R&D Grants

Global Innovation Partnership Initiatives Program

Up to
50%
of total R&D expenses

Representative Case Studies

AMD
Leading Chip Designer



AI chip R&D hubs in
Kaohsiung and Tainan

Micron
Leading Memory Manufacturer



Advancing HBM R&D

ASML
Leading Semiconductor Equipment Supplier



Developing R&D on key
modules for advanced processes

Infineon
Leading Chip Designer



Accelerating innovation in
EV and IoT technologies

Investment Incentives (3/3) —

Three Major Programs for Investing in Taiwan 2.0

Expanded Eligibility



Now open to
**Overseas Taiwanese
Businesses & Foreign-Invested
Enterprises**

Enhanced Incentives



NT\$720 Billion
in New Loans, 2025–2027

Preferential Service Fee Subsidies



SMEs: **1.0%**
Large Enterprises: **0.3-0.7%**

A Premier Investment Environment (1/3) — Grid Resilience & Reliable Power



Grid Resilience Strengthening Construction Plan

NT\$564.5 Billion

10-Year Investment

Dedicated Power Supply Network for Industrial Parks

5

major power plants

7

regional interconnections

28

Substations



Second Energy Transition

- Replacing Coal with Gas
- Expanding Diverse Renewables

Large-Scale Gas-Fired Generation Capacity

Additional **10.2** GW by 2034

Boosting Supply Capacity to Meet Industrial Demand

A Premier Investment Environment (2/3) — AI Talent Development & Global Recruitment

National Talent Competitiveness Jumpstart Program

2028 Targets

120,000



Foreign
Professionals

80,000



Skilled
Workers

Ten AI Initiatives Promotion Plan

Cultivate

500,000

AI Professionals

by 2040

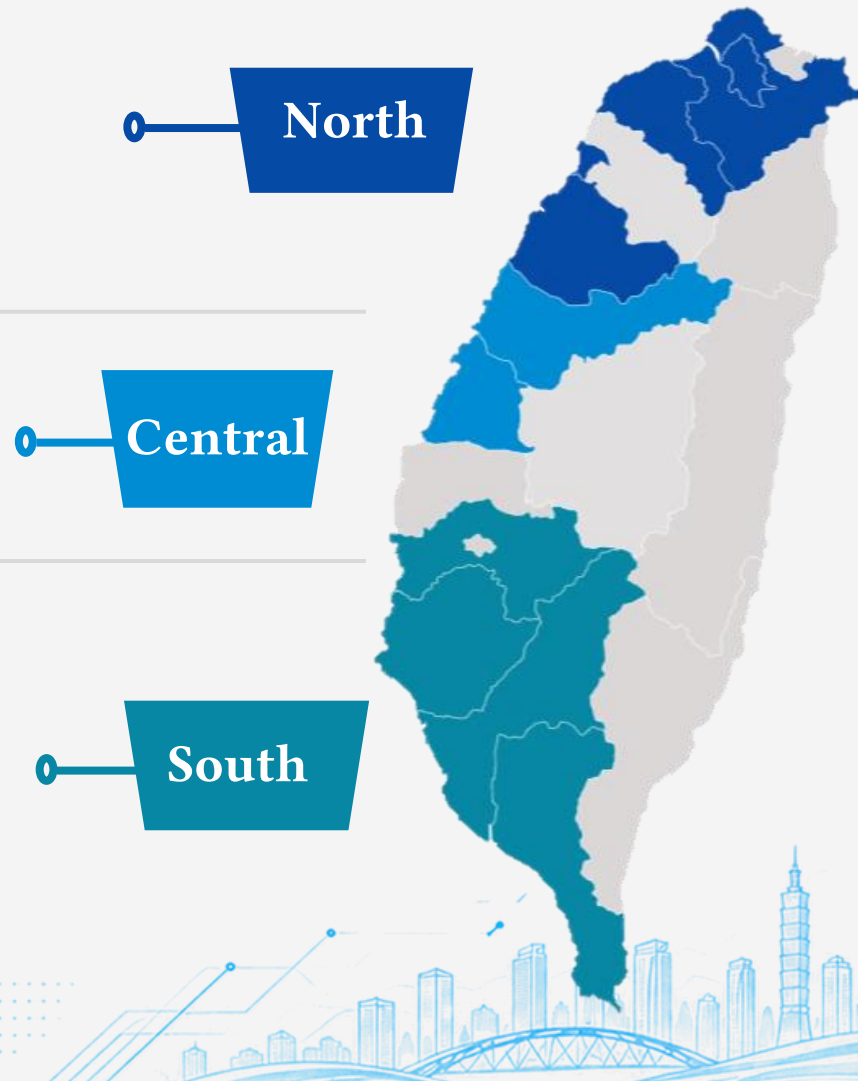
Developing Local Talent While Expanding the Global Supply of
Professionals and Skilled Workers

A Premier Investment Environment (3/3) — Connected Industrial Parks & One-Stop Services

- Beitou Shilin Technology Park
- New Taipei International AI + Smart Park
- Hsinchu Science Park X Base

- Erlin Science Park
- Taichung Software Park

- Minxiong Aerospace and Drone Industrial Park
- Shalun Artificial Intelligence Industrial Zone
- Asia New Bay Area 2.0 Smart Technology Innovation Park



InvesTaiwan

- Cross-Ministerial Coordination
- Site Selection Support
- Same-Day Response



Key Takeaways



Strategic Alignment

Amid the global AI boom, Taiwan is forging closer partnerships with allied economies.



Indispensable Ecosystem

Taiwan's comprehensive semiconductor, AI, and drone ecosystems are irreplaceable from an economic security perspective.



Validated by Global Leaders

Expanded investment by AMD, ASML, Micron, Infineon, and other global leaders underscores Taiwan's strategic importance.



Comprehensive Support

- Preferential tax credits and R&D subsidies
- Resilient power grid & strong talent pipeline
- One-stop investment services



TAIWAN

Your Future Partner

Thank You!



<https://investtaiwan.nat.gov.tw>

Tel : +886-2-2311-2031

E-mail : service@invest.org.tw

Address : 1F, No. 82, Aiguo E. Rd., Zhongzheng District, Taipei City 100031, Taiwan (R.O.C)

