

TRADE

Taiwan exports to India rise as demand slows elsewhere

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India, a growing economy with its own chip sector, has increased imports from global tech hardware centre Taiwan as other parts of the world order less amid slowing consumer demand for electronics.

The world's second-most-populous nation imported US\$5.32 billion worth of goods from Taiwan last year, up from US\$4.52 billion in 2021 and US\$2.6 billion in 2020, according to the island's Ministry of Economic Affairs.

The ministry also said the value of imports topped US\$1 billion in the first two months of this year, up from US\$718.4 million a year ago.

India's population of nearly 1.4 billion, and not being part of United States-China trade disputes, had fuelled its drive for imports, the ministry said.

Taiwanese manufacturers have also opened plants in India as the US-China trade war made it costlier to send goods from mainland sites to America. And the mainland's strict Covid-19 controls slowed factory production and shipping for nearly three years before the curbs were lifted late last year.

Taiwan supplies around 60 per cent of the world's semiconductors, including some of the most technologically advanced products. Technology accounts for nearly a third of the island's gross domestic product.

"The Indian economy is emerging fast, and semiconductor production is shifting to India," said Hu Jin-li, a professor with the Institute of Business and Management at National Yang Ming Chiao Tung University in Taipei. "This is also a signal that Taiwan and India's supply-chain positions are getting closer and more linked."

Chemicals made up 22.9 per cent of Indian imports from Taiwan last year – the largest share of any type of goods – followed by electronic parts at 17.5 per cent.

Officials in Taipei have been urging Taiwanese businesses to invest in India and Southeast Asia over the past seven years, amid tense Taiwan-mainland relations. Taiwanese businesses have invested on the mainland since the 1980s to take advantage of lower costs compared to those at home.

India's economy is expected to grow by 6.5 per cent in the current financial year that ends this month. Next year, the country should see 5 to 6 per cent growth, according to an analyst with financial services firm Gavekal.

\$5.32b

India imported goods worth this much, in US dollars, from Taiwan last year, compared to imports worth US\$4.52 billion in 2021

The Indian technology industry is growing even faster, with market-analysis site ResearchAndMarkets.com forecasting that the chip sector alone will see a compound annual growth rate of 19.7 per cent from last year through 2026.

"Trade between Taiwan and India has grown because many international companies have chosen India instead of China," said Darson Chiu, a research fellow with the Taiwan Institute of Economic Research in Taipei. "Taiwan's manufacturers for these international companies export intermediate goods to India for downstream processing and assembly."

"India is slowly joining the Asian supply chain with respect to the pressure of the US-China confrontation and the fact that China's economic policy is still unclear."

Taiwan's global export orders saw a year-on-year decline of 18.3 per cent last month, the economic affairs ministry said yesterday. The value of orders for last month was US\$42.12 billion.

Orders from the US to Taiwan fell by 12.6 per cent last month, while shipments placed in the European Union were down by 13.9 per cent, according to ministry data. Orders from the mainland and Hong Kong fell by 35.5 per cent.

The Conference Board think tank last week said the weakness would "intensify and spread" in the US over the coming months, with a recession starting in the second quarter.