

TECHNOLOGY

Taiwan expects jump in AI investments

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Taiwan expects investments of NT\$230 billion (HK\$57.4 billion) in artificial intelligence (AI) this year as its manufacturing industry pivots towards the global trend and its exports improve rapidly after a tough 2023.

Minister of Economic Affairs Wang Mei-hua said Taiwan would reach the investment goal through a subsidy scheme, the development of generative AI semiconductors and a "pilot production line" for AI chips.

Exports, the chief money-maker for Taiwan's tech hardware industry that includes advanced semiconductors, expanded for a third straight month in January with year-on-year growth of 18.1 per cent, the Ministry of Finance confirmed yesterday.

Analysts said the unusually steep increase reflected a low base

of comparison from January 2023, as well as keen interest in hi-tech exports.

"Stronger demand and low base effects should deliver year-on-year growth in exports of electronics in January," Moody's Analytics associate economist Jeemin Bang said. "Foreign demand for advanced semiconductors used in AI applications has helped lift Taiwan's exports in recent months."

Overseas shipments from Taiwan reached US\$37.19 billion overall last month, according to the ministry.

Exports of electronic components – 92 per cent of which are chips – rose by 7.5 per cent, while shipments of information, communications and audiovisual products doubled.

The value of component exports came to US\$13.67 billion, with information and communications equipment shipments at US\$9.42 billion.

Export gains that began showing in November, after months of declines, contributed to 5.12 per cent economic growth for Taiwan in the final quarter of 2023.

"We attribute most of the [fourth quarter] gain in net exports to the tech industry," Bum Ki Son, a regional economist with Barclays, said. "We have seen a surge in AI server exports, which likely entail significant value-add from Taiwan, as Taiwan is deeply involved in the AI supply chain."

"Looking ahead, we think the tech sector remains at the core of Taiwan's industrial growth momentum."

Production of chips to speed up generative AI commands in smartphones would buoy Taiwan's technology sector, analysts added.

The global artificial intelligence market would see a 36.8 per cent compound annual growth rate from 2023 to 2030, research firm MarketsandMarkets said.