

# Taiwan

## *1. Industrial Strategy (Including Objectives/Goals)*

Taiwan's industrial development has seen a shift from a strong agricultural foundations to one which is now best known for the production of semi-conductors. Its main strength comes from being able to leverage innovation to encompass a comparative advantage. Recently, a need to reorient from semiconductor and chipset design and fabrication toward new, future-facing industries has informed industrial strategy decisions.<sup>1</sup>

The central policy document is the Five Plus Two Innovative Industries Plan.<sup>2</sup> This articulates Taiwan's core industrial policy initiative and emphasises their focus on moving targeted industries and areas beyond their roots in contract manufacturing into high-value-added businesses and services. It is designed to drive economic transformation and sustainable development. Launched by the Executive Yuan under President Tsai Ing-wen's leadership, it reflects the administration's priorities of innovation, employment, and equitable distribution.

The plan targets seven key sectors:

- Intelligent machinery
- Asia Silicon Valley (digital and IoT integration)
- Green energy
- Biomedicine
- National defense and aerospace
- New agriculture
- Circular economy

Taiwan has also recently amended the outdated 2010 Statute for Industrial Innovation. Key amendments include:

- Extend tax incentives for equipment investment, expand scope of eligible investments and increase expenditure cap: Extend tax incentives for investments in smart machinery, 5G and information security to December 31, 2029. Expand scope of items eligible for tax incentives to include AI products and services, as well as energy-saving and carbon-reduction initiatives. Increase the expenditure cap to qualify for tax incentives to NT\$1.8 billion (US\$55 million). These changes serve to accelerate digital and low-carbon transformations across industries.
- Optimize tax incentives for investments in startups: For venture capital limited partnerships investing in startups, lower the minimum paid-in capital threshold to qualify

---

<sup>1</sup> Assuring Taiwan's Innovation Future <<https://carnegieendowment.org/research/2020/01/assuring-taiwans-innovation-future?lang=en>> accessed 20 June 2025.

<sup>2</sup> Government of Taiwan, 5+2 Innovative Industries Plan, <<https://english.ey.gov.tw/iip/B0C195AE54832FAD>> accessed 20 June 2025.

for tax incentives to NT\$150 million (US\$4.6 million), and increase the required investment amount or ratio starting from the third year after establishment. Ease the qualifying conditions for angel investor tax incentives to boost startup fundraising, such as extending the eligible age for startups to under 5 years and requiring a minimum NT\$500,000 (US\$15,300) investment with a holding period of 3 years in a startup.

- Safeguard key technologies: Strengthen the regulatory mechanism for outbound investments. In addition to prior approval for investments exceeding specific amounts, approval will also be required for investments in specific countries, regions, industries or technologies to prevent the outflow of critical technologies.<sup>3</sup>

## 2. *Digital (Development) Strategy*

Taiwan's digital development strategy is articulated in the National Science and Technology Council's (NSTC) *DIGI+: Digital Nation and Innovative Economic Development Program*<sup>4</sup> DIGI+ aims to transform Taiwan into a smart tech nation. It promotes digital innovation, enhances quality of life, and supports value-added applications under Taiwan's "five plus two" innovative industries strategy.

Key goals include:

- DIGI+ stands for Development, Innovation, Governance, and Inclusion, with the “+” symbolising upgrading digital infrastructure and societal innovation.
- Legal and talent infrastructure: Establishes innovation-friendly laws and fosters interdisciplinary tech talent to support advanced technologies like AI, IoT, and big data.
- Digital economy: Encourages digital commerce, industrial innovation, and new tech applications.
- Digital government: Implements open APIs and smart, one-stop public services through cloud-based platforms.
- Digital inclusion: Ensures equal broadband access, especially in remote areas, promotes participatory democracy, and protects digital human rights.
- Smart cities and local innovation: Uses smart networks to build sustainable cities and supports collaborative local development through public-private-academic ecosystems.<sup>5</sup>

In addition to the DIGI+ Program Taiwan has set out a digital infrastructure program. The Digital Infrastructure component of Taiwan's *Forward-looking Infrastructure Development Program*

---

<sup>3</sup> Government of Taiwan, Ministry of Economic Affairs <  
<https://english.ey.gov.tw/News3/9E5540D592A5FECD/5f572369-d688-4734-8bb6-0bd96c69f845>> accessed 20 June 2025.

<sup>4</sup> Government of Taiwan, National Science and Technology Council (NSTC), <  
<https://english.ey.gov.tw/News3/9E5540D592A5FECD/659df63b-dad4-47e3-80ab-c62cb40a62cd>> accessed 20 June 2025.

<sup>5</sup> Ibid.

focuses on boosting the country's digital transformation and global competitiveness over the next decade. The strategy leverages 5G as a key driver and invests in infrastructure that enhances digital resilience and supports Taiwan's Six Core Strategic Industries. The program targets 11 key areas, which include:

- Enhancing cybersecurity and protecting national digital infrastructure.
- Promoting digital inclusion by ensuring broadband access for disadvantaged communities.
- Developing a digital cultural and creative industry to become a trillion-NT-dollar sector.
- Enabling open government and smart public services.
- Building infrastructure for research and digital learning.
- Strengthening fundamental network systems to position Taiwan as a regional digital hub.
- Supporting SMEs in digital transformation and bolstering advanced industries.
- Training digital talent and enabling remote education.
- Expanding 5G coverage and encouraging domestic 5G industry development.
- Bridging the digital divide in remote areas.
- Advancing digital public services and cross-sector innovation.<sup>6</sup>

The Taiwan *Artificial Intelligence (AI) Action Plan 2.0*<sup>7</sup> was launched to expand Taiwan's AI industry to a value exceeding NT\$250 billion (US\$8.16 billion) by 2026. Building on the original AI Action Plan (2018–2021), the updated strategy focuses on four main pillars:

- Talent development
- Industrial advancement
- Workplace modernization
- International competitiveness in AI technology

The plan aligns with broader strategies like the “Five Plus Two” Innovative Industries policy and the Forward-looking Infrastructure Development Program. It aims to make Taiwan a global AI innovation hub, with previous successes including investments from Google, Microsoft, and Synopsys. Key components of AI 2.0 also include:

- Establishing an AI Evaluation Center under the Ministry of Digital Affairs.
- Drafting legislation, including a proposed AI Basic Act, to regulate AI use in fields like medicine, finance, and transportation.
- Addressing social impacts of AI, such as labor market shifts, aging demographics, and environmental goals like net zero emissions.

---

<sup>6</sup>Government of Taiwan, Forward-looking Infrastructure Development Program, <<https://english.ey.gov.tw/News3/9E5540D592A5FECD/a777a1ed-0ca0-4b76-a7aa-8d7fd615b72a>> accessed 20 June 2025.

<sup>7</sup> Government of Taiwan, Artificial Intelligence (AI) Action Plan 2.0 <<https://ai.taiwan.gov.tw/news/executive-yuan-announces-artificial-intelligence-plan/>> accessed 20 June 2025.

- Hosting cross-agency meetings to consider AI-generated content, ethics, and governance frameworks.<sup>8</sup>

### ***3. Main Constitutional Provisions***

Article 142: National Economy states the “national economy shall be based on the Principle of the People’s Livelihood and shall seek to effect equalization of land ownership and restriction of private capital in order to attain a well-balanced sufficiency in national wealth and people’s livelihood.”

Article 145: With respect to private wealth and privately-operated enterprises, the State shall restrict them by law if they are deemed detrimental to a balanced development of national wealth and people’s livelihood.

Cooperative enterprises shall receive encouragement and assistance from the State.

Private citizens’ productive enterprises and foreign trade shall receive encouragement, guidance and protection from the State.”<sup>9</sup>

### ***4. Main Regulatory Provisions and Policy Developments***

Certain legislative and regulatory acts have a considerable impact on industrial policy aspects surrounding digital development. These include the:

- Taiwan Personal Data Protection Act<sup>10</sup>

### ***5. (Regional) Economic Treaties to which Taiwan is a Signatory***

Taiwan is a signatory to limited economic treaties. Some of the most relevant ones are the:

- Singapore - Chinese Taipei Agreement
- Guatemala - Chinese Taipei
- New Zealand - Chinese Taipei
- Panama - Chinese Taipei

### ***6. Plurilaterals***

Taiwan is participating in multiple plurilateral initiatives and agreements. Some of the most relevant ones are:

---

<sup>8</sup> Ibid.

<sup>9</sup> The Constitution of The Republic of China (RoC) Taiwan <  
<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=A0000001> > accessed 20 June 2025.

<sup>10</sup> Personal Data Protection Act  
 <<https://ntnurec.ntnu.edu.tw/xhr/archive/download?file=616689e438178423f40002a3>> accessed 20 June 2025.

- Government Procurement Agreement;<sup>11</sup>
- Information Technology Agreement.<sup>12</sup>

***7. Proceedings Initiated Against Korea, or by It, Before International Fora for the Adoption/Implementation of Industrial Policy Measures (e.g., Before WTO Panels, the WTO's AB)***

Taiwan has appeared as a complainant in 7 cases, although many are not directly related to industrial policy considerations relevant instances include:

- India – Tariff Treatment on Certain Goods in the Information and Communications Technology Sector. In 2019, Chinese Taipei requested consultations with India regarding the tariff treatment that India accords to certain information and communications technology goods.<sup>13</sup>

---

Sehrish Javid (last updated 20 June 2025)

---

<sup>11</sup> Revised Agreement on Government Procurement, Mar. 30, 2012, Marrakesh Agreement Establishing the World Trade Organization, Annex 4(b), 1915 U.N.T.S. 103.

<sup>12</sup> WTO, 'Information Technology Agreement – An Explanation' <[https://www.wto.org/english/tratop\\_e/inftec\\_e/itaintro\\_e.htm](https://www.wto.org/english/tratop_e/inftec_e/itaintro_e.htm)> accessed 20 June 2025.

<sup>13</sup> India - Tariff Treatment on Certain Goods in the Information and Communications Technology Sector (WT/DS588/18).