

Media Release:

Robust AI Demand Underpins Taiwan's Credit Outlook, Says Report

Dec. 17, 2024

This report does not constitute a rating action.

Strong export demand for AI-related products provides a solid buffer against challenges to Taiwan's economic growth. That's according to a report titled, "**2025 Taiwan Credit Outlook**", that Taiwan Ratings Corp. published today.

"Strong and rising demand for AI-related devices will propel Taiwan's economic recovery over the next year. This underpins our revised forecast of 2.4% GDP growth in 2025, up from 2.1% previously," said Taiwan Ratings credit analyst Raymond Hsu. "The tech sector, particularly demand for cloud computing and AI, drives Taiwan's trade-reliant economy, given its robust position in cloud computing and AI supply chains. The more widespread shift in global supply chains helped boost fixed-asset investment in Taiwan in 2024."

Domestic consumption growth has slowed but remains moderate. Private consumption could play a less important role in 2025, supported by stable employment and satisfactory consumer confidence.

Taiwan Ratings sees the following top risks for Taiwan-based entities over the next few quarters:

- Global trade: Widening tariffs to weigh down exports, confidence, and growth;
- China's economy: Pressure on growth to intensify on higher trade tariffs, risking deflationary spirals;
- Geopolitics: Escalating geopolitical tensions could hinder policy predictability and increase financial market volatility; and
- Financing: Higher spreads amid market uncertainty could spike all-in financing costs.

In addition, we see the following structural risks:

- Climate change: Extreme weather and energy transition to pose business challenges and raise costs; and
- Technology: Accelerating technological advancement and mounting cyber-attacks to disrupt business operations.

The article is the subject of a Chinese-language webcast held today by Taiwan Ratings.

Registration for the event can be completed via the following [link](#)

(<https://event.on24.com/wcc/r/4793964/38A08678E7C4707C6F9E108DA16524E6>). A replay of

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the event will be also available from the afternoon of Wednesday, Dec. 18, 2024, via the same link.

The full report is available to subscribers of Taiwan Ratings' Rating Research Service (<https://rrs.taiwanratings.com.tw/>) and for members of the media by contacting Simon Chen at +886-2-2175-6871 or via email at simon.chen@taiwanratings.com.tw.

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