

Media Release:

Economic And Geopolitical Uncertainties Constrain Taiwan's Growth, Says Report

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This report does not constitute a rating action.

Uncertainty over the U.S. administration's tariffs and the global response to them continues to weigh on Taiwan's economic outlook. That's despite strong tech-driven growth in the first quarter of 2025, according to a report titled, "**2025 Taiwan Mid-Year Credit Outlook**", that Taiwan Ratings Corp. published today.

"Tariff woes and uncertain trade tensions in Taiwan's key export markets could constrain Taiwan's economic growth over the next few quarters," said Taiwan Ratings credit analyst Joe Lin. "That's despite solid first quarter GDP growth of around 5.4% year on year, supported by strong front-loaded exports for semiconductors and other technology-related products in anticipation of potential additional U.S. tariffs."

According to the report, growth momentum will likely moderate over the next few quarters, weighed down by global economic uncertainty, trade tensions, geopolitical risks, and a still-stagnant Chinese economy.

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

- Global trade: Uncertain tariff policies to redirect trade flow and supply chain, slow demand, and dent consumer confidence,
- Financing: Volatile capital markets could constrict financing access, while significant foreign exchange swings to hit unhedged dollar exposure,
- Geopolitics: Escalating geopolitical tension to hit growth and supply chain, compounding financial market volatility, and
- China's economy: Slowing exports to exacerbate drags on domestic growth and confidence, spilling over into Asia-Pacific.

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.

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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/4982924/DCBE37020F9DA014492E967173B0D615) (<https://event.on24.com/wcc/r/4982924/DCBE37020F9DA014492E967173B0D615>). A replay of the event will be also available from the afternoon of Tuesday, July 8, 2025, 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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