

### 3. Balance of Payments

In 2024, Taiwan's current account registered a surplus of US\$113,834 million, which accounted for 14.3% of nominal GDP. The financial account posted a net asset increase of US\$94,391 million. Reserve assets increased by US\$10,880 million.

#### Balance of Payments

Unit: US\$million

	(1) 2024	(2) 2023	(1)-(2)
A. Current account	113,834	105,849	7,985
Goods: credit (exports)	417,462	383,880	33,582
Goods: debit (imports)	316,763	288,263	28,500
Balance on goods	100,699	95,617	5,082
Services: credit (exports)	58,750	53,916	4,834
Services: debit (imports)	71,162	64,006	7,156
Balance on services	-12,412	-10,090	-2,322
Primary income: credit	64,633	59,860	4,773
Primary income: debit	34,306	34,565	-259
Balance on primary income	30,327	25,295	5,032
Secondary income: credit	8,972	8,674	298
Secondary income: debit	13,752	13,647	105
Balance on secondary income	-4,780	-4,973	193
B. Capital account	-2	-38	36
C. Financial account	94,391	85,369	9,022
Direct investment: assets	31,979	24,750	7,229
Equity and investment fund shares	31,545	24,980	6,565
Debt instruments	434	-230	664
Direct investment: liabilities	10,926	6,419	4,507
Equity and investment fund shares	2,875	4,785	-1,910
Debt instruments	8,051	1,634	6,417
Portfolio investment: assets	66,327	71,920	-5,593
Equity and investment fund shares	26,983	16,656	10,327
Debt securities	39,344	55,264	-15,920
Portfolio investment: liabilities	-17,357	5,233	-22,590
Equity and investment fund shares	-18,893	5,073	-23,966
Debt securities	1,536	160	1,376
Financial derivatives: assets	-27,799	-20,215	-7,584
Financial derivatives: liabilities	-28,722	-21,265	-7,457
Other investment: assets	-2,907	-7,541	4,634
Other investment: liabilities	8,362	-6,842	15,204
D. Net errors and omissions	-8,561	-6,100	-2,461
E. Reserves and related items*	10,880	14,342	-3,462

Note: \* Excluding valuation changes in exchange rates.

Source: *Balance of Payments Quarterly, Republic of China (Taiwan)*, CBC, February 2025.

## Wider Current Account Surplus

The current account consists of four major items, namely goods, services, primary income, and secondary income.

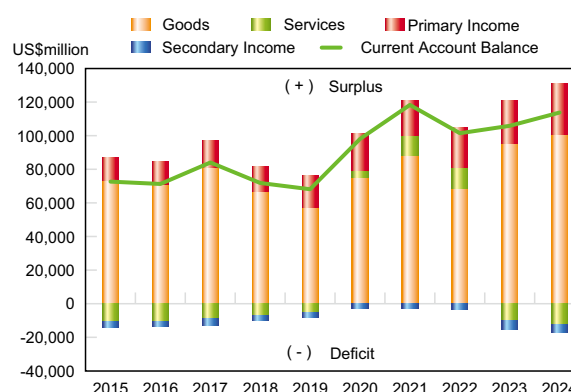
### (1) Goods

Because of emerging technologies such as high-performance computing and AI applications, Taiwan's external merchandise trade grew in 2024, with the value of exports (on a BOP basis) increasing by 8.7% from 2023 to US\$417,462 million. Among its components, net exports of goods under merchanting increased by 17.7% to US\$15,739 million. The value of imports increased by 9.9% to US\$316,763 million. Overall, as the increase in exports exceeded that in imports, the trade surplus widened from US\$95,617 million to US\$100,699 million. The top five trading partners of Taiwan in 2024 were Mainland China including Hong Kong (hereafter in this chapter referred to as Mainland China), the US, ASEAN<sup>1</sup>, Europe, and Japan.

In terms of Taiwan's trade with Mainland China, the value of exports amounted to US\$150,620 million in 2024, 1.1% lower than the previous year. Among major export products, electronic parts and components contributed the most to the decrease in Taiwan's exports to Mainland China, causing Mainland China's share of total exports to drop to 31.7%, the lowest level in 23 years but still ranking first among Taiwan's trading partners. Imports from Mainland China grew 12.4% to US\$80,623 million in 2024. The increase mainly came from base metals and articles thereof, electronic parts and components, and information and communication technology and audio-video (ICT/AV) products. The share of total imports from Mainland China remained unchanged from the previous year at 20.4%. As exports decreased and imports increased, the trade surplus with Mainland China narrowed to US\$66,997 million in 2024, still constituting the largest source of Taiwan's trade surplus.

In 2024, Taiwan's exports to the US grew 46.1% to US\$111,369 million, and its share of total exports rose to its highest level in 25 years, reaching 23.4%. The increase mainly came from growing demand for AI applications, leading to higher ICT/AV exports to the US. As for imports from the US, the amount increased by 13.7% to US\$46,488 million, with its share in total imports slightly increasing to 11.8%. The trade surplus with the US expanded to US\$64,881 million for the year, ranking second among Taiwan's surplus sources.

## Current Account



Source: Balance of Payments Quarterly, Republic of China (Taiwan), CBC, February 2025.

<sup>1</sup> Association of Southeast Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Exports to the ASEAN economies increased by 15.1% to US\$87,785 million in 2024, with its share of total exports rising to 18.5%. The increase mainly came from ICT/AV products. Imports from the ASEAN economies increased by 20.1% to US\$49,271 million, accounting for a slightly greater share of 12.5% of total imports as imports of electronic parts and components and ICT/AV products increased. Overall, the trade surplus with the ASEAN economies rose to US\$38,514 million. Singapore, Vietnam, and Thailand were the third, fourth, and fifth largest sources of Taiwan's trade surplus, respectively.

Exports to Europe decreased by 8.6% to US\$38,643 million, with its share of total exports falling to 8.1%. The major export declines were in electronic parts and components and ICT/AV products. Imports from Europe decreased by 1.8% to US\$45,786 million and the share of total imports shrank to 11.6%, with machinery being the main source of this decrease. In all, the decrease in exports to Europe exceeded that in imports, expanding the trade deficit to US\$7,143 million.

Exports to Japan decreased by 17.8% to US\$25,842 million and its share in Taiwan's total exports decreased to 5.4%. Of all major products exported to Japan, electronic parts and components contributed the most to this decline. Imports from Japan increased by 4.8% to US\$46,452 million, with electronic parts and components being the main source of this increase; Japan's share of total imports declined further to 11.8%, though. With exports decreasing and imports increasing, the trade deficit with Japan expanded to US\$20.61 billion. However, Japan was surpassed by South Korea, becoming the second largest source of Taiwan's trade deficit.

### Trade in Goods by Country

Unit: %

	2024			2023		
	Amount (US\$million)	Share	Annual Change	Amount (US\$million)	Share	Annual Change
Exports						
Mainland China (including Hong Kong)	150,620	31.7	-1.1	152,239	35.2	-18.1
US	111,369	23.4	46.1	76,234	17.6	1.6
ASEAN	87,785	18.5	15.1	76,275	17.6	-5.4
Europe	38,643	8.1	-8.6	42,283	9.8	2.9
Japan	25,842	5.4	-17.8	31,435	7.3	-6.5
Rest of the World	60,810	12.8	12.7	53,954	12.5	-14.6
Total	475,069	100.0	9.9	432,420	100.0	-9.8
Imports						
Mainland China (including Hong Kong)	80,623	20.4	12.4	71,718	20.4	-16.1
ASEAN	49,271	12.5	20.1	41,031	11.7	-23.9
US	46,488	11.8	13.7	40,882	11.6	-10.5
Japan	46,452	11.8	4.8	44,344	12.6	-18.8
Europe	45,786	11.6	-1.8	46,606	13.3	-8.7
Rest of the World	125,824	31.9	17.5	107,050	30.4	-22.0
Total	394,444	100.0	12.2	351,632	100.0	-17.9

Source: *Monthly Statistics of Exports and Imports*, Ministry of Finance, R.O.C. (Taiwan).

## (2) Services

In 2024, the services deficit increased to US\$12,412 million mainly because of an increase in travel payments.

Of the various components of the services account, receipts of manufacturing services on physical inputs owned by others<sup>2</sup> increased by US\$1,319 million to US\$5,312 million in 2024. On the debit side, payments for manufacturing services rose by US\$55 million to US\$1,668 million. In total, net manufacturing receipts increased from US\$2,380 million to US\$3,644 million.

In terms of maintenance and repair services n.i.e. (not included elsewhere), which covers maintenance and repair work by residents on goods that are owned by nonresidents (and vice versa), the receipts declined by US\$317 million to US\$1,188 million owing mainly to decreased receipts from aircraft repair. On the other hand, the payments rose by US\$142 million to US\$1,612 million, owing mainly to increased payments for aircraft repair. In all, the account of maintenance and repair services n.i.e. turned from a surplus to a deficit of US\$424 million.

Transport receipts increased by US\$1,290 million to US\$12,103 million, reflecting increases in international freight proceeds. Transport payments rose by US\$697 million to US\$13,739 million as a result of an increase in passenger fares paid to foreign airlines. Overall, the transport services deficit narrowed from US\$2,229 million to US\$1,636 million.

Travel receipts increased by US\$1,004 million to US\$9,662 million. Meanwhile, travel payments increased by US\$4,544 million to US\$20,063 million. The increases in both receipts and payment were mainly due to the growth in the number of cross-border tourists. In all, the deficit on the travel account widened to a record high of US\$10,401 million.

In terms of "other services," the receipts grew by US\$1,538 million to US\$30,485 million, mainly attributable to increases in receipts from computer and information services. The payments grew by US\$1,718 million to US\$34,080 million, owing to increases in payments for construction. Overall, the deficit on the "other services" account increased to US\$3,595 million.

## (3) Primary Income

Primary income consists of compensation of employees, investment income, and other primary income. In 2024, primary income receipts increased by US\$4,773 million to US\$64,633 million, mainly because of increases in residents' income from direct investment abroad. Meanwhile, primary income payments decreased by US\$259 million from the previous year to US\$34,306 million, mainly

<sup>2</sup> Manufacturing services on physical inputs owned by others include the processing, assembly, labeling, and packing undertaken by a service provider that does not own the goods, namely a resident's payment to a nonresident for providing these services for the resident who is also the owner of the goods concerned.

attributable to decreases in direct investment income paid to nonresidents. Consequently, the surplus on the primary income account increased to US\$30,327 million.

#### (4) Secondary Income

For the year of 2024, secondary income receipts amounted to US\$8,972 million, reflecting increases in receipts in gifts and samples and in inward work remittances and family support allowances. Secondary income payments amounted to US\$13,752 million, mainly owing to increased payments in gifts and samples. As a whole, the deficit on the secondary income account narrowed to US\$4,780 million.

### Capital Account Deficit

The capital account includes capital transfers and the acquisition and disposal of non-produced, non-financial assets. In 2024, the capital account deficit decreased to US\$2 million.

### Net Asset Increase in Financial Account

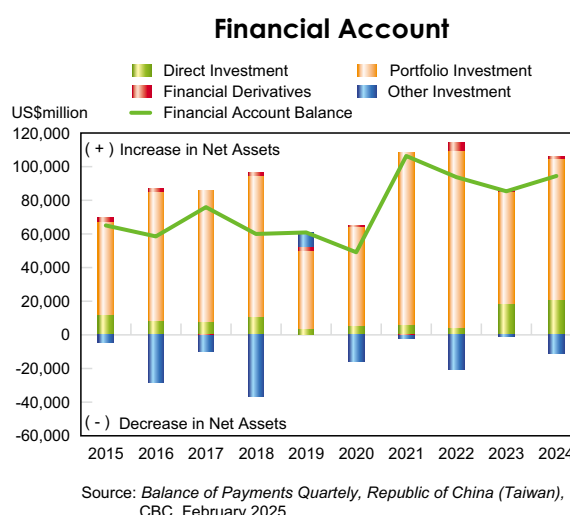
In 2024, the financial account showed an increase of US\$94,391 million in net assets. In terms of sub-categories, direct investment, portfolio investment and financial derivatives exhibited increases of US\$21,053 million, US\$83,684 million and US\$923 million in net assets, respectively. The account of other investment exhibited a decrease of US\$11,269 million in net assets.

#### (1) Direct Investment

Direct investment abroad by residents exhibited an increase of US\$31,979 million. Direct investment in Taiwan by nonresidents showed an increase of US\$10,926 million.

#### (2) Portfolio Investment

In 2024, portfolio investment abroad by residents increased by US\$66,327 million. Equity and investment fund shares grew by US\$26,983 million mainly because banks' non-discretionary money trust, onshore funds and pension funds increased holdings of foreign equity securities. Debt securities rose by US\$39,344 million mainly because onshore funds, banks and banks' non-discretionary money trusts increased holdings of foreign debt securities.



On the other hand, local portfolio investment by nonresidents decreased by US\$17,357 million. Equity and investment fund shares declined by US\$18,893 million as foreign investors decreased holdings of Taiwanese stocks, and debt securities rose by US\$1,536 million mainly because nonresidents invested in overseas corporate bonds issued by domestic enterprises.

### (3) Financial Derivatives

Assets in financial derivatives decreased by US\$27,799 million, principally because of gains on transactions of financial derivatives received by other financial corporations.

Liabilities in financial derivatives decreased by US\$28,722 million, mainly because of losses on transactions of financial derivatives paid by other financial corporations.

### (4) Other Investment

In 2024, other investment abroad by residents decreased by US\$2,907 million. Of the components, currency and deposits decreased by US\$14,813 million as banks withdrew deposits from overseas branches; loans decreased by US\$4,325 million because of declines in overseas interbank loans; trade credit grew by US\$2,834 million owing to an increase in trade credit extended by corporations; other accounts receivable increased by US\$13,389 million.

Other inward investment by nonresidents increased by US\$8,362 million. Of the components, currency and deposits rose by US\$7,430 million because of increased deposits from overseas branches and nonresidents; loans rose by US\$3,542 million as banks increased overseas interbank borrowings; trade credit declined by US\$3,800 million, owing to a decrease in trade credit received by corporations; other accounts payable increased by US\$1,190 million.

## **Increase in Foreign Exchange Reserves**

The foreign exchange reserve assets held by the Bank increased by US\$10,880 million in 2024, mainly owing to returns from foreign exchange reserves management.