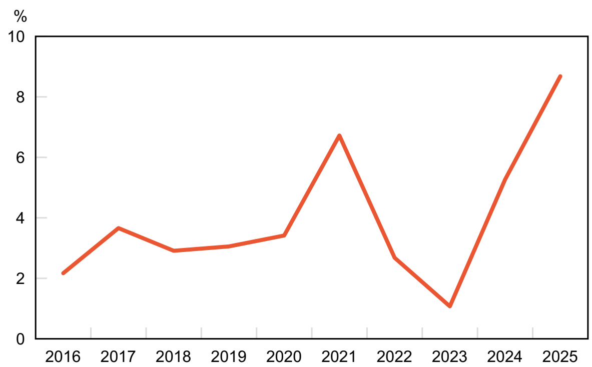
2. National Output and Income

In 2025, Taiwan's economy grew at an annual rate of 8.68%. Domestic demand contributed 2.02 percentage points to real GDP growth, fueled by significant expansion in gross fixed capital formation and a mild uptick in private consumption. In terms of external demand, net exports contributed 6.66 percentage points to real GDP growth, underpinned by a vigorous export performance. In the meantime, nominal GNI (gross national income, in US dollars) rose by 13.90%, and GNI per capita increased from US$35,531 to US$40,585 over the year 2025.

In the first quarter, real GDP expanded by 5.54%. The growth was primarily propelled by exports and private investment. In addition, private consumption exhibited temperate growth on account of resilient domestic spending and an increase in real wages. In the second quarter, real GDP grew by 7.71%. Export growth was supported by strong demand for AI and other emerging technology applications, as well as front-loading by overseas firms in response to U.S. trade policies. Meanwhile, private investment maintained its upward trajectory as the semiconductor industry further scaled up its production capacity for high-end chips and advanced packaging.

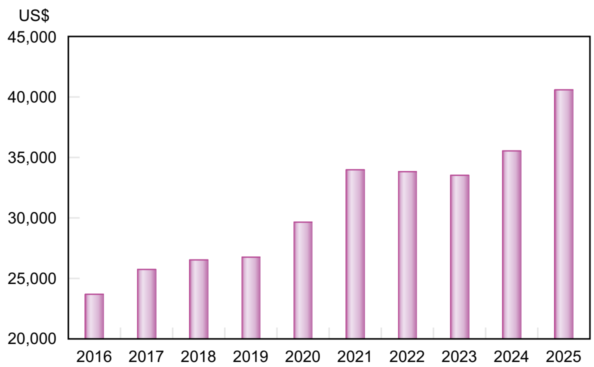
In the third quarter, real GDP growth rose to 8.42%. Private consumption remained sluggish as U.S. trade policies dampened consumer confidence. However, export growth momentum sustained its strength, largely owing to major global cloud service providers (CSPs) accelerating their AI-related capital expenditures. Strong external demand, coupled with capacity increases in the AI supply chain, significantly bolstered private investment. In the fourth quarter, real GDP growth soared to 12.65%. Exports continued to thrive as major CSPs revised up their capital expenditures, driving export demand for emerging technologies higher. In the meantime, private consumption improved because of a buoyant stock market, record-high real wage growth, and the universal cash handout from the government.

Real Growth Rate of GDP



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

Per Capita GNI



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

Expenditure Components of GDP

Of all expenditure components of GDP, exports of goods and services were the main source of economic growth and contributed 20.02 percentage points to real GDP growth for 2025. Gross fixed capital formation, on the other hand, contributed 2.72 percentage points to real GDP growth. Private consumption and government consumption contributed 0.68 percentage points and 0.16 percentage points to real GDP growth, respectively. With respect to shares of GDP, exports of goods and services continued to account for the largest share of GDP at 73.43%, followed by private consumption at 43.36% and gross fixed capital formation at 25.85%.

GDP by Expenditure

Unit: %

	2025			2024		
	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*	Share	Real Growth Rate	Contribution to Real Growth Rate of GDP*
Private Consumption	43.36	1.46	0.68	46.95	3.20	1.56
Government Consumption	12.31	1.22	0.16	13.23	3.03	0.41
Gross Fixed Capital Formation	25.85	10.53	2.72	25.83	7.07	1.81
Change in Inventory	-0.59	--	-1.54	1.03	--	1.74
Exports of Goods and Services	73.43	31.82	20.02	62.91	8.71	5.37
(Less: Imports of Goods and Services)	54.36	26.75	13.36	49.95	11.62	5.63
Expenditure on GDP	100.00	8.68	8.68	100.00	5.27	5.27

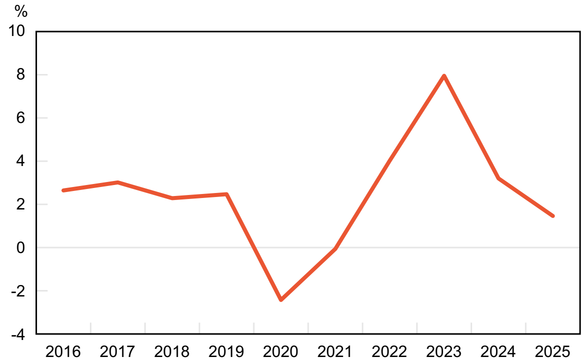
Note: * Percentage point.
Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

(1) Mild Growth in Private Consumption

Private consumption was initially supported by strong income-driven factors, such as the minimum wage hike and corporate dividend payouts. These factors, alongside government stimulus measures, provided essential growth momentum to consumer spending. However, persistent uncertainty surrounding U.S. trade policies since April dampened consumer sentiment. As a result, private consumption grew at an annual rate of 1.46% and contributed 0.68 percentage points to real GDP growth in 2025.

In the first quarter of 2025, private consumption grew 1.43%, boosted by major sporting events, concerts, and holiday shopping. However, uncertainty surrounding U.S. trade policies weakened consumer confidence in the second quarter, causing growth to slow to 0.17%. While real wages continued to rise in the third quarter, private consumption increased slightly by 0.72% as demand for durable goods, such as automobiles and motorcycles, declined amid ongoing trade negotiations between the U.S. and Taiwan. By the fourth quarter, private consumption growth rebounded to 3.45%. The recovery stemmed from government stimulus measures, including commodity tax cuts and exemptions and a NT$10,000 universal cash handout, which revitalized demand for durable goods and complemented sustained enthusiasm for outbound travel.

Real Growth Rate of Private Consumption Expenditure



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

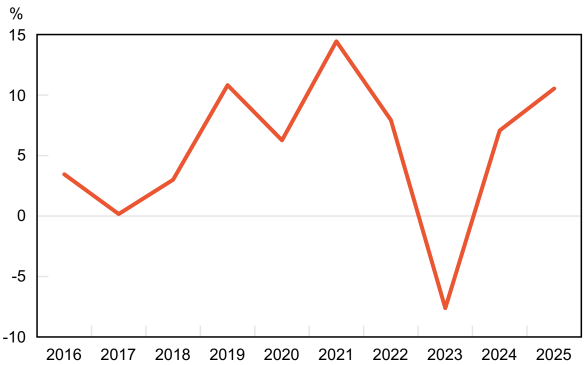
(2) Significant Increase in Gross Fixed Capital Formation

Driven by surging demand for emerging technologies, high-end chipmakers and advanced packaging firms ramped up their capital investment. This tech boom, in turn, resulted in a 10.53% growth rate in gross fixed capital formation, contributing 2.72 percentage points to real GDP growth in 2025.

Gross fixed capital formation climbed by 18.44% in the first quarter, on the back of heightened investment in machinery and equipment for semiconductor process migration and procurement of environmental protection equipment. The growth momentum carried into the next two quarters as semiconductor firms continued to expand manufacturing facilities and production lines to meet growing demand for emerging technologies. Meanwhile, government initiatives successfully attracted major international firms to establish research and development (R&D) centers in Taiwan, sustaining investment in machinery and equipment. Consequently, gross fixed capital formation grew by 11.51% and 10.14% in the second and third quarters, respectively. However, growth in gross fixed capital formation moderated to 3.48% in the fourth quarter, hampered by a higher base effect in machinery and equipment investment and a contraction in construction investment.

In terms of the type of fixed capital formation, investment in both machinery and equipment and construction was bolstered by government infrastructure investment and capacity expansion in the semiconductor industry, rising by 25.23% and 2.17%, respectively,

Real Growth Rate of Fixed Capital Formation



Source: *Statistical Abstract of National Income*, DGBAS, Executive Yuan, February 2026.

in 2025. In contrast, transportation investment contracted by 1.22% owing to reduced purchases of commercial vehicles and aircraft. Lastly, investment in intellectual property grew steadily by 6.27% for the entire year, supported by digitalization and higher R&D expenditures in the semiconductor industry.

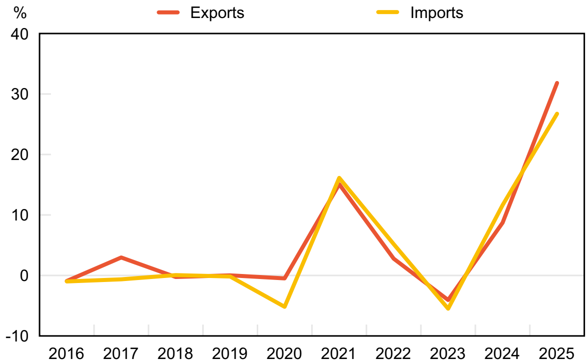
(3) Remarkable Growth in Real Exports

Higher-than-anticipated demand for AI applications fueled a remarkable increase in exports of goods and services, which grew by 31.82% and contributed 20.02 percentage points to real GDP growth in 2025.

Throughout 2025, China's industrial overcapacity and low-price competition stifled exports of traditional manufacturing goods through significant spillover effects. Yet, supported by front-loading demand in the first half of the year and the expansion of AI deployment by major CSPs, exports of electronics and ICT products surged, lifting overall exports to double-digit growth. As a result, exports of goods and services grew by 20.66%, 36.26%, 30.63%, and 38.81% in the first through fourth quarters, respectively.

As for imports, higher export- and investment-derived demand resulted in a notable 26.75% increase in imports for the year.

Real Growth Rates of Exports and Imports

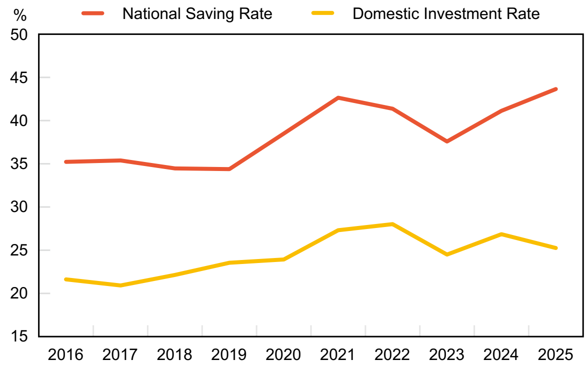


Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.

Modest Changes in National Saving Rate and Domestic Investment Rate

The national saving rate (the ratio of national savings to GNI measured at current prices) rose from 41.14% in 2024 to 43.65% in 2025, reflecting higher gains in national income. Meanwhile, the domestic investment rate (the ratio of domestic investment to GDP measured at current prices) fell slightly from 26.86% in 2024 to 25.26% in 2025. The decline occurred as the vigorous export performance significantly bolstered gross domestic product, outpacing increased capital expenditures from domestic AI suppliers.

National Saving Rate and Domestic Investment Rate



Source: *Statistical Abstract of National Income,* DGBAS, Executive Yuan, February 2026.