3. Balance of Payments

In 2025, Taiwan's current account registered a surplus of US$181,136 million, which accounted for 19.6% of nominal GDP. The financial account posted a net asset increase of US$157,159 million. Reserve assets increased by US$20,035 million.

Balance of Payments

Unit: US$million

	(1) 2025	(2) 2024	(1)-(2)
A. Current account	181,136	112,709	68,427
Goods: credit (exports)	582,483	415,018	167,465
Goods: debit (imports)	406,433	315,655	90,778
Balance on goods	176,050	99,363	76,687
Services: credit (exports)	64,023	58,957	5,066
Services: debit (imports)	77,651	71,159	6,492
Balance on services	-13,628	-12,202	-1,426
Primary income: credit	63,186	64,629	-1,443
Primary income: debit	36,964	34,362	2,602
Balance on primary income	26,222	30,267	-4,045
Secondary income: credit	9,718	9,024	694
Secondary income: debit	17,226	13,743	3,483
Balance on secondary income	-7,508	-4,719	-2,789
B. Capital account	0	-2	2
C. Financial account	157,159	93,400	63,759
Direct investment: assets	45,311	32,012	13,299
Equity and investment fund shares	40,341	31,625	8,716
Debt instruments	4,970	387	4,583
Direct investment: liabilities	10,961	11,092	-131
Equity and investment fund shares	6,487	2,877	3,610
Debt instruments	4,474	8,215	-3,741
Portfolio investment: assets	36,165	66,374	-30,209
Equity and investment fund shares	16,989	26,998	-10,009
Debt securities	19,176	39,376	-20,200
Portfolio investment: liabilities	-15,240	-17,357	2,117
Equity and investment fund shares	-17,817	-18,893	1,076
Debt securities	2,577	1,536	1,041
Financial derivatives: assets	-33,011	-27,799	-5,212
Financial derivatives: liabilities	-30,738	-28,722	-2,016
Other investment: assets	71,673	-3,774	75,447
Other investment: liabilities	-2,004	8,400	-10,404
D. Net errors and omissions	-3,942	-8,427	4,485
E. Reserves and related items*	20,035	10,880	9,155

Note: * Excluding valuation changes in exchange rates.
Source: *Balance of Payments Quarterly, Republic of China (Taiwan)*, CBC, February 2026.

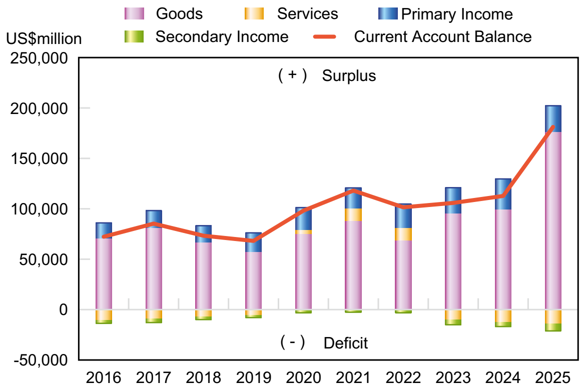
Wider Current Account Surplus

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

(1) Goods

Driven mainly by emerging technologies such as AI-related applications, Taiwan's external merchandise trade grew significantly in 2025, with the value of exports (on a BOP basis) increasing by 40.4% from 2024 to US$582,483 million. Among its components, net exports of goods under merchanting increased by 16.1% to US$16,624 million. The value of imports increased by 28.8% to US$406,433 million. Overall, as the increase in exports exceeded that in imports, the trade surplus widened from US$99,363 million to US$176,050 million.

Current Account



Source: *Balance of Payments Quartely, Republic of China (Taiwan)*, CBC, February 2026.

According to customs statistics, the top five trading partners of Taiwan in 2025 were the U.S., Mainland China including Hong Kong (hereafter in this chapter referred to as Mainland China), ASEAN,[1] Europe, and Japan.

In 2025, Taiwan's exports to the U.S. grew 78.0% to a record high of US$198,274 million, and its share of total exports rose to 30.9%. This surge was primarily driven by booming demand for AI, high-performance computing (HPC), and cloud services, which lifted exports of information and communication technology and audio-video (ICT/AV) products as major U.S. cloud service providers increased procurement. As for imports from the U.S., the amount increased by 3.2% to US$48,156 million, primarily driven by electronic parts and components. The trade surplus with the U.S. expanded to US$150,117 million for the year, constituting the largest source of Taiwan's trade surplus.

In terms of Taiwan's trade with Mainland China, the value of exports amounted to US$170,477 million in 2025, representing a 13.2% increase that ended three consecutive years of decline. However, Mainland China's share of total exports continued to drop to 26.6%, the lowest level in 25 years. Against the backdrop of global supply chain restructuring, alongside overcapacity and weak domestic demand in Mainland China, electronic parts and components stood out as the primary driver of export growth, while other sectors remained subdued. Imports from Mainland China grew 15.5% to US$93,124 million owing primarily to electronic parts and components, though Mainland China's share of total imports decreased to 19.3%. As the increase in exports exceeded that in

[1] Association of Southeast Asian Nations, including Brunei Darussalam, Cambodia, Indonesia, Laos, Myanmar, Malaysia, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

imports, the trade surplus with Mainland China widened to US$77,354 million in 2025, ranking second among Taiwan's surplus sources.

Exports to the ASEAN economies increased by 35.6% to US$119,027 million in 2025, with its share of total exports slightly rising to 18.6%. The growth was bolstered by AI-related demand and supply chain relocation, with ICT/AV products and electronic parts and components contributing the most to the increase. Imports from the ASEAN economies increased by 27.0% to US$62,562 million, accounting for a slightly greater share of 12.9% of total imports as imports of ICT/AV products increased. Overall, the trade surplus with the ASEAN economies rose to US$56,464 million. Singapore, Malaysia, and Thailand were the third, fourth, and fifth largest sources of Taiwan's trade surplus, respectively.

Exports to Europe increased by 6.9% to US$41,288 million, with ICT/AV products being the main contributor; however, its share of total exports continued to decline to 6.4%. Imports from Europe increased by 9.9% to US$50,460 million mainly led by machinery, though Europe's share of total imports shrank to 10.4%. In all, as the increase in exports to Europe was smaller than that in imports, the trade deficit expanded to US$9,172 million.

Regarding trade with Japan, exports increased by 16.2% to US$30,014 million, primarily in electronic parts and components and ICT/AV products; nevertheless, its share in Taiwan's total

Trade in Goods by Country

Unit: %

	2025			2024		
	Amount (US$million)	Share	Annual Change	Amount (US$million)	Share	Annual Change
Exports						
US	198,274	30.9	78.0	111,362	23.4	46.1
Mainland China (including Hong Kong)	170,477	26.6	13.2	150,589	31.7	-1.1
ASEAN	119,027	18.6	35.6	87,777	18.5	15.0
Europe	41,288	6.4	6.9	38,629	8.1	-8.6
Japan	30,014	4.7	16.2	25,830	5.4	-17.8
Rest of the World	81,658	12.7	34.4	60,739	12.8	12.7
Total	640,739	100.0	34.9	474,925	100.0	9.8
Imports						
Mainland China (including Hong Kong)	93,124	19.3	15.5	80,651	20.5	12.5
ASEAN	62,562	12.9	27.0	49,243	12.5	20.0
Japan	54,834	11.3	18.0	46,464	11.8	4.8
Europe	50,460	10.4	9.9	45,897	11.6	-1.5
US	48,156	10.0	3.2	46,659	11.8	14.1
Rest of the World	174,467	36.1	39.1	125,434	31.8	17.2
Total	483,603	100.0	22.6	394,350	100.0	12.1

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

exports continued to decrease to 4.7%. Imports from Japan increased by 18.0% to US$54,834 million, with electronic parts and components and machinery contributing the most to this increase. Despite the growth in value, Japan's share of total imports declined further to 11.3%. With the increase in exports being less than that in imports, the trade deficit with Japan expanded to US$24,820 million. Japan remained the second largest source of Taiwan's trade deficit, surpassed only by South Korea.

(2) Services

In 2025, the services deficit increased to US$13,628 million mainly because of an increase in travel and construction payments.

Of the various components of the services account, receipts of manufacturing services on physical inputs owned by others[2] increased by US$644 million to US$5,956 million in 2025. On the debit side, payments for manufacturing services rose by US$158 million to US$1,815 million. In total, net manufacturing receipts increased from US$3,655 million to US$4,141 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 rose by US$151 million to US$1,339 million and payments rose by US$267 million to US$1,875 million in 2025. The increases in both receipts and payments were mainly due to the rise in aircraft repair. In all, the maintenance and repair services deficit widened from US$420 million to US$536 million.

Transport receipts decreased by US$1,365 million to US$10,581 million, reflecting a decline in international freight proceeds. Transport payments declined by US$700 million to US$13,163 million as a result of a decrease in passenger fares paid to foreign airlines. Overall, the transport services deficit widened from US$1,917 million to US$2,582 million.

Travel receipts increased by US$999 million to US$11,025 million. Meanwhile, travel payments increased by US$2,592 million to US$22,505 million. The increases in both receipts and payments 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$11,480 million.

In terms of "other services," the receipts grew by US$4,637 million to US$35,122 million, mainly attributable to increases in receipts from professional and management consulting services, trade-related and other miscellaneous technical services (under other business services) and computer and information services. The payments grew by US$4,175 million to US$38,293 million, owing to increases in payments for construction. Overall, the deficit on the "other services" account decreased to US$3,171 million.

[2] 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.

(3) Primary Income

Primary income consists of compensation of employees, investment income, and other primary income. In 2025, primary income receipts decreased by US$1,443 million to US$63,186 million, mainly because of decreases in residents' direct investment income. Meanwhile, primary income payments increased by US$2,602 million from the previous year to US$36,964 million, mainly attributable to increases in direct investment income paid to nonresidents. Consequently, the surplus on the primary income account decreased to US$26,222 million.

(4) Secondary Income

For the year of 2025, secondary income receipts amounted to US$9,718 million, reflecting an increase in gift and sample receipts. Secondary income payments amounted to US$17,226 million, mainly owing to increased payments of workers' remittances. As a whole, the deficit on the secondary income account widened to US$7,508 million.

Capital Account Balance

The capital account includes capital transfers and the acquisition and disposal of non-produced, non-financial assets. In 2025, the capital account shifted from a deficit to a broadly balanced position.

Net Asset Increase in Financial Account

In 2025, the financial account showed an increase of US$157,159 million in net assets. In terms of sub-categories, direct investment, portfolio investment and other investment exhibited increases of US$34,350 million, US$51,405 million and US$73,677 million in net assets, respectively. The account of financial derivatives exhibited a decrease of US$2,273 million in net assets.

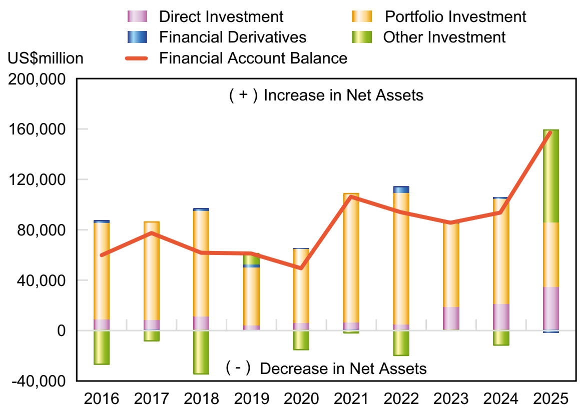
(1) Direct Investment

Direct investment abroad by residents exhibited an increase of US$45,311 million. Direct investment in Taiwan by nonresidents showed an increase of US$10,961 million.

(2) Portfolio Investment

In 2025, portfolio investment abroad by residents increased by US$36,165 million. Equity and investment fund shares grew by US$16,989 million mainly because banks' non-

Financial Account



Source: *Balance of Payments Quartely, Republic of China (Taiwan)*, CBC, February 2026.

discretionary money trusts increased holdings of foreign equity securities. Debt securities rose by US$19,176 million mainly because banks increased holdings of foreign debt securities.

On the other hand, local portfolio investment by nonresidents decreased by US$15,240 million. Equity and investment fund shares declined by US$17,817 million as foreign investors decreased holdings of Taiwanese stocks, and debt securities rose by US$2,577 million mainly because nonresidents invested in overseas corporate bonds issued by domestic enterprises.

(3) Financial Derivatives

Assets in financial derivatives decreased by US$33,011 million, principally because of gains on transactions of financial derivatives received by other financial corporations.

Liabilities in financial derivatives decreased by US$30,738 million, mainly because of losses on transactions of financial derivatives paid by other financial corporations.

(4) Other Investment

In 2025, other investment abroad by residents increased by US$71,673 million. Of the components, currency and deposits increased by US$35,271 million, which was primarily driven by an expansion in foreign deposits held by the private sector; loans increased by US$8,967 million, reflecting the growth in medium- and long-term loans extended by banks to nonresidents; trade credit grew by US$20,447 million owing to an increase in trade credit extended by corporations; other accounts receivable increased by US$6,979 million.

Other inward investment by nonresidents decreased by US$2,004 million. Of the components, currency and deposits rose by US$23,290 million because of increased deposits from overseas nonfinancial institutions; loans declined by US$917 million, mainly reflecting domestic banks' repayment of repurchase agreements with foreign counterparties; trade credit declined by US$20,954 million, owing to a decrease in trade credit received by corporations; other accounts payable decreased by US$3,423 million.

Increase in Foreign Exchange Reserves

The foreign exchange reserve assets held by the Bank increased by US$20,035 million in 2025, mainly owing to returns from foreign exchange reserves management.