

Source: Atradius

## Industry performance

Changes since September 2020 · Sources: Atradius, Oxford Economics

### Automotive/Transport



#### Remains Poor

Travel faced huge revenue losses from the worldwide travel restrictions and border lockdowns, and airlines experienced the largest decline in recent history. However, two of the major players in Taiwan still have recorded a positive operating performance. Cargo proved to be a bright spot, offsetting an overall revenue decline. Nevertheless, in 2020, a 16.5% contraction of transport value added is estimated. Automotive value added is estimated to have declined by almost 10% in 2020.

### Chemicals/Pharmaceuticals



#### Remains Fair

Chemicals and pharmaceuticals businesses generally show robust business financials, good payment records and low insolvency rates. Chemical companies in Taiwan have responded to the crisis by focusing on operational efficiency, product optimization and cost management. Chemicals value added is forecast to increase by more than 5% in 2021 after a modest 1% growth in 2020.

Pharmaceuticals demand should benefit from rising health expenses and medical requirements, expected to grow by more than 3% in 2021.

### Construction/ Construction Materials



#### Remains Fair

Major building projects in Taiwan have continued, despite shortages of imported materials. Construction value added is expected to increase by about 2% in 2021 after growing 1% in 2020.

### Consumer Durables



#### Remains Poor

While the Taiwanese government has not imposed any lockdowns, at the beginning of the pandemic, consumers were panic buying all staple groceries, fearing stock-outs and the need for an extended period spent at home. Yet even despite that, consumption of non-food consumer goods and household consumption are estimated to have contracted in 2020.

### Electronics/ICT



#### Remains Fair

As the pillar of Taiwan's manufacturing sector, the electronics industry is riding on cutting-edge technology trends in the areas of 5G, artificial intelligence, the internet, and blockchain. Export orders rose for the eighth consecutive month in October 2020, boosted by strong global demand for Taiwanese tech products during the pandemic. Investment is returning from the mainland due to ongoing Sino-US trade frictions. ICT value added is expected to grow by almost 4% in 2021.

### Financial Services



#### Remains Good

The sector remains relatively robust, partly due to the country's successful containment of the pandemic thus far, making the Taiwanese economy less impacted than economies of most other countries. Furthermore, the government has taken a range of steps to support consumers and businesses. Local banks have been actively cooperating with the government to provide targeted relief measures (e.g. low interest rates) to households and small- and medium-sized enterprises.

### Food



#### Remains Excellent

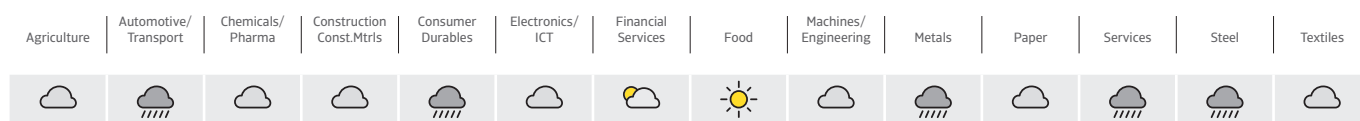
Value added is forecast to increase by almost 5% in 2021, and businesses' financials are resilient for the time being.

### Metals



#### Remains Poor

Supply tightness for imported containerized ferrous scrap has led to rising input prices, while domestic metals sales remained subdued. However, thanks to a diversified product portfolio, some key players still recorded positive profits in H1 of 2020. Metals value added is estimated to have declined by more than 2% in 2020. However, no payment delays and insolvencies were observed over the last 12 months.



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### Services



#### Down from Fair to Poor

The Taiwanese service sector is estimated to have contracted 23% in 2020. The pandemic has hit Taiwan's five-star hotels hard as a result of the lack of international visitors (domestic visitors usually account for no more than 20%-30%). The number of rooms occupied and occupancy rate have dropped significantly, and some hotels have announced their closure due to the impact of the pandemic. Hotel and catering value added is estimated to contract by more than 15% in 2020 and forecast to just rebound by 1% in 2021. Some hotels cannot survive another six months without international guests, even if the government offers generous support. Both payment delays and insolvencies are expected to increase further in all tourism-related segments.

### Steel



#### Remains Poor

Domestic steel production had already declined in 2019, due to maintenance stoppages among steelmakers, as well as due to sluggish demand. This decline continued in 2020, mainly due to the economic impact of the pandemic, Sino-US trade frictions and the persistent competition from lower-priced imports. However, no payment delays or insolvencies were observed over the last 12 months.