

COVID-19

Island of Resilience

TAIWAN Pandemic Policy Response
and Economic Growth
ECONOMIC MIRACLE 2.0





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Pandemic Policy Response
and Economic Growth

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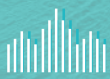
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A Comparison Table of Proper Nouns and Their Abbreviations

| Abbreviations | Proper Nouns |
|---------------|--|
| A | |
| AI | Artificial Intelligence |
| AIoT | Artificial Intelligence of Things |
| ATAG | Air Transport Action Group |
| ATM | Automated Teller Machine |
| B | |
| B&Bs | Bed and Breakfasts |
| BERI | Business Environment Risk Intelligence SA |
| C | |
| CBC | Taiwan Central Bank |
| CECC | Central Epidemic Command Center |
| CTBC | China Trust Business Bank |
| COVID-19 | Coronavirus disease 2019 |
| D | |
| DGBAS | Directorate-General of Budget, Accounting and Statistics, Executive Yuan |
| E | |
| ECB | European Central Bank |
| E-commerce | Electronic Commerce |
| F | |
| FSC | Financial Supervisory Commission |
| G | |
| GDP | Gross Domestic Product |
| I | |
| IC | Integrated Circuit |
| ICT | Information and Communications Technology |
| IMD | International Institute for Management Development |
| IMF | International Monetary Fund |
| L | |
| LNG | Liquefied Natural Gas |
| LOHAS | Lifestyles of Health and Sustainability |
| LPG | Liquefied Petroleum Gas |
| M | |
| MICE | Meetings, Incentives, Conferencing, Exhibitions |
| MOA | Ministry of Agriculture |
| MOC | Ministry of Culture |
| MOE | Ministry of Education |
| MOEA | Ministry of Economic Affairs |
| MOF | Ministry of Finance |
| MOFA | Ministry of Foreign Affairs |
| MOHW | Ministry of Health and Welfare |

| Abbreviations | Proper Nouns |
|------------------------------|---|
| MOI | Ministry of the Interior |
| MOL | Ministry of Labor |
| MOTC | Ministry of Transportation and Communications |
| MSMEs | Micro, Small and Medium Enterprises |
| N | |
| NDC | National Development Council |
| NDF | National Development Fund, Executive Yuan |
| NHI | National Health Insurance |
| O | |
| OEM | Original Equipment Manufacturers |
| P | |
| PCR | Polymerase chain reaction |
| Post-Pandemic Special Act | Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era |
| Post-Pandemic Special Budget | Special Budget for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era |
| PCC | Public Construction Commission, Executive Yuan |
| S | |
| SARS | Severe Acute Respiratory Syndrome |
| SMEs | Small and Medium-sized Enterprises |
| SOHO | Small Office/Home Office |
| Special Act | Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens |
| Special Budget | Central Government Special Budget for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens |
| STEM | Science, Technology, Engineering, and Mathematics |
| T | |
| Taiwan SMEG | Small & Medium Enterprises Credit Guarantee Fund of Taiwan |
| U | |
| UNCTAD | United Nations Conference on Trade and Development |
| UNWTO | World Tourism Organization |
| US | United States of America |
| W | |
| Wi-Fi | Wi-Fi Alliance |
| WHA | World Health Assembly |
| WHO | World Health Organization |
| X | |
| X | formerly Twitter |
| 5 | |
| 5G | 5th-Generation Mobile Communication Technology |



Pandemic Stage

The rapid spread of the global pandemic leads many countries to implement lockdowns

Domestic Level 3 alert implemented and widespread vaccination

Relief and Stimulus

The First Through Third Phases of Relief and Stimulus (Including the Triple Stimulus Vouchers)

- 2/25 Implementation of the "Special Act"
- 3/13 The Legislative Yuan passed the budget for the first phase of COVID-19 relief
- 4/21 The Legislative Yuan passed an amendment to the "Special Act" and increased its budget cap to NT\$210 billion
- 5/8 The Legislative Yuan passed the budget for the second phase of COVID-19 relief
- 10/23 The Legislative Yuan passed the budget for the third phase of relief (including the Triple Stimulus Vouchers)

The Fourth and Fifth Phases of Relief and Stimulus (Including the Quintuple Stimulus Vouchers)

- 5/31 The Legislative Yuan passed an amendment that extended the "Special Act" until the end of June and raised the special budget cap to NT\$840 billion.
- 6/18 The Legislative Yuan passed the budget for the fourth phase of COVID-19 relief
- 12/10 The Legislative Yuan passed the budget for the fifth phase of COVID-19 relief (Including the Quintuple Stimulus Vouchers)

2020

2021

Economic Highlights

The Highest GDP Growth Rate of Any Developed Nation

- GDP growth rate of 3.4%, making Taiwan one of the few countries with economic growth
- Unemployment rate was better than most countries
- Export performance was better than other major countries
- International acclaim for having the best GDP performance and the lowest death toll
- Nationwide efforts in disease prevention; no work stoppage and no school closures
- Stock market and listed companies' revenues reached new highs
- Number of furloughed workers decreased from 30,000 to 6,000

GDP Growth Reaches an 11-year High

- GDP growth exceeds 6%, reaching an 11-year high
- For the first time, GDP per capita surpassed US\$30,000
- Exports and export orders hit record highs
- Investment ratio reaches a 23-year high
- IMD competitiveness ranking jumps to 8th
- Industrial production index hits a record high
- Three major credit rating agencies upgrade the nation's outlook
- Number of furloughed workers drops from 58,000 to 18,000

Coexisting with the virus and lifting
border restrictions

The COVID-19 Central Epidemic
Command Center disbands

A New Wave of Stimulus Measures

- 6/7 The Legislative Yuan passed an amendment that extended the "Special Act" and its special budget until the end of June 2023
- 5/26 The Executive Yuan passed a new wave of stimulus measures in response to the pandemic

The COVID-19 "Special Act" Concludes

- 2/21 The Legislative Yuan passes the "Post-Pandemic Special Act"
- 3/24 The Legislative Yuan passes the post-pandemic special budget
- 4/1 The government shared the fruits of economic growth by distributing NT\$6,000 in universal cash payments to all citizens
- 6/30 The COVID-19 "Special Act" and its special budget conclude

2022

Domestic Demand Sees Explosive Growth

- Overseas Chinese and foreign investment in Taiwan reached US\$13.3 billion, a 15-year high
- Retail and food service revenues hit record highs
- Total merchandise trade with New Southbound Policy countries reached a historic high
- Investment in New Southbound Policy countries reached US\$5.3 billion, surpassing the US\$5.047 billion invested in China

2023

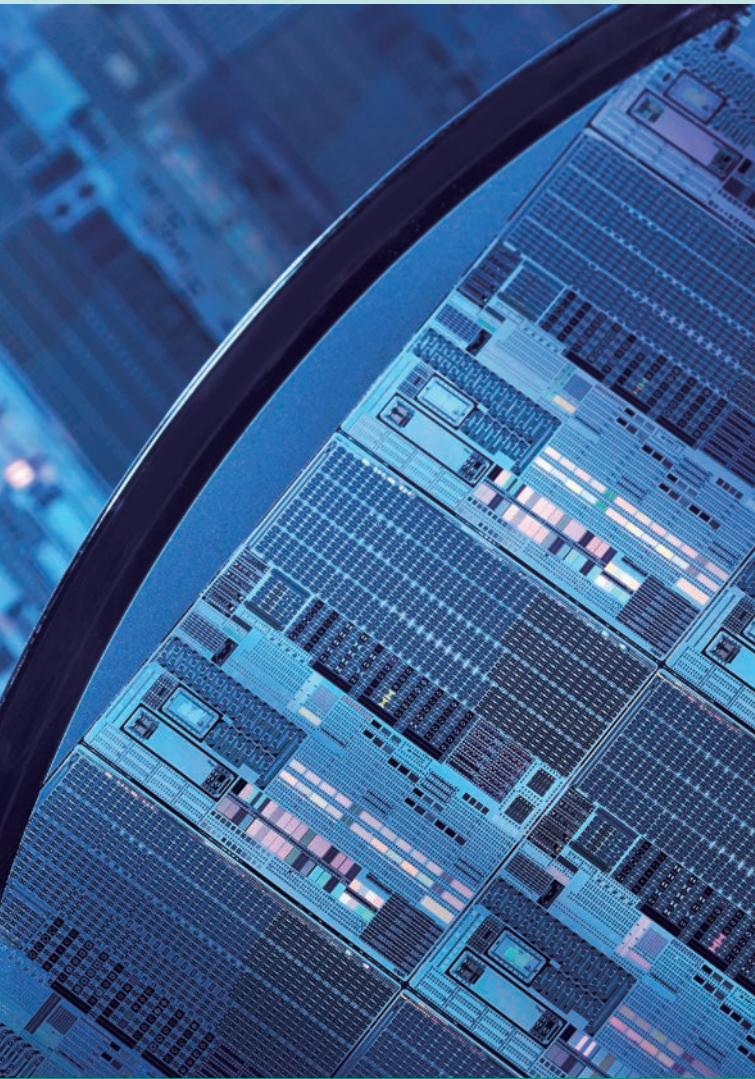
International Rankings Rise Further

- Private consumption increased by 8.3%, the largest growth in nearly 30 years
- Tourist arrivals in Taiwan reached the target of 6 million
- Merchandise exports to New Southbound Policy countries grew by over 50% compared to 2015, and merchandise exports to the United States grew by over 120%
- Retail and food service revenues hit new record highs
- Taiwan's IMD competitiveness ranking rose to 6th
- Taiwan's economic freedom score ranked 4th globally for its best-ever showing

Joint Action Against the Pandemic Shows Taiwan's Resilience to the World




The Premier of the Executive Yuan
| Chen Chien-jen |



At the end of 2019, the arrival of COVID-19 not only severely threatened human health but also had a significant impact on globalized industries that rely on transnational supply chains, like the technology industry. At the same time, traditional industries faced shortages of key goods, components, and raw materials, further endangering the stability of labor markets and the livelihoods of salaried workers.

When COVID-19 emerged, Taiwan drew on its experiences controlling the 2002 SARS outbreak. It quickly identified the severity of this emerging acute communicable disease and promptly conducted on-board quarantine checks of direct flights from Wuhan, China. Subsequently, it further strengthened border quarantine policies in response to the risk and successfully blocked the disease from entering the country.

When the pandemic was severe, the people of Taiwan closely followed the Central Epidemic Command Center's regular COVID-19 press conferences to understand the latest developments and control policies. The public



used proactive non-pharmaceutical interventions, such as frequent hand washing, mask wearing, and social distancing to reduce the domestic transmission rate. The government ensured adequate disease control supplies by coordinating the production of masks and alcohol. It used also Taiwan's advanced information and communication technologies to launch real-name registration systems for the purchases of high-demand items, to ensure every household could obtain needed materials and have peace of mind. Meanwhile, the nation demonstrated the humanitarian spirit of "Taiwan can help" by donating masks and other goods to countries in need to fulfill its responsibilities as a global citizen. Thanks to the government's rigorous disease control measures and ongoing optimization, coupled with the collective efforts of the entire population to implement self-protection measures, Taiwan had remarkable disease control results and impressive economic growth in a very challenging global environment. These achievements not only showcased Taiwan to the world but also demonstrated the kindness, unity, and resilience of the Taiwanese people. They proved that freedom, democracy, transparency, and openness could effectively bring together an entire nation to manage crises.

In response to COVID-19's impacts on industry and the job market, the government first focused on relief when

the pandemic was at its peak to provide timely assistance to affected people and businesses. As the pandemic situation eased, the focus gradually shifted to revitalizing the domestic economy. After most domestic COVID-19 restrictions were lifted, to ensure a stable post-pandemic recovery the government implemented the "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era" along with the act's special budget. These measures paved the way for Taiwan's next wave of economic growth.

Past experiences serve as a lesson for the future. Taiwan successfully controlled COVID-19 through the close cooperation of all Executive Yuan departments and the tireless efforts of every colleague who together turned this island into a world model for pandemic response. This special book compiled by the National Development Council provides readers with a clearer understanding of the government's preemptive relief and stimulus measures implemented from 2020 to 2022 during the pandemic period, as well as the meticulous efforts and results demonstrated during policy implementation. Besides looking back, we encourage readers to continue developing skills in their professional fields, so that they can readily contribute towards helping Taiwan overcome future disasters or challenges

Outstanding disease prevention results coupled with tailored relief and stimulus programs led to impressive economic performance.

The Premier of the Executive Yuan

Chen Chien-jen



The Government and People Work Together to Show Greater Economic Strength During the Pandemic

Minister without Portfolio and
Minister of the National Development Council
| Kung Ming-hsin |



Each of the three years of the COVID-19 pandemic affected Taiwan's domestic economy in different ways. In 2020, severe international outbreaks harmed Taiwan's traditional manufacturing industries and sectors directly affected by border restrictions, such as aviation and travel. In 2021, a rise in domestic cases led to a nationwide Level 3 epidemic alert. The government mandated closures or suspensions of many businesses and activities, directly affecting domestic demand. In 2022, Taiwan endured the pain of coexisting with the virus as it transitioned back to a normal way of life. Some people who still followed self-imposed restrictions, however, avoided leaving the home or dining out. Businesses continued their own disease prevention measures. Inevitably, these actions continued to impact industries reliant on domestic demand.

Fortunately, the government's promotion of major economic and trade policies before the pandemic laid a solid foundation. During the pandemic, the timely formulation of relief and stimulus principles helped



Taiwan navigate through wave after wave of the pandemic in a manner that minimized the impact on people and businesses.

To mitigate the pandemic's damage and revive the economy, government ministries carefully reviewed every phase of relief and stimulus to ensure affected individuals and businesses would receive the help they needed. Starting in 2020, all citizens and the government cooperated and worked hard to not only contain COVID-19 but also seize opportunities for creating an Economic Miracle 2.0. Their success garnered a great deal of international recognition. Taiwan's economic structural transformations gradually showed results and demonstrated greater resilience when tested.

After the pandemic, Taiwan not only expanded domestic demand to sustain economic momentum but also continued to promote various relief and stimulus measures for a steady recovery. However, the challenges posed by international inflation and interest rate pressures raised burdens on the disadvantaged and affected small and medium-sized enterprises. More proactive policies were needed to stabilize the economy, protect people's livelihoods, adjust industrial structures, and build a warm and resilient Taiwan.

Joint hard work by all citizens and the government led to successful containment of the pandemic and the creation of an economic miracle 2.0.

The "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era" and its special budget start from a position of humanity. They prioritize care for disadvantaged people while laying the foundation for SMEs to become more resilient and adapted to the era of digital transformation and smart technology. They seek to improve Taiwan's overall environment while balancing both national economic needs and people's lives in the face of post-pandemic challenges. This aligns with the goal of strengthening economic and social resilience, enhancing response capabilities, and sharing the resulting economic achievements with the whole population. In the future, the government will continue to leverage inter-ministerial cooperative methods used during the pandemic to confront new challenges that arise.

Minister without Portfolio and Minister of
the National Development Council

Kung Ming-hsin

Preface


Recording the Context of Relief and Stimulus Policies During the Pandemic



When COVID-19 emerged, the government considered its past successes battling SARS. Its main policy considerations for relief and stimulus could be broken down into three categories: prioritizing disease control, simultaneous implementation of relief measures, and follow-up economic stimulus. Since the avoidance of person-to-person contact caused collateral damage to economic activities, people's livelihoods, and even employment, relief measures had to be concurrent. Economic stimulus needed to be the final stage, since initiating stimulus without first addressing the pandemic would be futile.

Next, disease control had to focus on ensuring that medical systems, communities, and production sites strictly adhered to prevention measures. Halting the spread of the disease within communities and worksites was crucial for mitigating economic and social impacts. Maintaining normal operations in the medical system ensured that Taiwan did not experience a healthcare system collapse like other countries. Production enterprises that implemented prevention measures, such as segregated workspaces and staggered shifts, effectively reduced the risk of production stoppages. Finally, to stop the entry and spread of COVID-19 while addressing its impact on the domestic economy and society, the government expedited passage of special acts and accompanying budgets from the earliest stage of the pandemic. It progressively expanded the scale of these programs to ensure sufficient resources were available to enhance disease prevention measures, acquire necessary equipment and supplies, and provide relief and stimulus to industries facing pandemic-related operational difficulties. Businesses needed this support to reduce their losses and recover. In retrospect, the COVID-19 pandemic ravaged the world for a prolonged period. Proactive deployment of special budgets at the pandemic's onset enabled subsequent stages of disease prevention, relief, and stimulus to go smoothly. Taiwan positioned itself to confidently navigate the pandemic and become a model of resilience admired globally during chaotic, difficult times.

Taiwan's successful disease prevention measures ensured that industrial orders (including orders transferred from overseas because of the pandemic) continued, without suffering severe impacts as seen abroad. Whereas other countries resorted



to universal relief or direct cash handout, which have limited benefits towards long-term economic stability, Taiwan was instead able to adopt targeted relief aimed at preserving employment. It selected people in need of assistance and concentrated resources towards supporting individuals and industries that suffered the most harm, achieving the goal of emergency relief. For instance, the service industry was damaged by reduced person-to-person contact, prompting the government to prioritize support by providing payroll and operational subsidies as well as financing to ensure uninterrupted cash flow, so that businesses could remain open and keep their workers employed. As the pandemic situation eased, the government prudently implemented a series of economic stimulus plans. Innovative approaches, such as the Triple Stimulus Vouchers that enabled people to get NT\$3,000 in spending power for the price of NT\$1,000 cash, or the Quintuple Stimulus Vouchers that put even more money in consumers' pockets, prevented people from applying their stimulus payments towards savings or investments. Instead, they had to spend the money, which accelerated the recovery of domestic demand.

Looking back, the government responded appropriately to the pandemic. Taiwan's disease prevention results outperformed most countries while manufacturing and production continued virtually unaffected. The foundation for Taiwan's success was laid in 2016 when the government initiated a new economic development model that spurred private investment. Investments from the government and public sectors contributed further to the nation's impressive economic performance and resilience. For instance, the International Monetary Fund initially projected Taiwan's

economic growth rate for 2020 to be negative. Instead, Taiwan beat negative global trends to achieve a growth rate of 3.4%, leading all developed countries. In contrast, other major economies all contracted that year. The strong performance positioned Taiwan to selectively provide concentrated relief to severely impacted individuals and industries. Overall fiscal expenditures as a percentage of GDP were lower than that of other major countries, further contributing to Taiwan's fiscal resilience.

The COVID-19 pandemic highlighted Taiwan's resilience, significantly enhanced the country's image, and raised its international competitiveness. It made Taiwan an indispensable player in the global supply chain. The government's relief and stimulus measures were crucial to sustaining and reviving the economy and should not be overlooked or forgotten.

This special publication consists of four main sections: the impact of the pandemic on the world and Taiwan, the government's relief measures during the pandemic, the birth of the Economic Miracle 2.0, and Taiwan's new economic and trade landscape in the post-pandemic era. It also includes a chronicle of major relief and stimulus economic policies that documents the background planning and promotion of these measures as well as their economic effects.

Looking back lets us move forward confidently. This special issue tells the tale of Taiwan's grand journey of relief and stimulus during the pandemic. It serves as a valuable reference for all policymakers and a worthwhile read for all the Taiwanese people.

Only Preparation Can Prevent Greater Destruction
— This Is for Taiwan and Taiwan's Economy





TAIWAN ECONOMIC MIRACLE 2.0

The Impact of the Pandemic on the World and Taiwan Chapter 01

The COVID-19 pandemic that erupted in Wuhan, China in 2020 swept across the globe. It not only triggered a severe economic crisis but also exposed the underlying problems of various countries. What economic activities were lost due to disease prevention measures? What did government response policies prioritize? Could Taiwan rebuild its economic system and become even stronger than before?

01

In 2016, the Taiwan government promoted a new economic development model that created new drivers for growth. Supported by comprehensive medical and public health systems, this model sustained growth even when facing the combined challenges of the COVID-19 pandemic and an anemic global economy. As competition between the United States and China heated up and the pandemic lingered, in 2020 Taiwan initiated a new 2.0 model of economic development that would turn the island into a key force in the global economy.

When the COVID-19 pandemic began, Taiwan could draw on disease prevention experiences learned during the SARS outbreak in 2003. The government prioritized disease control while simultaneously providing economic relief that was later followed by stimulus. This political philosophy was at the core of early disease prevention guidelines. As the pandemic continued, the government drafted special acts and budgets to help directly impacted citizens and businesses while spending less as a percentage of GDP than other major economies.

This chapter reviews Taiwan's major economic policies from before the pandemic, the impact of the pandemic on the global economy, and the forward-looking economic policies that made Taiwan resilient during these challenging times. It examines key points of Taiwan's relief and stimulus efforts, including ways that the government helped directly impacted businesses and individuals during each stage of the pandemic while still supporting vulnerable groups and stabilizing cash flows. It also shows how the government boosted domestic demand and revitalized industries during periods when the pandemic was relatively stable to ensure the economy operated normally.



TAIWAN ECONOMIC MIRACLE 2.0



As the Pandemic Alters the Competitive Landscape Among Nations, Significant Policy Changes Underpin the Economy



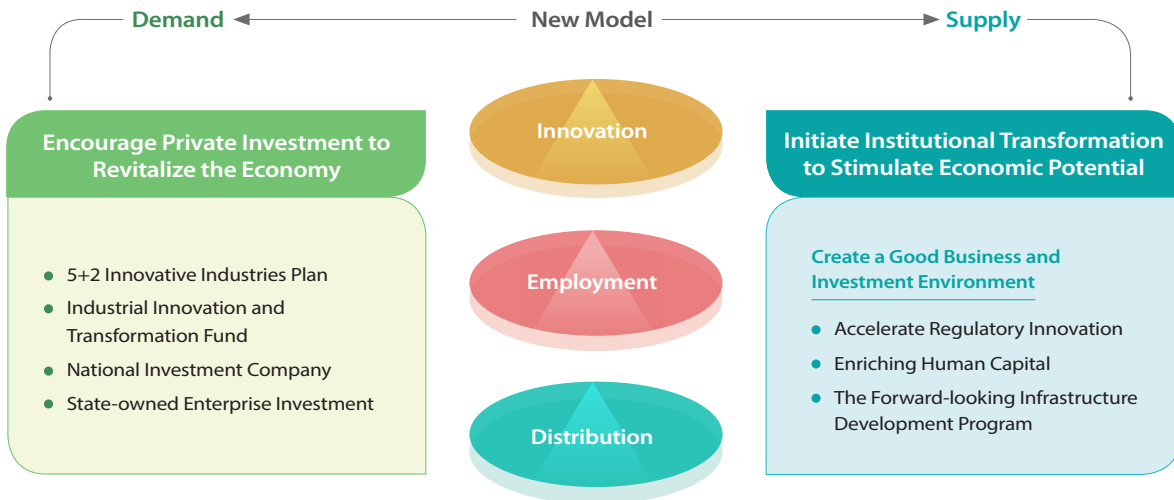
2016: The Start of a New Economic Development Model

In 2010, as the global economy entered an era of low growth, Taiwan needed to address an imbalanced economic growth structure caused by the excessive concentration of industrial investments in China. Furthermore, the island's long-term focus on original equipment manufacturers led to misalignments between national policies and development objectives. To fundamentally transform the domestic economy, upon entering office in 2016 President Tsai Ing-wen initiated a new economic development model focused on "innovation, employment, and equitable distribution" as core values that would promote sustainable development. Tsai's government formulated the 5+2



Innovative Industries Plan to accelerate industrial upgrading and transformation while fully optimizing the investment environment for startups. At the same time, it advanced forward-looking infrastructure and reformed economic and trade regulations to encourage overseas Taiwanese businesses to return to Taiwan and to incentivize foreign businesses to increase their local investments. The introduction of the New Southbound

New Economic Development Model



Source: Information gathered from the National Development Council website.

Policy further diversified the nation's economic and trade markets and reshaped its global competitiveness.

These changes made Taiwan's economy more resilient. Coupled with ongoing advancements to the nation's social security, medical, and public health systems, the domestic economy remained strong despite the challenges posed by the global pandemic. For example, when Taiwan had a full-year economic growth rate of 3.4% in 2020, it performed better than most countries worldwide and was the only member of the Four Asian Tigers to achieve growth. The government adopted the motto "Taiwan can help, and Taiwan is helping" as it extended humanitarian assistance and showcased our benevolence and strength.

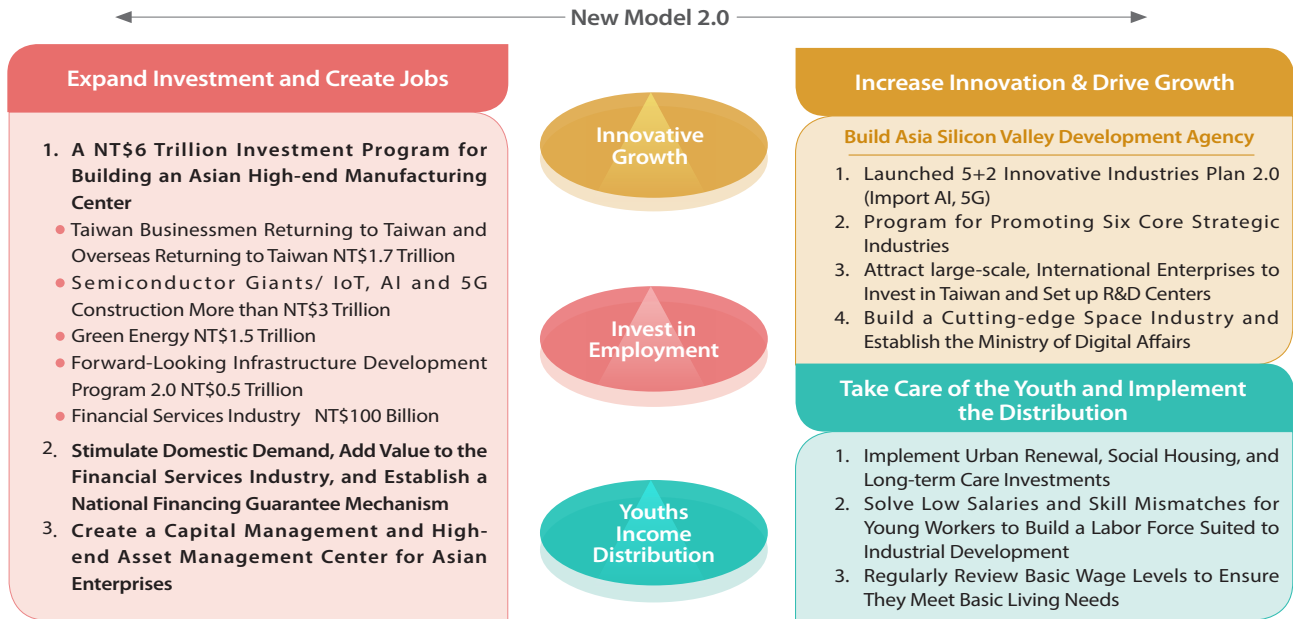
2020: The Start of a New 2.0 Model of Economic Development

As the pandemic and growing US-China conflicts accelerated global supply chain restructuring, the Taiwan government adhered to the philosophy of "achieving growth through stability and seizing opportunity amid changes." In 2020, this idea helped inspire the government to launch a new 2.0 model of economic development that sought to strengthen

innovative growth, invest in employment, and support youths through more equitable income distribution. Related policies included the Program for Promoting Six Core Strategic Industries, which further built on the foundations of the 5+2 Innovative Industries Plan. In addition, to alleviate the impact of the pandemic on people's livelihoods and industry, the government launched a series of relief and stimulus plans. Taiwan turned the pandemic into an opportunity to restructure and strengthen its economy. It encouraged local demand early and promoted R&D innovations that would make the domestic technology industry more competitive. Stronger economic and trade ties with countries that share similar ideals further laid a solid foundation for economic growth.

Against the tide of the pandemic, Taiwan created an economic miracle 2.0. In 2021, Taiwan's economic growth rate of 6.6% was its highest rate in 11 years. For the first time, GDP per capita surpassed US\$30,000. The International Institute for Management Development recognized Taiwan's performance in 2021 by moving it up three spots to eighth overall in both its World Competitiveness Ranking and World Digital Competitiveness Ranking. These achievements were a direct result of the united efforts of all Taiwanese people.

New Economic Development Model 2.0



Source: Information gathered from the National Development Council website.



Guided by the 5+2 Innovative Industries Plan and Forward-Looking Infrastructure

During the pandemic, the primary policy that laid the foundation for Taiwan's economic development was the 5+2 Innovative Industries Plan from 2016. Using the three main strategies of "connect to the future, connect to the world, and connect locally," the plan aims to improve the synergistic potential of local innovation systems.

Taiwan seeks to introduce key forward-looking technologies and recruit high-level overseas talent in order to build industrial innovation clusters. The 5+2 Innovative Industries Plan supports these goals by focusing on seven key industries and projects that will be core engines of the next generation of industrial growth: intelligent machinery, Asia Silicon Valley, green energy, biomedicine, national defense and aerospace, new agriculture, and the circular economy.

Moreover, while Taiwan's economy shifted from

efficiency-driven to innovation-driven systems, its infrastructure's hardware and software needed an upgrade. The government, therefore, launched the Forward-Looking Infrastructure Development Program during the second half of 2017.

Besides promoting investment, these policies improved the innovation environment, integrated software and hardware systems, and turned Taiwan into a hub for international talent. At a time when the pandemic severely impacted the domestic economy, they provided critical foundational support.

The Three Major Investment Programs for Creating Taiwan's Economic Miracle 2.0 Key Factors

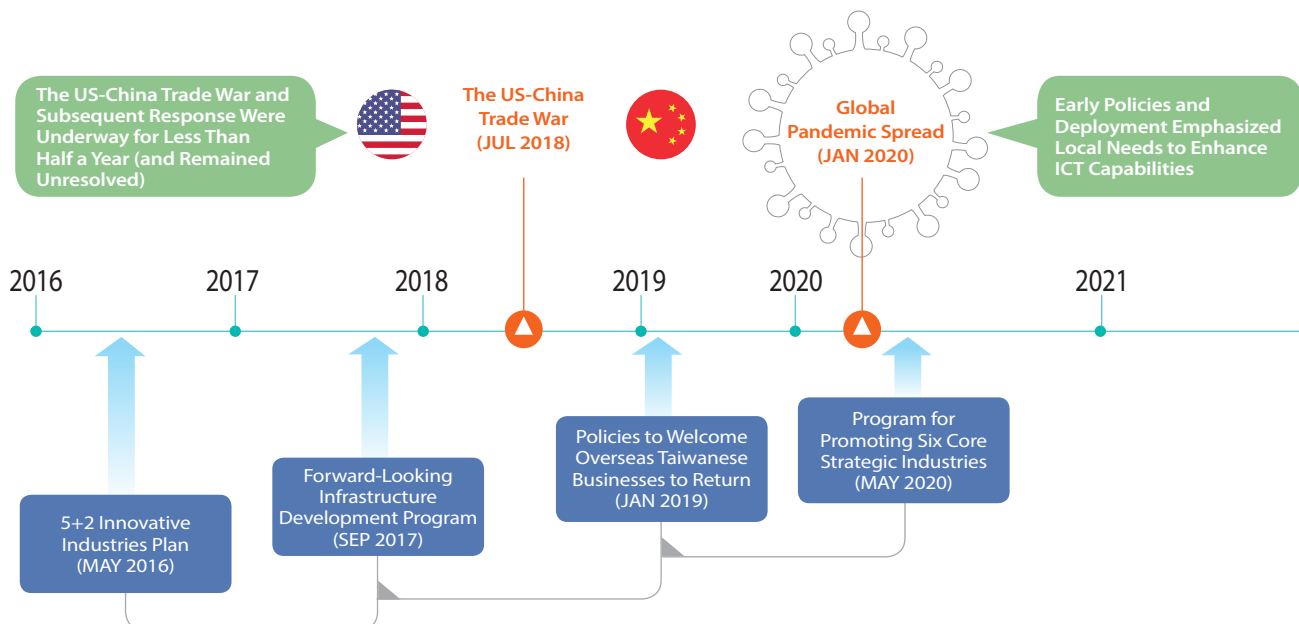
As global economic and trade policies gradually shifted from trade liberalization to protectionism, the United States launched a series of economic and trade sanctions against China starting in 2018. The tech war and supply chain restructuring that followed are impacting the economic and trade landscape across the Taiwan Strait. In 2019, Taiwan answered by rolling out three major investment programs: the Action Plan for Welcoming

Overseas Taiwanese Businesses to Return to Invest in Taiwan, the Action Plan for Accelerated Investment by Domestic Corporations, and the Action Plan for Accelerated Investment by SMEs.

These programs accelerated the upgrade and transformation of Taiwanese businesses. By the end of April 2024, they helped to generate more than NT\$2.2 trillion in total investments and attracted investments from 1,472 companies. They created more than 150,000 job opportunities and successfully encouraged overseas Taiwanese businesses to invest back in Taiwan.

In the face of a global economy that was changing rapidly, Taiwan leveraged its domestic digital technology advantages to seize opportunities arising from global supply chain restructuring. Taiwan developed the Program for Promoting Six Core Strategic Industries, the 5+2 Innovative Industries Plan, the Forward-Looking Infrastructure Development Program, and policies to welcome overseas Taiwanese businesses to return to invest. These measures transformed the nation's investment environment in ways that enhanced the resilience of the domestic economy, which became a primary reason why Taiwan could overcome difficult global economic conditions to usher in an economic miracle 2.0.

Taiwan's Major Economic and Trade Policies before and after the Epidemic



Source: Information gathered from the National Development Council website.

COVID-19 Pandemic Triggers Global Economic Crisis

In 2020, the spread of the COVID-19 pandemic led to increases in infections and deaths around the world. Human capital was severely affected in every country, which led to severe consequences for industrial and economic development. While the world had already faced a financial crisis in 2008, the COVID-19 pandemic was different. It was the first time that public health and the fate of national economies worldwide were so closely intertwined.

The World Health Organization announced that as of September 27, 2023, there were more than 770 million confirmed cases of COVID-19 globally and over 6.95 million deaths. Data gathering challenges mean that the death tolls in some countries may be underestimated. When assessing the pandemic's toll by mortality rates, middle-income regions such as Latin America and Eastern Europe experienced significant hardship.

The Severe Economic and Trade Impact of the Pandemic

The pandemic's impact was so severe that medical and health departments became core policy decision makers for governments around the world, with economic and internal affairs departments helping to devise response strategies. To protect public health, most governments worldwide had no choice but to order lockdowns. They reduced the movement of people, prohibited entry and exit, and stopped tourist visits to slow down the spread of the disease and alleviate pressure on the medical system. However, these policies halted national economic activity and international travel. International trade also suffered an unprecedented blow.

The best indicator to measure the economic impact of the COVID-19 pandemic was the change in GDP. For example, in the second quarter of 2020, when countries

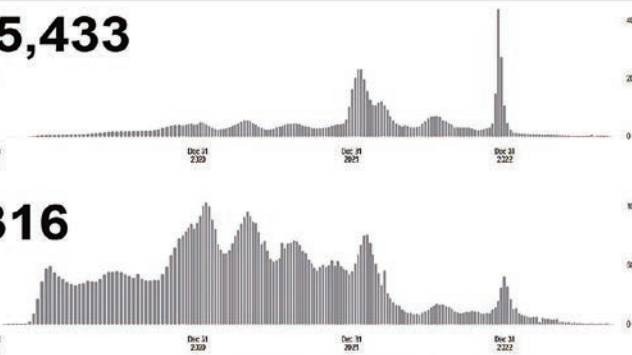
The Number of Infections and Deaths Worldwide from the Outbreak of COVID-19 to September 2023

WHO Coronavirus (COVID-19) Dashboard

770,875,433
confirmed cases

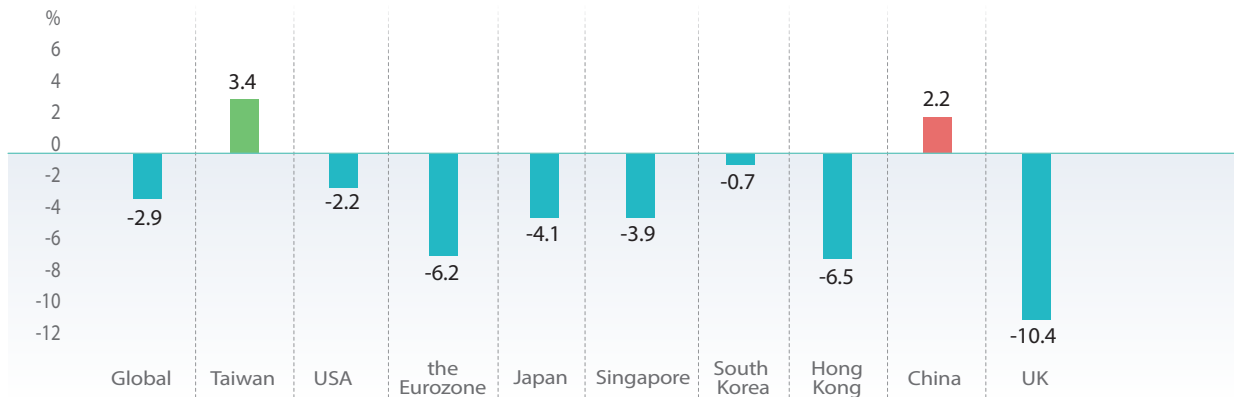
6,959,316
deaths

Source: World Health Organization
Data may be incomplete for Dec 31 the current day or week.



Source: Information gathered from the World Health Organization website.

2020 GDP Growth Rate of Various Countries



Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Global website, S&P Global.

2020 Statistics from Major Export Countries (Regions)

Unit: Billions of US\$; %

| Countries | 2019 | | | | 2020 | | | |
|-------------|---------|--------------|--------------|-------------|---------|--------------|--------------|-------------|
| | Ranking | Export Value | Global Share | Growth Rate | Ranking | Export Value | Global Share | Growth Rate |
| Global | — | 18,886 | 100.0 | -3.0 | — | 17,583 | 100.0 | -6.9 |
| China | 1 | 2,499 | 13.2 | 0.5 | 1 | 2,591 | 14.7 | 3.7 |
| USA | 2 | 1,646 | 8.7 | -1.1 | 2 | 1,432 | 8.1 | -13.0 |
| Germany | 3 | 1,489 | 7.9 | -4.6 | 3 | 1,380 | 7.8 | -7.3 |
| Netherlands | 4 | 709 | 3.8 | -1.9 | 4 | 674 | 3.8 | -4.9 |
| Japan | 5 | 706 | 3.7 | -4.5 | 5 | 641 | 3.6 | -9.1 |
| Hong Kong | 8 | 535 | 2.8 | -6.0 | 6 | 549 | 3.1 | 2.6 |
| South Korea | 7 | 542 | 2.9 | -10.4 | 7 | 512 | 2.9 | -5.5 |
| Italy | 9 | 533 | 2.8 | -2.6 | 8 | 496 | 2.8 | -6.9 |
| France | 6 | 570 | 3.0 | -2.1 | 9 | 488 | 2.8 | -14.3 |
| Belgium | 13 | 445 | 2.4 | -4.7 | 10 | 419 | 2.4 | -5.7 |
| Singapore | 15 | 391 | 2.1 | -5.3 | 14 | 363 | 2.1 | -7.2 |
| Taiwan | 17 | 329 | 1.7 | -1.4 | 15 | 345 | 2.0 | 4.9 |

Source: Information gathered from the World Trade Organization website.

started to impose lockdowns during the initial outbreak of the virus, the GDP of the United States contracted by 8.4%. It was the largest single-quarter decline in 70 years. The United Kingdom's GDP contracted by 22.6% compared to the second quarter of 2019, and the eurozone fell by 14.1%.

Looking at the GDP growth rate for the whole year of 2020, the United States -2.2%, the Eurozone -6.1%, the United Kingdom -10.4%, Japan -4.1%, Singapore -3.9%, Hong Kong -6.5%, and South Korea -0.7%. China performed better than most of the world's major economies, tallying a growth rate of 2.2%. Taiwan

benefited from a significant increase in exports of electronic products, which led to a 3.4% growth in its GDP.

The COVID-19 recession not only had a greater impact than the 2008 global financial crisis but also affected more countries and more people, with far-reaching consequences.

The pandemic also disrupted global merchandise trade. Statistics from major export countries (regions) show that the total export value before the pandemic was approximately US\$18.88 trillion (2019). After the pandemic spread, in 2020 the total export value fell by

US\$1.3 trillion, or 6.9%, to US\$17.58 trillion. The United States and France both faced double-digit declines in export value, with US exports falling by 13% from US\$1.64 trillion to US\$1.43 trillion.

National Lockdowns Affect Global Tourism and Trade

Lockdowns and bans on entry and exit that began in the second quarter of 2020 severely affected the tourism, hotel, and aviation industries. Airlines suffered the first blow. In July 2020, Emirates announced the layoff of 9,000 employees. In August of the same year, United Airlines announced it would cut 2,850 pilot jobs, or about 21% of its total pilot crew, for the largest such layoff in the company's history. Hong Kong's Cathay Pacific followed in October 2020 when it announced layoffs of 8,500 employees and the closure of its subsidiary Cathay Dragon.

According to estimates by the Air Transport Action Group (ATAG), which is composed of aviation operators such as The Boeing Company of the United States, Airbus SE of France, and Bombardier Inc., job opportunities in the aviation industry fell by 52% after the pandemic outbreak. Staff reductions and downsizing at various companies led to a 43% drop in employment. From April 2019 to April 2020, there was a sharp decline in

air passenger volume, with international passengers decreasing by 98.9% and domestic passengers decreasing by 90.7%.

ATAG estimates the damage the pandemic caused to the worldwide aviation and travel industries reduced global GDP by more than US\$630 billion and caused around 26.4 million related jobs to disappear.

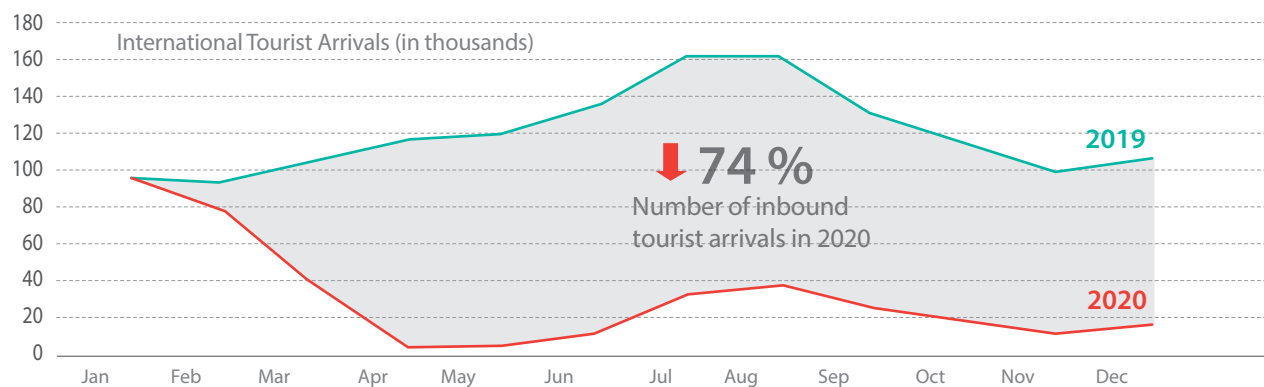
The hotel industry was also affected. In the United States, the decline in tourism was the leading cause of increased unemployment in states such as Nevada. Many casinos and large hotels in Las Vegas shut their doors. Even the Hilton New York Times Square in Manhattan announced an indefinite closure.

Countries Highly Dependent on Tourism Suffer the Greatest Losses

Travel bans led to significant declines in the tourism industry's share of GDP in countries around the world. This effect was especially pronounced in many European nations that were highly reliant on tourism revenue. Even by 2021, the tourism industry had not recovered fully. The European Central Bank named Portugal and Spain the countries that suffered the greatest losses from the travel bans.

The pandemic's impact on the tourism and travel industry not only directly caused a sharp drop in

The Number of International Passengers Surveyed by the United Nations Decreased in 2020 Compared to 2019



Source: Information gathered from the World Tourism Organization website.

employment opportunities but also severely damaged confidence among consumers who found it much more difficult to travel. In addition, higher medical spending crowded out other consumption, leading to a contraction in consumer purchases that harmed domestic markets.

According to an analysis from the World Tourism Organization, in the first year of the pandemic, from January to December 2020, the number of trips made by international tourists decreased by about 1 billion, a decline of more than 70%. In July 2020, the United Nations Conference on Trade and Development estimated that a four-to-12-month period of stagnation in the international tourism industry could result in losses of US\$1.2 to US\$3.3 trillion to the global economy when also factoring in indirect costs.



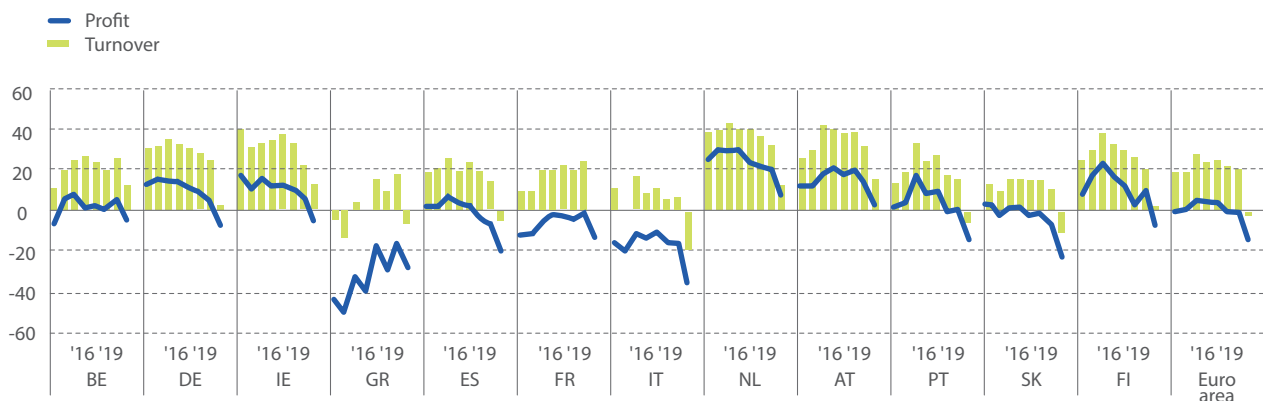
A joint investigative report compiled by the World Tourism Organization and the UN Conference on Trade and Development assessed that the sharp fall in international tourists due to the COVID-19 pandemic caused losses of US\$2.4 trillion in 2020 for the international travel industry and closely related sectors. Two-year losses to global GDP in 2020 and 2021 totaled more than US\$4 trillion.

Global Medical and Freight Industries Thrive During the Pandemic

During the pandemic, the biotech and medical industries thrived due to steep rises in demand for medical goods and services, especially therapeutic drugs. Governments around the world allocated funds for the procurement of vaccines, medical-grade masks, protective clothing, and rapid test kits.

Furthermore, as countries implemented entry and exit restrictions, the number of passenger flights decreased significantly. This led to insufficient cargo capacity. As dockworkers and freight workers were infected by COVID-19 or faced other health problems, congestion became a serious problem at major global container ports. A surge in air freight rates and container shipping costs followed, causing substantial increases in the cost of goods. To avoid crowds, people turned to

Change in Turnover and Profit of SMEs Across Euro Area Countries During the Pandemic



Source: Information gathered from the European Central Bank website.

online shopping, further contributing to global transport capacity strains and port congestion.

Debt Problems of Global SMEs

The COVID-19 pandemic severely affected industry participants, especially micro, small and medium enterprises (MSMEs) in developing countries. According to statistics from the World Bank, over half of the MSMEs in developing countries were either in arrears or at risk of falling into a debt cycle. New ventures virtually stopped.

To alleviate pressure on these enterprises, governments around the world responded with measures such as debt deferrals, interest subsidies, and subsidies for workers' salaries. Although these programs mitigated short-term liquidity problems, they concealed the true financial conditions of some borrowers, creating new credit risks and reducing transparency.

90 Million Low- and Middle-Income Workers Fall Into Extreme Poverty

The loss of cross-border mobility due to national policies that banned entry and exit hindered international migrant workers. The World Bank predicted that by the end of 2021, remittances would decrease by 14%, with Europe and Central Asia experiencing the largest declines. The combined slowdown of new migrants and increase in returning migrants was expected to make 2020 the first year in which the total number of international migrants declined.



World Bank statistics also show that even before the pandemic, people in developing countries paid more than US\$500 billion out of pocket for healthcare costs. This hefty expenditure caused economic hardship for over 900 million people annually and pushed nearly 90 million into extreme poverty. The pandemic made this problem even worse.

The Impact of Vaccination Rates and Government Relief Policies on Post-Pandemic Recovery

The COVID-19 pandemic triggered the most severe global economic crisis in over a century, leading to a rapid acceleration of inequality both within countries and between nations. The World Bank stated that the recovery from the crisis would be as unequal as its initial economic impact. Emerging economies and economically disadvantaged groups would need more time to recover from their income and livelihood losses.

However, a turning point came in the third quarter of 2020. Vaccine supplies began to increase, and governments worldwide accelerated vaccination rates to hasten economic recovery. Some countries lifted restrictions in the second half of 2021, and some even saw their economies recover ahead of schedule.

It is important to recognize that GDP is composed of four major components: consumption, investment, government spending, and net exports. The pandemic caused consumption to decline because of lockdown policies in various countries. Investment slowed because of a lack of liquidity. Net exports dropped due to reduced end-consumer demand. Consequently, policymakers in every country turned to government spending to jumpstart the engine of economic recovery. The pandemic showed that effective public health policies combined with government relief and stimulus actions are decisive in a country's ability to emerge from a major pandemic successfully.

Global Roll-Out of Large-Scale Relief Measures Alleviates the Pandemic's Impact



As Major Countries Face Surge in Debt-to-GDP Ratio Due to Expanded Fiscal Expenditures, Taiwan's Relief and Stimulus Budget Remains Relatively Low

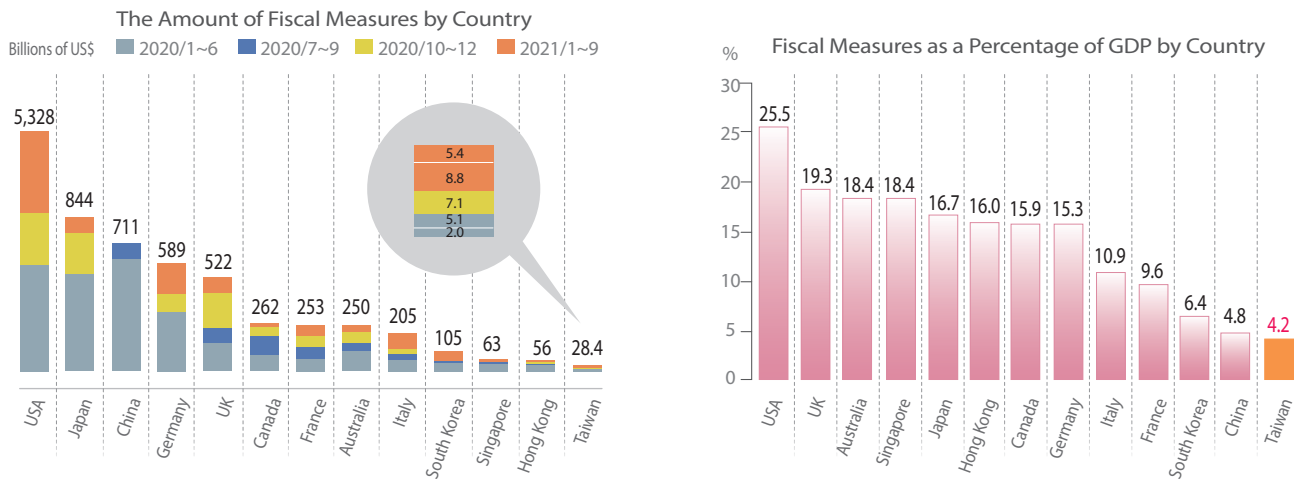
In 2020, as the COVID-19 pandemic spread rapidly worldwide, countries banned mass gatherings, suspended business operations, and locked down cities to curb virus transmission. These decisions led to a sharp decline in global demand and serious disruptions to supply chains. To alleviate the fallout and help affected industries, enterprises, and members of the general public, governments followed with relief and stimulus measures. As the pandemic advanced, they expanded their budgets. By the fourth quarter of 2021, most of these budgets exceeded 10% of each respective country's GDP. The United States' budget was approximately US\$5.33 trillion, or about 25.5% of its GDP.

Taiwan responded by preparing the "Central Government Special Budget for Prevention, Relief and

Revitalization Measures for Severe Pneumonia with Novel Pathogens." The total budget of NT\$839.4 billion (or approximately US\$28.4 billion) was equivalent to about 4.2% of Taiwan's 2020 GDP, which was a low ratio compared to similar budgets of other major economies.

As major countries around the world increased spending by unprecedented amounts during the pandemic, international financial institutions warned that rising, excessive global debt posed a risk to long-term fiscal stability. Taiwan, on the other hand, focused its resources on groups that suffered the most pandemic-related harm while ensuring that fiscal conditions remained robust. The three leading international credit rating agencies, namely Fitch Group, Moody's Corporation, and Standard & Poor's, affirmed these policies by either raising Taiwan's credit rating or giving it a positive outlook. They cited exceptional fiscal performance in response to uncertainties such as the global economic slowdown, pandemic resurgence, and inflation. They stated that Taiwan possessed a greater

The Amount of Fiscal Measures and Fiscal Measures as a Percentage of GDP by Country During the Pandemic



Note: Fiscal measures of various countries relative to 2020 GDP (calculated through September 27, 2021), including additional fiscal expenditures and tax reductions while excluding financial relief measures such as financing loans and guarantees. Taiwan's special relief budget of NT\$839.4 billion was converted to US dollars at 29.58 NTD/USD, based on the exchange rate used by the Directorate General of Budget, Accounting, and Statistics.

Source: Information gathered from the International Monetary Fund, Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, October 2021.

fiscal buffer against unexpected shocks compared to other countries.

Precision Relief and Employment Preservation Measures Keep Taiwan's Unemployment Rate Low

Taiwan's government-led employment preservation measures helped enterprises overcome liquidity challenges while protecting workers' jobs and wages. Living subsidies for affected laborers, stronger employee training, and other concentrated relief efforts stabilized employment, which prevented the pandemic from significantly affecting the unemployment rate. For example, the May 2020 unemployment rate of 4.1% was the peak month for the year and was only 0.4 percentage points higher than the pre-pandemic rate of 3.7% (December 2019). It was the smallest increase among major countries. Germany and Singapore also implemented employment preservation measures and did not see their unemployment rates soar in 2020. During the same period, other countries generally

experienced higher peaks in unemployment. For example, the peak unemployment rates in the United States, France, Hong Kong, Japan, and South Korea increased by 0.6 to 9.7 percentage points compared to pre-pandemic levels.

Some countries provided direct cash assistance, such as Japan, which distributed 100,000 yen per person, and the United States, which issued three rounds of cash relief, ranging from around US\$600 to US\$1,400 each round. These policies did not stabilize employment. In the United States, the unemployment rate at one point in 2020 soared to 13.2%, while France saw unemployment rise to 8.9%. Although the rates gradually declined, they remained higher than pre-pandemic levels and elevated unemployment lasted longer. In Taiwan, the unemployment rate exceeded 4% at its peak in 2020 and 2021 before returning to the pre-pandemic level of 3.7% after seven months and five months, respectively. In other countries such as the United States, Germany, Hong Kong, Japan, and South Korea, the unemployment rates took about 13 to 27 months or even longer to revert to pre-pandemic levels.

Unemployment Rates of Key Countries

Unit: %

| | Taiwan | Germany | USA | France | Hong Kong | Japan | South Korea | Singapore |
|---|--------|---------|------|--------|-----------|---|-------------|-----------|
| (A) Unemployment Rate in December 2019 (Pre-pandemic Benchmark) | 3.7 | 3.3 | 3.5 | 8.2 | 3.3 | 2.2 | 3.7 | 3.2 |
| (B) Peak Unemployment Rate in 2020 After the Start of the Pandemic | 4.1 | 3.9 | 13.2 | 8.9 | 6.6 | 3.1 | 4.3 | 3.4 |
| (B) – (A) Increase (Percentage Points) | 0.4 | 0.6 | 9.7 | 0.7 | 3.3 | 0.9 | 0.6 | 0.2 |
| Number of Months for the Peak Unemployment Rate in 2020 to Return to the Pre-pandemic Benchmark | 7 | 14 | 27 | 3 | 26 | Still had not returned to the pre-pandemic benchmark at the end of 2023 | 13 | 3 |

Source: Global websites.

Taiwan's Economic Growth Rate Remains Positive During the Pandemic and Ranks Highest Among Developed Nations in 2020

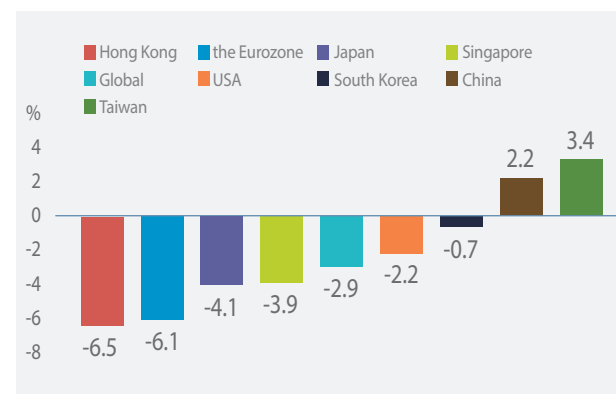
Due to prompt relief and stimulus policies, the economic impact of COVID-19 on Taiwan was low compared to other major countries. Taiwan not only maintained positive economic growth during the pandemic but also performed better than Japan, Germany, Hong Kong, South Korea and other economies during the same period. This was primarily due to the government implementing various employment preservation measures and providing living subsidies to affected workers, which helped to maintain consumer spending power. Additional demand created by remote work trends and shifts in orders boosted export momentum. Timely measures such as the Triple Stimulus Vouchers sparked domestic consumption and stabilized Taiwan's economy. In 2020, when the United States, Europe, and Japan experienced negative growth, Taiwan's growth rate of 3.4% ranked highest among developed nations.

As Major Countries Face Repercussions from Loose Monetary Policies, Taiwan Expands Credit Guarantees to Ensure Uninterrupted Cash Flow

In terms of monetary policy, major central banks implemented more aggressive easing measures

during the pandemic than were deployed in the 2008 global financial crisis. As the balance sheets of central banks expanded, concerns about the monetization of government debt grew. Such highly accommodative monetary policy types are difficult to exit from and can lead to more problems, including inflation. For example, the United States quickly lowered policy interest rates, adopted quantitative easing, expanded asset purchases, and accelerated the pace of bond buying. The ratio of central bank assets to GDP surged and exceeded levels during the 2008 global financial crisis. Central banks in other major countries increased liquidity and financial system support, such as providing credit accommodations for small and medium-sized enterprises (SMEs).

In 2020, Taiwan's GDP Growth Rate Ranked First Among All Developed Countries



Source: Information gathered from the Global website, S&P Global.

Unlike direct financing models typically used in European and United States financial markets, Taiwan's financial system is based on indirect financing. Therefore, the monetary policy of the Taiwan Central Bank generally influences the real economy through banks. To mitigate the impact of the pandemic, the central bank promptly lowered policy interest rates to ensure sufficient liquidity. It facilitated preferential financing for SMEs through banks, and the government coordinated with banks to keep support in place even during difficult times.

Between the central bank's special loan programs for SMEs and capital from public and private banks, enterprises received needed relief and stimulus funds. In addition, a special government budget allocated NT\$87 billion in guarantee funding to be injected into the SME Credit Guarantee Fund to help enterprises and workers obtain financial support needed for pandemic relief and stimulus from financial institutions. These measures lowered the pandemic shock and stabilized employment.

Primary Relief Measures of Various Countries

| Measures | Way | |
|--|---|---|
| Cash or In-kind Aid | Workers Who Were Unemployed | Most countries increased existing unemployment payment amounts, extended collection periods, or included people who normally would not qualify. They also established new emergency relief funds or set more lenient criteria for claiming unemployment relief or insurance to compensate for the inadequacies of existing unemployment relief measures. |
| | Enterprises or the Self-Employed | Some countries provided direct cash payments to businesses or self-employed individuals affected by the pandemic, such as Japan, which launched the Subsidy Program for Sustaining Businesses; France, which launched the Fonds de solidarité; Malaysia, which launched the Geran Khas Prihatin; and Singapore, which launched the SEP Income Relief Scheme. |
| | General Public | Cash or essential goods were directly distributed to the public to expand the coverage of relief measures. However, the methods of distribution varied by country. For instance, Japan provided cash to all residents. The United States and South Korea had wealth exclusion clauses. Singapore provided higher payment amounts to lower-income families based on income brackets. |
| Financial Support | Low-interest Loans or Guarantees | Governments allocated budgets to provide industries and SMEs severely affected by the pandemic with special support or low-interest loans through financial institutions or policy banks. Alternatively, governments offered guarantees for private bank loans to raise the willingness to lend, as seen among financial institutions in the United States, Japan, Germany, the United Kingdom, Canada, Singapore, France, and Italy. |
| | Coordinating Loan Repayment Extensions | Most countries coordinate with financial institutions to consider individual debtors' difficulties and offer extensions where appropriate. Other measures included waiving penalties and interest during this period. Support was extended to people paying back mortgage loans, student loans, and other personal and corporate loans. |
| | Investments in Companies Affected by the Pandemic | Governments in the United States, Germany, France, Italy, and other countries made direct equity investments in businesses facing pandemic-related financial difficulties. This helped prevent companies vital to national security from being acquired by foreign enterprises. |
| | Loose Monetary Policies | Loose monetary policies, including interest rate cuts and asset purchase programs, increased market liquidity and ensured the stability of financial markets. For example, after the United States Federal Reserve unexpectedly cut interest rates in March 2020, central banks around the world followed suit, setting off a wave of rate cuts. |
| Deferral or Reduction of Taxes or Fees | Tax Initiatives | Tax reduction measures helped industries or individuals severely affected by the pandemic. For example, Germany reduced its value-added tax from 19% to 16% from July 2020 to December 2020. The United States expanded child tax credit amounts, among other initiatives. Many countries allowed taxpayers to delay their tax filings, and the United States permitted payment of payroll taxes from 2020 to be deferred until 2021. |
| | Reductions or Deferrals in Rent | For government-managed assets, such as public market lands, offices, or stalls, some countries offered temporary rent reductions, deferred payments, or other measures. South Korea, Singapore, and others provided such support to alleviate burdens on commercial tenants. |
| | Fee Reductions from Public Enterprises | Governments arranged for temporary reductions (France) or deferrals in utility payments for small businesses (Brazil, Turkey) or individuals in vulnerable positions (Singapore). Support depended on the size or income of affected businesses or the type of public housing. |
| Employment Market Assistance | Wage Subsidies | To prevent companies from implementing mass layoffs or salary cuts during the pandemic, which would have led to more hardships, countries like Canada, Japan, Australia, Italy, and Singapore provided subsidies to companies that met certain conditions (such as pledging not to reduce their workforces or salaries). These included employer wage subsidies, additional pay for low-wage workers, and wage support for employee training. |
| | Work Stoppages and Short-time Work Allowances | Besides providing unemployment support and living assistance, many countries made it a policy goal to preserve employment by compensating companies for their employees' salaries. This helped to maintain the employment relationship during shutdowns, as seen in Japan with the employment adjustment subsidy, Germany with the short-time work allowance, and the United Kingdom with the Coronavirus Job Retention Scheme. |

Source: Information gathered from the National Development Council website.

Countries' Relief Measures Prioritize Emergency Aid and Support for Industries and Workers Most Impacted by the Pandemic

After COVID-19 turned into a global crisis, countries around the world launched unprecedented fiscal and monetary policies to reduce the economic impact. The pandemic relief measures they deployed generally fell into one of the following categories: cash or in-kind aid, financial support, deferral or reduction of taxes or fees, and employment market assistance.

As Vaccination Becomes Widespread, Countries' Fiscal Measures Shift from Relief to Stimulus

As the vaccination roll-out became more widespread, financial measures gradually shifted from relief to stimulus to aid businesses in restoring production capacity. Many countries went further, by using a portion of their national post-pandemic stimulus policies to

implement mid-to-long-term structural adjustments that not only responded to the continued spread of COVID-19 but also addressed supply chain disruptions, climate change, and other issues. Stimulus measures could generally be categorized as stimulating consumption, encouraging investment, training labor, supporting net-zero carbon initiatives, promoting digital development, or enhancing supply chain resilience.

During the pandemic, countries significantly expanded fiscal expenditures to cope with the impacts of COVID-19. They increased healthcare spending to contain the virus's spread, provided income and financial support to severely affected families and industries, and stimulated economic recovery. However, in many countries these measures also led to soaring national debts. Loose monetary policies quickly injected substantial liquidity into markets, which, while stimulating, also fueled speculative activities and laid the groundwork for inflation concerns. This scenario presented various nations with significant challenges for post-pandemic recovery and policy implementation.

Key Components of International Stimulus Measures

| Measures | Way |
|---|--|
| Stimulating Consumption | Some countries launched measures to revive industries severely affected by the pandemic, such as tourism, transportation, food and beverage, and conventions and exhibitions. For example, on November 19, 2021, Japan announced that the "Go to Travel" domestic tourism drive would continue as part of its stimulus strategies. |
| Encouraging Investment | To quickly restore investment momentum among businesses in the post-pandemic world, some countries proposed measures to encourage investments in startups, offer tax credits for investments, and allow businesses to accelerate capital depreciation. Other countries strengthened their infrastructure to create job opportunities and enhance long-term competitiveness, such as US President Joe Biden's signing of the US\$1.2 trillion infrastructure bill in November 2021. |
| Training Labor | After the pandemic accelerated digitalization and network economy activities, demand for remote work increased. It may grow even more in the future to prepare people for new work modes in the post-pandemic environment. For example, in November 2021 Japan proposed stimulus strategies that included 400 billion yen over three years to strengthen talent development in digitalized fields. The funding will contribute to more education, professional training, and other measures. |
| Supporting Net-zero Carbon Initiatives, Promoting Digital Development | Japan's stimulus measures focused on promoting clean energy, 5G, and other digital infrastructure, including the establishment of a new fund to subsidize the domestic manufacture of semiconductors. South Korea's annual budget unveiled in early December 2021 strengthened green financing and transportation. It also included investments in Korean New Deal 2.0 projects such as smart cities and green cities. |
| Enhancing Supply Chain Resilience | After the pandemic highlighted long-standing supply chain vulnerabilities and the pressure on global shipping networks, governments began planning adjustments to their industrial supply chains. Mooted changes included establishing remote backup systems or encouraging production capacity to return to their shores, to reduce reliance on single overseas production hubs. For example, the United States and the European Union conducted comprehensive reviews of critical supply chains. The American Jobs Plan allocated US\$50 billion to expand the production capacity of critical products. The EU plans to invest 300 billion euros between 2021 and 2027 in the Global Gateway strategy to promote sustainable global strategies and supply chain cooperation. Japan approved a budget to encourage companies to bring production back to the country, then went a step further in 2021 by launching a semiconductor growth blueprint that allocated an additional 200-billion-yen investment towards strengthening its industrial supply chain and alleviating chip shortages. |

Source: Information gathered from the National Development Council website.

Review of Taiwan's Key Relief and Stimulus Measures During the Pandemic



To respond to the rapid global spread of COVID-19, starting in 2020 the government implemented a three-step strategy based on disease control, relief, and stimulus. This approach involved a clear and decisive review of related policy tools and resources, followed by the development of appropriate policy measures. First came disease control tasks and the simultaneous establishment of comprehensive relief mechanisms to assist affected industries and individuals. As the pandemic began to ease, a series of economic stimulus plans promoted a faster recovery of the domestic economy.

As a Pandemic Threat Emerges, the Government Strategically Takes Preemptive Action

In December 2019, a series of unexplained viral pneumonia cases emerged in Wuhan, Hubei Province, China. Subsequently, cases imported from Wuhan

appeared in neighboring countries like Thailand, Japan, and South Korea. Taiwan reported its first imported case on January 21, 2020. The astonishing transmission speed of the virus led to an increasing number of deaths. By the end of January 2020, the WHO declared that the outbreak constituted a Public Health Emergency of International Concern. On February 11, 2020, the WHO officially named the disease COVID-19.

Disease Control is Akin to Combat

The First Working Day after the Lunar New Year

Convened a High-level National Security Meeting, Instructing All Units to Implement Pandemic Prevention Measures

- 1 Continue to Implement Crowd Management
- 2 Strengthen the Control and Management of Epidemic Prevention Materials
- 3 Provide Accurate Information on Epidemic Prevention
- 4 The Central and Local Governments are in Unison

Directions for the President to Convened a High-level National Security Meeting

8 Measures to Respond to the Economic Impact of the Pandemic

- 1 Stabilize Stock and Foreign Exchange Markets to Reduce Short-Term Psychological Impacts
- 2 Assist Enterprises with Disease Control
- 3 Help Impacted Industries with Relief and Transformation
- 4 Discuss Subsidizing Part of the Losses of Tourism Operators Affected by Government Restrictions
- 5 Discuss Measures to Support Malls, Department Stores, and Retailers
- 6 Implement Domestic Investments, Accelerate Public Sector Investments, and Ensure the Private Sector Does Not Decelerate
- 7 Assist Industries in Adjusting Production Lines and Responding to Changes in International Supply and Demand
- 8 Assess the Necessity of Special Laws and Budgets Based on Changes in the Pandemic Situation

To block infections from abroad, Taiwan enhanced border control and implemented stringent disease control measures. Leveraging experiences learned from the 2003 severe acute respiratory syndrome (SARS) outbreak, on January 15, 2020, the Executive Yuan declared COVID-19 a Category 5 communicable

disease under the "Communicable Disease Control Act." Furthermore, on January 20, 2020, the Central Epidemic Command Center was established to rapidly deploy and coordinate comprehensive disease control measures.

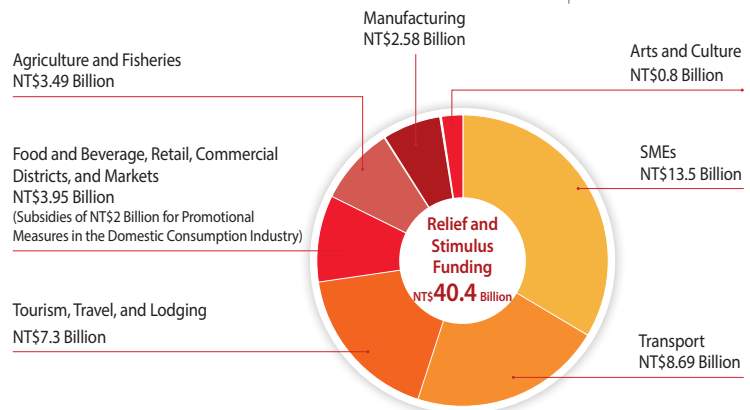
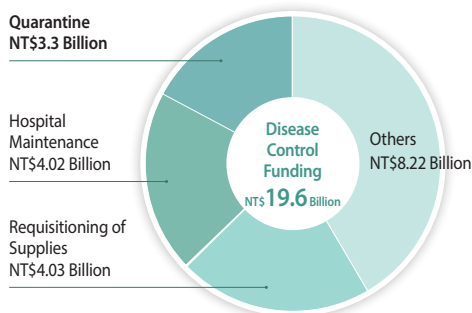
President Tsai Ing-wen convened a high-level national security meeting on the first working day after the Lunar New Year (January 30, 2020) to discuss the potential economic impacts on Taiwan due to the pandemic and the government's response measures. In a speech, she said: "disease control is akin to combat." She requested that the Executive Yuan monitor pandemic-related developments and needs to evaluate the necessity of enacting special laws or special budgets.

For a Timely Pandemic Response, the Government Expedites the Passage of Special Regulations

Following the three-step disease control, relief, and stimulus strategy, the Executive Yuan rapidly adjusted disease control measures, assessed the potential impacts on relevant industries, and identified priority areas needing immediate assistance. It also consolidated available policy tools and resources and then devised appropriate countermeasures to formulate a comprehensive response.

Central Government Special Budget for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens JAN 15, 2020 - JUN 30, 2021

The First Wave of Special Budgets is NT\$60 Billion



Note: The president signed and enacted the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" on February 25, 2020. The act became the legal basis for subsequent government disease control policies and funding.

Source: Information gathered from the Executive Yuan website.

As the pandemic continued to spread, the Executive Yuan held several inter-ministerial meetings in February 2020 to devise plans to effectively control the disease and manage the impact on the healthcare system, related industries, and the public's daily lives. On February 20, 2020, the Ministry of Health and Welfare presented a draft of the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" (hereinafter referred to as "Special Act") at an Executive Yuan meeting. The Legislative Yuan passed the third reading of the "Special Act" on February 25, 2020, and President Tsai immediately signed and enacted it into law that afternoon. The "Special Act" played a crucial role in the government's ability to conduct disease control and secure the necessary funding for relief and economic revival. It marked a new milestone in Taiwan's pandemic response and relief efforts.

Proposing Relief Measures Based on the Four Principles of Equal Benefits, Immediate Results, Strong Foundations, and Faster Public Construction

As the COVID-19 outbreak intensified within China, starting in late January 2020 various regions implemented lockdowns or delayed post-Lunar New Year work resumption. By the end of February 2020, the pandemic had rapidly spread around the globe,

prompting numerous countries to enforce preventive containment and travel restrictions. In Taiwan, the National Development Council considered the nation's experiences during SARS and consolidated various real-time data to assess the economic impacts. The primary direct effects were forecast to be reduced domestic tourism income and lower consumer spending. Indirect effects stemmed from a contraction in domestic demand within China and production disruptions, which could potentially suppress Taiwan's export momentum.

To ensure that the funds allocated for various projects were reasonable and met the needs for prevention, relief, and stimulus, the Executive Yuan adhered to the four main principles of equal benefits, immediate results, strong foundations, and faster public construction. It proposed relief plans in response to the pandemic's impact on various sectors. According to the "Special Act," it allocated a special budget of up to NT\$60 billion (the first phase of COVID-19 relief). It provided priority funding for urgent items, including emergency disease control supplies and short-term relief, using Article 43 of the "Disaster Prevention and Protection Act," which permits expenditure adjustments when required for disaster protection. Funding for medium- and long-term disease control as well as economic relief and stimulus was included within the 2021 annual budget or the forward-looking infrastructure special budget.

Four Main Principles of Equal Benefits, Immediate Results, Strong Foundations, and Faster Public Construction

| | |
|-----------------------------------|---|
| Equal Benefits | <ul style="list-style-type: none"> Since the pandemic's impact is widespread, each government department shall thoroughly consider the industries it oversees and ensure that relief efforts are evenly distributed. Assistance shall be provided in a manner that helps affected industries recover as quickly as possible. |
| Immediate Results | <ul style="list-style-type: none"> Departments shall implement measures with immediate effect. Avoiding complex procedures helps the public to recognize the government's timely assistance. Appeal to the banking sector to not withdraw support in times of trouble, and instead work together with troubled industries and individuals to overcome difficulties. |
| Strong Foundations | <ul style="list-style-type: none"> Use the pandemic as a time of opportunity to improve infrastructure and the environment. Enhance tourism market segmentation and disperse tourism sources to avoid over-dependence on a single segment or market. |
| Faster Public Construction | <ul style="list-style-type: none"> At a time when the pandemic is affecting various economic activities, both the central and local governments shall vigorously and swiftly invest in public infrastructure to stimulate economic development. |

Source: Information gathered from the Executive Yuan website.

The Directorate-General of Budget, Accounting and Statistics, Executive Yuan submitted the "Central Government Special Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" to the Executive Yuan on February 27, 2020. The Legislative Yuan passed the third reading of the budget proposal on March 13, 2020. The approved budget amounted to NT\$60 billion, funded by reallocating NT\$30 billion from surplus funds from previous fiscal years and adding NT\$30 billion in debt.

The special budget included in the first phase of the government's COVID-19 response plan included two main components: disease control funding of NT\$19.6 billion, which was primarily allocated for isolation and treatment at response hospitals, establishment of centralized quarantine facilities, compensation for disease control measures, and the procurement of necessary materials and equipment. Additional relief and stimulus funds of NT\$40.4 billion were directed at industries relying on domestic demand (such as food and beverage, retail, commercial districts, night markets, and traditional markets), as well as manufacturing, tourism and transport, agriculture and fisheries, the arts and culture, and indigenous and Hakka communities. Specific measures included enterprise financing guarantees and interest subsidies, tax and fee subsidies for the transport sector, operational subsidies for the tourism and lodging industries, marketing support for agricultural and fishery products, and consumption vouchers for domestic demand or the arts and culture. These initiatives were designed to minimize the impact on businesses and help them navigate the crisis swiftly and effectively.

Moreover, the National Development Council and the Public Construction Commission followed an Executive Yuan directive to assist various departments in accelerating public construction projects. Their aim was to use domestic investment momentum as an engine for keeping the economy running. Specifically, for 2020 they developed a plan to accelerate public construction to stabilize economic growth as well as measures for the effective execution of public construction projects. A key goal was to achieve a budget execution rate of at least

95% for public construction projects to help stimulate the economy and drive domestic growth.

Passage of the Second Phase of Expanded Relief and Stimulus

On March 11, 2020, the WHO officially declared the outbreak a global pandemic. In response, President Tsai convened a high-level national security meeting on March 12, 2020. During the meeting, she addressed the economic impact of the global spread of the virus. She stated that the government planned to proactively boost short-term economic momentum to maintain Taiwan's economic vitality. She instructed that special budgets should be precisely implemented, and that existing departmental budgets and funds should be reallocated to address urgent needs. She emphasized the need to enhance plans to expand domestic demand, fully support private sector investments, and stabilize financial markets with the utmost efficiency.

As the COVID-19 pandemic spread globally and intensified, the rate of transmission and the scale of impact surpassed what was seen during SARS. Besides the lockdowns and delayed work resumption orders issued in China, major countries in Europe and the Americas implemented quarantine and control measures. Most nations experienced a rapid contraction in domestic demand compounded by production halts, which disrupted supply chains. Consequences included significant setbacks in global trade, investment, and consumer spending, which caused substantial fluctuations in financial markets.

Government agencies assessed various factors that could harm Taiwan's economic activity. These included a lack of consumer confidence, which dampened domestic consumption. There was also a decline in export momentum and increased financial pressures on SMEs.

The first phase of the government's COVID-19 response plan was focused on the earliest outbreak of the coronavirus in China. As the epidemic became a pandemic and rapidly spread, however, better disease control measures, medical equipment, and medical

Initial Assessment of the Adverse Impacts of the Pandemic on Taiwan's Economic Activity

| | |
|---|---|
| A Lack of Consumer Confidence Dampens Domestic Consumption | <ul style="list-style-type: none"> Taiwan and many other countries implemented travel bans and other measures to curb the spread of the pandemic, resulting in significant damage to the tourism and transportation industries. An increase in imported COVID-19 cases reduced the willingness of local residents to shop, travel, or dine out, adversely affecting tourism, retail, commercial districts, traditional markets, and sit-down restaurants. The cancellation or postponement of large indoor and outdoor events and exhibitions affected related industries. |
| A Decline in Export Momentum | <ul style="list-style-type: none"> The pandemic damaged the global consumer market, leading to reduced demand for Taiwan's finished products and intermediate goods. Supply chain bottlenecks experienced by international businesses affected Taiwan's overall export capacity. As the pandemic continued to escalate in regions such as Europe, the Americas, and Japan, consumer demand decreased. This had a direct impact on Taiwan's export-oriented manufacturing industry. |
| Increased Financial Pressures on SMEs | <ul style="list-style-type: none"> The pandemic outbreak led to a sharp reduction in corporate revenues compounded by the financial pressures of payroll, rent, and interest expenses, posing a significant challenge to the normal operations of domestic SMEs. |

Source: Information gathered from the Executive Yuan website.

supplies were needed. At the same time, industries, enterprises, medical institutions, and workers who experienced operational or livelihood difficulties due to the impact of the pandemic required enhanced relief and stimulus.

The government, therefore, instructed that relief must flow "generously, quickly and conveniently" to the people. It sought to ensure that "businesses do not collapse, jobs are not lost, logistics do not halt, and cash flow does not stop." On April 2, 2020, the Executive Yuan held an extraordinary session to pass amendments to Article 9-1 and Article 11 of the "Special Act." The Legislative Yuan passed the third reading of these amendments on April 21, 2020, and they were promulgated by the Presidential Office on the same day. The amendments increased the special budget cap from NT\$60 billion to NT\$210 billion. Depending on the pandemic situation, they allowed for an additional special budget of NT\$210 billion to NT\$420 billion to be submitted to the Legislative Yuan for review.

As the Legislative Yuan reviewed the draft amendment of the "Special Act," the government planned its second phase of relief measures, which increased total funding for Taiwan's relief and stimulus to NT\$1.05 trillion. The funding included NT\$210 billion from a special budget (the second phase of COVID-19 relief), NT\$140 billion from emergency reallocation, and a

NT\$1 Trillion to Protect Taiwan

COVID-19 Prevention, Relief and Revitalization of Financial Resources

NT\$1.05 Trillion

Comprehensive Assistance to Individuals, Businesses, Workers and the Disadvantaged

NT\$210 Billion from a Special Budget:
NT\$60 Billion + NT\$150 Billion Added

NT\$140 Billion from Emergency Reallocation

NT\$700 Billion Line of Credit from the Banks

Source: Information gathered from the Executive Yuan website.

NT\$700 billion line of credit from the central bank, postal savings, and various state-owned banks.

To further assist the numerous individuals and industries affected by the pandemic, the Executive Yuan directed Minister without Portfolio Kung Ming-hsin to form an economic relief and stimulus team. Using the daily CECC press conferences as a model, the team joined with heads of relevant ministries to explain the details of relief measures and report on their progress. After holding the first relief and stimulus plan press conference on April 6, 2020, the team continued to hold press conferences throughout April and May. Topics included financing loans, industry assistance, labor employment, and individual relief, with key points highlighted below.

Topics and Key Points of the Executive Yuan's Relief and Stimulus Plan Press Conferences, Held in April and May 2020

| Date | Topics | Key Points |
|------|--|---|
| 4/6 | Financing and Loans Assistance | <ol style="list-style-type: none"> 1. Expanded stimulus capital loan relief for SMEs and large enterprises, including an increase in the loan cap for SMEs from NT\$20 million to NT\$150 million, and an increase in the loan cap for non-SMEs from NT\$80 million to NT\$500 million. 2. Banks were instructed not to reject applications outright and to expedite loan processing. 1988 was established as a single relief and stimulus hotline. 3. The government established a cross-ministerial financing coordination platform to hold regular meetings to assist businesses through the crisis. |
| 4/7 | Employment Assistance | <ol style="list-style-type: none"> 1. The government prioritized jobs and corporate vitality. Focused support was provided for companies facing challenges related to industry, the jobs market, and workers' rights or interests. 2. The Ministry of Labor expanded existing administrative measures and introduced new assistance measures for furloughed workers, unemployed workers, and businesses. |
| 4/8 | Tax Assistance to Reduce Economic Burdens | <ol style="list-style-type: none"> 1. The government considered the main operational business expenses for relief, including salaries, equipment depreciation, interest, utilities, rent, taxes, and fees. 2. Tax reductions require time-consuming legal amendments, so deferrals or subsidies were preferred to provide immediate benefits. |
| 4/9 | Tourism Industry Support | <ol style="list-style-type: none"> 1. In 2020, tourism was one of the hardest-hit industries. As the pandemic continued to spread, the government increased its relief budget for the tourism and transportation industry to NT\$22.427 billion and provided financial guarantees to operators. Aided by proactive suggestions from industry stakeholders, relief efforts in the tourism sector were exemplary. This model can be emulated by other industries in the future to ensure that relief measures are distributed widely. 2. The Ministry of Transportation and Communications added salary subsidies for tourism industry workers and group cancellation subsidies for amusement parks to relief measures. |
| 4/10 | Assistance for Domestic Service Industries | <ol style="list-style-type: none"> 1. From March 16 to April 9, a Ministry of Economic Affairs financial relief program for SMEs approved 921 cases totaling NT\$10.1 billion. Loan approvals took approximately seven to eight days, without delays. 2. The Ministry of Economic Affairs increased support for struggling businesses by adding employee salary subsidies, operational funding, and deferrals or reductions in utility fees. 3. The Ministry of Economic Affairs initiated on-site consultation services in commercial districts, markets, and night markets to assist with relief loan applications. |
| 4/13 | Pharmaceutical and Disease Prevention Technology R&D | <ol style="list-style-type: none"> 1. Building on a strong foundation in pharmaceuticals, vaccines, and diagnostic reagents, the government coordinated efforts from industry, academia, and the public sectors to advance national disease prevention technologies. 2. Alongside NT\$2.16 billion from a special budget and emergency reallocation, in 2020 the government allocated NT\$3.3 billion for biomedical disease prevention technological projects that sought to develop related testing, vaccines, or pharmaceuticals. For long-term planning, the government approved Ministry of Health and Welfare construction plans for a new disease prevention center (2022-2027) that was forecast to begin construction around 2021 or 2022. |
| 4/14 | Helping Farmers Overcome Challenges | <ol style="list-style-type: none"> 1. Taiwan was home to about 900,000 agricultural and fishery operators. The Ministry of Agriculture estimated that relief measures could assist 470,000 of these, providing support to over 50% of the sector. 2. Additional support measures for impacted industries included expanded financing and loan programs, employee salary subsidies, operational expense subsidies for distressed businesses, and increased marketing support. |
| 4/15 | Assistance for the Arts and Culture Industries | <ol style="list-style-type: none"> 1. In early April, the Executive Yuan introduced the second phase of relief and stimulus funding for the arts and culture industries, dubbed Arts and Culture Relief 2.0. Through the addition of an emergency reallocation, the total budget increased from NT\$1.5 billion to NT\$5.22 billion. This new funding phase upheld the principle of prioritizing workers' salaries to continue caring for arts and culture industry workers and the self-employed while preventing a loss of talent from the sector. 2. The Arts and Culture Relief 2.0 package provided enhanced support in four main areas: subsidies for mitigating operational difficulties, payroll assistance and operational subsidies, loan interest subsidies for large businesses, and inclusion of cultural professionals in the Ministry of Labor self-employed subsidies. The Ministry of Culture also announced six other support measures covering administrative control, rent reduction, tax deferrals, corporate support for stimulus, prioritized use of exhibition and performance venues by domestic teams, and establishing a negotiation mechanism to screen domestic films. |

| Date | Topics | Key Points |
|------|---|--|
| 4/16 | Individual Relief Measures | <ol style="list-style-type: none"> 1. The government allocated NT\$103.5 billion in direct cash and other subsidies for affected populations. 2. The CBC announced a general loan interest reduction of 0.25% (25 basis points). The eight largest public banks provided additional support by reducing housing loan rates by 0.5% and consumer loans by 0.75%, and private banks offered their own measures to support individuals affected by the pandemic with housing and consumer loan payments. 3. People who faced repayment difficulties due to the pandemic could apply for three-to-six-month deferrals on principal or interest payments, with no penalties or default interest charges during the extension. 4. The government introduced initiatives like the Recharge and Restart Training Program, the Reassurance Employment Plan, and the Peace of Mind Immediate Work Program to support furloughed workers. Additional support was offered to self-employed individuals and laborers without a fixed employer. The government also announced labor relief loans of up to NT\$100,000 with a one-year interest subsidy provided by the government. 5. Taxpayers affected by the pandemic could apply for tax payment deferrals or payment by installment. Legal users of state-owned non-public properties could also apply for extensions on rent payments. |
| 4/17 | Relief for the Manufacturing Industry | <ol style="list-style-type: none"> 1. The central bank allocated NT\$200 billion in refinancing loans to 25 banks, of which NT\$100 billion was designated for micro-loan programs that support small-scale business entities. 2. In the second phase of an expanded relief and stimulus plan, the Ministry of Economic Affairs proposed subsidies and reductions, including nearly NT\$20 billion in additional subsidies for wages and operating funds for the manufacturing and technical service industries. Supplementary measures included utility bill fee reductions, reducing or deferring fees in industrial parks, and deferring fees in processing zones. The ministry also expanded financing and credit guarantees. |
| 4/20 | Consumer Goods Inventory | <ol style="list-style-type: none"> 1. The Ministry of Agriculture said domestic agricultural and fishery output was stable enough to meet consumption needs for the next six months. There were also adequate measures in place to ensure the supply of essential raw materials needed for domestic agricultural production. 2. The Ministry of Economic Affairs reported that the supply of essential consumer goods such as salad oil, flour, instant noodles, and toilet paper was sufficient and prices were stable. 3. The Ministry of Health and Welfare said it actively reviewed the manufacturing capacities and import quantities of various medical devices starting at the outbreak of the pandemic to ensure sufficient supplies of domestic medical equipment. |
| 4/21 | National Finance Teams Support Taiwan's Industries | <ol style="list-style-type: none"> 1. The government and banks supported enterprises. Following the principle that relief must flow "generously, quickly and conveniently" to the people, they sought to ensure that cash flows for businesses and individuals did not stop and that the overall economic momentum of the country remained stable. 2. The government offered a variety of loan methods, tailored to different needs as follows: <ul style="list-style-type: none"> • Loans of NT\$100,000 that were interest-free for the first year for self-employed workers and laborers. The total value of the program was NT\$50 billion. • Loans of up to NT\$500,000 for small-scale business entities, with a credit guarantee of 100%, an interest rate of no more than 1%, and without the need for guarantors or collateral. • Loans of up to NT\$2 million for SMEs, with a credit guarantee of at least 90% and at an interest rate of no more than 1%. • Relief loans of up to NT\$5 million to cover operational funds for SMEs that saw a decline in performance of at least 15%. The loans had a credit guarantee of 100% and an interest subsidy of up to 1.845%. • A NT\$6 million loan plan from the CBC offered an interest rate of no more than 1.5% if collateral was provided. • SMEs could apply for stimulus loans worth up to NT\$150 million with a credit guarantee of 80% to 90%. A maximum interest subsidy of 0.845% was available for the first NT\$20 million. Non-SMEs that took out a loan of at least NT\$500 million could receive a credit guarantee of 80% to 90%. |
| 4/22 | Progress of Executive Yuan Relief and Stimulus Programs, Managed by Former Premier Su Tseng-chang | <ol style="list-style-type: none"> 1. Individuals from 870,000 low-income and mid-to-low-income households, primarily consisting of children, the elderly, and people with disabilities, received a monthly allowance of NT\$1,500 for three months. A total of 710,000 people received the first month's payment. 2. Approximately 100,000 taxi and tour bus drivers received NT\$10,000 monthly payments for three months. Distribution began on April 21, with nearly 60,000 people receiving their first payment early in the program. 3. Around one million self-employed individuals received a one-time payment of NT\$30,000, with distribution starting on April 22. Within a week, 100,000 people received this aid. 4. Approximately 900,000 employees affected by the pandemic received wage subsidies covering 40% of their salary for three months, starting on April 21. At least 37,000 people benefited. |

| Date | Topics | Key Points |
|------|--|---|
| 4/23 | Assistance for Land, Sea, and Air Transport Operators | <ol style="list-style-type: none"> 1. The government's relief programs offered guaranteed credit and low interest rates. There were extra measures in place to prevent them from being withdrawn in times of trouble or due to abnormalities. People were encouraged to make use of them. 2. The first phase of the Ministry of Transportation and Communications relief package had five main subsidy measures: tax reductions, interest-subsidized loans, short-term worker training for new skills, station fee rental reductions, and subsidies for disease prevention supplies. Approval of the Executive Yuan's second phase of relief added NT\$3.597 billion in subsidies for the land transport industry and NT\$7.895 billion in subsidies for national airlines. Total subsidies for maritime transport relief were raised to NT\$3.093 billion. |
| 4/24 | 1988 Hotline Supports a Wide Range of Relief-Related Inquiries | <ol style="list-style-type: none"> 1. The Ministry of Health and Welfare added two new applicant categories to the emergency assistance program during the pandemic: the first was for people whose families faced hardships because they took leave or could not work due to the pandemic; the second was for families who could not afford funeral expenses for a family member who died under quarantine or during therapy. 2. As of April 23, the 1988 hotline set up for people to inquire about the government's COVID-19 relief and stimulus programs had already received over 5,000 calls. Initially, most inquiries were about interest on financing loans. As more relief measures were added, call topics shifted to a wider range of relief-related queries. |
| 4/28 | Assistance for the Education and Sports Industries | <ol style="list-style-type: none"> 1. The sports industry received NT\$3.155 billion in subsidies to not only support operational costs for sports organizations and designated international events but also aid struggling sports businesses with employee wages, rental costs for facilities, and loan interest subsidies. Additional support was offered to self-employed workers in the sports industry. 2. NT\$150 million in funding was allocated for community colleges and their instructors who were severely affected by the pandemic. The money was used for operational support, instructor compensation, and other relief measures. 3. Students who could prove they were facing difficulties with loan repayments due to the pandemic could apply to the bank that issued their loan for a deferment of principal payments. The policy was scheduled to begin on August 1, 2020. 4. The government added new emergency relief candidates in response to the pandemic. Qualified candidates could apply based on rules in the "Public Assistance Act" and other related regulations. |
| 4/30 | Relief Progress Report | <p>Relief progress as of April 29:</p> <ol style="list-style-type: none"> 1. A total of NT\$26.377 billion was distributed to 1.63 million people. 2. A total of NT\$1.2 billion was distributed to 1,909 distressed businesses. 3. A total of 43,468 households and businesses were approved for loans amounting to NT\$361.9 billion. 4. The central bank guaranteed small loans of up to NT\$500,000 each for 7,778 businesses, for a total of NT\$3,684.98 million in guarantees. |
| 5/1 | 1988 Hotline Part 2 (Financing) | <ol style="list-style-type: none"> 1. In response to feedback that the scoring for small business loans of up to NT\$500,000 was too stringent, especially for startups, the threshold for loan approval scores was lowered from 70 points to 63 points after discussion across multiple departments. 2. The Financial Supervisory Commission stated that banks should process small business loan applications and new worker relief loans within three working days after receipt. For credit amounts of NT\$1 million or less, loan processing shall be completed within seven working days. For loan renewals of NT\$5 million or less, processing shall be completed within two weeks. Processing of new operational loans shall be completed within 10 working days, and processing of new stimulus loans shall be completed within 15 working days. 3. Businesses facing difficulties with bank financing or unclear about relief programs can consult the 1988 hotline, the Ministry of Economic Affairs' expedited service center (0800-056-476), or the SME Counseling Foundation (0800-219-666). |
| 5/5 | Successful Solicitation of Repatriated Funds | <ol style="list-style-type: none"> 1. Taiwan's three major investment programs achieved a total investment value of NT\$240 billion in 2019 and were expected to achieve a total investment value of over NT\$320 billion in 2020, accounting for 1.7% of GDP. 2. Following the enactment of "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" (MOF) on August 15, 2019, Taiwan attracted NT\$87.5 billion of overseas funds. 3. By March 2020, foreign direct investment reached NT\$72.6 billion, which was 136% higher than the same period during the previous year. |

| Date | Topics | Key Points |
|------|---|--|
| 5/6 | Labor Assistance Measures for Disabled Workers | <ol style="list-style-type: none"> 1. The government expanded the scope of emergency assistance and loosened standards. Those who could not provide the required documentation could instead sign an affidavit and let the authorities investigate relevant information before approval. 2. In addition to existing relief measures, more support was provided for specific groups of vulnerable disabled workers. Self-employed visually impaired masseurs without a fixed employer could apply for a monthly subsidy of NT\$15,000, with three months of payments totaling NT\$45,000 paid in a lump sum. These masseurs could also apply for subsidies of NT\$20,000 to NT\$50,000 for disease prevention supplies to improve the safety of their workplaces. Additionally, for people with disabilities and limited work capacity, there were 148 sheltered workshops tailored to accommodate their special work needs. On April 20, the government provided more aid to these workshops when it announced new subsidies to support their building, land, or vehicle leases. |
| 5/7 | Emergency Poverty Relief Supports Revival, Managed by Former Premier Su Tseng-chang | <ol style="list-style-type: none"> 1. The government simplified relief application procedures for uninsured workers and farmers or fishermen so that they would only need to bring their ID and sign an affidavit to apply. Those who could not provide the required documentation could instead sign an affidavit and let the authorities investigate relevant information before approval. 2. An emergency poverty relief mechanism characterized by fast acceptance of applications and review by central government authorities was available until June 30. There was no limit on the number of applications. 3. People with complete documentation could expect funds to be deposited within three to five working days. Those with incomplete documentation needing extra processing and investigation time had to wait around two weeks to receive their funds. |
| 5/11 | Accelerated Provision of Support for the Manufacturing Industry | <ol style="list-style-type: none"> 1. For businesses with a drop in revenues of 50% or more, the Ministry of Economic Affairs adopted more flexible eligibility criteria, expedited reviews, and simplified application documents to accelerate relief in the manufacturing and technical service industries. 2. The Ministry of Economic Affairs provided a special budget to encourage businesses to cancel furloughs to lower the number of underemployed people. |
| 5/13 | Financing Assistance Measures Surpass NT\$500 Billion | <ol style="list-style-type: none"> 1. A total of NT\$48.8 billion in relief payments was already disbursed to 2.52 million people, including NT\$39.3 billion for industrial wage subsidies that aided 1.37 million employees. A total of NT\$548.3 billion in relief loans was approved for 260,000 businesses and individuals, nearing the total goal of NT\$700 billion in loans distributed. 2. People in disadvantaged groups received a monthly subsidy of NT\$1,500 for three consecutive months, with a total of NT\$2.3 billion already distributed to 760,000 people. Emergency relief funds of NT\$10,000 to NT\$30,000 per household helped over 4,000 people, with a total of NT\$56.52 million already distributed. Also, farmers and fishermen qualified for a living subsidy payment of NT\$10,000, subject to wealth exclusion. Nearly 400,000 people benefitted from the NT\$4 billion total distribution. 3. Efforts to stabilize the job market helped around 11,100 businesses keep a total of approximately 150,000 workers employed and without pay cuts. Around 1.23 million workers in affected industries (such as arts and culture or the self-employed) received subsidies. In addition, one-time subsidies totaling NT\$3.2 billion were disbursed to businesses in industries like maritime and land transportation, lodging, and service. 4. Financial flow assistance brought the total approved financing amount to over NT\$500 billion, including NT\$193.4 billion for various ministry business relief programs, NT\$204.4 billion managed by banks for enterprises, NT\$121.1 billion managed by banks for individuals, NT\$11.1 billion in small business loans capped at NT\$500,000 each, and approximately NT\$18.3 billion in worker relief loans capped at NT\$100,000 each (with the first year's interest subsidized). |

Source: Information gathered from the Executive Yuan website.

After the amendment to the "Special Act" passed its third reading in the Legislative Yuan, the Directorate-General of Budget, Accounting and Statistics reported the "Central Government Special Budget Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens"

(the second phase of COVID-19 relief) to the Executive Yuan on April 23, 2020. The Legislative Yuan completed the third reading on May 8, approving a budget of NT\$150 billion that was fully financed through debt. President Tsai announced the enactment of this budget on May 13, 2020.

Key components of the special budget for the second phase of COVID-19 relief included NT\$16.5 billion for disease prevention, which was primarily used to reward excellent disease prevention performance, to pay pandemic-related compensation, and to cover the requisition or procurement of disease prevention materials, pharmaceuticals, and medical equipment. An additional NT\$133.5 billion was allocated for relief and stimulus, mainly to subsidize payroll expenses, operational costs, and utilities of businesses harmed by the pandemic, as well as to cover loan and financing guarantees and interest subsidies. More support was furnished to market agricultural, fishery, and livestock products and to stimulate consumption. Members of vulnerable groups, self-employed individuals, and workers without a regular employer also qualified for

living allowances. Together, these measures sought to aid families, protect vulnerable groups, and sustain businesses by providing comprehensive assistance to industries and individuals affected by the pandemic.

Following the implementation of the second phase of COVID-19 relief, the Executive Yuan asked relevant ministries to conduct rolling reviews of populations affected by the pandemic. On May 4, former Premier Su Tseng-chang held a press conference focusing on relief expansion and stimulus. Su said that to assist citizens and businesses in need, the government launched support on three primary fronts: cash assistance, rescue loans, and burden reduction. Adhering to the principle of providing benefits to all, Su announced expanded subsidies for workers with jobs but no insurance, as well as agricultural and fishery workers.

Protecting Industries Tourism, Lodging, Amusement, and Aviation Industries

Government Subsidizes Operators The Ministry of Transport Subsidizes SMEs

| | |
|-----------------------|--------------------------------|
| Tourism and Lodging | NT\$200,000 / Each Case |
| Bed and Breakfast | NT\$50,000-100,000 / Each Case |
| Travel | NT\$100,000 / Each Case |
| Tourism and Amusement | NT\$200,000 / Each Case |

Salary Subsidy Program for Enterprises in Difficulty

Companies that Suffered a Business Decline of 50% or More Could Receive Up to 20% of Payroll Costs Capped at NT\$10,000 for a Period of Three Months for Workers Who Were Not Enrolled in the Ministry of Labor's Furloughed Worker Subsidy Program and Did Not Face Salary Reductions of 20% or More

Provide NT\$50 Billion in Project Financing for the Aviation Industry

Note: The Ministry of Labor's subsidies for furloughed workers included the Recharge and Restart Training Program, which provided training allowances of up to NT\$158 per hour for a maximum of 120 hours per month, and the Reassurance Employment Plan, which provided subsidies of up to 50% of lost income, capped at NT\$11,000.

Source: Information gathered from the President Tsai Ing-wen's Facebook.

Support Business SMEs

The Ministry of Economic Affairs Launched the Financial Relief Program for SMEs

| | Financial Relief Program No Credit Guarantee Fee Will Be Charged | Interest Subsidies |
|---|--|---|
| Extensions on Existing Loans | Maintain the Original Credit Guarantee (Interest Rate Reduction for Over Six Months, Increase Credit Guarantee by 0.5%) | Up to 1.06% 1 Year The Financing Amount Is NT\$20 Million Up to NT\$220,000 / Each Case |
| Loan Financing for Operational Capital (Rent and Employee Salaries) Pledging Not to Reduce Their Salaries or Workforces | A Full 100% Credit Guarantee | Up to 2.095% 6 Months The Financing Amount Is NT\$5 Million Up to NT\$55,000 / Each Case |
| Revitalization Fund Loans | An 80% to 90% Credit Guarantee | Up to 1.095% 1 Year The Financing Amount Is NT\$20 Million Up to NT\$220,000 / Each Case |

Source: Information gathered from the President Tsai Ing-wen's Facebook.

Expanded Relief for Emergency Poverty Relief

Uninsured and Disadvantaged Workers NT\$10,000 Cash Relief

For Households with Working Members Who Were Not Insured (Military, Government, Education, Labor, or Agricultural Social Insurance) and Had an Average Income that Was Less Than Twice the Basic Living Expense

People Could Apply at Their Local Township or City Office (Less Than 1.5 Times to Receive NT\$10,000 - NT\$30,000)

Agricultural and Fishery Workers NT\$10,000 Cash Withdrawal

Farmers and Fishermen with a Total Annual Income Did Not Exceed NT\$500,000 (Fishermen Insured Through a Trade Union and Whose Insured Salary Did Not Exceed NT\$24,000 Could Receive a Subsidy of NT\$30,000)

Apply to Local Agricultural and Fishery Associations

Source: Information gathered from the Executive Yuan's Facebook.

economic development plans for the post-coronavirus era (including current relief results), the Executive Yuan stated that relief measures were gradually having an impact. From June 7, Taiwan would ease domestic restrictions while maintaining strict border controls. In line with this policy, the government introduced Triple Stimulus Vouchers to stimulate the economy. People could buy \$3,000 worth of vouchers for just NT\$1,000 cash. The vouchers were easy to obtain and use and highly stimulating for the economy.

October 2020: Second Supplementary Budget (Third Phase of COVID-19 Relief) Advances Disease Prevention, Relief, and Triple Stimulus Vouchers

A second supplementary budget sought continued assistance for domestic industries still impacted by the international pandemic, including specific manufacturing sectors, trade services, conventions and exhibitions, and tourism and transport enterprises primarily serving foreign tourists. Funds from the annual budget or emergency reallocation in the special budget were insufficient to cover living subsidies for workers, farmers, fishermen, and the Triple Stimulus Vouchers. Additional financial sources were therefore needed to prevent the costs of these new programs and benefits from affecting normal government operations.

2020: As the Domestic Epidemic Stabilizes, the Government Issues Triple Stimulus Vouchers



As the pandemic stabilized, various countries gradually announced the end of lockdowns. On May 28, after a briefing by the National Development Council on

Triple Stimulus Vouchers Planning Concept

| Planning | Key Points |
|--|--|
| The Government and Public Join for Greater Consumer Impact | The Triple Stimulus Vouchers were designed for people to exchange NT\$1,000 cash for vouchers with a face value of NT\$3,000. They encouraged spending. |
| Diverse Distribution Tools Increase Accessibility | The vouchers were issued in both paper and digital forms through a variety of collection methods. They provided a benefit to all citizens and encouraged more merchants to adopt digital payments. |
| Coordinating with Stimulus Measures from Other Government Ministries | Related promotional measures encouraged additional consumer spending. For example, night market vouchers, agriculture vouchers, and Hakka vouchers promoted tourism and reduced substitute consumption. |
| Public-Private Cooperation to Amplify Impact | Encouraged additional incentives from a wide range of entities to maximize the multiplier effect on spending. Financial institutions, chain businesses, merchants, and local governments offered extra discounts to stimulate additional spending. |
| Caring for the Vulnerable Makes Stimulus Kinder | The government directly deposited NT\$1,000 into the accounts of disadvantaged individuals for them to use to purchase the Triple Stimulus Vouchers, showing care for people in need. |

Source: Information gathered from the Ministry of Economic Affairs website.

How to Get the Triple Stimulus Vouchers? How to Use It?

| When It Will Be Available? | | How to Use It? | How to Get It? |
|----------------------------|-------------------------------------|--|---|
| Paper Vouchers | Pick Up Directly at the Post Office | July 15, 2020 Bring Your ID Card and Health Insurance Card to the Post Office Counter to Collect | <div>○ Applicable</div> <p>Brick-and-mortar Stores and Market Vendors Are Available, Such as Hair Care, Nail Art, Department Stores, Restaurants, Bookstores, Night Markets, Markets, Tourist Accommodation, etc.</p>  |
| | Booking | The First Phase of Registration Reservation July 1-7 Pick Up July 15-31 The Second Phase of Registration Reservation August 1-7 Pick Up August 15-31 | |
| Digital Vouchers | Credit Card | People Paid NT\$1,000 to Receive Vouchers Worth NT\$3,000  | |
| | Electronic Tickets | Spend NT\$3,000 Directly Deduct NT\$2,000 from the Next Month's Bill Spend NT\$3,000 Receive NT\$2,000 Cash Back by Swiping the Bound Card at a Convenience Store | <div>✗ Not Applicable</div> <p>In Principle, E-commerce Online Shopping Is Not Applicable, Credit Card Fees, Tax Payments, Fines, Fees, Insurance Policies, Stocks, National Pensions, Cigarettes, Gift Certificates, Stored Value, etc.</p> |
| | Electronic Payment | Spend NT\$3,000 Directly Transfer NT\$2,000 to APP Accounts | |

Until December 31, 2020

Note: The Government Deposited NT\$1,000 into Disadvantaged People Bank Accounts to Use Towards Purchasing the Vouchers.

Source: Information gathered from the Executive Yuan website.

NT\$1 Trillion to Protect Taiwan

COVID-19 Prevention, Relief and Revitalization of Financial Resources

Comprehensive Assistance to Individuals, Businesses, Workers and the Disadvantaged

A Special Budget: NT\$60 Billion + NT\$150 Billion Added
The Second Additional NT\$209.947 Billion Added

The Amount of Bailout Loans from Domestic Banks Was NT\$700 Billion

Source: Information gathered from the Executive Yuan website.

On July 23, the Directorate-General of Budget, Accounting and Statistics submitted the "Central Government Special Budget Second Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" (the third phase of COVID-19 relief) to the Executive Yuan. The bill completed its third reading in the

Legislative Yuan on October 23, with the budget reduced by NT\$53 million, from NT\$210 billion to NT\$209.947 billion. The required funding was fully financed through debt. President Tsai announced its enactment on November 11.

'Special Act' Extension and Phase 4 of Relief Advance Pandemic Protections

In mid-May 2021, the global pandemic continued and Taiwan faced the emergence of domestically transmitted COVID-19 cases of unknown origin. On May 11, the Central Epidemic Command Center raised the nationwide epidemic alert to Level 2. The Ministry of Health and Welfare submitted amendments to Articles 11 and 19 of the "Special Act" during the Executive Yuan session on May 13. These passed the Legislative Yuan's third reading on May 31 and were promulgated by the Presidential Office on the same day. The amendments extended the "Special Act" by one more year until June 30, 2022, and adjusted the cap on the special budget to NT\$840 billion.

President Tsai convened a high-level national security meeting on May 11, 2021, to hear various agencies report on their preparations in response to pandemic changes and discuss potential future scenarios. President Tsai called for a concerted national effort to keep COVID-19 at bay following the meeting. She also urged economic and financial ministries to maintain domestic economic and financial stability.

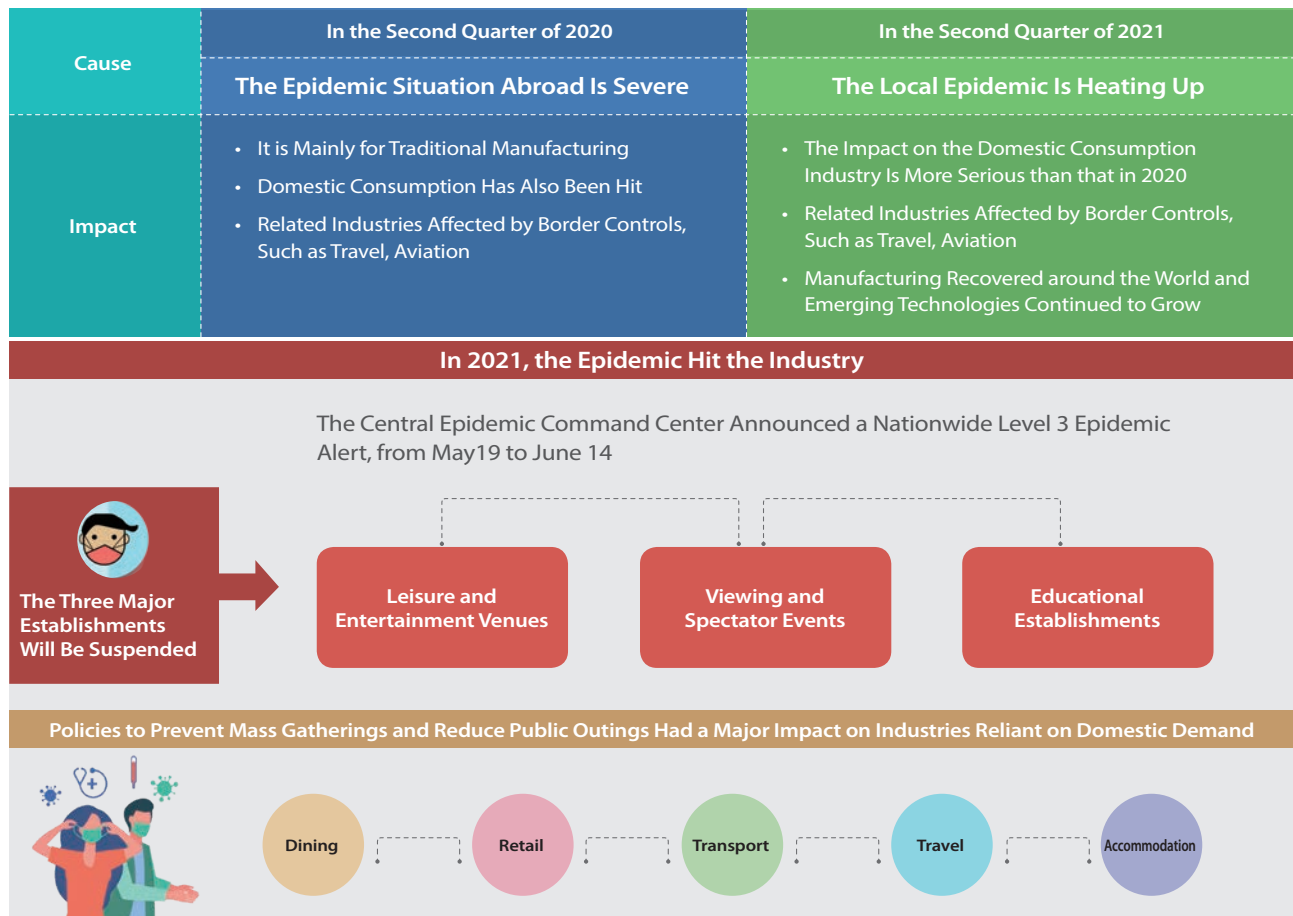
As the domestic COVID-19 outbreak continued to spread, the Central Epidemic Command Center raised the epidemic alert levels, including elevating the alert to Level 3 for the Taipei and New Taipei area on May 15, 2021, and expanding the Level 3 alert to all of Taiwan on May 19. The government mandated the closure of leisure and entertainment venues, viewing and spectator events,

In Response to the Pandemic, a High-level National Security Meeting Highlighted Six Major Work Areas:

- 1 Overall Command and Implementation of Disease Control
- 2 Understand Infection Sources and Stabilize Public Sentiment
- 3 Gradually Acquire Vaccines and Encourage Vaccination
- 4 Ensure Adequate Supplies to Prevent Panic Buying
- 5 Maintain Economic and Financial Stability
- 6 Special Investigation of Fake News

Source: Information gathered from the President Tsai Ing-wen's Facebook.

The Pandemic's Impact in 2021



Source: Information gathered from the Executive Yuan website.

and educational establishments. Policies to prevent mass gatherings and reduce public outings greatly impacted industries reliant on domestic demand, such as food services, retail, land transport, travel, accommodation, art, entertainment, and leisure services. A new wave of relief measures (the fourth phase of COVID-19 relief) was urgently needed to minimize the impact on people's livelihoods and the damage caused to businesses. The measures had to minimize the pandemic's economic harm.

The pandemic's impact in 2021 was very different in Taiwan compared to 2020. The industries hit hardest were those operating in venues where the Central Epidemic Command Center announced temporary closures, as well as related businesses. Therefore, on May 27, 2021, the National Development Council submitted a proposal to the Executive Yuan for an accelerated response to relieve the harms caused by the new pandemic wave. This was the basis of the government's fourth phase of COVID-19 relief, which accelerated individual support, strengthened industries, and enhanced loan offerings. Building on distribution systems established in 2020, the plan sped up the disbursement of subsidies to affected individuals, increased industry support, expanded operational funding and wage subsidies, and raised limits on credit insurance financing and worker relief loans.

Following principles laid out in the fourth phase of COVID-19 relief, government agencies completed detailed surveys to help those most in need of relief within the scope of the maximum allowable budget. They took immediate action to initiate budget planning and detailed planning of relief measures. On June 3, 2021, the Directorate-General of Budget, Accounting and Statistics submitted the "Central Government Special Budget Third Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" to the Executive Yuan, triggering the first phase of action. From June 4, relief payments were automatically deposited into individuals' accounts. The second phase of relief actions that started on June 7 included accepting applications for individual and business relief and loan applications.

The Basis of the Government's Fourth Phase of COVID-19 Relief

| | |
|---------------------------------------|---|
| Accelerated Individual Support | Built on the distribution system established in 2020 to accelerate disbursements. Target recipients included vulnerable groups and self-employed individuals. Subsidies supported farmers and fishermen as well as tour bus and taxi drivers. |
| Strengthened Industries | Assistance focused on businesses and industries affected by temporary closures due to the upgraded Level 3 epidemic alert. Immediate relief included the allocation of operational funding and wage subsidies to strengthen support and help industries weather the downturn. |
| Enhanced Loan Offerings | Besides maintaining existing relief loan programs and the NT\$100,000 labor relief loans, the government raised credit guarantee financing limits. Digital distribution and online processing simplified relief loan programs and enhanced efficiency. |

Source: Information gathered from the Executive Yuan website.

The Government's Fourth Phase of COVID-19 Relief The Collection Methods

| | |
|---|---|
| Those Who Applied in 2020 and Are Eligible in 2021 | |
| June 4 | Payments Received Successively (If You Do Not Have Account Information, the Government Will Send You an Application Form) |
| June 7 | Online Applications Being Accepted |
| June 15 | The Disease Prevention Subsidies for Families with Children, and Worker Relief Loans Start Issuing and Applying |

Source: Information gathered from the Executive Yuan website.



The Government's Fourth Phase of COVID-19 Relief Individual Relief Targets

| Target | Number of People Distributed | Cash Limit |
|--|------------------------------|---|
| <ul style="list-style-type: none"> Each Child of Elementary School Age or Younger Each Junior or Senior High School Youth (Including Students in the First Three Years of Vocational High School) with a Physical or Mental Disability | 2.5 Million | NT\$10,000 Per Child |
| <ul style="list-style-type: none"> Mid-to-low-income Households, and People with Disabilities (Children, the Elderly, and the Disabled) | 900 Thousand | Add Another NT\$1,500 Per Month (3 Months) |
| <ul style="list-style-type: none"> Farmer | 1.13 Million | NT\$10,000 (Regardless of Financial Status) |
| <ul style="list-style-type: none"> Fishermen (Category A Member of the Fishermen's Association) | 350 Thousand | Insured under NT\$24,000 NT\$30,000 |
| <ul style="list-style-type: none"> Self-employed Individuals or Workers without a Regular Employer (Small Vendor, Case Worker, and Small Shopkeeper) | 1.13 Million → 1.85 Million | More than NT\$24,000 Are Insured NT\$10,000 (Regardless of Financial Status) |
| <ul style="list-style-type: none"> Workers without Labor Insurance and Non-agricultural or Fisherman (Temporary Worker and Small Vendor) | 475 Thousand | NT\$10,000 – NT\$30,000 |
| <ul style="list-style-type: none"> Arts and Culture Industry Self-employed Individuals or Workers without a Regular Employer | 13,500 | NT\$10,000 Per Person Per Month (3 Months) |
| <ul style="list-style-type: none"> Taxi Driver, Tour Bus Driver, and Rental Car Driver | 100 Thousand | |
| <ul style="list-style-type: none"> Tourist Guide and Leader | 6,500 | |
| <ul style="list-style-type: none"> Visually Impaired Masseur | 2,600 | NT\$15,000 Per Person Per Month (3 Months) |
| Total: 4 Million → 7.3 Million ■ For 2020, Data Will Be Successively Deposited Starting from June 4 ■ New Applications for 2021 Will Begin to Be Accepted on June 7 | | |

Source: Information gathered from the Executive Yuan website.

The Government's Fourth Phase of COVID-19 Relief Business Relief Targets

| The Businesses Harmed by the Latest Wave of the Pandemic | | The Fourth Phase of COVID-19 Relief Added | |
|--|-------------------------------------|--|--|
| Industry Category | | Limit | |
| Business Services Catering, Retail, Wholesale, Warehousing, Beauty and Body | | 1. If Service Income Decreased by 50% A One-time Operational Subsidy of NT\$40,000 Per Employee Was Provided | |
| Tourism Travel, Hotel, and Amusement | Transport Driving Lessons | 2. Those Who Were Ordered to Suspend Operations by the Central Epidemic Command Center and Whose Wages Do Not Meet the Minimum Wage | |
| Education School Cook, Kindergarten, Social University and Lecturer, Study Abroad, Sports, Cram School, After-school Care Center | | Subsidies for Businesses A One-time Operational Subsidy of NT\$10,000 Per Employee Was Provided | |
| Arts and culture Publishing, Bookstores, Exhibitions, Films, Television, Pop Music Performances | | Subsidies for Employee A One-time Wage Subsidy of NT\$30,000 to Per Employee, and An Additional NT\$10,000 Living Subsidy from the Employment Stabilization Fund, Totaling NT\$40,000 | |
| Long-term Care and Childcare Babysitting, Childcare Centers, Long-term Care for the Disabled (Home, Community), Early Treatment and Other Institutions | | | |

Source: Information gathered from the Executive Yuan website.

The Government's Fourth Phase of COVID-19 Relief Business Relief Targets

| Continued Subsidy Projects | The Ongoing Relief Programs Continue to Be Disbursed |
|--|---|
| Industry Category | Limit |
| Transport Airport, Sky Catering, Ground Staff, Mini Three Links Port, Small Boat | A Subsidy of NT\$20,000 Per Employee to Defray Payroll |
| Passenger Transport Highway Bus Routes to the Airport, Tour Bus Operators | Subsidize Operating Expenses and Disease Control Materials on a Per-vehicle Basis |
| Manufacturers and Technical Services The Subsidy Will Be Provided until June 2021 | A Subsidy of NT\$20,000 Per Employee to Defray Payroll and Operational Costs |
| Conventions and Exhibitions, and Trade Services | |
| Social Welfare Organizations Government-contracted Social Welfare Organizations and Rehabilitation Buses | Subsidies to Sustain Operations Defrayed Overtime Pay and Maintenance Costs: a Subsidy to Cover Up to 40% of the Shortfall in Average Monthly Revenues for a Period of as Long as Three Months Subsidies were Available for Short-term Working Capital Loans and to Support Interest Payments on Payroll Loans |

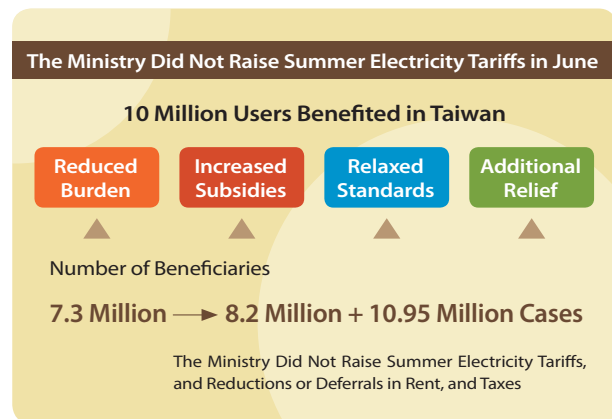
Source: Information gathered from the Executive Yuan website.

Responding to People's Hardships, the Government Provides Enhanced Support with Fourth Phase of COVID-19 Relief

To accelerate assistance to individuals and businesses impacted by the pandemic, the Legislative Yuan completed the third reading of the "Central Government Special Budget Third Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" (the fourth phase of COVID-19 relief) on June 18, 2021. During the review, the budget was reduced by NT\$501 million, from NT\$260 billion to NT\$259.499 billion. The required funding was fully financed through debt.

Furthermore, in cross-ministerial meetings, the government considered additional improvements that would benefit more individuals and businesses. On June 24, 2021, the National Development Council proposed these ideas to the Executive Yuan during a report on implementation results and progress under the fourth phase of COVID-19 relief. They covered a wide range of ideas, from raising relief amounts to adding new measures. The four main categories were relaxing eligibility criteria, increasing the number of subsidy recipients or subsidy amounts, adding new personal or

The Fourth Phase of Relief and Stimulus, an Enhanced Fourth Phase Plan



Source: Information gathered from the Executive Yuan website.

business venue subsidies, and introducing electricity or rent reductions.

As the Domestic Pandemic Situation Eases, Stimulus Measures Revive the Economy

Through the collective efforts of central and local governments and the public to enhance disease prevention measures, the domestic pandemic situation

2021 Implementation Progress under the Fourth Phase of COVID-19 Relief

| Measures | New Support Recipients and Support Measures |
|---|--|
| Care for Individuals and the Vulnerable | Relief measures for insured part-time workers, short-term substitute teachers, hourly staff, and foreign nationals with permanent residency in Taiwan. Additional relief for tour guides and tour leaders without employers. New relief for domestic travel group leaders. Provision of NT\$100,000 in condolence payments to families of people who died from COVID-19. |
| Assisting Industries | More flexible standards for determining periods of decline in industrial revenues and more flexible qualification standards for new ventures. Increased subsidies for basic maintenance costs of airport commercial service facilities, new subsidies for pandemic prevention materials for short-term rental vehicles, and extended subsidy periods for group travel cancellations. |
| Stabilizing Cash Flows | Increase in the number of labor relief loans, favorable interest rates for policy loans, raising the loan amount under the CBC's SME Plan, and introducing additional relief financing assistance for startups. New relief loan interest subsidies for privately established cram schools, after-school care centers, and kindergartens. New relief loans were available for performance groups experiencing operational difficulties due to the pandemic. |
| Burden Reduction | New adjustments to electricity rates for households during the summer and reductions in electricity rates for industries affected by the pandemic. Reduction in fuel fees for short-term rental vehicles. Extension of rent reduction measures for non-public state-owned real estate and state-owned enterprises' land and buildings. Rent reductions for new entrepreneurs. |

Source: Information gathered from the Executive Yuan website.

stabilized. On July 27, 2021, the nationwide alert level was lowered to Level 2 and the number of local confirmed cases fell to single digits. However, during this period, internal demand was very weak. The suspension of indoor gatherings of five or more people, cancellation of dine-in services in the food service industry, and closures of related business premises due to policy compliance or voluntary shutdowns caused great damage to the domestic restaurant and retail industries. With the impact even greater than in 2020, the threat to many businesses was existential.

Considering ways to provide support, the government reflected on the success of the Triple Stimulus Vouchers from 2020. After incorporating feedback and suggestions for improvements from various sectors and ministries, the National Development Council devised a comprehensive plan for Quintuple Stimulus Vouchers that it proposed during an Executive Yuan meeting on August 26, 2021. For fast support, the vouchers were designed for limited-time use. They could be reused to maximize impact and were designed to encourage additional spending incentives.

2021 Quintuple Stimulus Vouchers Planning Concept

| | |
|--|---|
| Increasing the Number of Subsidy Amounts | Besides expanding the size of the vouchers from "triple" to "quintuple," the government fully funded the NT\$5,000 so that all citizens could share the economic benefits. The vouchers were also designed to stimulate additional consumer spending. |
| Enhanced Digital Features | <ol style="list-style-type: none"> 1. Additional rewards for digital vouchers included Foodlover Vouchers for the first 4 million users. A joint binding feature made it easy for families to plan and use the bonds together. 2. The official website for the Quintuple Stimulus Vouchers included a one-stop registration platform that made it convenient to sign up for the joint binding features and to enter lotteries for the various bonus vouchers. 3. Consumers using the digital binding feature could download a digital identification badge, facilitating merchant recognition and exclusive discount offers. |
| More Support for Small Businesses | <ol style="list-style-type: none"> 1. Encouraged small businesses to adopt electronic payment systems and assist with onboarding. 2. The scope of businesses that could accept the vouchers was expanded to include e-commerce and delivery platforms, which were required to create dedicated sections supporting local shops or farmers or offer incentives such as advertising discounts, reduced listing fees, or reduced transaction fees. These measures helped small businesses to expand their digital marketing. |

Source: Information gathered from the Executive Yuan website.

Supplementary measures encouraged the public to choose digital vouchers over physical ones to avoid crowds and reduce administrative costs. A single platform for online registration also provided a convenient channel to register for additional government stimulus measures, offering even more benefits to the public.

On September 9, 2021, former Premier Su Tseng-chang led the leaders of relevant ministries in holding a press conference on stimulus measures. Su explained that the vouchers would act as a catalyst to encourage people to gradually leave their homes and restore consumer confidence, under the condition that pandemic-related restrictions were still followed. Industries reliant on domestic demand, such as retail, dining, arts, and local tourism, were expected to see a new wave of consumer activity that would help to revive their businesses.

Stimulus Vouchers

Triple Stimulus Vouchers

Mid-to-low-income Households, and People with Disabilities, NT\$1,000 Paid by the Government

Quintuple Stimulus Vouchers

The Government Will Pay NT\$1,000 for the Whole People



Also, on September 9, the government proposed the "Central Government Special Budget Fourth Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" (the fifth phase of COVID-19 relief), in accordance with Article 11 of the "Special Act." This NT\$160 billion package sought to provide more support to merchants and industry workers affected by the pandemic. It consisted of NT\$127.3 billion designated for stimulus, primarily led by the Quintuple Stimulus Vouchers and domestic tourism promotion measures. An additional NT\$18.9 billion was allocated to continue battling the pandemic, with a focus on enhancing testing capacity, establishing community screening stations, managing vaccine administration, procuring pharmaceuticals, and handling patient isolation and treatment. Around NT\$13.8 billion was earmarked to provide relief for industries and individuals still severely impacted by the pandemic.

Besides the measures already discussed, the Ministry of Economic Affairs proposed a basic wage subsidy plan for COVID-affected businesses during an Executive Yuan meeting on November 4, 2021. The government provided qualified employers with a fixed subsidy of NT\$1,000 for each full-time employee and NT\$560 for each part-time employee starting from January 2022. The subsidy scheme was implemented for a total of six months to help those truly in need.



Second Extension of the 'Special Act' and Its Special Budget Approved in 2022

Due to the ongoing severity of the global pandemic, the government had to maintain disease prevention measures while making rolling adjustments to relief and stimulus measures based on the overall industrial situation. During a budget review, it determined that the funds needed to implement existing programs were covered within the scope of the completed special budget. Therefore, in accordance with Article 19 of the "Special Act," on April 15, 2022, the government submitted a request to the Legislative Yuan to extend the "Special Act" and its special budget until June 30, 2023. The Legislative Yuan approved the extension on June 7, 2022.



During the Painful Period of Coexisting with the Pandemic, the Government Launched a New Wave of Stimulus Measures

In consideration of people's lifestyles and livelihoods, together with the health of the national economy, the government decided to gradually relax restrictions in 2022. It adopted a "new Taiwan model" of COVID management that balanced normal life, active disease prevention, and steady reopening to do so responsibly. During the reopening, an increase in confirmed cases was anticipated; if people responded by voluntarily reducing outings and gatherings, domestic industries such as dining, conventions and exhibitions, tourism, transportation, and arts would inevitably suffer. Therefore, it was necessary to carefully evaluate the situation and plan for launching a new wave of stimulus measures. The National Development Council gathered relevant data from various ministries, and, on May 26, briefed the Executive Yuan on a new round of stimulus to combat the economic impacts of the pandemic. The new measures used three primary strategies: assisting industries and workers, reducing economic burdens, and stabilizing cash flows to provide the support needed to alleviate impacts on individuals and industries.

A New Round of Stimulus Measures in 2022

During the Painful Period of Coexisting with the Pandemic, the Government Launches a New Wave of Stimulus Measures

The gradual return to a normal way of life included a painful period of coexisting with COVID-19. To help impacted businesses and citizens through difficult times, the government launched a new wave of stimulus that balanced support for the national economy and people's livelihoods.

Assisting Industries Protecting Individuals

Provide Necessary Support for Affected Industries or Workers

Burden Reduction

Reduce Rents and Royalties for State-owned Properties, Extend Tax Reductions for Key Raw Materials, and Extend the Freeze on Gas Cylinder Prices

Stabilizing Cash Flows

Extension Relief Loans



Source: Information gathered from the Executive Yuan website.

Implementation of Taiwan's Relief and Stimulus Measures During the Pandemic



Implementation of the First Through Third Phases of Relief and Stimulus in 2020

Starting in early 2020, the Taiwan government proactively responded to the pandemic's rapid worldwide spread by implementing disease prevention measures. It gradually introduced economic initiatives to support affected individuals and industries, spearheaded by three phases of relief and stimulus delivered on three primary fronts: cash assistance, rescue loans, and burden reduction. As the pandemic stabilized, in June 2020 the government introduced Triple Stimulus Vouchers to spur consumption.

Key Relief Measures and Their Implementation in 2020

| Measures | Target | Implementation |
|-------------------------|---|--|
| Cash Assistance | 1. For individuals, relief subsidies were provided to people in vulnerable groups, uninsured workers, self-employed workers with insured salaries of NT\$24,000 or less, and farmers and fishermen. 2. Subsidies for employee salaries and operational funds were provided to enterprises affected by the pandemic, including commercial service operators, trade service operators, manufacturers, tour bus operators, travel or accommodation operators, and companies in the arts and culture sector. | Disbursed approximately NT\$146.78 billion, benefiting 5.275 million individuals and businesses in need. |
| Rescue Loans | Extensions on existing loans, loan financing for operational capital, and preferential interest rates for businesses and workers affected by the pandemic. | Disbursed approximately NT\$3.5 trillion, benefiting more than 1.438 million individuals and businesses in need. |
| Burden Reduction | Water or electricity fee reductions and deferred rent payments on state-owned properties were provided to industrial enterprises based on the degree of pandemic harm they faced. | Helped 7.046 million individuals, households, and businesses to reduce their burdens. |

Source: Information gathered from the Executive Yuan and the National Development Council website.

Implementation of the Triple Stimulus Vouchers

| Receipt & Redemption Status | Results |
|-----------------------------|--|
| Receipt Status | More than 23.32 million people, or close to 99% of eligible people, received the vouchers. Approximately 21.51 million people opted for physical vouchers, while the remaining 1.81 million chose digital versions. |
| Redemption Status | For the paper vouchers, the total redeemed value surpassed NT\$64.289 billion. For the digital vouchers, the total spent on goods by people who used the full voucher value was NT\$10.208 billion; approximately 1.764 million people used the full value, with an average spending amount of NT\$5,785 per person. |

Source: Information gathered from the Ministry of Economic Affairs website.



Implementation of the Fourth Phase of Relief and Stimulus, an Enhanced Fourth Phase Plan, and the Quintuple Stimulus Vouchers in 2021, Followed by a New Wave of Stimulus Measures in 2022

As the global pandemic rapidly changed and many COVID-19 variants emerged, the pandemic situation in Taiwan began to expand quickly starting around mid-May of 2021, leading the government to raise the epidemic alert to Level 3 nationwide. To meet disease prevention needs and mitigate the impact on people's livelihoods and industries, the government launched the fourth phase of relief and stimulus on June 3, 2021. The primary themes of this phase were accelerated individual support, strengthened industries, and enhanced loan offerings. To benefit more individuals and businesses, the government announced an enhanced version of its fourth phase of

relief and stimulus on June 24. Changes included higher relief quotas and new support measures.

After about 90 days, the domestic pandemic situation gradually stabilized. To accelerate the recovery of domestic demand and provide a boost to the industries that suffered the greatest damage, such as retail, dining, tourism, and arts, the government built on the success of its Triple Stimulus Vouchers program by launching a new and expanded Quintuple Stimulus Vouchers program. Related government agencies also offered complementary bonus vouchers. The objective was to stimulate private consumption and revive domestic markets under the condition that disease risks could be controlled.

In May 2022, the government went further by adopting a "new Taiwan model" of COVID management that balanced normal life, active disease prevention, and steady reopening. It also launched a new wave of stimulus measures to help all citizens navigate the challenges posed by the pandemic.



Key Relief Measures and Their Implementation in 2021, 2022

| Measures | Target | Implementation |
|--|--|--|
| Care for Individuals and the Vulnerable | Besides issuing another round of relief subsidies for vulnerable groups and accelerating the automatic disbursement of relief cash payments to individuals, new measures included disease prevention subsidies for families with children, living subsidies for full-time and part-time employed workers, as well as relief subsidies for workers and farmers/fishermen with insured salaries over NT\$24,000. | Disbursed approximately NT\$141.37 billion, benefiting about 8.948 million people in need. |
| Assisting Industries | Besides payroll and operational subsidies for industries that received relief aid in the previous round of support, new subsidies provided support to businesses harmed by the latest wave of the pandemic, including private kindergartens, short-term cram schools, children's care service centers, and childcare centers. Additionally, a one-time closure subsidy was provided to businesses that the Central Epidemic Command Center ordered to shut down. | The disbursement amount was approximately NT\$48.13 billion, which benefited about 292,000 businesses and 1.053 million employees. |
| Stabilizing Cash Flows | Besides providing another round of relief loans for workers and SMEs, new measures included agricultural relief loans, enhanced financing schemes for startups, and favorable interest rates for policy loans. | A NT\$2.3 trillion loan package was added. |
| Burden Reduction | The government suspended higher summer power rates and reduced electricity rates for industries affected by the pandemic. It also extended rent reduction measures for non-public state-owned real estate and state-owned enterprises' land and buildings. | The total number of beneficiaries was approximately 10.754 million. |

Source: Information gathered from the Executive Yuan and the National Development Council website.

Implementation of the Quintuple Stimulus Vouchers

| Receipt & Redemption Status | Results |
|-----------------------------|---|
| Receipt Status | In total, more than 23.4523 million people received the vouchers, accounting for 99.78% of those eligible. Among them were approximately 4.2238 million people who used the digital binding feature (either individually or jointly). |
| Redemption Status | The redemption amount for physical vouchers exceeded NT\$95.788 billion, accounting for 99.66% of the total redeemable amount. The amount returned to the public using the digital Quintuple Stimulus Vouchers was approximately NT\$20.993 billion, representing about 99.4% of the total digital binding rewards. |

Source: Information gathered from the Ministry of Economic Affairs website.

Effective Economic Policies Quickly Put the Country Back On Track
After the Pandemic Subsidies





TAIWAN ECONOMIC MIRACLE

The Government's Relief Measures During the Pandemic Chapter 02

The government played a critical role in managing the economic impacts of COVID-19. It concentrated resources and provided multilayered relief and stimulus measures that offered emergency assistance and reduced the unemployment rate. How can businesses make good use of government assistance to reduce operational difficulties? How can Taiwan overcome adversity and seize opportunities?

02

In late February 2020, COVID-19 spread rapidly around the world. Governments adopted various quarantine and lockdown measures, disrupting lives in virtually every corner of every nation. In Taiwan, however, effective disease prevention measures limited the direct impact of COVID-19 relative to other places. Consequently, during the relief phase, the Taiwanese government could opt to concentrate resources towards providing greater support to people truly in need. By focusing on addressing immediate crises and hardships, it maximized the benefits of saving businesses, preserving employment, reducing burdens, and supporting the vulnerable.

First, to save businesses and preserve employment, the government provided affected companies with capital financing options and subsidies to support wages and operations. Using the national credit guarantee system, it quickly channeled funds to reduce operational difficulties. Various employment assistance measures prevented a surge in domestic unemployment. Next, to reduce burdens, the government provided enterprises and individuals with financial relief or tax assistance based on the degree of pandemic-related harm they experienced. Finally, to support the vulnerable, the government dispensed emergency relief funds, living subsidies, and family-oriented disease prevention allowances.

Defining Relief Industries and Eligible Recipients

(For Businesses with a Drop in Revenues of 50% or More)

The Affected Industries Include

Tourism

- Travel, Lodging, Bed and Breakfast
- Tourism and Amusement
- Tourist Guide and Leader

Land, Sea and Air Transport

- Aviation, Ground Staff, Sky Catering, and Airport Merchants
- Shipping Industry
- Taxi Driver, Tour Bus Driver, Highway Bus Driver, and Rental Car Driver

Manufacturers

Industries Reliant on Domestic Demand

- Wholesale, Retail, and Catering
- Warehousing
- Audiovisual and Singing Services, Laundry, Wedding Dress, Photography, Beauty Salon

Agriculture

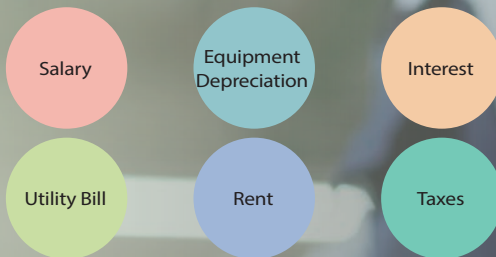
- Farmer, Fishermen, and Fishing Boat Owners
- Flowers, Seedling Farmers or Farmers' Groups, Leisure Farms

Arts and Culture

- Publishing, Bookstores
- Performance, Visual Arts
- Museum, Local Cultural Center, and Community Empowerment
- Radio and Television, Film screening, and Film Production

20 TAIWAN ECONOMIC MIRACLE

Covering Essential Operational Costs for Businesses



Affected Workers or Individuals

- Furloughed Workers
- Unemployed Workers
- Young Job Seekers

- Mid-to-low-income Households, and People with Disabilities
- Children, the Elderly, and the Disabled

Emergency Relief Funds: Not Covered by Military, Government, Education, Labor, or Agricultural Social Insurance Programs

Self-employed Individuals or Workers without a Regular Employer

Tax Assistance

1. Proactively Adjusted Business Tax Amounts Based on Actual Business Conditions
2. Business Incurred Losses could Reduce the Income Tax Payable
3. For Profit-seeking Businesses that were Closed or had Reduced Operational Areas, House Taxes could be Reduced
4. Exemption from the Vehicle License Tax during Periods when Vehicles were not in Use
5. Entertainment Businesses Proportionally Reduce their Assessed Tax Amount
6. Government Allows Double Deductions on Quarantine Leave Salary
7. Proactive Extension of the Tax Reporting and Payment Deadlines. Lenient Acceptance of Taxpayers' Applications for Deferrals or Installment Payments
8. Payments from Government Subsidies or Grants Are Exempt from Income Tax

| Types of Relief | Relief Measures or Targets |
|------------------------|--|
| Assisting Industries | Subsidies to support wages or operations for affected enterprises |
| | <ol style="list-style-type: none"> 1. Domestic service industry 2. Tourism and transportation 3. Manufacturing and related technical services 4. Arts and culture industry 5. Startups 6. Education and sports industry 7. Trade services, conventions and exhibitions industry 8. Businesses ordered to shut down 9. Long-term care and childcare |
| Stabilizing Cash Flows | <ol style="list-style-type: none"> 1. Ministry-specific business relief programs 2. Bank loans 3. Taiwan Central Bank Plan C (small loans up to NT\$1,000,000) 4. NT\$100,000 worker relief loans 5. Preferential interest rates for insurance policy loans 6. Enhanced relief financing programs for startups |
| Protecting Individuals | <p>Living subsidies for affected and vulnerable individuals</p> <ol style="list-style-type: none"> 1. Low-to-middle-income households 2. Emergency relief (for uninsured workers) 3. Self-employed individuals or workers without a regular employer 4. Tour guides, tour leaders, and local travel group leaders 5. Taxi drivers, tour bus drivers, and hired drivers of leased or rented passenger cars 6. Living subsidies for farmers 7. Living subsidies for fishermen actively engaged in fishing 8. Living subsidies for fishermen without a regular employer or who are self-employed 9. Living subsidies for part-time employed workers 10. Living subsidies for full-time employed workers 11. Various arts and culture enterprises and individuals 12. Substitute teachers and hourly workers 13. Visually impaired massage therapists 14. Disease prevention subsidies for families with children 15. Condolence money for families of COVID-19 victims <p>Support for furloughed workers, such as the Recharge and Restart Training Program, the Reassurance Employment Plan, and the Peace of Mind Immediate Work Program</p> |
| Burden Reduction | Reductions or deferrals in utility bills, rent, and taxes |

Assisting Service and Manufacturing Industries Through Difficult Times



Assisting Service and Manufacturing Industries Through Difficult Times

In early 2020, countries began to close their borders in response to the sudden and rapid outbreak of COVID-19. The collateral damage to domestic economies was vast. Industries ranging from commercial services to manufacturing and technical services, conventions and exhibitions, trade services, and weddings were all affected, along with a wide range of SMEs. To address the severe economic challenges and help businesses navigate difficult times, the Ministry of Economic

The Impact of the Pandemic Varied over the Three Years

| Cause | In the Second Quarter of 2020 The Epidemic Situation Abroad is Severe | In the Second Quarter of 2021 Level 3 Alerts | In the Second Quarter of 2022 Coexisting with the Virus |
|--------|--|--|--|
| Impact | <ul style="list-style-type: none"> It is Mainly for Traditional Manufacturing Domestic Consumption Has Also Been Hit Related Industries Affected by Border Controls, Such as Travel, Aviation | <ul style="list-style-type: none"> The Impact on the Domestic Consumption Industry has been Severe (Prohibited Indoor Dining and Closed Entertainment Venues) Related Industries Affected by Border Controls Manufacturing Recovered around the World and Emerging Technologies Continued to Grow | <ul style="list-style-type: none"> Industries Reliant on Domestic Consumption Were Inevitably Affected as People Dined out Less (Not Comprehensive) Related Industries Affected by Border Controls The Manufacturing Industry Continues to Grow |

Source: Information gathered from the Executive Yuan, and National Development Council website.

Affairs implemented multiple rounds of subsidies and cost reductions.

Early Stages of the Pandemic: Urgent Need for Relief Amid Widespread Business Closures

By March 2020, the pandemic had weakened many industries. Businesses reliant on foot traffic, such as vendors in night markets or traditional markets and retailers in department stores, as well as domestic demand-driven industries like accommodation and dining, saw their revenues decline. The Ministry of Economic Affairs received ongoing reports from businesses that the pandemic was causing a noticeable decrease in foot traffic and consumer spending. Department stores estimated a 30% drop in foot traffic, contributing to a 20% decrease in revenues. Small and medium-sized dining establishments reported nearly a 20% drop in revenue. Night markets were hit hardest, with their revenues nearly cut in half.

Border controls and quarantine regulations made it difficult for foreign business travelers to enter Taiwan. With buyers and sellers unable to meet, trade shows and exhibitions were cancelled. There was no income to pay venue rental fees, decorating costs, and advertising expenses. Contract breaches added more complications. Revenue declines for the conventions and exhibitions industry were estimated to be around 30%.

The Ministry of Economic Affairs listened to public feedback and formulated policies in response. From the onset of the pandemic, partial financial relief was provided to businesses. As the situation stabilized, the ministry offered recovery guidance. After the pandemic, it provided marketing rewards. These measures served as a vital reassurance to domestic industries.

During challenging times, businesses fear banks will tighten credit or even recall their loans. The government, however, can step in by providing guarantees. Banks become more lenient, allowing struggling businesses to stabilize their cash flows. Under these circumstances, the Small & Medium Enterprise Credit Guarantee Fund

of Taiwan (Taiwan SMEG) plays a crucial role under the Ministry of Economic Affairs. It provides high-percentage guarantees to share business risks so that enterprises can successfully get the financing they need.

In 2020, the Ministry of Economic Affairs launched this type of forward-looking financial relief program for SMEs. The program covered businesses that completed tax registration but went no further during establishment, as well as small-scale farmers and small-scale fishermen. It featured innovative instant guarantee notifications. With the cooperation of the Agricultural Bank of Taiwan, Taiwan Cooperative Bank, and Taiwan SMEG, the credit departments and credit unions of national farmers and fishermen associations could easily access the program's credit guarantee mechanism. Initially, 42 financial institutions and over 3,400 business units were signed up. Soon, it was available at close to 5,000 service points. In the face of an unprecedented pandemic, robust response systems and networks were in place to quickly provide help.

Moreover, to alleviate the financial burden on manufacturers during the pandemic, the government introduced deferred or reduced payment plans in industrial and processing zones. Tenants renting industrial land, public facilities land, or state-owned buildings managed by the Industrial Development Bureau (today's Industrial Development Administration) could choose between deferred rent payments or rent reductions. The deferrals extended rent payment deadlines by one year. The rent reductions lowered rental fees by 20% for six months. Both options were managed through a supplementary agreement to the lease contract.

Ministry of Economic Affairs Launches Relief Measures and Three Major Loan Initiatives

In late March 2020, the Ministry of Economic Affairs launched financial relief and stimulus measures with three major loan initiatives: extensions of existing loans, operational loans, and stimulus capital loans. It coordinated with loan providers to help borrowers apply for longer repayment periods on their existing principals

The Ministry of Economic Affairs of Three Major Loan Initiatives

Affected Non-SMEs Can Apply for Extensions of Existing Loans, Operational Loans, and Stimulus Capital Loans

Interest Subsidies Were Limited to SMEs that Had Business Revenues Decrease by 15% or More after May 2021. Enterprises that Qualified for a Similar Interest Subsidy Program Launched by Another Government Agency Were Not Allowed to Apply Again

Extensions of Existing Loans

It Coordinated with Loan Providers to Help Borrowers Apply for Longer Repayment Periods on their Existing Principals or Extended Grace Periods

Operational Loans

It Encouraged Loan Offerings to Support Payroll Costs or Rental Fees for Factories, Business Premises, or Offices

Stimulus Capital Loans

It Acquired Funds Needed for Working Capital or Capital Expenditures

Source: Information gathered from the Ministry of Economic Affairs website.

or extended grace periods. It encouraged loan offerings to support payroll costs or rental fees for factories, business premises, or offices. During the pandemic, businesses quickly applied to these programs to acquire funds needed for working capital or capital expenditures.

Businesses needed to meet two conditions to apply for these loans. First, applicants had to be legally registered, profit-seeking domestic companies. Second, their average revenues must have decreased by more than 15% during any two consecutive months in 2020 or 2021 or for a single month in this period when compared to a baseline period.

The following financing limits applied to the three major loan types: Existing loans maintained their original guarantee ratio and received an interest rate subsidy of up to 0.81%, with a cap on the interest reduction set at NT\$220,000 per company. Operational loans received a full 100% credit guarantee, with each affected business able to borrow up to NT\$6 million to pay wages and rent. The interest rate subsidies were capped at 1.845%, with a maximum interest reduction of NT\$55,000 per company. Stimulus capital loans provided an 80% to 90% credit guarantee. Pandemic-affected SMEs could borrow up to NT\$150 million and non-SMEs could borrow up to NT\$500 million.

Furthermore, to survive the pandemic and adapt to emerging trends, the food and beverage industry needed support. As the public shifted towards online

delivery platforms and contactless sales, restaurants had to accelerate their digital transformations. Ministry of Economic Affairs subsidy guidelines announced in April 2020 included up to NT\$100,000 per business to support listing their services on e-commerce platforms. By June 30, 2021, 975 businesses had received subsidies totaling approximately NT\$96.71 million.

As the Pandemic Intensifies, Ministry of Economic Affairs Increases Subsidies for Commercial Services and Manufacturing Sectors

The Ministry of Economic Affairs provided financial assistance in the first year of the pandemic, but the situation did not end as quickly as expected. Rather, it expanded, making it more difficult for businesses to operate. As the quantity and scope of affected businesses grew, the ministry rolled out additional subsidies in the pandemic's second year for the commercial services sector, including the food and beverage industry, retail, wedding banquet halls, and the conventions and exhibitions industry. Subsidies for payroll and operations were extended to SMEs in the manufacturing, technical services, tourism factories, and creative life industries. The payments helped companies increase capital on hand, prevent closures, and minimize employee impact.

The Ministry of Economic Affairs set the eligibility criteria for commercial service businesses to apply for subsidies. For example, businesses engaged in professional international trade services that had registered their tax records with the Ministry of Finance as wholesalers before September 1, 2020, and had completed their import-export business registration with the Ministry of Economic Affairs in accordance with the "Regulations Governing Registration of Importers and Exporters" could apply if they met one of the following conditions: 1. Their total annual import and export performance in 2019 was US\$1.5 million or more, based on Taiwan's customs trade data, or 2. Based on Taiwan's

The Government's Fourth Phase of COVID-19 Relief Business Services Industry

Operational Subsidy

Business Services

- The Businesses Be a Legally Registered Corporation, Be Commercially Registered, Be Registered as a Limited Partnership, Be with Taxation Registration as a Profit-Seeking Enterprise
- Commercial Service Industries that Meet the Subsidy Guidelines

Target 1

Business Revenue in Any Month from May to July 2021 Decreased by More than 50% Compared to the Same Month in 2019 or Compared to the Monthly Average from March and April 2021 (with Taxation Registration)

A One-time Operational Subsidy of NT\$40,000 Per Employee Was Provided

Subsidized Business Operating Expenses, Rent, and Personnel Costs Needed to Maintain Operations

Target 2

Enterprises that Ceased Operations by Order of the Central Government and Paid Employees Less than the Minimum Wage

**Businesses Closure
Subsidy of NT\$10,000 for
Each Full-time Employee**

**A One-time Wage Subsidy
of NT\$30,000 Each
Employee**

A One-time Living Subsidy of NT\$10,000 from the Employment Stability Fund Was Issued

Application Documents: Application, the Documentation of Experienced a Reduction in Revenues of 50%, and A Copy of the Passbook

Note: Cannot dissolve or suspend operations, the number of employees resigning must not exceed a certain threshold, subsidies cannot be received repeatedly, and other restrictions from May to July 2021.

Source: Information gathered from the Ministry of Economic Affairs website.

customs trade data, the sum of the halved amount of their triangular trade performance in 2019 plus their total annual import and export performance in 2019 was US\$1.5 million or more.

Before the pandemic, many businesses in the conventions and exhibitions industry relied on contracts for fixed annual events. However, these events were canceled or reduced in size during the pandemic. The businesses scaled back their operations to reduce expenses, but many still lacked sufficient capital. In response, the Ministry of Economic Affairs engaged with relevant associations to introduce various relief measures. Businesses in the conventions and exhibitions industry that experienced a reduction in revenues of 50% or more from April to June 2021 could apply for wage subsidies. The subsidies covered 40% of the regular salary of their employees for up to three months, with a monthly cap of NT\$20,000 per person.

The Government's Fourth Phase of COVID-19 Relief Conventions and Exhibitions Industry

Extensions of Operational Subsidy

Conventions and Exhibitions Industry

Application Period

From June 7 to August 2, 2021

Subsidy

Payroll

From April to June 2021, the Subsidies Covered 40% of the Regular Salary of their Employees for Up to Three Months, with a Monthly Cap of NT\$20,000 Per Person

A One-time Operational Subsidy

Provided NT\$10,000 for Each Full-Time Employee

(From April 2020 to March 2021, Businesses that Previously Received this Subsidy Were Not Eligible)

Eligibility Applicants

- The Registration of the Business Includes Conventions and Exhibitions Industry
- Experienced a Reduction in Revenues of 50% or More from April to June 2021 could Apply for Wage Subsidies
- Note: During the subsidy period, the businesses could not implement furloughs (unpaid leave), layoffs, or salary cuts, nor could they dissolve or shut down.

Source: Information gathered from the Ministry of Economic Affairs website.



A one-time operational subsidy was available that provided NT\$10,000 for each full-time employee. Businesses that previously received this subsidy were not eligible. During the subsidy period, the businesses could not implement unpaid leave, layoffs, or salary cuts, nor could they dissolve or shut down. Failure to comply with these conditions resulted in the cancellation of the subsidy.

Over NT\$1 Trillion in Relief Financing and Help for 1.31 Million Workers

In response to the COVID-19 pandemic, the Ministry of Economic Affairs allocated a special guarantee fund of NT\$87 billion within the special budget for prevention, relief and revitalization measures to support affected industries, enterprises, and workers. This fund was aimed at supporting credit guarantees for relief loans managed by seven ministries and departments: the Ministry of Economic Affairs, Taiwan Central Bank, Ministry of Health and Welfare, Ministry of Education, Ministry of the Interior, Ministry of Labor, and Ministry of Transportation and Communications. The guarantees were adjusted based on the stages of the pandemic and the impact

levels on businesses. By the end of July 2023, Taiwan SMEG had assisted approximately 251,000 enterprises and 1.317 million workers. It secured total relief financing amounting to NT\$1.0955 trillion.

Three Post-Pandemic Stimulus Programs Support the Post-Pandemic Industrial Recovery

The Ministry of Economic Affairs supported SMEs during their post-pandemic recovery to help them restore their past performance and ensure that capital remained flowing. One program in 2023 that contributed towards these goals provided post-pandemic stimulus loans. Another wide-ranging loan program assisted with low carbon, smart technology transformations as well as improvements to designated facilities for factories that applied for registered status. A third complementary program from Taiwan SMEG provided guarantees and interest subsidies, further enhancing SMEs' operational resilience and raising their competitive edge.

Small companies often face difficulties applying for these types of programs or loans due to their streamlined financial and corporate governance structures. Therefore, application forms were accepted instead of proposals to help small companies obtain smaller loans (within NT\$1 million).

In addition, many small companies are considered "credit invisible," meaning they lack a banking history or records at the Joint Credit Information Center. In the past, they would have been unable to obtain capital. To support their financing needs, the Ministry of Economic Affairs and the Financial Supervisory Commission coordinated with the Bankers Association to simplify related processes.

Before the pandemic, the government did not typically design regulations specifically for small-scale enterprises. However, this crisis disrupted traditional administrative processes. It paved the way for more flexible financing options and helped government policies better meet the needs of businesses and the public.

Much-Needed Relief for the Tourism and Transportation Industries

During the peak of the COVID-19 pandemic, many countries implemented lockdowns. The resulting damage to tourism and transportation was greater than that seen in any other industry. The Ministry of Transportation and Communications responded with a series of relief measures to help operators and workers in the tourism and transportation sectors overcome these unprecedented challenges.

Three Phases of Relief in 2020 Provide Multifaceted Support to the Tourism Industry

In early 2020, among all industries affected by the pandemic, the tourism industry was hardest hit. It was aptly described as being on the "front line of a tsunami." As the pandemic spread, international travelers coming to Taiwan dropped even further and domestic tourism slowed to a trickle. Sea and air transport providers reduced their services and public willingness to travel plummeted.

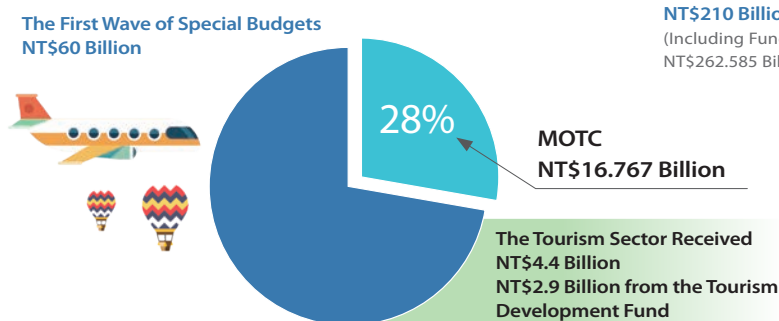
During the first wave of special budgets, the tourism sector received NT\$4.4 billion, with an additional NT\$2.9 billion from the Tourism Development Fund, bringing total support to over NT\$7 billion. As the pandemic spread globally, the government expanded the tourism budget to NT\$22.427 billion in the second wave of special budgets, accounting for 47.5% of the Ministry of Transportation and Communications budget and 8.5% of the overall budget. These numbers demonstrated the government's commitment.

In three phases of relief in 2020, the Ministry of Transportation and Communications provided multifaceted support for the tourism industry. Funding aided talent training in the travel sector, compensation for various losses, and subsidies for interest payments. A key precondition for many of these items was that companies had to refrain from layoffs to protect grassroots employees.

Among the relief items, the funds allocated for operational expenses and payroll support in the tourism

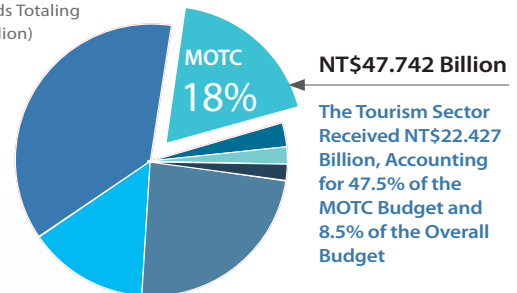
Relief and Revitalization of the Tourism Industry

How to Assist the "Front Line of a Tsunami"



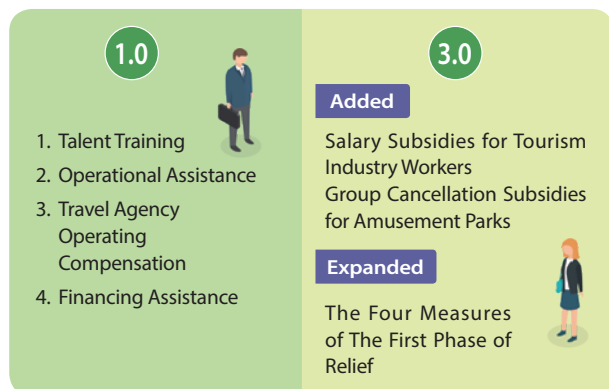
The Second Wave of Special Budgets NT\$210 Billion

(Including Funds Totaling
NT\$262.585 Billion)



Source: Information gathered from the Executive Yuan website.

The First Three Phase of the MOTC Relief Package



Source: Information gathered from the Annual Report on Tourism 2020 Taiwan, Republic of China, Major Policy Achievements in 2020.



industry were the highest at NT\$7.84 billion. Beneficiaries included the hotel industry, bed and breakfasts (B&Bs), travel agencies, tourism businesses, and tour guides and leaders. Additional operational expense subsidies ranging from NT\$50,000 to NT\$100,000 per month were available to travel agencies and B&B operators.

The next largest allocation for the tourism industry was approximately NT\$2.3 billion for talent training. Additional subsidy items supported hourly fees for lecturer, tour bus rentals for training excursions, teaching materials and stationery, and exhibition fees to showcase achievements. Subsidies for individual items or events were as high as NT\$3 million.

The Ministry of Transportation and Communications also launched financing assistance. In February 2020, an amendment to Taiwan Tourism Administration

guidelines for financing credit guarantees to revitalize the tourism industry paved the way for capital financing loans and working capital loans as two types of relief measures for businesses in the tourism sector (including travel agencies, tourism businesses, hotels, B&Bs, and recreational tourism businesses).

For capital financing loans, businesses could apply for a maximum of NT\$30 million. B&Bs that completed their business or tax registration could apply for up to NT\$10 million per establishment. The Ministry of Transportation and Communications also provided a guarantee fund of NT\$2 billion for tourism industry financing loans, which increased the available financing amount to NT\$20 billion. Another NT\$200 million was allocated for interest subsidies.

Support Continues with the Launch of Two More Phases of Relief in 2021 and More Stimulus in 2022

In 2021, the global pandemic remained severe. Ongoing strict border controls caused international air passenger numbers to decline by more than 95%, causing significant harm to the aviation, shipping, and tourism industries with no signs of improvement. The Ministry of Transportation and Communications introduced a series of relief measures to assist the tourism industry.

In the fourth phase of relief, the Ministry of Transportation and Communications allocated NT\$22.4 billion, which included approximately NT\$5 billion earmarked for wage and operational subsidies for the hotel industry, travel agencies, recreational tourism





businesses, as well as tour guides and tour leaders. The purpose was to reduce cost burdens on operators. Since the domestic tourism sector continued to be heavily impacted by international travel restrictions, the ministry allocated another NT\$3.7 billion under the fifth relief phase. Its support included domestic tourism stimulus, incentives for travel agencies to promote themed tours, salary subsidies for impacted taxi and tour bus drivers, and hired drivers of leased or rented passenger cars. Salary subsidies were also for guides, tour leaders, and domestic tourism service staff affected by the pandemic.

Travel agents received a one-time subsidy of NT\$40,000 per employee to defray payroll and operational costs. Similarly, subsidies of NT\$40,000 per employee or NT\$100,000 per hotel were provided for tourism hotel operators to defray payroll and operational costs. Meanwhile, guides, tour leaders, and domestic tourism service staff received subsidies of NT\$10,000 each.

Since the tourism industry still had not fully recovered in 2022, the Ministry of Transportation and Communications allocated another budget of NT\$5.5 billion for a domestic tourism subsidy program. Supported items included group tours, accommodation discounts for individual travelers, and entrance fee discounts for recreational tourism businesses. Furthermore, on June 16, 2022, amendment to Taiwan Tourism Administration guidelines for financing credit guarantee loans and interest subsidies to revitalize the tourism industry extended the maximum term for working capital loans to seven years (including a grace

period of up to three years). They extended the interest subsidy for working capital from two to three years.

Extensive Relief Efforts for the Transportation Industry Covering Numerous Subsectors

The Ministry of Transportation and Communications provided various relief measures tailored to the transportation industry's various subsectors.

For land transportation, the Ministry of Transportation and Communications provided interest relief subsidies in the first three phases of relief approved in 2020 for several types of passenger commercial vehicles, including tour buses, leased passenger cars, and taxis. Highway transportation workers qualified for short-term, specialized training. Additional subsidies offered support on fuel fees for commercial vehicles and the vehicle license tax for commercial-use tour buses and leased passenger cars.

The relief measures also provided taxi drivers, tour bus drivers, and hired drivers of leased or rented passenger cars with NT\$10,000 monthly payments for three months. Additional subsidies covered 50% of the 2020 fuel fee costs for commercial vehicles. For each taxi, NT\$2,000 monthly payments were provided for six months to defray fuel and charging costs.

The Relief Measures of Taxi Drivers



1. The Livelihood Subsidy Is NT\$10,000 Per Month for a Total of 3 Months

Such as Tourism, Lodging, and Transportation Industry

2. Talent Training Must Be Completed for 120 Hours, with a Maximum of NT\$18,960

Same as Employees in the Tourism, Lodging, and Transportation Industry

3. NT\$2,000 Monthly Payments Were Provided for Six Months to Defray Fuel Costs

Following SARS Policies, Provide Fuel Subsidies or Fuel Cards Instead of Cash

Note: Integrate Existing Programs Rather than add new ones. Establish prerequisites and make the program six months.

Source: Information gathered from the Ministry of Transportation and Communications' Facebook.



In the fourth and fifth phases of relief approved in 2021, the government continued to support the land transport industry. Benefits included payroll and operational cost subsidies for employees at driver training institutions and a reduction on the autumn 2021 fuel fees for short-term rental vehicles. In 2022, the focus shifted to stimulus for buses operating on highways and freeways. On August 15, 2022, the Ministry of Transportation and Communications announced Highway Bureau guidelines for incentivizing increased passenger volumes on highway bus routes. This initiative was designed to encourage operators to enhance transportation services and increase passenger volume on highway buses.

Benefits for Waterborne and Air Transport Industries

From 2020 to 2022, the Ministry of Transportation and Communications provided the maritime and aviation industries with a series of relief measures, including subsidies and loans, based on the extent to which operators were affected by the pandemic.

For the waterborne transport industry, the first three phases of relief approved in 2020 provided subsidies for the shipping industry, crew and assistants on small passenger boats, operators of passenger terminals and routes used for the Mini-three-links, and Taiwan-based agents for international cruise ships. Additional funds were allocated for loan credit guarantees and interest subsidies for shipping operators. Under the fourth phase of relief in 2021 and additional measures launched in 2022, officials conducted rolling reviews and provided necessary assistance based on the pandemic-related impact on the sector.

For the aviation industry, relief measures and rolling amendments from 2020 to 2022 included the following: subsidies for airline and airport operators' expenses, specific funds allocated for credit guarantees for loans, interest subsidies on loans provided to civil aviation transport businesses and related industries, as well as assistance on covering public service facility costs for airline catering services and commercial service facility operators at both international and domestic airports.

Subsidies in the aviation industry primarily covered the following: landing fees for airlines and airport operators; usage fees for land, buildings, aircraft maintenance hangars, and maintenance garages; royalties and parking fees. Civil aviation training institutions received subsidies for landing fees and for the usage of buildings and land rented from air terminals. Airport ground handling services and airline catering businesses received subsidies for apron usage fees. Repair shops received subsidies for the maintenance costs of aviation products, related equipment, and components. Additional subsidies covered usage fees for buildings and land.

Substantial decreases in flight and passenger volumes remained persistent due to the ongoing severity of the international pandemic and strict border controls. The government, therefore, extended subsidies for landing fees, usage fees for buildings, land, and aprons, and royalties and parking fees until December 31, 2022.

Revitalizing the Tourism and Transportation Industries

Following the implementation of several rounds of relief measures from the Ministry of Transportation and Communications, the easing of the COVID-19 pandemic, and Taiwan's lifting of border restrictions on October 13, 2022, airlines began planning to add or resume international flights. In 2023, international traveler arrivals surpassed the government target of 6 million. Efforts were underway to reach the pre-pandemic level of 12 million arrivals by 2024 to accelerate the recovery of the tourism and transportation industries.

Protecting Agricultural Households by Preserving the Livelihoods of Farmers and Fishermen

The Council of Agriculture (restructured today as the Ministry of Agriculture) assessed the current and potential future impacts on the agriculture sector and initiated a comprehensive response strategy. Starting from the first half of 2020, it launched relief and advisory measures, including matching farmers who supplied school lunch ingredients with other buyers, strengthening diversification and expansion into overseas markets, collaborating with e-commerce platforms to boost online sales of agricultural products, providing relief loans for agriculture and fisheries, and adjusting production structures. The design of these initiatives prepared the sector to emerge in a transformed manner during the post-pandemic era.

Helping Farmers with School Lunch Contracts Find New Sale Channels

When COVID-19 became severe in February 2020, the Central Epidemic Command Center responded by

raising public health defense levels and announcing the postponement of school openings at the high school level or below until February 25. This policy directly impacted farmers who supplied ingredients for school lunches, particularly those who grew organic leafy vegetables with short shelf life and harvest periods. These crops are challenging to store and sell. The delayed school openings put the livelihoods of farmers reliant on school contracts at risk.

The Ministry of Agriculture swiftly initiated a matching program for farmers with the capacity to supply school lunches, particularly those certified in organic farming or who followed the Traceable Agricultural Product system. Farmers capable of offering goods in small packaging were matched with distributors, who facilitated the transport of the produce to markets in Taipei, New Taipei City, Kaohsiung, Pingtung and two other locations that specialized in the auction or sale of traceable and organic produce. Around 20 tons of produce were sold using this program.

Other partnerships the Ministry of Agriculture helped broker included retail specialty stores and wholesalers. The military adjusted its meals to provide additional vegetable provisions. Schools that remained open served more produce, as did elder care meal programs. Product was also delivered to food banks and other charitable organizations depending on supply. A total of 313.8 tons of produce was distributed through these channels. This program proved vital in 2021 when Level 3 alerts were issued and schools switched to remote learning, and again in 2022 when schools closed due to a major domestic outbreak of COVID-19.



More Diversification and Expansion of Overseas Markets

As the COVID-19 pandemic grew, Taiwan first focused its border-tightening measures on China. The movement of people virtually froze. Market access dropped significantly, which had a big impact on the agricultural and food sectors reliant on China as a key sales market. The Ministry of Agriculture promptly responded by increasing support for overseas marketing. It enhanced export incentives and strengthened international distribution channels. Depending on the pandemic situation in various countries helped sellers explore new markets and new channels. For example, before the end of April 2020, the ministry held 90 promotional events for atemoya in emerging markets such as Brunei, Singapore, and Malaysia under the New Southbound Policy. In June, the ministry joined large-scale promotional events organized in collaboration with major supermarkets in Japan and Singapore.

In the fisheries sector, the Ministry of Agriculture anticipated a potential decrease in the volume of grouper and threadfin sales from Taiwan to China. To mitigate this impact, officials gave guidance on how to expand to international markets beyond China and Hong Kong. The ministry provided subsidies for transportation costs, including NT\$40 per kilogram for shipments to Asian countries like Malaysia, Singapore, and Japan and NT\$50 per kilogram to the United States and Australia.

From 2020 up until October 23, 2022, a total of NT\$1 billion in incentives was provided to support the exports of 12 types of fruits, including pineapples and sugar apples, with a total of 193,593 tons delivered. Another NT\$466 million was provided to support the expansion of new markets for flower exports. NT\$190 million was spent to support 12 kinds of seafood exports, including grouper and softshell turtles, with a total of 12,428 tons delivered. In addition, the government provided NT\$54.97 million in subsidies to support the export of 1,769 tons of pork and its processed products.

Export Incentives and Results of Overseas Channel Promotions

| Project | Export Results | Funds Provided |
|--|----------------|-------------------|
| 12 Types of Fruits Exports, Including Pineapples and Sugar Apples | 193,593 tons | NT\$1 billion |
| The Expansion of New Markets for Flower Exports | - | NT\$466 million |
| 12 Kinds of Seafood Exports, Including Grouper and Softshell Turtles | 12,428 tons | NT\$190 million |
| Pork and its Processed Products Exports | 1,769 tons | NT\$54.97 million |

Source: Information gathered from the Ministry of Agriculture website.

Finding Solace for Flower Growers Amid a Pandemic-Related Sales Decline

Besides strengthening distribution channels to find new outlets for agricultural products, the Ministry of Agriculture launched diverse relief activities tailored to individual industries. A key objective was to transform businesses and prepare them for the next busy season.

In the floriculture sector, the Ministry of Agriculture provided payroll subsidies to support struggling flower and seedling businesses and subsidized 13 promotional events, including a local government-held campus floral education and flower exhibition in Taoyuan, Taichung, Changhua, Nantou, Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung, Yilan and Hualien. In response to pandemic-related school closures, the ministry instructed event organizers and local Agriculture and Food Agency branches to move campus-based flower exhibitions to public spaces. In 2020 and 2021, these efforts contributed to 1,240 floral education events that were attended by 41,021 people, and 202 flower exhibitions that used a total of 1,564,660 flowers.

When the pandemic disrupted daily life, it also impacted the typical sales channels for flowers. In 2020, the Ministry of Agriculture attempted to stem a decline in sales by holding a press conference that equated buying flowers with bringing more happiness to your family. It announced partnerships with supermarkets

that stocked flowers so consumers would have more buying options. To address a drop in the sale of flowers for exports, the ministry convened a meeting in which an agreement was reached on reducing the production of flowers such as dancing doll orchids, flaming lilies, moth orchids, and boat orchids in exchange for subsidies and other perks. In another press conference, the ministry gathered members of 10 temples from Muzha, Taichung, Dajia, Waipu, Fengyuan, Tanshui, Tainan, Houbi, and other locations in which participants extolled the "fragrant blessings" that flowers could bring. The ministry also put flower displays in medical institutions and distributed dancing doll orchids to quarantine hotels across the island to use flowers to soothe people's pandemic-related anxieties.

Key Relief Measures for the Floral Industry

| Project | Effect |
|---|---|
| Payroll Subsidies to Support Struggling Flower and Seedling Businesses | 42 cases approved (1,046 people), with NT\$31.38 million allocated |
| Local Government-held Campus Floral Education and Flower Exhibition | 1,240 floral education events that were attended by 41,021 people, and 202 flower exhibitions that used a total of 1,564,660 flowers. |
| Partnerships with Supermarkets that Stocked Flowers | Sold 269,098 bouquets and 139,724 potted plants. |
| To Address a Drop in the Sale of Flowers for Exports | 279 cases qualified, with a total reduction of 44 hectares. |
| Distributed Dancing Doll Orchids to Quarantine Hotels Across the Island | Participation from 225 hotel operators and 56 green-certified leisure farms. |

Note: During from 2020 to 2021.

Source: Information gathered from the Ministry of Agriculture website.

Cooperating with E-commerce Platforms to Boost Online Sales of Agricultural Products

As the pandemic worsened, domestic cases shifted from mostly imported to local origin clusters. People reacted by adjusting their lifestyles. They shopped less at traditional markets and supermarkets and increasingly turned to contactless channels like e-commerce. The Ministry of Agriculture also initiated collaborations with e-commerce platforms to market agricultural products.

It focused on domestically produced agricultural, fishery, and livestock products that were organic, traceable, or followed the Certified Agricultural Standards. The ministry also brought together farmers groups and e-commerce platforms to hold a Taiwan agricultural goods carnival online shopping event that featured a promotion of NT\$50 off for every NT\$500 purchase as well as business-led rewards. Key promotional items included atemoya, pineapple, grouper, and threadfin.

More than 90 e-commerce platforms participated in the Taiwan agricultural goods carnival to offer a total of nearly 50,000 homegrown products. An extra boost came from themed events held during holidays and live broadcasts on Thursday evenings. Sales in 2020 reached NT\$1.2 billion, then climbed to NT\$1.4 billion in 2021 on the back of more promotional activities aligned with seasonal crops. Starting in June 2022, China began suspending imports of a series of Taiwanese products, including grouper, citrus fruits, largehead hairtail, and Atlantic horse mackerel. E-commerce platforms responded by adding special sections for these affected items. Consolidating suppliers increased visibility, which, along with promotional discounts and special receipt lottery draws, boosted internal consumption. These efforts contributed sales already reaching NT\$1.43 billion by November 2022.

Relief Loans for Agriculture and Fishery Operators

In 2020, the Ministry of Agriculture launched eight types of relief loans with preferential interest rates ranging from 0.29% to 1.43% for qualified applicants. A total of NT\$6.8 billion was extended to assist farmers and fishery operators. Applicants could request deferred payments and a two- or three-year grace period on principal payments. Fishery operators who were severely affected, including vessel operators who previously employed Chinese crew members, recreational fishing boats, transport vessels, and grouper farms, could request a full subsidy for the first six months' interest on operational loans. There was also a full interest subsidy

for the first year for leisure farm loans, and existing borrowers facing repayment difficulties could apply for deferred payments.

When the pandemic alert was elevated to Level 3 in 2021, a wide range of industries were heavily affected. To reduce the impact on the agricultural industry, the Ministry of Agriculture initiated a new wave of relief measures, including allocating an additional NT\$22.8 billion for relief loans to ensure sufficient working capital for farmers and fishery operators.

Approval Status for Agriculture and Fishery Relief Loans

| Project | Approval | |
|----------------|---------------|-------------------|
| | Cases | Volume |
| Existing Loans | 179,644 cases | NT\$99.64 billion |
| New Loans | 34,582 cases | NT\$21.4 billion |

Source: Information gathered from the Ministry of Agriculture website.

No Application Needed for Farmers and Fishermen Who Completed Data Registration

For individual relief, in 2020 and 2021 the Ministry of Agriculture launched two rounds of living subsidies for farmers and fishermen. Farmers enrolled in the Farmer Health Insurance and Farmer Occupational

Injury Insurance programs would have already provided comprehensive data to the management system, so they could benefit from streamlined relief procedures. After automated system review and approval, subsidies were directly transferred into their accounts without the need for an application.

In 2020, farmers and fishermen received living subsidies of NT\$10,000. Qualified recipients were Agricultural Insurance policyholders, fishermen actively engaged in fishing who had attained the membership of category A in a fishermen's association, and farmers actively engaged in farming but who were not enrolled in Agricultural Insurance and whose total annual income in 2018 did not exceed NT\$500,000. Fishermen without a fixed employer or who were self-employed and who enrolled in Labor Insurance through a fishermen association had an insured salary below NT\$24,000, had a total income in 2018 of below NT\$408,000, and had attained the membership of category A in a fishermen association each received NT\$30,000. In 2021, an additional living subsidy of NT\$10,000 to NT\$30,000 was provided through a similar program. During the pandemic, the government assisted farmers and fishermen not only by offering timely help during difficult times but also by providing opportunities for industrial transformation.

The Living Subsidies for Farmers and Fishermen

Eligibility Applicants

The Government Gives Farmers and Fishermen a Living Subsidy NT\$10,000 Per Person

- 1 Agricultural Insurance Policyholders**
Insured as of March 31, 2020
- 2 The Membership of Category A in a Fishermen Association**
Provide Proof of Actual Fishing and Be Enrolled in Related Insurance by March 31, 2020
- 3 Farmers Enrolled in Agricultural Insurance or Agriculture and Food Policies**
 - Organic and Eco-friendly Farming Subsidies
 - Agricultural Crop Production and Marketing Traceability Environmental Rewards
 - Green Environmental Payment Program for Land
 - Public Grain Procurement
 - Cash Assistance for Agricultural Natural Disasters
 - Low-interest Loans for Agricultural Natural Disasters
 - Agricultural Insurance Subsidies
 - Registered Fertilizer Pre-purchase
- 4 Others Confirmed as Actual Farmers**
Apply before May 25, 2020 for a certificate of farming from the Agricultural Research and Extension Station with Jurisdiction over the Farmland



Necessary Condition

- A Total Annual Income in 2018 Did Not Exceed NT\$500,000
- Do Not Claim Subsidies, Grants, or Allowances of the same nature from the Association or Other Agencies

Quick! Simple!

- Submit the Application to the Local Agricultural and Fishery Association
- Directly Deposited into Their Credit Departments of Farmers and Fishermen Associations, Post Offices, and Financial Institutions Accounts

Source: Information gathered from the Ministry of Agriculture website.

Support for Health Facilities, from Hospitals to Traditional Clinics



During the nearly three-year period of the COVID-19 pandemic, of all industries that were affected, few were as challenged as healthcare. From major hospitals to community healthcare providers, acupressure clinics, social welfare units, and caregivers, healthcare workers and providers faced severe operational difficulties. In response, the Ministry of Health and Welfare introduced diverse relief plans to alleviate these challenges.

As the Pandemic Impacts Livelihoods, Relief Is Extended to Medical Institutions

During the pandemic, the Ministry of Health and Welfare introduced a subsidy plan to ensure medical institutions could maintain operations. Institutions experiencing a reduction in medical service revenue or total business income conditionally qualified for relief.

The Ministry of Health and Welfare also assisted

medical institutions in obtaining payroll loans of up to three months of their total payroll, capped at NT\$20 million. Additional interest subsidies were provided for up to one year. The maximum loan amount for short-term working capital loans was NT\$5 million. Interest was subsidized at a maximum rate in line with the floating rate of the two-year time deposit at Chunghwa Post, plus an additional 1%. For payroll loans, the interest could be fully subsidized.

As the Pandemic Keeps People Indoors, Relief Is Extended to Folk Medicine Providers

The Ministry of Health and Welfare provided relief subsidies for acupressure operators facing operational difficulties due to the COVID-19 pandemic. These subsidies were managed in collaboration with three professional unions: the Chinese Traditions Recovery

Manipulation Profession Union, the Chinese Foot Reflex Therapist Labor Union, and a national federation of massage industry professional unions.

Many massage industry operators and practitioners are visually impaired. When people stayed home during the pandemic and reduced consumption, massage industry workers were heavily impacted. Policy intervention was needed.

To be eligible to apply for relief assistance, businesses had to meet one of five conditions: be a legally registered corporation, be commercially registered, be registered as a limited partnership, be a business without the aforementioned registrations but with taxation registration as a profit-seeking enterprise, or be a small-sized business exempted from registration in accordance with the "Business Registration Act." Applicants' average monthly revenue for any two consecutive months starting from January 2020 had to be down at least 15% compared to the same period during 2019. Approved applicants received a NT\$10,000 subsidy, with a maximum of NT\$30,000 per entity. Many manipulation therapy and other treatment centers benefited.

Social Welfare Units Accustomed to Helping Others Find Themselves in Need of Support During the Pandemic

Another wave of relief measures supported a wide range of public services, including social welfare organizations and foundations, government-contracted rehabilitation buses, long-term contracted transportation services, nutritional food and beverage providers, and social workers' offices. The Ministry of Health and Welfare's relief measures included a subsidy to cover up to 40% of the shortfall in average monthly revenues for a period of as long as three months. Subsidies to sustain operations defrayed overtime pay and maintenance costs. Additional subsidies for water, electricity, telephone, gas, rent, management fees, cleaning fees, and social insurance ensured that social welfare units could continue to operate during the pandemic.

Besides government subsidies, credit guarantees assisted social welfare enterprises in securing loans to pay employee salaries. Subsidies were also available for short-term working capital loans and to support interest

The Relief Measures of Acupressure Clinics

Eligibility Applicants

Eligibility Applicants: One of the Following

1. Be a Legally Registered Corporation
2. Be Commercially Registered
3. Be Registered as a Limited Partnership
4. Be a Business without the Aforementioned Registrations but with Taxation Registration as a Profit-seeking Enterprise
5. Be a Small-sized Business Exempted from Registration in Accordance with the "Business Registration Act"

Eligibility Conditions:

Applicants' Average Monthly Revenue for Any Two Consecutive Months Starting from January 2020 Had to Be Down at Least 15% Compared to the Same Period During 2019

Application Documents

Application:

1. Declaration of Sales and Business Tax by a Business Entity
2. Financial Statements (Accountant Financial Visa Report or Tax Return or Self-compiled Report)
3. Transaction Detail (Passbook or Invoice)
4. Others

Receipts and Account Information:

A Copy of the Passbook

Application Process

1. Application Period: from May 13 to December 31, 2020
2. Submit an Application to the MOHW by Mail or in Person

Subsidy Amount

Approved Applicants Received a NT\$10,000 Subsidy, with a Maximum of NT\$30,000 Per Entity

Application Principles

One-time Apply, One-time Payment, One-time Subsidy



Source: Information gathered from the Ministry of Health and Welfare.

payments on payroll loans. These measures helped ensure that social welfare units could smoothly navigate pandemic-related challenges.

Subsidizing Payments for Medical Institution Health Workers on the Front Lines of Patient Treatment

During the pandemic, the transmission of COVID-19 placed significant physical and mental burdens on hospital workers. Those same workers played a critical role during the rollout of public vaccines. Consequently, the Ministry of Health and Welfare provided subsidies for healthcare facilities, healthcare workers, and other related staff at public and private medical institutions involved in prevention, treatment, and care activities.

Subsidy recipients were classified based on medical ward type. The subsidies were applicable to front-line health workers in hospitals with negative pressure isolation wards or general isolation wards, hospitals with dedicated wards for severe special infectious pneumonia or intensive care, and hospitals with emergency departments that had negative pressure isolation rooms or single-person rooms. Other designated recipients included major emergency response hospital staff who coordinated beds for suspected or confirmed cases, handled inter-hospital communications, or dispatched life-supporting equipment for critically ill patients.

Subsidies amounted to NT\$10,000 per day for each physician, NT\$10,000 per shift for each nurse, and NT\$10,000 per month for each medical radiation technologist, coordinator, or infection control practitioner. There was also an NT\$5,000 subsidy per shift for care assistance staff and an NT\$1,500 subsidy per shift for cleaning staff, who likewise were exposed to infection risks.



Government Relief for LTC and Childcare Businesses Facing Pandemic-Related Income Reductions or Closure

Due to operational difficulties caused by the pandemic, the care service industry was included in the relief measures in 2021. Beneficiaries included long-term care and childcare businesses, such as home and community-based elder care, infant care, early intervention institutions, as well as family caregivers and nannies. If service income decreased by 50%, a one-time operational subsidy of NT\$40,000 per employee was provided. When business closure orders resulted in employee wages falling below the minimum wage, a one-time business suspension subsidy of NT\$10,000 per employee and a one-time wage subsidy of NT\$30,000 per employee were provided. Also, a one-time living subsidy of NT\$10,000 from the Employment Stability Fund was issued, which employers collected and distributed to employees.

The Relief Targeted for the Care Service Industry

Long-term Care Service Institution

Provide Home-Based, Community-Based (Excluding Group Homes), or Non-residential Comprehensive Services

Day-care Service Institution of Physically and Mentally Disabled People

It Is Established in Accordance with the People with Disabilities Rights Protection Act

Family Caregivers of Physically and Mentally Disabled People

Commissioned or Subsidized by the Government

Infant Care Centres and Early Intervention Institutions

It is Established in Accordance with the Protection of Children and Youths Welfare and Rights Act Chinese

To Obtain a Certificate of Registration for Childcare Services as an Home-Based Childcare Providers

Families with Children

Commissioned or Subsidized by the Government

Source: Information gathered from the Ministry of Health and Welfare website.

Pandemic Relief for Arts and Culture Events, National Parks, and the Lottery



Since the onset of the COVID-19 pandemic, the arts and leisure industries faced many challenges, including visitor losses, postponements, and refunds. After the Central Epidemic Command Center mandated the closure of leisure and entertainment venues in May 2021, even lottery vendors experienced significant operational impacts and sharp revenue declines. Multiple government departments collaborated to provide substantial support, becoming critical backers of these industries.

Providing Operational Funds for Cultural Enterprises

The pandemic significantly impacted the arts and culture industry, particularly events and venues. Performing arts, traditional arts, and pop music performances experienced postponements, cancellations, or refunds. Film productions, the publishing industry, and bookstores suffered revenue losses. Domestic and international exhibitions were postponed.

Micro and small cultural enterprises faced cash flow and operational difficulties. To support these industries and their workers, the Ministry of Culture implemented measures to mitigate the impact of the pandemic on the development of culture and arts.

In 2020, the Ministry of Culture launched subsidies to support cultural venues. It accepted applications for business relief under two categories: one for reducing operational difficulties and one for boosting response. The first category helped with salary payments as well as costs due to production cancellations, postponements, or refunds. It also covered venue or equipment rentals. The second category of subsidies for boosting response aimed to use the pandemic as an opportunity to enhance future operational capabilities, including research innovations, talent cultivation, production rehearsals, and technological improvements. The combined subsidy cap for these two categories was NT\$2.5 million per enterprise. Natural persons could also apply to the category of reducing operational difficulties, subject to a cap of NT\$60,000 per person for each round.

The Ministry of Culture launched an arts and culture hardship subsidy program for big enterprises. It was designed for large employers that experienced a 50% or greater decline in revenues or income from January to June 2020. In line with inter-ministerial guidelines, the subsidies covered three months from April to June 2020, offering 40% of employee salaries (capped at NT\$20,000 per employee) and a one-time operational subsidy. The program was not subject to the maximum limit of NT\$2.5 million per enterprise. Natural persons (the self-



employed) could also apply and were subject to a cap of NT\$60,000 per person.

Organizations that rented or were contracted to manage spaces in cultural venues owned by the Ministry of Culture or its affiliates and suffered a decrease in revenues due to the pandemic could apply to reduce their rent, royalties, or similar expenses by up to 50%. Those requiring adjustments beyond 50% or needing to amend or add to contractual terms due to exceptional circumstances could negotiate with the ministry or its affiliates.

The Ministry of Culture also supported arts and culture enterprises that did not meet the Ministry of

Providing Operational Funds for Cultural Enterprises

| Target | Project | Key Points |
|-----------------|---|--|
| Business | Reducing Operational Difficulties Subsidy | The combined subsidy cap for these two categories was NT\$2.5 million per enterprise |
| | Boosting Response Subsidy | |
| | Arts and Culture Hardship Subsidy | Subsidies for payroll support or one-time operational funds provided to business units that faced revenue or income declines of at least 50% |
| Natural persons | Reducing Operational Difficulties Subsidy | NT\$60,000 per person per round |

Source: Information gathered from the Ministry of Culture website.

Economic Affairs eligibility requirements for relief loans. For example, the Ministry of Culture commissioned the Taiwan Creative Content Agency to process interest subsidies for large arts and culture businesses that otherwise would have been deemed ineligible.

Additional help was provided through the Ministry of Culture's regular subsidy programs by initiating early disbursement procedures and raising the allocation ratios of first-stage distributions. When there were pandemic-related postponements or cancellations of exhibitions or performances, expenses already incurred could be reduced or forgiven on a case-by-case basis. Operational units were advised to simplify assessment, evaluation, and case-closing procedures. When special challenges arose in a case, officials were instructed to provide tailored assistance. In all cases, the primary consideration continued to be helping enterprises, groups, and individuals in the arts and culture industry manage this challenging period.

Assisting Cultural Venues Facing Closures in 2021

During the Level 3 pandemic alert in 2021, many galleries, museums, movie theaters, indoor performance halls, social education institutions, and cultural centers were forced to close. Although restrictions later eased and these venues could conditionally open, people reduced attendance at arts and culture activities to avoid pandemic risks. The Ministry of Culture responded by rolling out another round of relief measures included in the fourth relief phase.

On May 11, 2021, the Central Epidemic Command Center announced a heightened pandemic alert that would remain in place until June 8, 2021. This had a significant impact on the arts and culture industry and its workers. Events or programs such as performing arts shows, pop music concerts, and commercial screenings of domestic films were cancelled, postponed, or faced reduced capacity. The Ministry of Culture responded by issuing a subsidy program for affected enterprises that experienced business-related losses due to the pandemic.



In addition, the Relief and Revitalization Measures for the Cultural and Arts Sectors Impacted by COVID-19 designated three types of businesses for the provision of wage and operational subsidies: various types of arts and culture enterprises, enterprises ordered to close by central authorities and arts and culture enterprises experiencing hardships.

Support for the arts and culture industry during the pandemic included the policy goals of retaining artistic talent, preserving uninterrupted creative energy, and enhancing digital use and dissemination. To show support, on August 9, 2021, the Ministry of Culture announced a subsidy program for providing proactive relief to enterprises in the arts and culture sectors affected by the pandemic. The program supported various types of physical and online arts and culture exhibitions, performances, creative endeavors, and talent cultivation initiatives.

Additional support was introduced for performing arts groups. If performance cancellations, postponements, or reduced seating measures due to national pandemic prevention policies reduced revenues or led to financial difficulties, affected groups could apply for relief-based loans. The loans had a maximum duration of five years and a grace period of up to one year.

Providing a New Wave of Assistance to the Culture Industry in 2022

In 2022, the Ministry of Culture offered operational subsidies to performance art enterprises affected by the pandemic. The subsidies were primarily aimed at

defraying costs of canceled or postponed events due to performers being diagnosed with COVID-19, being identified as close contacts requiring home isolation, or venue closures for cleaning and disinfection. Subsidies were also available for events that proceeded as scheduled but were impacted by reduced audience attendance or ticket refunds due to pandemic concerns. The subsidies covered part of the operational expenses, including costs already incurred for performance production, marketing and promotion, venue and equipment rental fees, rehearsal expenses, and fees for ticketing systems handling refunds and exchanges. The subsidy limit was NT\$2.5 million.

To align with Executive Yuan policy, the application period for relief loans for performing arts groups was extended from April 30, 2022, to April 30, 2023. Furthermore, the loan duration was amended to six years, and the grace period extended to two years.

Rent and Royalty Subsidies for Businesses in National Parks

As tourism sharply fell, national parks also felt the impact. The Ministry of the Interior provided relief for businesses within national parks that sell goods, provide visitor services, or offer accommodation or parking facilities by reducing their royalty or rent payments. For example, in February 2020, the ministry offered a

50% subsidy on rent and royalties for a period of three months, with additional subsidies available based on the reduction in visitor numbers. Subsequent relief was tailored to the extent of the decrease in visitors, with a 30% relief provided in cases where visitor numbers decreased by more than 20% and full relief provided in cases where visitor numbers decreased by more than 70%. The budget for 2020 was managed through an emergency reallocation, while relief measures for 2021 and 2022 were handled as reductions in collected fees.

Assistance for Lottery Vendors

To support lottery vendors whose commissions dropped due to COVID-19, the Ministry of Finance announced relief measures during the first year of the pandemic. Vendors were eligible for subsidies of up to NT\$10,000 each month between May and July 2020, in which their monthly incomes fell by more than 15% compared to the previous year.

To be eligible to apply for relief assistance, vendors had to hold a valid lottery distribution license as of March 1, 2020, and show an official sales record or bulk purchase record of lottery tickets from the CTBC Bank lottery sales system between September 2019 and May 2020. Applicants received assistance for each month between March and May 2020, and their monthly commission income decreased by more than 15% compared to the

Rent and Royalty Subsidies for Businesses in National Parks

| Project | Key Points |
|------------------|---|
| Target | Commissioned or leased shops, accommodation, or parking areas in national parks |
| Measures | Relief measures supported royalty or rent payments |
| Relief Standards | <ol style="list-style-type: none"> For three months starting from February 2020, a 50% subsidy was offered on rent and royalties. An additional 50% subsidy was provided in cases where visitor numbers decreased by more than 70%. An additional 20% subsidy was provided in cases where visitor numbers decreased by 60-70%. An additional 10% subsidy was provided in cases where visitor numbers decreased by 50-60%. For periods not covered above, relief was contingent on comparing visitor numbers from the same month before the pandemic (before 2019). If visitor numbers decreased by 20% or more, a 30% relief subsidy was granted. If visitor numbers decreased by 30% or more, a 40% relief subsidy was granted. If visitor numbers decreased by 40% or more, a 50% relief subsidy was granted. If visitor numbers decreased by 50% or more, a 60% relief subsidy was granted. If visitor numbers decreased by 60% or more, a 70% relief subsidy was granted. If visitor numbers decreased by 70% or more, full relief subsidy was granted. |
| Relief Results | 210 businesses benefited, with a total relief amount of NT\$67.64 million. |

Source: Information gathered from the Ministry of the Interior website.

same period in the previous year. For vendors without comparable commission income from the previous year, the average commission income during the same period in the previous year for their vendor category was used as a baseline.

Computerized lottery vendors received subsidies of NT\$10,000 during the subsidy period if their commission income decreased by more than 30% compared to the same period in the previous year. A subsidy of NT\$8,500 will be provided if the decrease is between 25% and 30%, NT\$7,000 if the decrease is between 20% and 25%, and NT\$5,000 if the decrease is between 15% and 20%.

Instant lottery vendors received subsidies of NT\$3,000 during the subsidy period if their commission income decreased by more than 30% compared to the same period in the previous year. A subsidy of NT\$2,500

The Subsidy of Lottery Vendors

| Target Computerized/Instant Lottery Vendors | | |
|--|---------------------------------|----------------------------|
| <ul style="list-style-type: none"> In March 1, 2020 Hold a Valid Lottery Distribution License From September 2019 to May 2020 with Actual Business Operations They Could Not Have Received Any Other Similar Type of Subsidy, Support, or Allowance | | |
| Period From March to May 2020 | | |
| Subsidy Amount (NT\$) Distributed According to the Drop in Monthly Income Compared to the Same Period in 2019 | | |
| Reduction | Computerized Lottery Vendors | Instant Lottery Vendors |
| More than 15%, Less than 20% | 5,000 | 1,500 |
| More than 20%, Less than 25% | 7,000 | 2,000 |
| More than 25%, Less than 30% | 8,500 | 2,500 |
| More than 30% | 10,000 | 3,000 |
| Application Process From May 14 to June 30, 2020 | | |
| 1. Application + A Copy of the Passbook 2. By Mail or to CTBC Bank | | |

Note: Computerized Lottery Vendors: Sell electronic lottery tickets operating as a sole proprietorship. Instant Lottery Vendors: Vendors of scratch-off lottery tickets operating as a non-profit organization.

Source: Information gathered from the Ministry of Finance's Facebook.



will be provided if the decrease is between 25% and 30%, NT\$2,000 if the decrease is between 20% and 25%, and NT\$1,500 if the decrease is between 15% and 20%.

The Ministry of Finance brought back the relief subsidy program in 2021 to mitigate the ongoing impact of the pandemic on lottery vendors. Vendors whose monthly commission income for May to July 2021 decreased by at least 15% compared to the same period in 2020 qualified. Computerized lottery vendors could receive a maximum subsidy of NT\$10,000 per month, while instant lottery retailers could receive up to NT\$3,000 for up to three months. Vendors who had applied and received the subsidy in the previous year did not have to submit a new application.

Assistance for Lottery Vendors

| Project | Key Points |
|------------------------|---|
| Subsidy Content | Vendors whose income dropped by more than 15% compared to the previous year, computerized lottery vendors could receive a maximum subsidy of NT\$10,000 per month while instant lottery retailers could receive up to NT\$3,000 per month |
| First Subsidy | March to May 2020 |
| Second Subsidy | May to July 2021 |
| Subsidy Results | 2020 Relief Assistance: 23,875 beneficiaries received a total of approximately NT\$170 million 2021 Relief Assistance: 23,601 beneficiaries received a total of approximately NT\$220 million |

Source: Information gathered from the Ministry of Finance website.

Public and Private Financial Institutions Jointly Support Business to Preserve Financial Stability



On January 15, 2020, Taiwan classified COVID-19 as a Category 5 communicable disease. On January 20, 2020, the Central Epidemic Command Center was established as a Level 3 center and began to implement a series of disease prevention and quarantine measures that impacted the daily lives and economic activities of the public. The manufacturing industry experienced supply chain disruptions and some service sectors suffered severe operational challenges due to decreased consumer spending.

At that time, many businesses expressed a need for liquidity solutions due to the impact of the ongoing pandemic on their operations. They were especially concerned that banks would implement more conservative lending policies during crisis times. In response, Kung Ming-hsin, an Executive Yuan minister without portfolio and the minister of the National



Development Council, along with leaders from three financial departments, convened with the Bankers Association to establish a national financial team. The team declared that the state and banks would support businesses to ensure smooth financial markets and continued liquidity.

National Financial Team Guides Relief Policies to Stabilize Corporate Funds

Minister Kung, then-Vice Premier Shen Jong-chin, the Ministry of Finance, and the Financial Supervisory Commission began intensive discussions regarding relief financing schemes on March 18, 2020. They invited the Bankers Association to jointly form a national financial team and establish an inter-departmental communications platform with other financial industry members.

From the outset, an agreement was reached that relief from the banks must flow "generously, quickly, and conveniently" to maintain cash flow for businesses and individuals, thereby stabilizing the nation's overall economic momentum. Activation of the national credit insurance mechanism supported the banks by providing credit guarantees of between 80% and 90%, with some projects even receiving full guarantees. The banks also agreed to other accommodations, such as not requiring additional guarantors when companies affected by the pandemic applied for extensions on existing loans—the Financial Supervisory Commission and the Ministry of Finance supervised implementation by public and private banks.

These initial principles charted a course for the financial industry throughout the pandemic. Looking back on this period, many government departments, including the Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of Culture, Ministry of Health and Welfare, Ministry of Labor, Ministry of Agriculture, Ministry of the Interior, Ministry of Education, and National Development Council implemented relief and stimulus loans to help businesses and individuals. Under the national financial team's guidance, public and private banks played an indispensable role in connecting people to the financing they needed.

The Executive Yuan also facilitated operations through an interagency coordination platform for financing enterprise relief and economic stimulus, which made coordination across various departments faster

and smoother. This interagency platform was convened by Minister Kung. It included representatives from the Financial Supervisory Commission, Ministry of Finance, Ministry of Economic Affairs, Ministry of Labor, Ministry of Transportation and Communications, Ministry of Agriculture, Taiwan SMEG, Joint Credit Information Center, Bankers Association, and Financial Information Service Co., among other relevant agencies. It met 53 times during the pandemic to discuss various relief loan topics, including simplifying and relaxing the conditions for worker relief loans and adding new assistance targets such as startups, performance arts groups, and highway bus operators. It also addressed insufficient dedicated funds for Taiwan SMEG guarantees, adjusted the credit guarantee multiplier to accommodate more applications, and extended relief loans into the later stages of the pandemic.

CBC Takes the Lead in Cutting Interest Rates While Financial Supervisory Commission Convenes State-Owned Banks for Preemptive Action

In early 2020, as the COVID-19 pandemic escalated, the US Federal Reserve issued two rate cuts at emergency meetings in March. In Taiwan, the Taiwan Central Bank followed suit by announcing an interest rate cut of 25 basis points (0.25%) on March 19, 2020. The move brought the central bank's benchmark rate down to a record low of 1.125%, surpassing even the lowest point (1.25%) during the 2007 – 2008 financial crisis. It aimed to ensure businesses could avoid financing constraints and maintain uninterrupted operations. It was also expected to alleviate potential financial burdens on families.

After the Taiwan Central Bank's rate cut, the Financial Supervisory Commission met with banks in March 2020 to discuss supporting measures. The discussions centered on ways the banks could align with the rate-cutting decision to increase liquidity. For instance, between April 1 and September 30, 2020, state-owned banks lowered mortgage interest rates by a total of 50 basis points (0.5%) for the first NT\$10 million of principal on self-

use residential properties. For other types of consumer loans, such as credit cards, personal loans, and auto loans, banks cut rates by 75 basis points (0.75%) for up to NT\$10 million of principal per customer. The commission's strategy was to coordinate these actions with state-owned banks first and then encourage private banks to support their customers impacted by the pandemic. At least 20 private banks followed suit and adopted similar measures.

CBC Launches Special Loan Program for SMEs

In April 2020, to mitigate the impact of the pandemic on domestic employment and the economy while helping companies obtain needed capital, the Taiwan Central Bank launched the Special Accommodation Facility to Support Bank Credit to SMEs.

Under the NT\$200 billion facility, banks received funding at the low interest rate of 0.1% for issuing special loans to businesses affected by the pandemic.

The facility included an SME credit guarantee mechanism to enhance the willingness of financial institutions to issue loans. This approach enabled these loans to be used in conjunction with various ministry financing programs designed to support companies experiencing pandemic-related challenges. Furthermore, the facility's "Program C" provided a simplified loan application scheme for small-scale business entities and an innovative bank scoring table that replaced traditional financial statements. This table was developed by collaborating with various related organizations, including the Financial Supervisory Commission, Ministry of Economic Affairs, Bankers Association, Joint Credit Information Center, Taiwan SMEG, and major banks. A loan information query platform was built to support

Three Special Accommodation Facility to Support Bank Credit to SMEs

| Initiatives | Three Major Loan Initiatives | | |
|------------------------|---|---|------------------------------|
| | A | B | C |
| Eligibility Applicants | SMEs | SMEs | Small Business Loan |
| Category of Guarantee | Up to 90% Credit Guarantee | Others (Included 80% Credit Guarantee) | A Full 100% Credit Guarantee |
| Loan Amount | Up to NT\$4 Million | Up to NT\$16 Million | Up to NT\$1 Million |
| Interest Rate | Up to 1% | Up to 1.5% | Up to 1% |
| Application Period | 2020/4/1-2021/12/31 | 2020/4/1-2021/12/31 | 2020/4/20-2021/12/31 |
| Financing Period | The Central Bank Extended the Financing Period to June 30, 2022 (Preferential Interest Rate Period) | | |

The Special Accommodation Facility

The First Phase
(MAR 2020)
Financing Volume of
NT\$200 Billion

The Second Phase
(APR 2020)
Small Business Loan
Programs

The Third Phase
(SEP 2020)
Financing Volume of
NT\$300 Billion

The Fourth Phase
(JUN 2021)
Financing Volume of
NT\$400 Billion

In Order to Help SMEs Affected by the Pandemic:

1. The Total Financing Volume Raised to NT\$400 Billion
2. The Central Bank Extended the Loan Period to December 31, 2022
3. The Central Bank Extended the Financing Period (Preferential Interest Rate Period) to 30 June, 2022

Source: Information gathered from the Central Bank of the Republic of China website.



small-scale business entities that could not produce financial statements. These tools significantly streamlined and sped up the loan approval process.

The facility also incorporated grassroots financial institutions into the execution framework. Since many of these institutions were not contracted with Taiwan SMEG, the Taiwan Central Bank coordinated with the Ministry of Agriculture, Taiwan SMEG, Taiwan Cooperative Bank, and Agricultural Bank of Taiwan to support participation in the facility by the credit departments and credit unions of more than 300 farmers and fishermen associations.

Widespread participation expanded the reach of national financial programs, bolstering support for local industries.

After implementing the facility, the Taiwan Central Bank closely monitored the progression of the pandemic and business funding needs to conduct rolling reviews and adjustments as needed. Specific changes included two increases to the total financing volume, which was raised to NT\$400 billion, and a reduction in the financing rate from 0.25% to 0.1%. The central bank also raised the maximum loan amount for enterprises and extended the financing period to alleviate capital cost burdens.

Innovative Approach to Relief Loans: Banks Adopt Simplified Scoring Table for Small Business Lending

Some small-scale business entities lack financial statements (or 401 statements), which makes it difficult for them to apply for loans. To simplify procedures, the Financial Supervisory Commission invited banks, the Small and Medium Enterprises Administration, Taiwan SMEG, and the Bankers Association to jointly develop a simplified scoring table to replace traditional financial statements and 401 statements.

This simplified loan application program was mainly applicable to small-scale business entities that completed taxation registration and had a monthly sales volume below the threshold requiring the issuance of unified invoices. The maximum loan amount was NT\$500,000, with a full 100% credit guarantee from Taiwan SMEG and an interest rate of no more than 1%. Instead of submitting traditional financial statements and 401 statements, a simplified scoring table was used. Loan applications that received a score of 70 or more were sent to Taiwan SMEG for approval and distribution. It is estimated that 85% of Taiwan's nearly 500,000 small-scale business entities (about 430,000) were eligible.

To further assist newly established businesses in accessing the simplified loan application program for small-scale business entities, the Executive Yuan convened a meeting on April 30, 2020, with the Financial Supervisory Commission, Taiwan Central Bank, and Ministry of Economic Affairs. It was resolved to lower the qualifying score on the simplified scoring table from 70 to 63. This adjustment enabled entities with a short business history, normal credit, and no prior banking relationships to successfully secure loans from banks under the full guarantee of Taiwan SMEG, even if they did not possess real estate.

In December 2021, the domestic COVID-19 situation was relatively stable, and rising inflationary pressures led to a tightening monetary stance. Based on these conditions, the Taiwan Central Bank announced that the special accommodation facility would conclude on June 30, 2022. During its operation, the facility handled over 300,000 loan applications and processed over NT\$500 billion in total loan volume.

Practical Approaches for Financial Supervisory Commission to Assist Companies and Individuals with Financing in Response to the Pandemic

From 2020 to 2022, during the main years of the COVID-19 pandemic, public and private banks had two principal missions: first, to support government policies by implementing various relief loan programs, and second, to launch their own relief loan programs. The national financial team also proposed efficient and pragmatic assistance for loan-related stimulus and relief policies. For instance, the Financial Supervisory Commission commented on the deferment of principal payments, grace periods, and guarantees in relation to the corporate financial assistance provided by financial institutions.

Regarding deferment of principal payments, if a business intended to continue operations and had been paying interest normally but needed working capital, the principal of the loans due before June 30, 2021, could be extended for six months upon application by the borrowing business and with the consent of the lender.

Furthermore, regarding extending the deadline for the Ministry of Economic Affairs corporate debt negotiations and the relaxation of negotiation thresholds, the Financial Supervisory Commission amended the self-regulation guidelines for member banks handling related transferred corporate debt negotiation cases. The acceptance period for applications was extended to the end of December 2021, and the decision threshold for debt negotiation meetings was lowered from the current agreement of two-thirds of the total amount of claims

to an agreement of at least half of the total amount of claims.

Considering that enterprises were already troubled due to the pandemic and that Taiwan SMEG already provided a minimum 80% guarantee on relief loans, officials recommended that banks should not require guarantors other than the owners and actual operators of the business. For relief loan cases where Taiwan SMEG guarantees 80% or more, banks should not request deposits as collateral from customers. For applications for extensions of existing loans already guaranteed by Taiwan SMEG for 80% or more, banks were instructed to not require additional deposits as collateral. Moreover, simplified measures were provided for the requisition of financial statement attestations, credit check scopes, and projected financial statements.

A personal debt negotiation mechanism was provided to assist individuals who experienced difficulties repaying debts due to the pandemic. For example, consumers could request deferrals on the repayment of

Innovative Measures in Relief Credit: Addition of Exemption Clauses

After considering suggestions from the Bankers Association, the Financial Supervisory Commission asked various ministries to establish relief mechanism exemption clauses designed to make banks more willing to assess and process loans. These clauses, which were based on negotiation results of earlier cases, were added to new preferential loan offerings or existing loan extensions. In cases of relief related loans, they exempted lending financial institutions from liability for bad debts that were not a result of intentional misconduct, gross negligence, or fraud by their staff.




The Relief Financing Scheme for Startups

Referencing the MOEA's the Fourth Phase of Relief Loans, Values were Capped at NT\$26 Million

| Eligibility Conditions | Interest Subsidies | Credit Guarantee | Credit Guarantee Fee |
|--|---|------------------------------|----------------------|
| Companies Established Fewer than Nine Years Ago and Recognized as Possessing Innovative Capabilities Were Not Subject to Business Decline Restrictions | (The Floating Rate of the Two-year Time Deposit at Chunghwa Post) 0.845% + 0.5% | A Full 100% Credit Guarantee | Full Subsidy |

Note: Apply to the bank that issued the Fourth Phase of Relief Loan.
Organizer: Mega International Commercial Bank and Taiwan Business Bank.



Source: Information gathered from the National Development Fund, Executive Yuan website.

personal financial products, such as credit cards. Principal or interest on consumer loans could be extended for three to six months. Individuals approved for extensions using the negotiation mechanism avoided having their credit scores affected.

During the pandemic, the Financial Supervisory Commission approved a preferential interest rate relief program on life insurance policy loans. The preferential interest rates were available to economically disadvantaged policyholders, with a cumulative loan limit of NT\$100,000 per policyholder. The program provided timely financial assistance and care.

National Development Fund Assists Startups

To help startups affected by the COVID-19 pandemic obtain operational funds, on March 30, 2020, the National Development Fund, Executive Yuan, approved guidelines for purchasing preferred shares in startups affected by the pandemic. The initial buy-back period for the shares was two years. However, after the government raised the epidemic alert to Level 3 in May 2021, it agreed in June 2021 to extend the buy-back period to three years to ease the financial pressure on startups.

In June 2021, the National Development Fund proposed an enhanced relief financing scheme for startups. Benefits included up to a 100% credit guarantee,

a one-year interest subsidy, and government payment of the credit guarantee processing fees. Loan values were capped at NT\$26 million.

Startups of all sizes that applied for a loan in accordance with the Ministry of Economic Affairs relief and stimulus loan guidelines could receive a subsidy based on the floating rate of the two-year time deposit at Chunghwa Post along with an additional subsidy of 0.5% from the National Development Fund, Executive Yuan.

Startups that did not follow the Ministry of Economic Affairs relief and stimulus loan guidelines could receive a subsidy from the National Development Fund based on the floating rate of the two-year time deposit at Chunghwa Post plus an additional 0.5%.

For credit guarantees, in cases where Taiwan SMEG provided only a portion of the guarantee, the National Development Fund provided the remaining amount. The government also paid the cost of the credit guarantee processing fee. There were 870 businesses that applied for this loan, with total approved financing amounting to NT\$7.9 billion.

Financial Support Provided During the Pandemic Brings Hope in March 2021

In 2021, the global economy and trade activities remained under the shadow of the pandemic. Central

banks responded by implementing ultra-loose monetary policies. COVID-19 vaccination rates were rising, and governments initiated economic stimulus measures. Because of these actions, the global economy generally showed signs of a robust recovery.

The first batch of AstraZeneca vaccines arrived in Taiwan on March 5, 2021. By the end of the year, multiple batches of vaccines had arrived, and the vaccination rate among the population steadily increased. As the pandemic stabilized, life gradually returned to normal. Domestic demand picked up, bolstered by Executive Yuan measures to stimulate consumption. Export volumes rose, and there was a surge in private investment. Besides providing financing, domestic banks supported post-pandemic economic revitalization, infrastructure rebuilding, and the transformation and upgrade of the manufacturing sector. These measures increased bank loan balances and enhanced operational profitability.

With the initial wave of grace periods for personal loans nearing its end, on June 2, 2021, the Financial Supervisory Commission asked banks to extend their acceptance period for pandemic-relief measures such as deferred payments or three-to-six-month extensions on personal financial products (including mortgages, car loans, consumer loans, and credit card payments) until the end of December 2021. Both public and private banks heeded the request.

The government also supported a program where banks used their capital to issue worker relief loans. Taiwan SMEG provided a 100% credit guarantee, with each worker eligible for a maximum loan of NT\$100,000. The loan term was set for three years at an interest rate of 1.845%, and the Ministry of Labor subsidized the interest for the first year. During 2020 and 2021, more than 1.597 million workers benefited from interest subsidies.

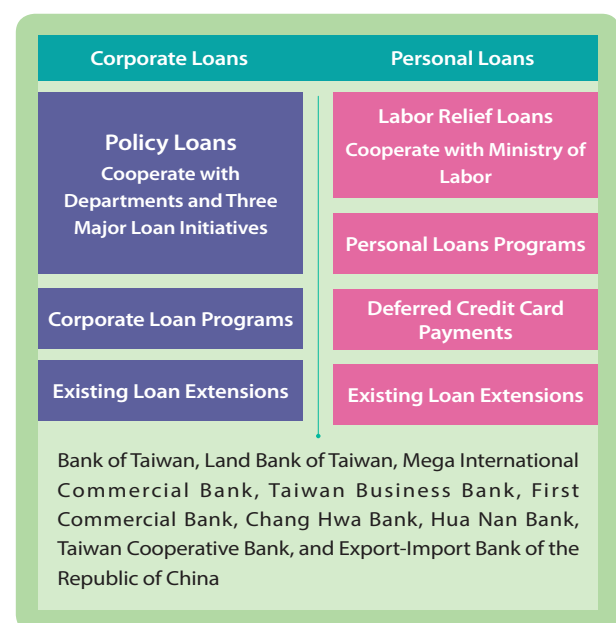
During the pandemic, domestic banks processed relief loans totaling over NT\$5.7 trillion, benefiting nearly 700,000 customers. These included ministry-led corporate relief programs (such as loan renewals, operating capital, and revitalization loans), which accounted for NT\$1.6 trillion and benefited approximately 164,000 companies. There were also bank-led corporate loan programs (such

as existing loan relief or new loans) that totaled nearly NT\$3.4 trillion and benefited around 304,000 companies, and bank-led personal loans (such as existing loan extensions and new loans) that totaled over NT\$700 billion and benefited 190,000 individuals.

Many financial institutions responded to government relief programs and stimulus measures. For example, in 2021, First Bank issued more personal relief loans by total value than any other state-owned bank. Its official website featured a pandemic relief loan platform that offered 24-hour online application services and full deployment of digital technology to make relief case acceptance and review more efficient.

The Financial Supervisory Commission also encouraged property insurance companies to develop pandemic-related insurance products. Examples included policies that provided payouts to patients diagnosed with a legally designated communicable disease or under quarantine due to such diseases. Insurance firms developed disease prevention payroll insurance, which provided companies with payroll expense coverage for employees subject to quarantine.

Loans from State-owned Banks



Source: Information gathered from the Ministry of Finance website.

Incentives for Financial Institutions That Coordinate with Government Policies

The Financial Supervisory Commission and Taiwan SMEG rewarded financial institutions for contributing to pandemic relief and stimulus. For example, Taiwan SMEG expanded upon its credit insurance gold award by adding a special relief and stimulus award. Meanwhile, the commission awarded banks for their speed in developing relief and stimulus loans, and insurance companies for their relief and pandemic assistance policies.

In addition, the Financial Supervisory Commission coordinated with the Central Deposit Insurance Corporation to implement temporary deposit insurance fee reduction measures for domestic banks that performed well in administering relief and stimulus loans. This measure provided substantial rewards to high-performing banks, with the total reduction value capped at NT\$300 million.

Financial Assistance Measures Extended Until the End of 2023

As the pandemic advanced towards its end, Taiwan gradually relaxed disease prevention measures and adopted a "new Taiwan model" of COVID-19 management that balanced normal life, active disease prevention, and steady reopening. This approach complimented the expiration of the "Special Act" on June 30, 2023. In the March 2023 meeting, the Executive Yuan concluded

that the various relief loan programs had achieved their objectives. Future industrial assistance would revert to existing policy loans or other government mechanisms. Only bank-managed private loans, personal debt negotiation mechanisms, corporate financial assistance, and the extensions of existing SME loans under the Ministry of Economic Affairs were extended until December 31, 2023. Furthermore, the redemption period for the National Development Fund's preferred share purchases in startups made during the pandemic could be extended by an additional year.

Relief Loan Policies Have Positive Effects

The National Development Council commissioned a study that looked at the impact of relief and stimulus measures on the financial sector by analyzing relief loans and financial statistics during the pandemic. The findings revealed that Taiwan SMEG's guarantees encouraged banks to actively issue relief loans, which helped individuals and SMEs affected by the pandemic. This policy also facilitated increased liquidity in banks, which contributed to financial stability and economic development.

Domestic financial institutions actively participated in government relief loan financing and stimulus projects, not only assisting citizens and businesses through tough times but also highlighting the importance of collaboration between public policy and financial institutions in response to public emergencies.



Wage Subsidies Support Workers and Provide a Soft Landing for the Job Market



The pandemic went far beyond anyone's expectations in its challenge to public health policies and the unprecedented impact it had on the economic lives of workers. In response, the Ministry of Labor introduced several new or expanded relief measures, including the Recharge and Restart Training Program, the Reassurance Employment Plan, the Employment Stabilization Plan, and the Peace of Mind Immediate Work Program. Specific measures for young job seekers were also launched. Together, these initiatives supported employed workers, workers without a fixed employer, and self-employed individuals through this challenging period.

The Pandemic's Unexpected Disruption on Taiwan's Industrial Transformation

Before the pandemic, Taiwan's economic and industrial structures were undergoing transformations

sparked partly by the US-China trade war and the 5G digital transformation. The arrival of the COVID-19 pandemic accelerated structural changes to the global economy, severely affected labor markets and the livelihoods of workers worldwide, and led to high unemployment in many countries.

According to a September 2020 analysis by Taiwan Labor Quarterly, international organizations predicted a global economic growth rate of -5.54% in 2020. The International Labour Organization estimated that global working hours were reduced by 14% due to the pandemic, equivalent to 4 million full-time workers becoming unemployed. The organization called for strong government responses to reduce the damage. To stimulate the economy and promote employment, it recommended expansionary policies, including the use of fiscal and monetary tools. To prevent layoffs and unemployment, it recommended job stabilization

measures supporting affected businesses and workers. To protect worker health, it called for stronger disease prevention measures at workplaces and a transition to flexible work models, including the adoption of remote work or paid leave when necessary. Both employers and employees had to engage in dialogue to achieve a broad consensus supporting subsequent implementation.

In 2020, although the COVID-19 pandemic was less severe in Taiwan compared to many other countries, the manufacturing sector, which heavily relies on exports, faced significant challenges. Markets for Taiwanese exports, including the United States, China, and Japan, were hit hard. Strict border controls impacted Taiwan's exports. The domestic service industry, focusing on developing international tourism, suffered due to border controls preventing international tourists from visiting. This directly impacted the labor market.

From February to May 2020, the Central Epidemic Command Center announced border control measures for several countries with frequent interactions with Taiwan. The ramifications were significant. According to the Ministry of Transportation and Communications statistics, from April to June 2020, the monthly passenger kilometers flown by national airlines decreased by more than 90% compared to the same period the previous year. The year-on-year occupancy rate of tourist hotels in April 2020 decreased by 53.1%. The Ministry of Economic Affairs reported that in April 2020, domestic restaurant revenues decreased by 22.8%, and retail sales decreased by 10.2% compared to the same period in the previous year.

Year-on-Year Change in International Tourists, from April to June 2020

Unit: %

| Item | April | May | June |
|---|-------|-------|-------|
| Occupancy Rate of Tourist Hotels | -53.1 | -43.7 | -30.4 |
| Passenger-Kilometers Flown by National Airlines | -97.5 | -97.2 | -95.6 |
| Cargo Freight Tonne-Kilometers Flown by National Airlines | 5.2 | 9.5 | 14.5 |

Source: Information gathered from the Ministry of Transportation and Communications website.

Three Phases of Relief in 2020 Lessen the Pandemic's Harm on Workers in Tourism and Other Industries

Despite effective domestic disease prevention policies that largely kept cluster infections at bay within Taiwan, the rapid international spread of COVID-19 and associated disruptions like factory shutdowns and supply chain breaks forced the local manufacturing sector to reduce shifts. The tourism and service industries experienced significant drops in business volumes and visitor numbers, leading many employers to resort to furloughs (unpaid leave).

The Ministry of Labor used the Recharge and Restart Training Program to assist enterprises and workers affected by pandemic-induced furloughs. The program's subsidized training costs and stipends for enterprises and workers helped employees maintain their livelihoods and preserve their job security.

To further mitigate the impact of furloughs during the pandemic, the Ministry of Labor revised the Recharge and Restart Training Program in February 2020. The

Assistance for Furloughed Workers During the Pandemic


| Project | Recharge and Restart Training Program | Reassurance Employment Plan |
|---------------------------|---|--|
| Program Content | Encouraged businesses to conduct training courses and invite worker participation during reduced work periods | Reduced salary losses of furloughed workers |
| Worker Subsidies | Training subsidy of 120 hours per month | Compensated for 50% of lost salary per month |
| Enterprise Subsidies | Subsidized training expenses of up to NT\$3.5 million | None |
| Reach During the Pandemic | 19,421 enterprises and training for 138,518 workers ¹ | 163,400 people ² |

Note: 1. From February 21, 2020 to the end of February 2023.

2. From March 27, 2020 to the end of March 2023.

Source: Information gathered from the Ministry of Labor.

The Relief Measures of Labor



The NT\$30,000 Relief Measures of Labor

Eligibility Applicants

- Workers Insured through a Trade Union before March 31
- Had an Insured Salary below NT\$24,000
- In 2018, the Individual Income Tax Misses the Tax Standard

Application Process

1. A Copy of the Passbook + Application
2. Apply through the Occupational Union where Insured
3. After Approval, NT\$30,000 Will Be Remitted to the Account within 7 to 14 Days

Application Period: From April 20, 2020

Source: Information gathered from the Ministry of Labor website.

revision included disease control content specified in the "Communicable Disease Control Act" within the program's applicable rules. It introduced an enhanced program version with increased subsidies for workers and businesses. Specifically, the subsidy for training hours for furloughed workers was increased from 100 to 120 hours per month. For businesses conducting training courses, the cap on subsidized training expenses was raised from NT\$1.9 million to NT\$3.5 million. This initiative aimed to improve corporate health and prepare for a stronger future. In addition, the launch of the Reassurance Employment Plan compensated for 50% of lost salary per month for workers on reduced shifts to stabilize the employment market.

Enhanced subsidy measures were planned for self-employed individuals and workers without a fixed employer. Based on the principles of disadvantaged first, wealth exclusion, and stopping double collection, a monthly subsidy of NT\$10,000 was planned for three months in the form of a one-time payment of NT\$30,000. In 2020, approximately 1.13 million people benefited, with a total disbursement of NT\$33.8 billion.

The Ministry of Labor also coordinated with banks to launch worker relief loans. Workers could borrow up to NT\$100,000, with Taiwan SMEG providing 95% credit guarantees and the government subsidizing interest for one year. Due to high demand, the Executive Yuan decided to increase the loan quota by 500,000 people just two weeks after the program's launch, bringing the total quota to 1 million people. By June 3, 2020, submission had ended, and about 1,104,700 applications had been received. Following reviews conducted by 37 banks, over 920,000 applications were approved, and a total of NT\$93 billion was disbursed.

In April 2020, the Ministry of Labor initiated the Peace of Mind Immediate Work Program, under which the government provided hourly work that served the public good. Examples of jobs included disease prevention cleaning staff and relief counter administrative personnel. The program aimed to provide employment opportunities for workers whose hours were reduced by their employers during the pandemic, thus lowering the impact of wage reductions. The work subsidy was set at an hourly wage of NT\$160, with a maximum of 80 hours per month and up to 960 hours per individual.

In the initial phase, over 12,000 public hourly job opportunities were offered, with subsidies of up to

Peace of Mind Immediate Work Program

| Project | Peace of Mind Immediate Work Program |
|---------------------------|--|
| Eligibility Criteria | Citizens of the Republic of China aged 15 and above, foreign or Mainland Chinese nationals who were spouses of citizens and granted residency, foreigners with an ROC Permanent Resident Certificate and work permit |
| Job Content | Government provides hourly work that serves the public good |
| Application Hours | Maximum of 80 hours per month and up to 960 hours in total per person |
| Wage Standard | Subsidy based on the hourly basic wage |
| Additional Subsidy | An additional NT\$2,000 per month for jobs related to disease prevention |
| Number of People Assisted | 115,090 people * |

Note: * From the end of April 2020 to the end of April 2023.

Source: Information gathered from the Ministry of Labor website.

NT\$12,640 per month based on the prevailing minimum wage. For jobs with a higher risk of COVID-19 exposure, employers provided an extra subsidy of up to NT\$2,000 per month, calculated pro-rata based on actual hours worked.

Even after the conclusion of the program, the Ministry of Labor continued to support these vulnerable workers. For those readying to leave their positions, one month prior to their departure, their employers conducted job surveys. The findings were forwarded to local employment centers, which provided job-seeking support using case-by-case and segmented service models. For workers who were older or had disabilities, existing employment promotion tools such as hiring incentives and subsidies, temporary work allowances, or diverse employment empowerment plans enhanced their prospects.

To further preserve employment for workers, the Ministry of Labor implemented the Employment Stabilization Plan in June 2020. Employers who hired specific categories of unemployed workers by the end of 2021 received employment subsidies ranging from NT\$5,000 to NT\$13,000 per month per employee, depending on the category of the hired individual.

Labor Subsidies Under the Fourth Phase of COVID-19 Relief

As the pandemic dragged on, many employers and workers found it increasingly difficult to cope. The elevation of the national epidemic alert to Level 3 on May 19, 2021, prohibited gatherings and indoor dining, further impacting many industries that rely on domestic demand. To support disease prevention and minimize harm to people and industry, the Executive Yuan proposed a fourth relief phase.

At the time, the number of workers facing reduced working hours rose. While reported furloughs had dropped from 6,463 workers at 540 companies at the end of December 2020 to around 4,000 workers at the end of May 2021, a new wave of local COVID-19 cases in mid-2021 caused a steep drop in domestic demand. By

Reported Furloughs from Late 2020 to Mid-2021

| Project | Companies Enacting Furloughs | Furloughed Workers |
|--------------------------|------------------------------|--------------------|
| The End of December 2020 | 540 cases | 6,463 people |
| The End of January 2021 | 406 cases | 4,451 people |
| The End of February 2021 | 411 cases | 4,277 people |
| The End of March 2021 | 458 cases | 4,406 people |
| The End of April 2021 | 447 cases | 4,222 people |
| The End of May 2021 | 445 cases | 4,125 people |
| The End of June 2021 | 1,305 cases | 13,626 people |

Source: Information gathered from the Ministry of Labor website.

the end of June 2021, the number of reported furloughs skyrocketed to 13,626 workers at 1,305 companies.

With the pandemic remaining severe, the Ministry of Labor continued to promote various disease prevention measures. These included advising businesses on implementing remote work and staggered work shifts and managing disease prevention measures for migrant workers. The ministry also launched immediate relief for both workers and businesses.

To stabilize employer-employee relationships, the Ministry of Labor encouraged businesses implementing furloughs to plan and conduct employee training according to their operational strategies and development needs. The ministry continued the Recharge and Restart Training Program, which offered companies up to NT\$3.5 million in training subsidies. Workers also received a training fee based on the current minimum wage, with a maximum subsidy of 144 hours per month. This initiative aimed to help create a more skilled workforce that could contribute to a stable job market.

Workers who experienced reduced work hours for a period of 30 days or more benefited from the Reassurance Employment Plan. Each month, they could apply to the local branch of the Workforce Development Agency in

their area of employment for a subsidy covering 50% of their lost salary. The plan also offered a tiered, fixed subsidy for up to 24 months to provide additional job security.

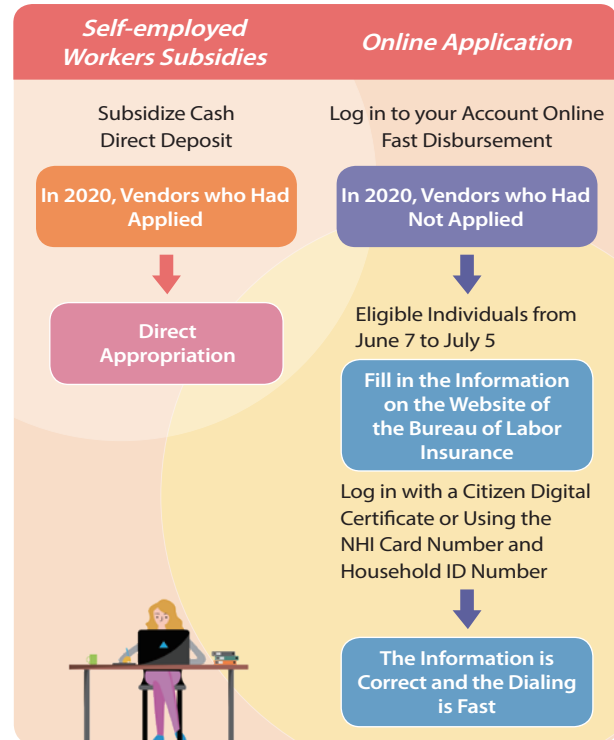
In July 2021, the Ministry of Labor announced revisions to the Employment Stabilization Plan to counteract contraction and imbalances in the employment market. The amendment expanded incentives for employers to hire specific categories of workers, including unemployed workers referred by public employment service agencies, with a maximum award of NT\$30,000 over four months. Workers also qualified for employment rewards of up to NT\$20,000 over four months. The acceptance period lasted until the end of June 2022. This dual approach of rewarding hiring companies and jobseekers was designed to facilitate rapid job matching and assist unemployed workers in finding jobs.

To mitigate the impact of the pandemic on workers' livelihoods, the Ministry of Labor continued its worker relief loan program in 2021. Banks provided NT\$50 billion of their own capital, the ministry subsidized interest payments for the first year, and Taiwan SMEG offered a 100% credit guarantee. Eligible individuals could borrow up to NT\$100,000, with the loan term set at three years. A quota of 500,000 loans was available.

In 2021, the Ministry of Labor repeated a one-time subsidy for self-employed individuals and workers without a fixed employer. Workers insured through a trade union and whose monthly insured salary did not



Self-employed Workers Subsidies



Source: Information gathered from the Ministry of Labor website.

exceed the basic wage of NT\$24,000 could receive a one-time subsidy of NT\$30,000. Workers whose monthly insured salary exceeded NT\$24,000 could receive a subsidy of NT\$10,000. The process was simplified by providing direct deposits to the accounts of workers who had received the same subsidy in 2020.

Full-Time and Part-Time Workers Receive NT\$10,000 Subsidies Following Forced Closures Under Level 3 Alert

To prevent large-scale community transmission of COVID-19, on May 15, 2021, the Central Epidemic Command Center mandated the nationwide closure of leisure and entertainment venues. Affected venues included karaoke lounges, dance halls, nightclubs, clubs, pubs, bars, hostess bars, MTVs, KTVs, beauty parlors (tourist parlors and audio-visual parlors), massage parlors, fitness and leisure centers (including those providing Shiatsu massages, sauna facilities, and other weight-loss

and body toning facilities), bowling alleys, billiard halls, fitness centers (including civic sports centers), indoor golf simulation ranges, amusement arcades, video game arcades, information and leisure venues, and mahjong lounges.

Due to the severe impact of the Level 3 alert on the domestic service industry, as closure orders expanded, the Ministry of Labor introduced living subsidies for full-time and part-time workers.

Full-time employed workers whose monthly insured salary through Labor Insurance or solely through occupational injury insurance was between NT\$24,000 and NT\$34,800 and who were affected by the Level 3 alert were eligible to apply for a one-time living subsidy of NT\$10,000. To qualify, their salary from May to July 2021 had to drop by more than 20% compared to April 2021, and they could not have received any other similar type of subsidy, support, or allowance. Part-time workers could also receive a one-time living subsidy of NT\$10,000 if their monthly insured salary was less than NT\$23,100 and they had not received any similar type of government subsidy, support, or allowance.

Increased Relief for Substitute Teachers and Hourly Workers

During the third extension of the Level 3 alert in Taiwan in 2021, schools of all levels nationwide suspended in-person classroom sessions until summer vacation and instead switched to online teaching. Many non-certified, hourly staff who supported after-school programs for students at the high school level or below or kindergartens faced the prospect of no pay. They received a lifeline when the MOE introduced additional measures for the education sector as part of the enhanced version of the Executive Yuan's fourth phase of relief and stimulus. The measures included payments equal to 60% of the hourly fees for these staff, including after-school care workers or teachers as well as after-school club instructors. Additional support was available for hourly staff who worked during the regular school day, such as substitute teachers, special education

Living Subsidies for Workers in 2021

| Project | Living Subsidies for Full-time Workers | Living Subsidies for Part-time Workers |
|-------------------------------|--|---|
| Eligibility Conditions | Monthly insured salary through Labor Insurance or solely through occupational injury insurance was between NT\$24,000 and NT\$34,800 | Monthly insured salary through Labor Insurance or solely through occupational injury insurance was less than NT\$23,100 |
| Salary Reduction | Salary in any month from May to July 2021 had to drop by more than 20% compared to April 2021 | Comparison not needed |
| Subsidy Amount | NT\$10,000 | NT\$10,000 |
| Total Recipients | 283,372 people | 373,801 people |

Source: Information gathered from the Ministry of Labor website.



assistants, club teachers, teacher assistants, and drivers and attendants of public school (kindergarten) vehicles, who continued to be paid according to the originally planned budgets of each school and local government.

Visually Impaired Massage Therapists Receive One-Time Relief Payments of NT\$45,000

During the pandemic, as consumer spending and social contact decreased, visually impaired massage therapists faced significant hardships due to a sharp decline in customers. The Ministry of Labor's 2020 relief program offered support in the form of a monthly subsidy of NT\$15,000 for self-employed, visually impaired

masseurs without a fixed employer who were insured through a professional trade union and possessed either a massage therapist certificate or professional permit. The subsidy was available for three months and was paid in a lump sum payment of NT\$45,000. Recipients could not have already collected a similar type of subsidy; those who received an NT\$30,000 payment that was provided to self-employed individuals were instead given the difference of NT\$15,000. In 2021, the fourth phase of COVID-19 relief provided another one-time payment of NT\$45,000 to visually impaired massage therapists, with nearly 2,700 people benefitting.

Incentives for Employment in Specific Industries

While some industries began to experience problems during the pandemic, many sectors faced long-term labor shortages dating back to before COVID-19. The Ministry of Labor encouraged unemployed workers to join specific industries such as manufacturing, caregiving, or construction by providing employment incentives.

Incentives for Employment in Specific Industries



Workers employed by the same employer for more than 30 days were eligible for monthly subsidies ranging from NT\$5,000 to NT\$7,000, with the total payments capped at NT\$108,000.

Youth Employment Programs Ensure Uninterrupted Employment

During the pandemic, the Ministry of Labor implemented training measures to help unemployed youth enhance their employability skills and competitiveness, benefiting over 75,000 young individuals.

The pandemic became more severe around graduation season in June. To reduce the impact on young people preparing to enter the workforce, the Ministry of Labor launched the First Industrial Talents Program, which encouraged youths to participate in vocational training and engage in policy-driven industries with strong developmental prospects. Subsidies for the training expenses were capped at NT\$100,000, and young people who joined the program or other pre-employment training courses for the unemployed that were held, commissioned, or subsidized by the ministry could receive a financial learning reward of up to NT\$96,000. The ministry also launched the Youth Employment Flagship Program for young people lacking work experience or professional skills. Using industry resources, it promoted a "hire first, train later" model, with training units receiving up to NT\$108,000 in subsidies.

Based on the principles of disadvantaged first, wealth exclusion, and stopping double collection, the government sought to lessen the burdens of living costs on workers during the pandemic to prevent them from facing financial difficulties. Various measures focused on stabilizing labor-employer relations for furloughed workers, helping workers remain in the workplace, and assisting unemployed workers in finding employment, thereby preserving their livelihoods. Ensuring that workers could have stable, secure, and safe employment helped everyone collectively navigate the challenges of the pandemic.

Timely Assistance for the Vulnerable and Families



During the peak period of the COVID-19 pandemic, when Taiwan's economic activities significantly declined, central government ministries launched multiple relief measures to help disadvantaged groups through difficult times. As part of the first three phases of relief approved in 2020, the Ministry of Health and Welfare focused on providing emergency relief funding and additional living subsidies for the disadvantaged. In 2021, during the fourth phase of relief, additional pandemic subsidies were introduced for families with children under 2 years old. The Ministry of Education also provided subsidies for families with children between 2 years old and elementary school age as well as families of students with disabilities who were in junior high, senior high, or the first three years of vocational high school. Extra effort was made to prioritize the rapid distribution of aid.

Sharp Increase in Emergency Relief Needs

For many years, the Ministry of Health and Welfare's Department of Social Assistance and Social Work organized and implemented an emergency relief program. Known originally as the "immediate care project," one of its functions was to provide rapid review, approval, and distribution of emergency relief to families suffering financial hardship when their primary breadwinner dies, goes missing, suffers from a serious illness, sustains severe injuries, or is unable to work for other reasons.

During the COVID-19 pandemic peak, however, the number of applicants surged. The Ministry of Health and Welfare responded by launching two waves of emergency relief grants that were included as part of the first three phases of government relief approved in 2020. The grants primarily aided families suffering financial hardship when

a key breadwinner was forced to take leave or could not work due to the pandemic. The grants also supported families who could not afford funeral expenses for a family member who died due to COVID-19. People

The Emergency Relief Implementation Plan

The Emergency Relief Implementation Plan

Care and Relief Fund Payments of NT\$10,000 Approved Following an On-site Inspection and Evaluation by the Competent Authority

Eligibility Applicants

- When a person committed suicide due to economic factors, or when a person was confirmed as being a member of a vulnerable family.
- When a family encountered difficulties due to the death, disappearance, serious illness, or unemployment of a family member, or when the family's primary earner had another qualifying reason for being unable to work.
- When a family that reported domestic violence or sexual assault faced economic difficulties before receiving their emergency living assistance.
- When a family that reported domestic violence received a protection order or ended guardianship and faced a temporary lack of residence due to economic reasons or other difficulties.
- When a family applying for support faced difficulties prior to approval of the support or some other unexpected incident.

Application Process

People Facing Emergencies or Their Families Can Apply with Relevant Documents: Apply at Their Local Township or City Office

The 1957 Hotline (Toll-free Number) Provides Information on Welfare Service Resources from 8:00 a.m. to 10:00 p.m. Daily

2021 Expanded Pandemic Response and Emergency Relief Implementation Plan

- From June 4, 2021, the Online Inquiry System Will Be Launched
- Applicants that Were Approved or Not Approved in 2020 Did Not Need to Submit a New Application
- First Time Applicants in 2021 Could Apply Online, by Mail from June 7 to 30



could apply at their local township or city office for an emergency relief grant ranging from NT\$10,000 to NT\$30,000, depending on the severity of their situation.

In March 2020, the Executive Yuan instructed all local governments to carry out an emergency relief implementation plan and tasked them with helping to distribute aid. In May 2020, the Executive Yuan granted additional funding for emergency relief recipients and approved the Ministry of Health and Welfare's expanded pandemic response and emergency relief implementation plan.

During the fourth phase of relief in 2021, the Ministry of Health and Welfare continued to issue emergency relief grants in accordance with a new expanded pandemic response and emergency relief implementation plan. Individuals who already applied for emergency relief in 2020 did not need to reapply because the ministry automatically reviewed their cases and instructed their local township or city office to directly transfer approved grants to their registered accounts.

First-time applicants in 2021 could apply online, by mail, or in person, depending on the severity of the pandemic. Approval and the transfer of grants were delegated to the local township or city office. The funding helped many disadvantaged families overcome economic hardships.

In the fourth phase of relief, launched in 2021, the Ministry of Health and Welfare introduced condolence payments for families of COVID-19 victims. It then issued specific guidelines for issuing the payments on July 6, 2021. After the Central Epidemic Command Center confirmed a death as being a result of COVID-19, the ministry would grant an NT\$100,000 condolence payment to the family. This policy applied retroactively to deaths confirmed since January 15, 2020, to offer consolation and care to families of the deceased.

Disadvantaged Groups Receive Additional Government Subsidies

The government already had a comprehensive system for providing living subsidy payments to

Source: Information gathered from the Ministry of Health and Welfare website.



disadvantaged groups. It was primarily aimed at low-income and low-mid-income households, people with disabilities, elderly people with middle to low income, disadvantaged children and youths, and children and youths from disadvantaged families. However, during peak periods of the COVID-19 pandemic, many moderately affluent and middle-class families also struggled to cope, especially those with elderly members or children. They also needed government support.

In 2020, around the time the government issued its first three phases of pandemic relief, the Ministry of Health and Welfare launched additional living subsidies for disadvantaged groups as part of an April 2020 Executive Yuan plan to enhance pandemic relief to people in need. From April to June 2020, each eligible

person received a monthly subsidy of NT\$1,500.

The additional living subsidy was provided to groups already receiving various types of government aid, including disability living allowances, living allowances for low-to-mid-income elderly people, living support for disadvantaged children and youths, emergency living support for children and youths from disadvantaged families, living subsidies for children from low-income households, educational living subsidies for students from low-income households, and living allowances or education subsidies for children (including grandchildren) in families facing special circumstances. Children and youths from low-income and low-to-mid-income families who were not receiving the above subsidies and were officially registered by the government also qualified.

During the distribution period for the additional living subsidies, if recipients died or lost their eligibility, the Ministry of Health and Welfare did not seek reimbursement for the subsidies already disbursed.

Providing Enhanced Pandemic Relief to People in Need

In response to the new wave of the COVID-19 pandemic and to strengthen care for disadvantaged children, youths, the elderly, and people with disabilities, the government provided additional living subsidies to economically disadvantaged people affected by changes in the external environment.



Source: Information gathered from the Ministry of Health and Welfare website.



Originally, three months of payments were to be disbursed in one lump sum. Still, to accelerate the distribution process and ensure smooth financial management, the Executive Yuan directed that three monthly payments be made instead.

In 2021, around the fourth phase of relief, the Ministry of Health and Welfare launched another round of additional living subsidies for disadvantaged groups as part of another Executive Yuan plan launched in June 2021 to provide enhanced pandemic relief to people in need. The approved beneficiaries, number of months, and amounts remained unchanged, but this time, the subsidy was distributed as a one-time payment.

Special Pandemic Assistance for Families Raising Young Children

During the COVID-19 pandemic, parents or guardians often had to stay at home to care for their children. To reduce the accompanying economic burdens this could bring to the families, a new subsidy for families with children was added to the Executive Yuan's fourth phase of pandemic relief launched in 2021. The subsidy was available from June 15, 2021, to September 30, 2021. It provided NT\$10,000 for each child of elementary school age or younger as well as each junior or senior high school youth with a physical or mental disability. It was one of several relief measures designed to aid families.

During the peak of the COVID-19 pandemic, besides childcare allowances and childcare support, the government allocated additional funds to support families with children. The MOHW implemented a subsidy plan for families with children under 2, which offered a one-time payment of NT\$10,000 per child. Families already receiving childcare allowances or subsidies in May 2021 received this additional subsidy directly from the Ministry of Health and Welfare, with the funds deposited into their registered accounts on June 15, 2021. There was also a dedicated hotline (1957) for public inquiries, and parents or guardians could apply online to receive payments over the Internet or at an ATM.

During the peak of the COVID-19 pandemic, many

parents of children over 2 years old were forced to close their businesses or lose their jobs. The Executive Yuan instructed the Ministry of Education to provide an additional subsidy to each child of elementary school age or younger as well as each junior or senior high school youth (including students in the first three years of vocational high school) with a physical or mental disability. Distribution was planned to be simple and fast, with a variety of collection methods.

Recipients did not need to apply themselves. Instead, the Ministry of Education used household registration data, National Health Insurance data, student registration systems, and the Ministry's Special Education Transmit NET to screen for eligible families. Distribution methods included online application and receipt as well as ATM withdrawal. Only one parent or guardian needed to handle collection, and there were no processing fees.

After the end of the Level 3 epidemic alert, the Ministry of Education provided more collection options for eligible individuals who were unable to collect their subsidy due to special circumstances or other case-specific reasons.

Online Collection or ATM Withdrawals of the New Epidemic Subsidy for Families with Children

Online application and receipt were available on the Executive Yuan's dedicated webpage (<https://10000.gov.tw>) for the new subsidy for families with children. Using a mobile phone, tablet computer, or computer, one parent or guardian registered online with their national ID card number, their bank account information, and the child's NHI number. After successful registration and verification, the NT\$10,000 subsidy was transferred directly into the registered bank account on the next business day.

For ATM withdrawals, one of the child's parents or guardians could use a debit card issued by any of the 373 applicable financial institutions nationwide at a Cathay United Bank, CTBC, or Taishin International Bank ATM. Collectively, these three bank chains had 14,611 ATMs across the country. By inserting the parent's withdrawal card then entering the card's pin number, the corresponding parent's national ID number, and the child's NHI card number, the parent could withdraw NT\$10,000 in cash.

Reducing Rent, Taxes, and Utilities Fees to Support Private Sector Recovery



Operational difficulties arising from the impact of the COVID-19 pandemic made it difficult for many enterprises to pay regular expenses like rent and taxes. The Ministry of Finance and Ministry of Economic Affairs therefore demonstrated financial leniency and offered tax assistance during the three-year pandemic period. Their aim was to mitigate the impact of lost income due to business shutdowns and changes in economic activities, so that they could help businesses navigate these challenging times.

State-Owned Enterprises Provide Rent Reductions and Deferred Payments to Tenants

Considering the severe impact of the pandemic on the domestic economy and to alleviate public burdens, in 2020, all state-owned enterprises affiliated with the Ministry of Finance provided deferred rent payments and rent reductions on land and buildings they leased out. Besides lessees whose rents were collected at the rent

rate approved specially by the Executive Yuan or lessees whose rents were collected based on statutory taxes and fees (such as land value tax, etc.) clearly stipulated by laws (orders), all lessees of land and buildings owned by state-owned enterprises affiliated with the Ministry of Finance qualified for a 20% rent reduction on rent payable during the period between January and December 2020. To facilitate these changes, the state-owned enterprises proactively handled the reductions without requiring applications from the lessees. The reduced rent income, however, could not fall below the holding costs. After the initial rent reduction period, this measure was extended until the end of June 2021. For deferred rent payments, lessees of state-owned properties who needed to defer payments could apply to extend the payment deadline until the end of December 2020. During that time, no penalties for breach or late interest were charged.

In 2021, all state-owned enterprises affiliated with the Ministry of Finance again provided deferred rent payments and rent reductions on land and buildings they leased out. For rent deferrals, the deadlines of rent payments due between May and September 2021 that had not yet been paid were proactively extended to the end of September 2021. Rent reductions were implemented on rent payable from July 2021 to June 2022 without requiring an application from the lessee. In 2022, in alignment with the Executive Yuan's new relief measures, the ministry continued to offer rent reduction measures from July to December 2022. Reducing the rental payment pressure on lessees helped businesses and the public overcome difficulties associated with the pandemic.

The Ministry of Economic Affairs also established rent relief measures applicable to land and buildings owned by its state-owned enterprises. For tenants leasing land or buildings owned by ministry-affiliated enterprises such as the Taiwan Power Co., CPC Corp. (Taiwan), Taiwan Sugar Corp., or Taiwan Water Corp., rent was similarly reduced by 20% from 2020 to December 2022. Each state-owned enterprise actively managed this reduction to help the public navigate through the pandemic smoothly.

Relief Measures for Public and Non-Public State-Owned Real Estate

To alleviate the public's burden, the Ministry of Finance implemented several measures between 2021 and 2022 to defer or reduce the rent or usage fees for public and non-public state-owned properties. Using the Article 28 qualifying cause of the "National Property Act" and the "Revenue Directions for National Public Real Estate" as a basis for managing rental or usage cases, lessees or users affected by the pandemic who were unable to pay the rent or usage fees for July to December 2022, or faced difficulties in doing so, could have their payments deferred or reduced at the discretion of the managing authorities based on individual case circumstances.

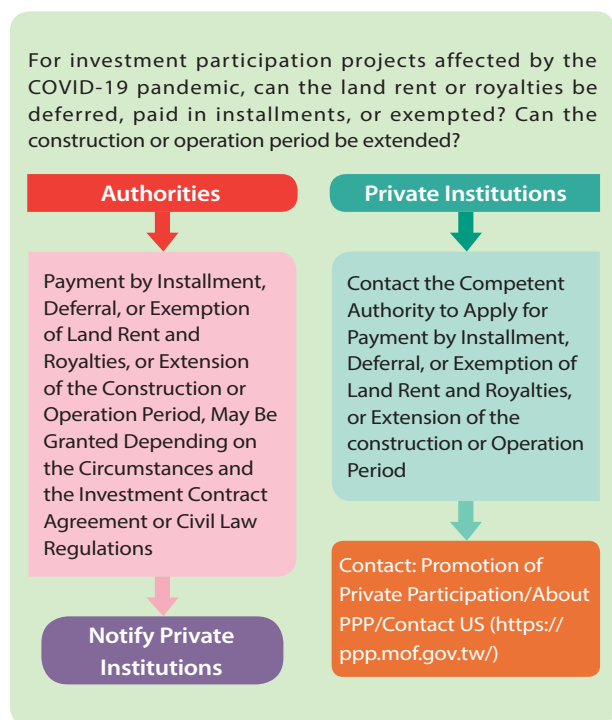
For rent reductions on non-public, state-owned properties, besides lessees whose rents were collected at the rent rate approved especially by the Executive Yuan or lessees whose rents were collected based on statutory taxes and fees (such as land value tax, etc.) clearly stipulated by laws (orders), all lessees qualified for a 20% rent reduction on rent payable during the period from January 2021 to December 2020. To facilitate these changes, branches (offices) of the National Property Administration proactively handled the reductions without requiring applications from the lessees. This also applied to operators under management contracts and businesses with established superficieses.

For participation cases, the Ministry of Finance sent several circulars during the pandemic to remind the authorities to uphold a partnership relationship when deliberating land rent, rights payments installments, deferrals, or waiver issues. This assistance also extended to private institutions applying for relief and stimulus. For land rents or expired rights payments, the authority in charge was responsible for handling installments, deferrals, or waivers according to civil law provisions and for providing guidance on implementing relief measures.

The Ministry of Finance instructed the authorities in charge to operate on the principles of risk-sharing and benefit-sharing to assist private institutions in managing

halts in construction and operational periods. They were to consider appropriate extensions to construction and operational durations and use concrete methods for extending operational periods for assessment and application. Additionally, the Ministry of the Interior, in conjunction with the Ministry of Finance, revised and published an amendment on May 7, 2020, to Article 4 of the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects." The amendment included provisions for reducing, waiving, or deferring rent in response to the pandemic and was effective retroactively from January 15, 2020.

The Relief Measures of Handling Participation Cases



Source: Information gathered from the Ministry of Finance website.

In May 2021, the Ministry of Finance circulated flexible adjustment measures in response to COVID-19 for authorities in charge of handling participation cases. The measures guided the handling of related operations, such as feasibility assessments, preliminary planning, public announcements for tenders, screenings, negotiations and

contracting, dispute resolutions, operational performance evaluations, and inspections. In June 2022, considering that the pandemic had not subsided, the ministry issued another circular to instruct authorities in charge to continue these practices for hosting agencies handling participation cases.

Providing Tax Reduction Assistance to Overcome Difficulties

As the pandemic began to significantly impact international interactions in 2020, the Ministry of Finance considered how reduced business income would also decrease the income tax payable by profit-seeking businesses. According to Article 39 of the "Income Tax Act" if a business incurred losses, those losses could be deducted over the next 10 years to reduce the income tax payable in relevant years.

Tax Reduction Items Due to the Impact of the Pandemic on Business Operations

| | Project |
|----------------------------|--|
| Business Tax | Proactively adjusted sales and business tax amounts based on actual business conditions |
| Vehicle License Tax | Exemption from the vehicle license tax during periods when vehicles were not in use |
| House Taxes | For profit-seeking businesses (such as tourist hotels or inns) that were closed or had reduced operational areas, house taxes were levied at non-residential, non-business rates |
| Amusement Tax | Allowed deductions for days not in operation or proportional reductions of the assessed tax amount for unused entertainment facilities |

Source: Information gathered from the Ministry of Finance website.

Soon after the pandemic began, there were sharp declines in hotel occupancy rates and tour buses lacked passengers. Local tax authorities under the Ministry of Finance could help hotel operators who applied for support by adjusting house tax rates. For unused floors of tourist hotels or inns, the house tax rate could be reduced from the commercial rate of 3% to the non-residential, non-business rate of 2% (1.5% in Kinmen and Lienchiang), thus lowering their property tax burden.

Pandemic-affected owners or users of vehicles with a current vehicle license could declare them as not in use to the transportation authorities. The tax due would then be calculated based on the actual days of use, meaning no license tax was levied for the period the vehicle was declared not in use.

The pandemic also caused people to travel less and participate in fewer entertainment activities. The Ministry of Finance allowed entertainment businesses assessed for tax levies to apply for deductions to their assessed tax amounts through local tax collection authorities. If their operations were halted or their

business income decreased due to the pandemic, they could request a deduction for days they did not operate or for entertainment facilities not in use to proportionally reduce their assessed tax amount.

Fiscal Relief Measures

Lottery Subsidies

Lottery Vendors

Computerized Lottery
Vendors: Up to NT\$30,000

Instant Lottery Vendors:
Up to NT\$9,000

Amusement Tax Deductions

Deduction for Days They
Did Not Operate or for
Entertainment Facilities
that Were Not in Use to
Proportionally Reduce
Their Assessed Tax Amount

Deferrals in Tax

Individuals who Are
Quarantined Due to the
Treatment of the Epidemic

The Tax Payment Period
Has Been Extended for the
March to May

Individuals who Have
Difficulty Paying Taxes Due
to the Epidemic

Can Apply for Tax Payment
Deferrals or Payment by
Installment

House Tax Deductions

Reduced Operational
Areas or Closed

Rate: 3% → 2%

Proactive Tax Reduction

Adjust the Assessed Sales
and Business Tax Amounts
of Enterprises Based on
Relevant Regulations and
in Line with Actual Small-
scale Business Operations

Early Tax Refund

The First Batch of Refunds
for the 2020 Individual
Income Tax Declaration
Has Been Advanced to
June 30

Entertainment Tax Reduction Measures

Apply for Tax Deduction

Entertainment businesses affected by the pandemic could apply to their local tax collection authority for approval to deduct taxes on non-operating days or unused entertainment facilities to proportionally reduce their assessed tax amount.

Tax Suspensions

From May 15 to 28 tax collection authorities suspended amusement tax collection for leisure and entertainment venues and tourism facilities in areas affected by Level 3 restrictions.

Source: Information gathered from the Ministry of Finance's Facebook.



Source: Information gathered from the Ministry of Finance's Facebook.

In May 2021, the elevation of the domestic epidemic alert to Level 3 strictly limited public activities. During the active period of the Central Epidemic Command Center, the Ministry of Finance instructed regional National Taxation Bureau offices to adjust the assessed sales and business tax amounts of enterprises based on relevant regulations and in line with actual business operations. If businesses complied with government-imposed pandemic restrictions by closing leisure and entertainment venues, exhibition and spectator spaces, or educational learning areas, local tax collection authorities used lists or data obtained from various industry supervisory authorities to proactively determine house tax adjustments for properties during the closure and suspension of business periods. The ministry also suspended the levy of entertainment tax during the closure of entertainment businesses and the vehicle license tax during periods when vehicles were not in use. Any overpaid taxes were to be proactively refunded.


Even businesses that were not required to shut down during the pandemic were affected by the public's self-imposed preventive measures. The Ministry of Finance provided relief, subsidies, compensation, or

stimulus to business operators who qualified under the guidelines established by the central competent authorities per Article 9, Paragraph 3 of the "Special Act." Businesses that experienced a sudden, sharp drop in income due to the pandemic could apply for a refund of overpaid business taxes from their local National Tax Bureau to support their financial management and maintain operations. The cumulative amount of business tax that could be refunded was capped at NT\$300,000.

Since many businesses experienced significant income reductions, the Ministry of Finance proposed tax installment plans. Taxpayers affected by the pandemic and unable to pay their taxes within the prescribed period could apply to the tax collection authorities for an extension or installment payments. Applications were accepted during the payment period (including extended periods) through three methods: online (via the etax portal website), by mail, or in person. This measure aimed to alleviate the impact of taxes on the public during the pandemic.

To reduce operational burdens on industries, in 2020 the Ministry of Economic Affairs provided relief measures such as discounts on electricity and water bills as well

The Relief Measures of Discounts on Electricity and Water Bills as Well as Reduced Gas Prices

| Prevention Protecting Taiwan | Relief Overcome Challenges |
|--|--|
| Aid Families Reduced Gas Prices | Support Businesses Discounts on Electricity and Water Bills |
| All Citizens | Enterprises with at Least a 15% Drop in Revenues over a Two-Month Period Compared to 2020 |
| <ul style="list-style-type: none"> Reduced Natural Gas 5% Barreled Gas is NT\$5 Per Kilogram <p>→ A 20-kilogram Gas Cylinder Selling for NT\$700 Had Its Price Dropped by around NT\$100</p> <p>NT\$600</p>  | <ul style="list-style-type: none"> Water Fee → 5% Discount Per Month, Up to NT\$5,000 Low Voltage Users (General Business Users) → 10% Off Discount, the Reduction Limit is NT\$100,000 Per Month High Voltage Users (Energy-heavy Industries) → Qualified for Contract Capacity Adjustments, Basic Electricity Fee Reductions, and Waiving of Electricity Equipment Maintenance Fees when Full Electric Capacity Was Restored within Two Years |

Source: Information gathered from the Ministry of Finance's Facebook.

as reduced gas prices. In 2021, in coordination with the enhanced version of the Executive Yuan's fourth phase of relief and stimulus, the ministry did not raise summer electricity tariffs for residential users in June. For service and agricultural sector users, it provided electricity fee reductions of up to 30% based on the extent of impact on their revenues.

Government Allows Double Deductions on Quarantine Leave Salary Expenses to Encourage Voluntary Top-Up Pay

To support people who were quarantined, under observation, or acting as caregivers of COVID-19 patients, the government incentivized employers to pay voluntary top-up salary expenses to employees who were quarantined, under observation, or acting as caregivers of COVID-19 patients by letting the employers claim double deduction on the salaries. This incentive was based on Article 4 of the "Special Act" and other relevant regulations. It lets agencies (institutions), enterprises, schools, corporations, and organizations deduct 200% of

the salary costs paid during their employees' quarantine or caregiving leave from their taxable income for the year of declaration.

The Measures of Double Deduction on the Salary

Double Deduction on the Salary

Employers Can Double Payroll Tax Deductions for the Year

Implementation Date: Extended to **June 30, 2023**

Exemption Application (Documents Attached to the Declaration)

Eligibility Applicants

1. Health Authorities of All Levels Shall Provide Notification for Cases of Isolation or Quarantine
2. Take Care of Isolated or Quarantined Family Members who Could Not Take Care of Themselves
3. Follow Instructions of the Commander of the Command Center

Caregiving
Leave

Quarantine
Leave

Vaccination
Leave



Source: Information gathered from the Ministry of Finance website.



During Uncertain Times, Preparation Is Key to Overcoming Challenges





TAIWAN ECONOMIC MIRACLE

The Birth of an 'Economic Miracle 2.0'

Chapter 03

As the domestic pandemic situation subsided and people's lifestyles changed, to stimulate consumption and alleviate weak demand the central and local governments implemented various stimulus policies. How can the government and the private sector cooperate to overcome difficulties? How can Taiwan stand firm and plan for the future?

03

Disease prevention, relief, and stimulus are the government's three main focuses when responding to major pandemics. As the domestic pandemic situation eased, to stimulate the national economy Taiwan distributed stimulus vouchers with a limited time use to drive domestic consumption and economic recovery.

In 2020, drawing on both domestic and international experiences, the government introduced Triple Stimulus Vouchers. Additional benefits from other sectors enhanced the multiplier effect on consumption, further boosting private consumer spending.

Taiwan also benefited from world-leading disease prevention efforts that boosted domestic tourism and prevented disruptions to manufacturing. Expanded government investment in public infrastructure, tax incentives to encourage the repatriation of overseas funds for domestic investment, and the implementation of InvesTaiwan's three major programs for investing in Taiwan further contributed towards turning the island into an important global partner known for possessing safe, resilient, and reliable supply chains. The government also established a relief and stimulus hotline to assist businesses and individuals in promptly obtaining needed information, so they could overcome challenges and advance the recovery.

20 TAIWAN ECONOMIC MIRACLE



Economic Miracle 2.0: Taiwan's Lasting Resilience on Display



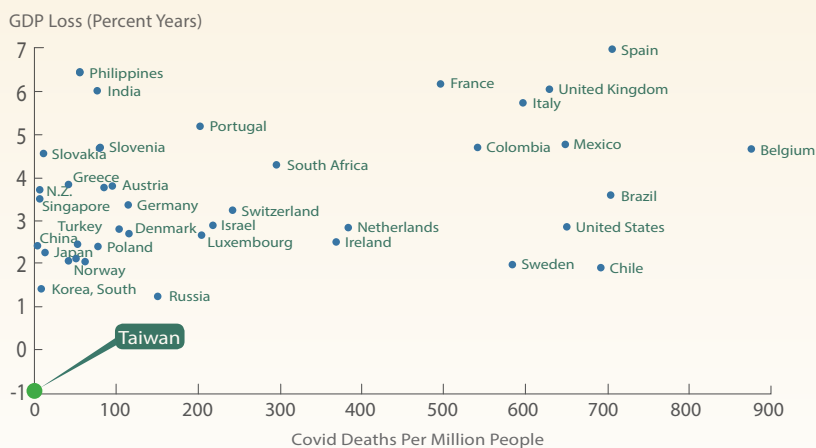
In 2020, the global outbreak of COVID-19 not only intensified global supply chain restructuring and severely impacted the global labor market. Workers' livelihoods were threatened, and many countries faced serious unemployment issues. In response to these

challenges, Taiwan was united in its pandemic response. Through its three main focuses of disease prevention, relief, and stimulus, the government fully protected its citizens and seized post-pandemic development opportunities. Taiwan was globally envied as an anomaly for its excellent disease prevention performance and remarkable economic results. By beating the odds, it created an Economic Miracle 2.0.

Taiwan's Extremely Low Death Rate and Economic Growth Make It an Envied Outlier

Taiwan's economic restructuring since 2016 enhanced its overall economic resilience to the impacts of pandemics. In 2020, when a pandemic hit, the island demonstrated unexpected, exceptional resilience, astonishing international scholars.

2020 Covid Deaths Per Million People and GDP Loss



"GDP Loss" is the cumulative loss in GDP since the start of 2020 and is annualized. For example, a value of 6 means that the loss since the start of 2020 is as if the economy lost six percent of its annual GDP.



Source: Information gathered from the Macroeconomic Outcomes and Covid-19: A Progress Report.



In October 2020, Charles I. Jones, a professor of economics at Stanford University, and Jesús Fernández-Villaverde, a professor of economics at the University of Pennsylvania, co-published a research report titled "Macroeconomic Outcomes and Covid-19: A Progress Report." The report examined the impact of the COVID-19 pandemic on the economies of various countries. Taiwan's economic performance was particularly surprising.

The report included a cross-tab comparing GDP losses and death rates due to the pandemic. It was generally observed that countries with lower death rates experienced lower economic losses, while those with higher death rates saw higher economic losses. Taiwan was an outlier in that it showed an extremely low death rate along with an increase in GDP.

With fewer COVID-19 deaths generally producing less economic loss, nations that effectively implemented non-pharmaceutical interventions were able to control the spread of the virus while supporting robust economic development. Taiwan, which was the only country in the report to achieve economic gain and had an unusually low death rate, appeared as a statistical outlier, earning global acclaim as a positive anomaly.

WEF Praises Taiwan's Outstanding Pandemic Response Capabilities

The World Economic Forum acknowledged Taiwan's capacity to handle the pandemic. In its "Global Competitiveness Report Special Edition 2020: How Countries Are Performing on the Road to Recovery," the forum highlighted Taiwan's robust financial system. It noted essential credit support to businesses during the pandemic, which helped them to survive challenging times and prevent worker layoffs. This also underlined the effectiveness of the national financial team in backing local industry. In addition, a well-developed healthcare system prevented widespread virus transmission. Previous experiences with coronaviruses, such as SARS, further helped Taiwan to effectively combat the pandemic.

Taiwan Tops Global Pandemic Response Ranking as the Economy Soars Against the Tide

In January 2022, a Nikkei Asia evaluation ranked Taiwan's pandemic response as the best in the world.

Taiwan's economic performance also delivered impressive results; for instance, in 2021, the economic growth rate exceeded 6%, marking the best performance in 11 years and surpassing countries like South Korea, Hong Kong, Vietnam, Thailand, and Malaysia. In the same year, Taiwan's total exports and foreign sales orders reached

In 2021, Taiwan's Major Economic Achievements

United to Create an Economic Miracle 2.0

- The Entire Nation Unites to Keep Taiwan Safe from the pandemic
- Timely and Effective Relief Fully Assists Affected Industries and People
- Multiple Rounds of Stimulus Accelerate the Revitalization of Domestic Markets
- Industrial Innovation and Transformation Pave the Way to Seize Opportunities Arising during the Post-pandemic Global Recovery

GDP

- In 2021, GDP Growth Exceeds 6.6%, Reaching an 11-year High

GDP Per Capita

- For the First time, GDP Per Capita Surpassed US\$30,000, Reaching the Target of US\$32,944

Foreign Trade

- Taiwan's Total Merchandise Exports and Export Orders Reached Record High

Investment

- Taiwan's Three Major Investment Programs Achieved a Total Investment Value of NT\$1.6 Trillion, with Investment Ratio Reaches a 23-year High

Production

- In 2021, The Annual Industrial Production and Manufacturing Production Indices Both Reached Historical Highs

International Acclaim

- Taiwan's Positions in the IMD World Competitiveness and Digital Competitiveness Rankings Both Jumped to Eighth Place
- Three Major International Credit Rating Agencies Uniformly Upgraded Taiwan's Rating Outlook or Sovereign Credit Rating
- The US-based Business Environment Risk Intelligence SA (BERI) Ranked Taiwan an Impressive Fourth in Its Global Investment Report

US\$446.37 billion and US\$674.13 billion, respectively, both setting historical records and achieving consecutive growth for 18 and 22 months. The investment rate for the year was 27.41%, the highest in 23 years. The annual industrial production and manufacturing production indices reached historical highs, with the highest increases since 2011. Moreover, Taiwan's GDP per capita surpassed US\$30,000 for the first time in 2021. A collective national effort resulted in the creation of an Economic Miracle 2.0.

In 2021, Taiwan's positions in the IMD World Competitiveness and Digital Competitiveness rankings both jumped to 8th place, marking the best performance since 2013. All three major international credit rating agencies uniformly upgraded Taiwan's rating outlook or sovereign credit rating. The US-based Business Environment Risk Intelligence SA (BERI) ranked Taiwan an impressive fourth in its global investment report.

Government-Initiated Relief Programs (To Aid Families, Protect Vulnerable Groups, and Sustain Businesses by Providing Comprehensive Assistance) Provide Benefits in 18 Million Cases

Three phases of government relief in 2020 and another two phases of relief in 2021 provided benefits in nearly 18 million cases. Specifically, by June 30, 2023, the first three phases of relief had aided approximately 5.275 million people and distributed about NT\$146.78 billion in relief payments. The two phases of relief in 2021 and stimulus measures in 2022 helped approximately 10.002 million people and distributed over NT\$189.5 billion in relief payments.

For loan components (as of the end of December 2022), the first three phases of relief provided a total of NT\$3.5 trillion in loans, supporting approximately 1.438 million cases. The fourth relief phase added NT\$2.3 trillion more in loans, supporting approximately 1.112 million cases.

Source: Information gathered from the National Development Council website.

Triple and Quintuple Stimulus Vouchers Lead to a Rebound in Domestic Demand

In the second half of 2020, as the pandemic stabilized in Taiwan, the government wanted to boost consumer confidence and encourage spending. Direct cash handout were avoided as they were likely to be saved by the public, limiting the effectiveness of government expenditures. Instead, the government introduced accessible, easy-to-use, and stimulating Triple Stimulus Vouchers to spark domestic demand. Launched on July 15, 2020, and valid until December 31 of the same year, consumers exchanged NT\$1,000 for NT\$3,000 worth of vouchers, effectively stimulating consumer spending.

The Triple Stimulus Vouchers were available as

paper vouchers or they could be bound to mobile payments systems, electronic tickets, or credit cards. Their convenience, ease of use, and combination with various business promotions led to rapid, short-term uptake and a quick boost to consumer spending. It was estimated that the vouchers could generate an economic benefit of NT\$100 billion, with additional measures from various ministries potentially creating an economic impact of NT\$179 billion.

In 2021, the government expanded its voucher program with the launch of Quintuple Stimulus Vouchers. Drawing on the previous year's experiences with the Triple Stimulus Vouchers, this new round was designed for limited-time use and reuse and to encourage additional spending incentives. The objective was to

Relief and Stimulus Schedules for Different Periods

| Annual | Prepare Special Budget Passes | Abbreviation | Special Budget Passes | Amount (NT\$100 million) | Special Budget Passes 3rd Reading in the Legislative Yuan | Amount (NT\$100 million) |
|--------|-------------------------------|--|-----------------------|--------------------------|---|--------------------------|
| 2020 | Initial Budget | The First Phases of Relief | 2020/2/27 | 600 | 2020/3/13 | 600 |
| | 1st Addition | The Second Phases of Relief | 2020/4/23 | 1,500 | 2020/5/8 | 1,500 |
| | 2nd Addition | The Third Phases of Relief | 2020/7/23 | 2,100 | 2020/10/23 | 2,099.47 |
| 2021 | 3rd Addition | The Fourth Phases of Relief | 2021/6/3 | 2,600 | 2021/6/18 | 2,594.99 |
| | 4th Addition | The Fifth Phases of Relief | 2021/9/9 | 1,600 | 2021/12/10 | 1,598.93 |
| 2022 | - | 2022 Stimulus: A new wave of stimulus in response to the pandemic. (No new money was approved. Under the condition that the total value of the special budget remained the same, funds were reallocated from the special budget surplus or through emergency reallocations from the regular budget.) | | | | |
| Total | | | | 8,400 | | 8,393.39 |

Source: Information gathered from the Executive Yuan website.

Relief Loans and Interest Subsidies (As of December 27, 2022)

| Case Name | The Fourth Phase of Relief | | The First Three Phases of Relief | |
|---|----------------------------|--------------------------|----------------------------------|--------------------------|
| | Businesses/People | Amount (NT\$100 million) | Businesses/People | Amount (NT\$100 million) |
| Ministry-Specific Business Relief Programs | 52,119 | 5,011 | 105,797 | 10,716 |
| Bank Loans | 194,821 | 17,019 | 279,938 | 22,859 |
| CBC Plan C * | 27,927 | 260 | 123,651 | 590 |
| NT\$100,000 Worker Relief Loans | 678,766 | 679 | 928,972 | 929 |
| Preferential interest rates for policy loans | 157,574 | 140 | - | - |
| Enhanced relief financing programs for startups | 976 | 87 | - | - |
| Total | 1,112,183 | 23,197 | 1,438,358 | 35,094 |

Note: *Plan C aims at assisting small-scale business entities to obtain financing up to NT\$1 million per borrower.

Source: Information gathered from the Executive Yuan website.

Recipients and Amount of Relief (Individuals and Enterprises) (As of 30 June 2023)

| Target | 2021 The Fourth and Fifth Phases of Relief 2022 Stimulus Measures | | 2020 The First Three Phases of Relief | |
|--|--|-----------------------------|--|-----------------------------|
| | Recipients (10,000s of people) | Amount (NT\$100 million) | Recipients (10,000s of people) | Amount (NT\$100 million) |
| Disease Prevention Subsidies for Families with Children | 250.8 | 250.8 | 0.0 | 0.0 |
| Low-to-middle-income Households | 83.9 | 37.4 | 84.0 | 37.2 |
| Emergency Relief (for Uninsured Workers) | 87.8 | 165.5 | 37.2 | 49.8 |
| Self-employed Individuals or Workers without a Regular Employer | 184.7 | 436.4 | 112.7 | 338.0 |
| Tour Guides, Tour Leaders, and Local Travel Group Leaders | 2.5 | 4.8 | 1.1 | 5.7 |
| Taxi Drivers, Tour Bus Drivers, and Hired Drivers of Leased or Rented Passenger Cars | 11.1 | 43.9 | 10.8 | 32.2 |
| Living Subsidies for Farmers | 114.9 | 114.9 | 116.4 | 116.4 |
| Living Subsidies for Fishermen Actively Engaged in Fishing | 20.2 | 20.2 | 19.4 | 19.4 |
| Living Subsidies for Fishermen without a Regular Employer or who are Self-employed | 13.6 | 40.8 | 12.6 | 37.9 |
| Living Subsidies for Part-time Employed Workers | 37.4 | 37.4 | - | - |
| Living subsidies for full-time employed workers | 28.3 | 28.3 | - | - |
| Payroll and Operational Capital Subsidies for Various Types of Arts and Culture Enterprises, Individuals, and Financially Distressed Arts and Culture Businesses | 14.7 | 43.9 | 9.7 | 29.2 |
| Others* | 44.9 | 189.3 | 12.0 | 33.4 |
| Individual Relief Subtotal | 894.8 | 1,413.7 | 415.9 | 699.2 |
| Business Relief Programs | Funds allocated to 292,000 businesses and 1.053 million people | 481.3 | Funds allocated to 132,000 businesses and 1.116 million people | 768.7 |
| Total | 1,000.2 | 1,895.0 | 527.5 | 1,467.8 |

Note: * Such as Recharge and Restart Training Program, Relief Employment Subsidy Program, and Assured Immediate Employment Program, etc.

Source: Information gathered from the Executive Yuan website.

boost consumption and restore consumer confidence. People no longer had to pay NT\$1,000 in cash up front, and the vouchers they received were valued at NT\$5,000. Besides the higher face value and simplified redemption process, digital measures were enhanced. To ensure that small shop owners and stall vendors could fully capitalize on sales opportunities, the government implemented supplementary measures to support adoption of electronic payment systems.

Various ministries proposed supporting measures to further boost industrial recovery. Additional vouchers included the Ministry of Economic Affairs' Foodlover

Vouchers, the Ministry of Culture's Art Fun Vouchers, the Ministry of Agriculture's Agriculture Vouchers, the Ministry of Transportation and Communications' Domestic Travel Vouchers, the Ministry of Education's Sports Vouchers, the Hakka Affairs Council's Hakka Vouchers, the Council of Indigenous Peoples' i-Yuan Vouchers, and the National Development Council's Regional Revitalization Vouchers. State-owned banks and post offices provided digital bonuses through Taiwan Pay, and local governments launched supporting programs to multiply benefits and further stimulate the domestic economy.

The Quintuple Stimulus Vouchers were available for collection from October 8, 2021, until April 30, 2022. Over 4.22 million people registered for the digital vouchers, an increase of over 2.41 million, or 130%, compared to the number who registered for the digital Triple Stimulus Vouchers. According to NDC-commissioned studies conducted by the Chung-Hua Institution for Economic Research and the Taiwan Institute of Economic Research, the real output value impact of the Quintuple Stimulus Vouchers and additional vouchers was estimated to be between NT\$192.6 billion and NT\$201.3 billion in the short-term and NT\$250 billion in the long-term.

Stimulus Measures Revitalize Retail and the Food Service Industry in a Boost for Domestic Demand

In 2020, the Triple Stimulus Vouchers were issued around the start of summer vacation. Since the pandemic restricted international travel, many people turned to domestic tourism, fueled further by government initiatives like safe travel subsidies. Local governments, the private sector, and travel accommodation businesses introduced enhanced promotional measures, further stimulating consumption in areas like retail and the food and beverage industries. Retail revenues reached record

highs for the months of August, September, October, and November in 2020; consecutive highs for the months of September, October, and November were also seen in the food service industry. The Ministry of Finance even reported year-over-year growth in business tax filings for the second half of 2020.

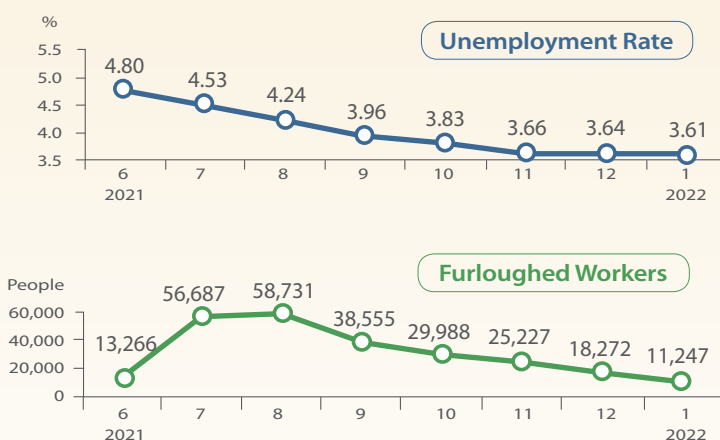
The Quintuple Stimulus Vouchers launched in October 2021, and in the same month, the food service industry ended five consecutive months of negative growth. The industry set record highs for October, November, and December in 2021, then repeated this feat for February and March 2022. Retail industry revenues hit all-time single-month highs in October and November of 2021, then set a record again in January 2022. These numbers show that the Quintuple Stimulus Vouchers effectively sparked domestic demand and provided economic benefits to local businesses impacted by the pandemic.

Labor Market Stabilizes as Economic Data Show Taiwan's Pandemic Resilience

During the pandemic, the labor market stabilized due to relief and stimulus measures. For instance, the unemployment rate peaked at 4.8% in June 2021 and declined for the next seven consecutive months to reach

3.6% by January 2022. Employment in the service sector increased from 6.725 million in June 2021 to 6.877 million by December 2021. The number of furloughed workers decreased significantly from a high of 58,731 at the end of August 2021 to 11,247 by the end of January 2022. Furthermore, Taiwan's 2021 economic performance was strong in the areas of growth, foreign trade, investment, production, and national income. The performance showed the benefits of Taiwan's economic restructuring and its role as a source of resilience during the pandemic.

Overview of the Labor Market during the Pandemic in 2021



Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Ministry of Labor website.

Triple Stimulus Vouchers Create Opportunities and Support Consumer Resilience

As the COVID-19 pandemic reached its peak, people changed their behaviors to avoid infection. Office workers shifted to remote work. Most consumers reduced outings for meals, shopping, and travel to avoid enclosed spaces as much as possible. While industries such as e-commerce beat the trend to experience growth, the outlook was bleak in most industries.

In 2020, countries around the world strengthened border controls and raised travel warnings, leading to a sharp decrease in international travel. In Taiwan, which is heavily reliant on exports, many people suffered significant declines in income. Consumer confidence weakened, causing local consumer markets to plunge.

Turning Crisis Into Opportunity

Under the principle of maintaining strict control measures at the borders while easing restrictions within the nation, the government launched Triple Stimulus Vouchers to stimulate consumption and revitalize the economy. By spending NT\$1,000 in cash, people could get NT\$3,000 in vouchers. The plan was to help businesses recover from the pandemic while accelerating economic recovery.

When designing the Triple Stimulus Vouchers plan, the government sought to maximize consumer impact, incorporate diverse tools for high accessibility, and care for disadvantaged groups. The aim was to make the vouchers not only easy to obtain and use but also reassuring in a way that let all citizens feel the warmth of government support.

The Triple Stimulus Vouchers had an expiration date, which motivated people to go out and spend. By providing NT\$3,000 worth of vouchers for just NT\$1,000

Triple Stimulus Vouchers Plan

People Buy 3+1 Choices

Triple Stimulus Vouchers NT\$1,000 → NT\$3,000

Digital Vouchers

- Electronic Payments Directly Transfer NT\$2,000 to APP Accounts
- Electronic Tickets Receive NT\$2,000 Cash Back by Swiping the Bound Card at a Convenience Store
- Credit Cards Directly Deduct NT\$2,000 from the Next Month's Bill


Spend NT\$3,000
Get NT\$2,000 Cashback Bonuses

Paper Vouchers

- From July 1, Pre-order through the Health Insurance Card in Convenience Stores or Websites
- From July 15, You Can Buy It Directly at the Post Office, NT\$500 and NT\$200

NT\$1,000 → NT\$3,000

Directly Deposited NT\$1,000 into
1.2 Million Disadvantaged People
Bank Accounts



Source: Information gathered from the Executive Yuan website.

in cash, people felt good about spending additional money when using the vouchers, amplifying the impact.

When Japan gave cash directly to its citizens without restrictions, many people chose to save it rather than spend it. The Taiwan government therefore saw limited-time vouchers as being a more effective method of

boosting demand and making consumer markets more resilient.

Considering the widespread use of electronic payment tools in modern commerce and the varying habits and needs of different consumer groups and businesses, the Triple Stimulus Vouchers were issued in digital and physical (paper) forms. Diverse distribution methods expanded participation among consumers and businesses.

Digital vouchers prompted users to spend quickly and encouraged many businesses to undertake digital transformation. The physical vouchers, which were available in denominations of NT\$200 and NT\$500, complemented the digital vouchers by enabling people of all generations and all kinds of businesses to participate in the consumption surge.

Boosting the Revenue of Physical Stores

Considering many disadvantaged people might have been unable or unwilling to first pay NT\$1,000 to acquire Triple Stimulus Vouchers, the Executive Yuan directly deposited NT\$1,000 into their bank accounts to use towards purchasing the vouchers. Recipients did not need to reveal their identity to protect their privacy and dignity.

The government issued Triple Stimulus Vouchers to encourage people to spend money at physical stores, boosting store revenues and preserving employment. Therefore, e-commerce platforms were excluded from the list of stores where the vouchers could be used.

There were further limits on the scope of use of Triple Stimulus Vouchers. They could not be used to pay

Groups Eligible for Triple Stimulus Vouchers

| Name | General Public | Low-to-middle-income Households | Holders of Valid Alien Resident Certificate Qualified | People who Made Special Contributions to Taiwan, Highly-skilled Professionals | Holders of Diplomatic ID Cards |
|-----------------------|------------------------------------|---------------------------------|---|---|---|
| People | Around 22.38 million people | Around 1.21 million people | Around 200,000 people | 11,621 people | 1,410 people |
| Eligible for Vouchers | Paper Vouchers or Digital Vouchers | | | | Paper Vouchers Distributed by the Ministry of Foreign Affairs |

Source: Information gathered from the Ministry of Economic Affairs website.



taxes or health insurance fees. They could not be used for stock investments or stored value transactions. However, to raise funds for public welfare and assist disadvantaged groups, the vouchers could be used to participate in the public welfare lottery.

Around 200,000 new immigrants received the Triple Stimulus Vouchers. Foreign spouses of Taiwanese nationals (including spouses from Mainland China, Hong Kong, and Macau) who had a valid Alien Resident Certificate qualified (around 200,000 people), as did people who made special contributions to Taiwan, highly skilled professionals, and permanent residents (11,621 people).

Notably, holders of diplomatic ID cards, ID cards for officials of international organizations, ID cards for officials of foreign missions, or ID cards for private servants of the heads of diplomatic/foreign missions were also eligible to receive the Triple Stimulus Vouchers. In total, there were 1,410 individuals from 67 different countries in this category who could collect their vouchers in paper form directly from the Ministry of Foreign Affairs.

Comprehensive Collection Methods

People could choose between paper vouchers or digital vouchers, depending on their consumption habits. Paper vouchers were available for collection at over 15,000 chain convenience store locations that offered highly flexible collection times, or they could be reserved and picked up at post offices. Digital vouchers could be bound to credit cards, electronic tickets, or digital payment tools.

However, there were still some remote and less accessible areas in Taiwan where it would be difficult to receive paper vouchers. The Ministry of Economic Affairs therefore requested that police stations in three remote townships, including Shihzi Township in Pingtung County, Wanrong Township in Hualien County, and Jinfeng Township in Taitung County, help with distribution. Police officers who spoke indigenous languages helped explain to tribal elders how to use the vouchers.

To enhance the circulation of the Triple Stimulus Vouchers, the Ministry of Economic Affairs coordinated with the Ministry of Finance and the Financial Supervisory Commission to supervise 6,221 financial institutions, including domestic banks, post offices, credit cooperatives, and the credit departments of farmers and fishermen associations. Officials ensured front-line units were prepared for various rapid redemption services to make the redemption process for merchants safer and more convenient.

The government began issuing the Triple Stimulus Vouchers on July 15, 2020. Consumers could use the vouchers until December 31, 2020, and the Ministry of Economic Affairs extended the redemption deadline for vendors until March 31, 2021, to ensure they had sufficient time. Micro businesses without a business ID number, such as vendors, small farmers, bed and breakfast operators, and taxi drivers, could entrust unions, associations, or farmers and fishermen associations to redeem the vouchers on their behalf.

To support self-employed individuals who could not entrust others to redeem the vouchers on their behalf, such as small office/home office (SOHO) workers and home hairdressers, the Ministry of Economic Affairs coordinated with the Ministry of Labor to make the insurance data of over 4,000 craft unions available for financial institutions to query. These individuals could then go to one of the nation's 1,339 state-run bank branches to redeem the vouchers they collected.

Central and Local Governments Increase Incentives

With the arrival of COVID-19 and the accompanying sharp decline in corporate revenues, donations to social welfare organizations plummeted. To support these organizations, the Ministry of Economic Affairs added a "compassion code" when designing the digital version of the Triple Stimulus Vouchers. After people who entered a compassion code reached the NT\$3,000 spending threshold, the government sent their NT\$2,000 rebate

to the designated social welfare organization. People who chose paper vouchers could also donate these directly to social welfare organizations.

After the Ministry of Economic Affairs launched the Triple Stimulus Vouchers, various government ministries introduced their own vouchers to encourage people to go out, spend, and travel. Local governments, financial institutions, and chain enterprises followed suit by offering additional incentives to encourage more consumer spending.



2020 Stimulus Measures from Central Government Ministries

| Name | Triple Stimulus Vouchers | Domestic Travel Vouchers | Agriculture Vouchers | Art Fun Vouchers | Domestic Travel Vouchers | Hakka Vouchers |
|--------------------------------|--|---|--|---|--|--|
| Issuing Department | The Ministry of Economic Affairs | The Ministry of Transportation and Communication | The Ministry of Agriculture | The Ministry of Culture | The Ministry of Transportation and Communication | The Hakka Affairs Council |
| Budget | NT\$51.051 billion | NT\$9.062 billion | NT\$1.25 billion | NT\$1.56 billion | NT\$2 billion | NT\$132 million |
| Expected Business Benefits | NT\$100 billion | NT\$63.5 billion | NT\$4.5 billion | NT\$6 billion | NT\$4 billion | NT\$1 billion |
| Period of Use | 7/15-12/31 | 7/1-10/31 | 7/15-9/17 | 7/22-12/31 (Paper vouchers from 9/9/2020 – 2/28/2021) | 8/8-2021/1/31 | 8/1-12/31 |
| Amount | Each person exchanged NT\$1,000 cash for NT\$3,000 in vouchers | NT\$30,000-NT\$70,000 per group, NT\$1,000 per room | NT\$250 per people | NT\$600 per people | NT\$500 per people | NT\$800 per people |
| Quantity (Units/ Person) | - | Estimate of NT\$17.25 million | 5 million | 2.6 million (Digital: 2 million Paper: 600,000) | 4 million | 280,000 |
| Number of Voucher Recipients | Digital: 1.81 million Paper: 21.51 million | No voucher receipt system | 5 million | Digital: 2.05 million Paper: 620,000 | 3.47 million | 280,000 |
| Usage Rates at the End of 2020 | 23.32 million (people, or 98%) | More than 15 million times | 4.41 million (people, or 88%) | 1.66 million (people, or 63%) | 2.48 million (people, or 71%) | 140,000 (people, or 83%) |
| 2020 Year-End Promotions | Discounts offered by various stores | Ended on 10/31 | Free agriculture voucher with purchases of agricultural goods or travel exhibition items that exceeded a certain threshold (voucher valid until 12/25) | Joint promotion with art fairs, book fairs, and other arts and culture activities | Promotion through sporting activities and competitions | Joint promotion with a national Hakka stir-fry competition |

Source: Information gathered from the Ministry of Economic Affairs website.

One example was the Taipei City Government, which provided an NT\$1,000 bonus to holders of Senior or Charity EasyCards who bound their Triple Stimulus Vouchers to the card. High school and vocational students who bound the vouchers to their EasyCards received an extra NT\$500 and qualified for an additional NT\$500 bonus if they used their EasyWallet for purchases. The New Taipei City and Penghu County Government and other local administrations had their own bonus schemes to enhance the effect of the vouchers.

Stimulating Consumption Has a Significant Impact

Private enterprises also launched various discounts and promotions. Mobile payment providers, electronic ticket companies, and domestic credit card issuers introduced promotions, such as cashback bonuses or double reward points, which further stimulated consumption and boosted the economy.

For retail, traditional markets offered raffles in which customers could win market vouchers. Department stores awarded shopping credits when customers spent over a certain threshold. Supermarkets and chain stores granted double reward points for members. Hotels, restaurants, and retail shops provided a wide range of other incentives to attract consumers.

The Triple Stimulus Vouchers significantly impacted consumption in 2020. When they were issued in July, the monthly growth rate increased by 2.5% year-over-year, ending five consecutive months of economic contraction. The retail industry set record highs for August, September, October, and November. Fourth-quarter retail sales of NT\$1.06 trillion were up 2.4% compared to 2019, turning sales growth for the year positive.

Ministry of Finance statistics show that after the issuance of the Triple Stimulus Vouchers, sales and business tax for every period in the second half of 2020 increased compared to 2019. This demonstrates the effect of the vouchers on consumption.

The effect of the Triple Stimulus Vouchers on the economy during the second half of the year contributed



towards making 2020 a strong full year. The Directorate-General of Budget, Accounting and Statistics estimated Taiwan's economic growth rate for the fourth quarter of 2020 to be 5.09%. Full-year growth in 2020 was 3.11%, surpassing initial expectations. Taiwan ranked first among the Four Asian Tigers in economic growth rate for two consecutive years and was the only member of this club to achieve growth in 2020. Even more incredibly, in 2020, Taiwan had the highest growth rate of all developed countries in the world.

Taiwan's Economy Finds Safety in a Perilous Environment

As the Triple Stimulus Vouchers boosted the revenues of stores, it also increased their labor demand. According to Ministry of Labor statistics, in June 2020, there were 30,000 furloughed salaried employees. By December of the same year, this number had dropped to below 6,000 and the employed population increased by 55,000, indicating that the labor market had stabilized.

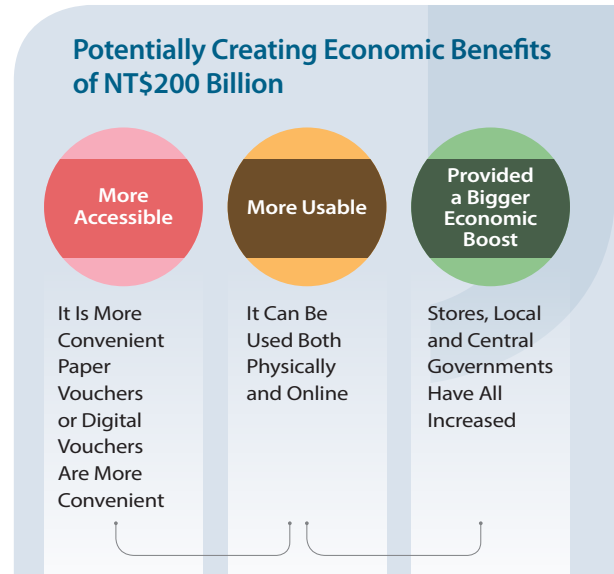
The Triple Stimulus Vouchers revitalized Taiwan's economy. They ensured that production, manufacturing, and consumption continued as usual. Amid global turmoil, the government responded quickly to stimulate consumption and stabilize the domestic market. Businesses demonstrated exceptional resilience and flexibility. Together, these actions made a perilous environment safe, paving the way to a new era of prosperity.

As the Pandemic Eases, Quintuple Stimulus Vouchers Spark a Surge in Consumer Spending

When the domestic pandemic situation escalated in mid-May 2021, the nationwide epidemic alert was raised to Level 3. Some businesses closed or restricted their operations in compliance with disease prevention regulations. People voluntarily reduced outings, entertainment, and dining activities to lower the risk of infection. These restrictions and preventive behaviors harmed domestic demand industries such as retail, food service, arts and culture, and local tourism.

Under these difficult circumstances, the citizenry and government cooperated to control disease. As the domestic situation rapidly improved, the government gradually relaxed disease control measures. On July 27, it lowered the epidemic alert to Level 2. However, help was still urgently needed for the food service industry, the travel and accommodation industries, and vendors and small shops affected by the pandemic. Drawing on the experiences of the 2020 Triple Stimulus Vouchers, the government launched Quintuple Stimulus Vouchers, named for the value of the NT\$5,000 set of vouchers that each citizen received. Valid for limited-time use and reuse, and to encourage additional spending incentives, the vouchers were designed to boost private consumption in a short period. The economic benefits they created were meant to revitalize the domestic economy.

The Quintuple Stimulus Vouchers had specified usage periods and scopes, meaning people had to spend them within the given timeframe and in designated types of businesses. They could be reused, which means that after merchants or businesses receive the vouchers from consumers, they could use them for restocking or further consumption, creating a cycle of benefits. They were designed to encourage additional spending incentives, which led local governments, merchants, digital payment



Source: Information gathered from the Executive Yuan website.

providers, and various ministries to add bonuses on top of the vouchers to stimulate more consumer spending, creating a multiplier effect.

Compared to the 2020 Triple Stimulus Vouchers, the Quintuple Stimulus Vouchers increased the number of subsidy amounts, enhanced digital features, and provided more support for small businesses. They were more accessible and usable, providing a bigger economic boost. They were designed to have a greater impact on stimulating domestic demand.

First, the Quintuple Stimulus Vouchers increased the stimulus amount from NT\$3,000 to NT\$5,000. Unlike the Triple Stimulus Vouchers, there was no initial NT\$1,000 cash outlay to acquire them. This was done to encourage people to spend beyond the value of the vouchers.

Second, enhanced features encouraged people to bind their vouchers to digital tools. These included additional rewards for digital vouchers as well as joint

binding and use. Bigger value and faster deployment increased the size and speed of consumption. According to the Ministry of Finance, from the first day of binding on September 22, 2021, to October 6, 2021, there were 609,000 people who bound their vouchers to Taiwan Pay. Among these bindings, 565,000 were handled by the eight largest public banks, which was 90% of the total and a 370% increase compared to the same period for the Triple Stimulus Vouchers. Related enhancements were as follows:

1. **Additional Rewards for Digital Vouchers:** To encourage citizens to digitally bind their Quintuple Stimulus Vouchers to Taiwan Pay, Taiwan's eight largest public banks offered more rewards of higher value compared to the rewards they offered for the Triple Stimulus Vouchers. Stores offered discounts and lottery draws. Total incentives reached NT\$560 million.
2. **Joint Binding and Use:** Joint binding of the digital Quintuple Stimulus Vouchers was available for groups of up to five people, including the primary binder.
3. **Digital Marketing Support:** Help for merchants to adopt Taiwan Pay mobile payments and establish digital marketing service capabilities. Help for the public, merchants, and financial institutions to reduce mobile payment transaction costs to enhance transaction convenience and promote digital inclusiveness.
4. **Increased Support for Small Shops and Vendors:** The Ministry of Economic Affairs' commerce department launched the Foodlover Voucher program, which awarded NT\$500 in Foodlover Vouchers to people who digitally bound their Quintuple Stimulus Vouchers by October 29, 2021. The bonus vouchers could be used at restaurants, bakeries, markets, and night markets. The scope of the Quintuple Stimulus Vouchers was also expanded to include e-commerce and delivery platforms. Their inclusion opened an opportunity for these platforms to promote items from local shops and small farmers. The platforms offered extra incentives and promotions, including discounted listing, handling, and marketing fees, to help small businesses capitalize.

Like the Triple Stimulus Vouchers, the Quintuple Stimulus Vouchers were issued in both paper and digital form. Distribution channels prioritized convenience; paper vouchers were available through post offices and convenience stores, while digital vouchers could be bound to credit cards, electronic tickets, or mobile payment tools. Enhanced digital features included joint binding functions and identification badges that helped stores identify the vouchers to provide customers with related rewards and bonuses.

The Quintuple Stimulus Vouchers were available for collection from October 8, 2021, to April 30, 2022. Over 23.45 million people received the vouchers by the deadline, accounting for about 99.78% of the 23.5 million eligible individuals, demonstrating significant public uptake. Among these, 4,223,858 people chose digital vouchers, consisting of 3,146,009 people who received the vouchers through solo binding and 1,077,849 people who chose joint binding. Overall, 2.41 million more people chose digital Quintuple Stimulus Vouchers compared to digital Triple Stimulus Vouchers, for growth of over 1.3 times.

Convenience stores and supermarkets started offering paper vouchers from October 8, 2021, with 13,504,264 people having collected them by 9 am on December 22, 2021. Post offices offered paper vouchers starting from October 12, 2021, and distributed them to 5,713,641 people (as of April 30, 2022). Among newborns, 4,214 received paper vouchers, and 5,576 received postal gift vouchers, for a total distribution of 9,790 (as of May 31, 2022).

To ensure the smooth and convenient distribution of paper Quintuple Stimulus Vouchers and to avoid unnecessary crowds, registration, and collection were staggered and spread across multiple channels, including the official voucher website, convenience stores, and post offices. The first phase of registration, which was limited to the official website and convenience stores, ended on October 1, 2021, with 1,875,168 people reserving through the website and 10,061,793 people reserving through convenience stores, for a total of over 11,936,900 people. The second phase of registration, which was limited to

Quintuple Stimulus Voucher Innovations: One-stop Service for Binding Digital Vouchers, Reserving Paper Vouchers, and Entering Bonus Voucher Lotteries

The Quintuple Stimulus Vouchers website offered a one-stop service for binding digital vouchers, reserving paper vouchers, and registering for complementary bonus vouchers. Applying for the bonus vouchers was convenient since the lotteries for all eight types were available on a single platform. Winners still needed to download the corresponding app (such as the Art Fun Voucher app) to collect their prize or bind the vouchers to designated electronic payment systems (for example, winners of the i-Yuan Vouchers or the Regional Revitalization Vouchers needed to bind their vouchers to a debit card linked to Taiwan Pay).

The Quintuple Stimulus Vouchers came in digital and physical form. To help prevent disease transmission, staggered collection was arranged. The digital vouchers could be bound to credit cards, electronic tickets, or mobile payment tools. Paper vouchers were available to be reserved and collected from over 15,000 chain convenience store (supermarket) locations, or people could reserve them on the postal office website or by phone for collection at one of the nation's 1,299 post office locations.

the official website and convenience stores, ended on October 31, 2021, with 155,444 people reserving through the website and 1,514,172 people reserving through convenience stores, for total of over 1,669,616 people. Post office reservations started on October 4, 2021, with collections occurring between October 12, 2021, and April 30, 2022. For newborns born in April 2022, parents had until May 31, 2022, to choose to receive postal gift vouchers.

Quintuple Stimulus Vouchers Collection Statistics

| Form | Recipients |
|-------------------------------------|------------|
| Paper Quintuple Stimulus Vouchers | 19,222,922 |
| Postal Gift Vouchers | 5,576 |
| Digital Quintuple Stimulus Vouchers | 4,223,858 |
| Total | 23,452,356 |

Source: Information gathered from the Ministry of Economic Affairs website.

Streamlined redemption of the Quintuple Stimulus Vouchers meant that merchants only had to fill out a form. The redemption period began on October 15, 2021, and could be handled by more than 6,200 financial institution branches nationwide. By the redemption deadline on June 30, 2022, the redeemed value of paper vouchers was approximately NT\$95.788 billion, representing 99.66% of the total redeemable amount of NT\$96.115 billion. For the digital Quintuple Stimulus

Vouchers, people bound NT\$21.119 billion and spent approximately NT\$20.993 billion, accounting for about 99.4% of the total.

The Ministry of Economic Affairs commissioned a survey on the usage of Quintuple Stimulus Vouchers among people aged 18 and above who collected and finished spending their vouchers. Researchers called a randomized group of people by mobile phone between February and May 2022 and gathered a total of 2,148 valid responses covering topics such as types of goods purchased, consumption channels, and industry categories.

The top spending category was personal and household goods, accounting for 40.9% of responses. Second was food or beverages at 21.0%, and third was dining at restaurants at 20.7%.

The top consumption channel was supermarkets, accounting for 31% of responses. Second was chain hypermarkets at 26.9%, followed by retail stores at 25.6%. Subcategories of the retail stores category included 3C communications stores, clothing and accessories stores, educational supplies stores, optical shops, and vehicle repair shops.

When ranking consumption channels based on industry, most people used the Quintuple Stimulus Vouchers for the wholesale or retail industry, accounting for 88.3% of the total, followed by the accommodation or food service industry at 20.9%.

Spending Categories of the Quintuple Stimulus Vouchers

| Spending Categories | Accounting (%) |
|--|----------------|
| Personal and Household Goods | 40.9 |
| Food or Beverages | 21.0 |
| Dining at Restaurants | 20.7 |
| Clothing/Apparel, Shoes/Hats/Socks, Bags, Accessories | 14.1 |
| 3C Information and Electronics Products or Small Appliances | 11.7 |
| Large Appliances, Equipment, Furniture | 7.7 |
| Fresh Fruits or Vegetables | 7.0 |
| Transportation Costs or Supplies | 5.4 |
| Leisure Travel, Sports Events, Entertainment | 5.3 |
| Cosmetics, Medical Products, Health Supplements | 4.1 |
| Hairdressing, Beauty, Massage | 1.5 |
| Toys, Stationery, Audiovisual Products or Books, Magazines | 1.4 |
| Tuition Fees, Cram School Fees | 1.1 |
| Others, Such as Telecommunications, Gas (LPG), Hospital, Rent, Donations | 1.7 |

Source: Information gathered from the Small and Medium Enterprise and Startup Administration, MOEA website.

Consumption Channels of the Quintuple Stimulus Vouchers

| Consumption Channels | Accounting (%) |
|---|----------------|
| Supermarkets | 31.0 |
| Hypermarkets | 26.9 |
| Retail Stores | 25.6 |
| Restaurants | 17.4 |
| Department Stores | 11.8 |
| Convenience Stores | 7.6 |
| Traditional Markets, Night Markets, Stalls, Snack Vendors | 6.3 |
| Online (E-commerce), TV/Radio Shopping | 6.2 |
| Gas Stations/Gas (LPG)/Natural Gas Stations (LNG) | 3.5 |
| Hotels, Accommodations | 3.0 |
| Barbershops, Beauty and Massage Shops | 1.4 |
| Amusement Parks, Tourist Farms, Sports and Entertainment Venues | 1.2 |
| Supplementary Education | 1.0 |
| Others, Such as Public Transportation, Hospitals and Clinics, Delivery Platforms, Travel Agencies | 1.7 |

Source: Information gathered from the Small and Medium Enterprise and Startup Administration, MOEA website.

Spending of the Quintuple Stimulus Vouchers by Industry

| Industry | Accounting (%) |
|---|----------------|
| Wholesale or Retail Industries | 88.3 |
| Accommodation or Food Service Industries | 20.9 |
| Other Service Industries | 1.4 |
| Arts, Entertainment, and Leisure Services | 1.2 |
| Education | 1.0 |
| Transportation and Storage | 0.9 |
| Healthcare and Social Work Services | 0.5 |
| Support Services | 0.3 |

Source: Information gathered from the Small and Medium Enterprise and Startup Administration, MOEA website.

Various government ministries launched bonus vouchers to complement the Quintuple Stimulus Vouchers to further stimulate the economy. The government made the application process easier by planning and building a lottery and selection platform. People could easily and quickly apply to enjoy more rewards and enhance the overall stimulus impact.

When bonus voucher lottery registration ended on October 31, 2021, approximately 13.53 million people had registered for the Domestic Travel Vouchers, 13.30 million registered for the Agriculture Vouchers, 12.99 million registered for the Art Fun Vouchers, 12.38 million registered for the Sport Vouchers, 11.50 million registered for the Hakka Vouchers, 7.60 million registered for the Regional Revitalization Vouchers, and 1.40 million registered for the i-Yuan Vouchers. A total of about 13 million bonus vouchers were issued.

Art Fun Vouchers could be used at over 10,000 venues and shops, including arts, music, and exhibition spaces, as well as bookstores, publishing agencies, movie theaters, and domestic e-commerce sites specializing in arts and culture. Agriculture Vouchers could be used in 10 main categories, including leisure farms, tourist fish markets, forest recreation areas, leisure agriculture zones, and specialized agricultural tourism businesses. Sports Vouchers could be used at sporting goods stores and sports events. Hakka Vouchers could be used at designated establishments, including Hakka-labeled restaurants, B&Bs, pharmacies, and retail stores. i-Yuan Vouchers could be used at stores certified by the Council of Indigenous Peoples, including handicraft shops,

dining establishments, and specialty agricultural product stores. Foodlover Vouchers could be used at dining establishments, bakeries, souvenir gift shops, or micro-vendors in night markets or traditional markets. Domestic Travel Vouchers could be used at travel agencies. Regional Revitalization Vouchers could be used at locations that were approved for subsidized regional revitalization projects and their cooperative networks.

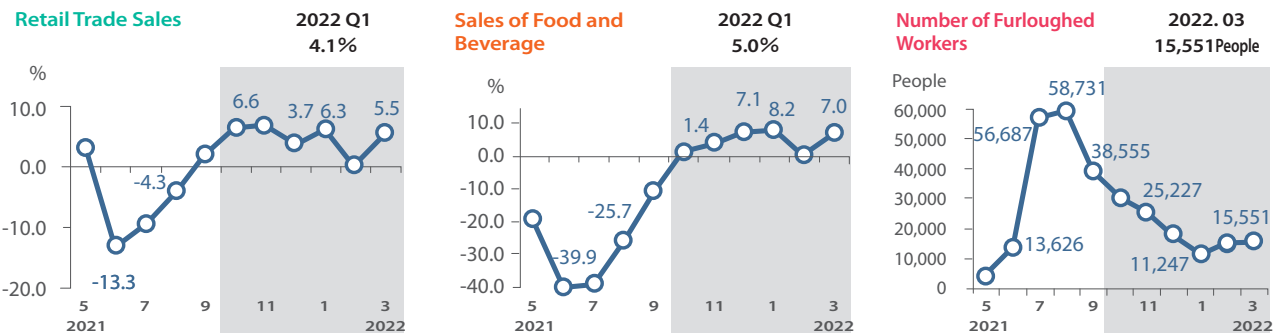
Local government incentives included the Taipei Bravo Vouchers, Kaohsiung Coupons, and double voucher bonuses in New Taipei City and Taoyuan. State-owned banks and post offices provided digital bonuses through Taiwan Pay. Private businesses supported government efforts to enhance digital features by launching a diverse, generous range of digital bonuses. Collective enhancement of the Quintuple Stimulus Voucher program significantly increased overall consumer spending.

Faced with the economic damage of the pandemic and uncertainties posed by the ongoing threat of virus

variants, the government continued to support industries reliant on domestic demand. It also looked forward to stimulating the economy when the pandemic situation stabilized. When launching the Quintuple Stimulus Vouchers, the government aimed to build on the success of the Triple Stimulus Vouchers by offering vouchers that were more convenient, easier to use, and further invigorated the economy. The program quickly revived business opportunities, eased pressure on impacted industries, and promoted comprehensive economic development.

Various central government departments, local governments, payment providers, and merchants actively supported the Quintuple Stimulus Vouchers policy by launching additional incentive programs. This collective effort created a multiplier effect that fostered a vibrant consumption atmosphere and boosted consumer confidence. It achieved the policy's objectives of stimulating domestic demand and revitalizing the economy.

The Benefits of the Quintuple Stimulus Vouchers



Note: The figures for both retail and food and beverage are annual growth rates.
Source: Information gathered from the Ministry of Economic Affairs and Ministry of Labor website.

The Additional Measures from Various Ministries

| | | | |
|---|---|---|--|
| Foodlover Vouchers MOEA Dining Establishments, Bakeries, Night Markets, and Traditional Markets NT\$500 / 4 Million Vouchers | Agriculture Vouchers MOA Agriculture, Forestry, Fishery and Animal Husbandry and Rural Tourism NT\$888 / 1.46 Million Vouchers | Sports Vouchers MOE Sporting and Sport Events NT\$500 / 2 Million Vouchers | i-Yuan Vouchers CIP Aboriginal Store Products and Services NT\$1,000 / 100,000 Vouchers |
| Art Fun Vouchers MOC Arts and Culture Industry, Cultural and Creative Exhibitions NT\$600 / 3 Million Vouchers | Domestic Travel Vouchers MOTC Travel-related Products are Available for Purchase NT\$1,000 / 1.2 Million Vouchers | Hakka Vouchers HAC Hakka Vouchers NT\$500 / 400,000 Vouchers | Regional Revitalization Vouchers The National Development Council Regional Revitalization Projects NT\$500 / 200,000 Vouchers |

Source: Information gathered from the Executive Yuan website.

Stimulus Vouchers Boost Consumption and Drive Domestic Demand

The COVID-19 pandemic severely impacted the global economy. As Taiwan responded with various economic stimulus and relief policies, it launched Triple Stimulus Vouchers to provide a boost to domestic industries that had suffered significant damage. Yeh Chun-Hsien, the president of the Chung-Hua Institution for Economic Research, said that the early benefits of the vouchers were mainly reflected in the rebound of consumption-related activities from their lowest point. Subsequently, this led to a decrease in the domestic unemployment rate, which fell from 4.07% in May 2020 to below 4.0%.

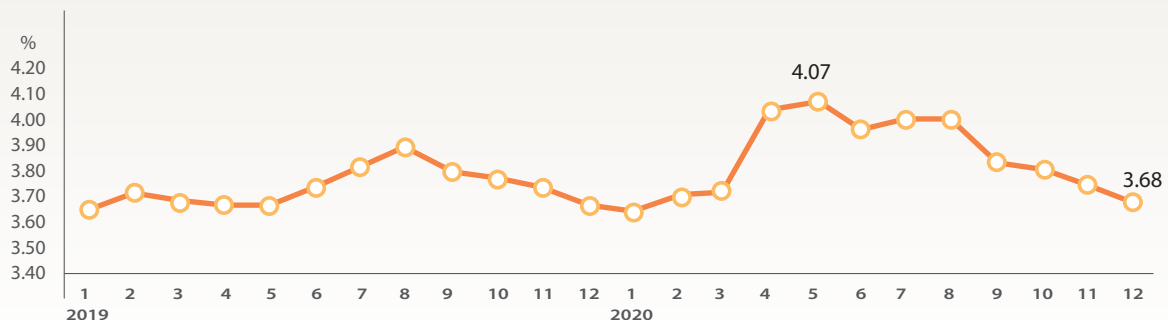
After Taiwan experienced SARS, it implemented control mechanisms and training preparations that supported early awareness and proactive health-related deployments at the start of COVID-19. Taiwan's economy, which is heavily reliant on foreign trade, needed a lifeline when the pandemic caused a significant reduction in international orders and disrupted global transportation. In particular, the fallout of the international situation had an enormous impact on domestic industries related to tourism and business travel. As a result, the economic



growth rate in the second quarter of 2020 was only about 0.62%, and the change in real private consumption dropped from -2.13% in the first quarter to -5.52% in the second quarter.

To revitalize the domestic economy, the government launched the Triple Stimulus Vouchers and Quintuple Stimulus Vouchers. The latter also prioritized digital vouchers and supplementary policies to encourage the digital transformation of small vendors and independent businesses in alignment with the nation's long-term

The Unemployment Rate in Taiwan from 2019 to 2020



Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan website.



policy goals. Both the Triple and Quintuple voucher schemes, as well as consumption vouchers that were distributed several years earlier, featured different contexts and policy objectives.

The Triple Stimulus Vouchers and Quintuple Stimulus Vouchers differed in distribution methods, collection procedures, and usage scope. Whereas people had to spend NT\$1,000 cash for NT\$3,000 of Triple Stimulus Vouchers or first spend NT\$3,000 to receive NT\$2,000 cashback, the government directly distributed the Quintuple Stimulus Vouchers at no charge to further enhance digital transformation and convenience. Digital vouchers also had the same benefits as paper vouchers, enhancing the vouchers' impact on stimulating industries and promoting digital transformation.

Five Key Indicators Highlighting the Early Impacts of Triple Stimulus Vouchers

As Taiwan's pandemic situation began to ease in May 2020, the government's economic strategies gradually shifted from emergency relief to revitalization and upgrading. To boost domestic industries, Taiwan implemented the Triple Stimulus Vouchers program, in which people paid NT\$1,000 to receive vouchers worth NT\$3,000. Early impacts are shown through the following five key indicators:

1. **Commercial Sales Shift from Double-Digit Declines to Growth:** When the pandemic situation was severe in April 2020, the annual growth rates of both the retail and food service industries experienced double-digit declines. In July, following the government's launch of Triple Stimulus Vouchers and strong promotions by businesses, the annual growth rate turned positive to 2.8%, ending five consecutive months of decline. The strong performance continued in August when growth reached 8.2%, which was the largest increase since March 2010. In September 2020, the annual growth rates for wholesale and retail sales were 8.20% and 2.88%, respectively, while the food service industry's annual growth rate improved significantly to reach 0.30%, compared to the steep drop of -22.77% several months earlier in April.
2. **Home Economy and Online Shopping Achieve Double-Digit Growth:** Driven by the pandemic, the home economy continued to thrive. Online shopping also saw significant growth, with the sales of e-commerce and mail-order shopping increasing by 16.4% in August 2020, marking seven consecutive months of double-digit growth.
3. **Convenience Store Expansion Accelerates:** Due to changing consumer habits, the expansion of convenience stores accelerated. Between the end of 2019 and the end of August 2020, the four major convenience store chains added 483 new stores, increasing their total store count from 11,353 stores to 11,836 stores.
4. **Domestic Tourism Sites and Tourism Volume Surge:** Due to summer vacation, international travel restrictions, and the multiplier effect of the Triple Stimulus Vouchers, the number of visits to domestic tourism and recreational sites gradually increased and achieved a growth rate of 10.55% in August 2020.
5. **Businesses Affirm the Benefits of Stimulus Vouchers:** According to interviews with business owners, most retailers benefited from the vouchers. Department

stores, supermarkets, and hypermarkets all saw revenue growth. Merchants in street markets, traditional markets, and small vendors also felt the economic recovery.

The Triple Stimulus Vouchers were primarily designed to stimulate domestic consumption and maintain domestic demand. Requiring registration and claiming of the vouchers had the added benefit of encouraging digital binding, which not only reduced contact during checkout to prevent disease transmission but also promoted long-term digital transformation.

The public and private sectors combined to add benefits that complemented the Triple Stimulus Vouchers to further stimulate domestic demand. Public sector initiatives included domestic travel promotions and numerous other vouchers, such as the Art Fun Voucher. Private sector entities such as convenience stores, supermarkets, and department stores offered various rewards and other promotional activities. These initiatives demonstrated the dynamism of society.

Benefits Continue Following Launch of the Quintuple Stimulus Vouchers

As the second year of the pandemic began, experiences gained from the first year provided greater confidence and a more organized response to subsequent waves. Yeh Chun-Hsien, the president of the Chung-Hua Institution for Economic Research, noted that the design of the Quintuple Stimulus Vouchers followed a similar pattern. When the Triple Stimulus Vouchers were launched, the digital transformation of physical stores was not widespread. Many stores offered benefits exclusive to paper vouchers. The number of people who chose digital binding and the redemption amounts were very low compared to paper vouchers.

The design of the Quintuple Stimulus Vouchers improved these shortcomings and added more features by building on the foundation and experiences

provided by the Triple Stimulus Vouchers. For example, the Quintuple Stimulus Vouchers introduced digital identification badges that helped stores identify the vouchers. Digital vouchers shared the same benefits as paper vouchers while also offering joint binding. This let households with seniors, children, or family members working abroad who could not use digital tools or collect paper vouchers instead delegate their use. Joint binding of the digital vouchers was available for groups of up to five people, including the primary binder. If a family of five chose joint binding, the maximum value was NT\$25,000. The first 4 million binders each received an additional Foodlover Voucher valued at NT\$500, raising the total benefits for a family of five up to NT\$27,500.

Considering the struggles of the food and beverage, accommodation, and travel industries following the implementation of the Level 3 epidemic alert, the Triple Stimulus Vouchers were designed with a built-in opportunity cost if held for too long. People were encouraged to find ways to spend them before the expiration date, thereby stimulating consumption.

When the pandemic surged again in May 2021, sectors like the tutoring industry, wholesale, and retail also suffered significant losses. Consequently, the scope of the Quintuple Stimulus Vouchers was expanded to include major e-commerce platforms and in-person payments for tutoring services. Various government departments issued complementary stimulus vouchers for services related to their administrative remit, with a total of over 13 million of these bonus vouchers distributed.

The effective pandemic response, relatively stable confidence levels, and experience gained from the Triple Stimulus Vouchers made distribution of the Quintuple Stimulus Vouchers more efficient. This new round of vouchers inspired more buying incentives, commercial activities, and bonus vouchers. These additional benefits further stimulated domestic demand and strengthened digital transformation.

Domestic Travel Provides a Safe Outlet for Tourism During the Pandemic



In 2020, the global pandemic led to border closures and lockdowns in many countries, significantly affecting international tourism, business, trade, and other cross-border exchanges. A sharp decline in international travelers left many Taiwan tourist sites void of visitors. To boost local travel among residents and thereby rescue the domestic tourism industry, the Taiwan Tourism Administration followed a three-phase strategy of relief, revitalization, and upgrading.

The first phase prioritized relief by helping businesses reduce losses and stabilize operations. The second phase focused on recovery and stimulus to boost market confidence and revive the tourism industry. The third phase aimed at promoting the upgrade and transformation of the tourism industry as the pandemic subsided. The government promoted digital advances and expanded marketing to quickly restore the tourism industry to its pre-pandemic prosperity.

Let's Go! Domestic Tourism Subsidy Program

| Target | Subsidy Key Points |
|---|---|
| Group Travel Subsidies | Travel agencies that organized a group of 15 or more people with itineraries of at least two days and one night that included no more than one day falling on a weekend or holiday and met at least two out of 12 attraction-related conditions could apply for a NT\$20,000 subsidy. There were also eight extra conditions that awarded up to NT\$5,000 per condition met, with a maximum bonus of NT\$10,000 per group. |
| Accommodation Discounts for Independent Travelers | Individual travelers benefited from a weekday (Sunday to Thursday) accommodation discount promotion period lasting from July 15, 2022, to December 15, 2022. A maximum of NT\$800 per room per night was awarded, based on the actual accommodation cost, and each person's ID number could only be used once. Stays in star-rated hotels, or certified Taiwan Host, bike-friendly, eco-friendly, or hot spring accommodations qualified for an additional NT\$500 bonus. The bonus was also available to individual travelers who completed three doses of the COVID-19 vaccine. |
| Discounted Admissions at Recreational Tourism Attractions | Participating recreational tourism facilities offered discounts of 70% or more on specified types of admissions tickets on weekdays from July 15 to December 15, 2022. |

Source: Information gathered from the Ministry of Transportation and Communications website.

In 2020, as the domestic pandemic situation eased, the Central Epidemic Command Center announced a gradual reopening and encouraged the public to adopt a new lifestyle movement for disease prevention. The Ministry of Transportation and Communications responded with a three-stage tourism plan comprising anti-epidemic travel, safe travels, and post-epidemic tourism readiness. The objective was to revitalize Taiwan's tourism market in stages, beginning with domestic travel.

The Ministry of Transportation and Communications' domestic travel subsidies targeted the travel, accommodation, and recreational tourism industries. Measures to increase demand included group travel discounts, accommodation discounts for independent travelers, admissions discounts for tourist sites and amusement parks, Taiwan Tour Bus discounts for independent travelers, and local government activities. The resulting direct and indirect tourism benefits accelerated the recovery of the domestic tourism market.

Additional special projects such as Lunar New Year travel and accommodation discounts for seniors and winter weekday group travel subsidies took advantage of festive business opportunities to increase hotel occupancy rates. Other promotions, such as price incentives for family travel, further boosted local consumption and revitalized surrounding industries.

The Ministry of Transportation and Communications also took steps to maintain the momentum of safe travel, help tourism operators adapt to business models suited to the pandemic, and support tourism upgrades and transformations. In 2020, the ministry conducted a comprehensive inspection of hot spring areas. It offered subsidies for operators to improve software and hardware facilities as well as enhance their brand image. Additional support was provided to hotels to improve their quality through measures such as installing Muslim-friendly facilities, making rooms accessible to people with disabilities, and updating building planning.

The recreational tourism industry received subsidies to invest in new or upgraded facilities and equipment.

Improvements included making spaces age-inclusive, accessible, family-friendly, and fully equipped to support Muslim travelers. Other subsidies supported the addition of environmental education features and restroom upgrades. A total of NT\$200 million was provided.

In 2021, the Ministry of Transportation and Communications continued efforts to boost local travel by issuing digital Domestic Travel Vouchers. Citizens and non-citizens with valid residence permits could enter a lottery to win NT\$1,000 vouchers for use at qualifying businesses. During the program's period from November 1, 2021, to April 30, 2022, a total of 1,734,129 vouchers were used.

There was also the Let's Go! Domestic Tourism Subsidy Program, which included group travel subsidies, accommodation discounts for independent travelers, and discounted admissions at recreational tourism attractions. By the end of 2022, a total of NT\$3.893 billion was allocated.

In 2022, the Ministry of Transportation and Communications allocated NT\$500 million to encourage highway bus operators to provide transportation services and increase highway bus ridership. The ministry's Highway Bureau implemented guidelines on August 15 of the same year to award highway bus operators for increasing ridership. Subsidies were graded based on the nature of the route and the operating mileage. Three subsidy levels were planned for national highway bus routes: NT\$20 per passenger for routes with an operating kilometer level of under 100 kilometers, NT\$35 per passenger for routes between 100 and 200 kilometers, and NT\$70 per passenger for routes over 200 kilometers. For general highway bus routes, two levels were planned: NT\$15 per passenger for routes of fewer than 100 kilometers and NT\$20 per passenger for routes over 100 kilometers.

The Ministry of Agriculture launched two waves of Agriculture Vouchers during the pandemic to stimulate leisure-based agricultural tourism. In 2020, 5 million Agriculture Vouchers (with a face value of NT\$250 each and a sum value of NT\$1.25 billion) were provided. There were 2,513 businesses that received a total of 4,448,803



vouchers (about NT\$1.112 billion) for a usage rate of 88%. An additional 224,000 Agricultural Vouchers were offered as rewards to promote the sale of pomelos, Lunar New Year's goods, and other seasonal agricultural products, leading to consumption benefits of around NT\$5 billion.

The following year, in 2021, the Ministry of Agriculture launched its second round of Agriculture Vouchers (with a face value of NT\$888). A total of 1,464,791 vouchers were awarded by lottery, of which approximately 1,444,000 vouchers were claimed. Around 1,390,000 vouchers were used, including 1,367,000 that were fully spent. The total value of the spent vouchers was NT\$1.23 billion. The estimated spillover benefits were NT\$7.07 billion and the increase in agricultural tourism visits due to the vouchers was around 5 million.

After the pandemic eased, the Ministry of Transportation and Communications fully committed to developing sustainable tourism and green travel, guiding the tourism industry towards digital transformation, and promoting smart tourism. As the ministry helped

travel agencies collaborate with local industries, the travel agencies (including online travel agencies) helped integrate local resources and launch diversified marketing strategies. The cooperative efforts contributed to improved e-commerce, better digital marketing at the local level, and the launch of tours that combined ecology, culture, cuisine, and LOHAS characteristics. Together, these initiatives increased both tourist traffic and economic output.

Recreational tourism facilities qualified for subsidized investments in new facilities, equipment replacement, innovative services, and digital upgrades. Around NT\$259 million was awarded, which drove overall investments of about NT\$1 billion. The hotel industry qualified for subsidies for installing Muslim-friendly facilities, adding accessible guest rooms, and updating building planning, with a total of 990 applications received. By strengthening infrastructure and improving service quality, preparations were underway for post-pandemic international tourism.

A Relief and Stimulus Hotline Available Year-Round



To respond to the impact of the pandemic on various industries, overseeing ministries launched various relief and stimulus measures. These diverse measures each came with specific implementation methods. The wide scope of plans made applications sometimes difficult to understand. The Executive Yuan therefore instructed the Ministry of Economic Affairs to establish the 1988 COVID-19 relief measures hotline, which it officially launched on March 27, 2020. The hotline provided one-stop consultation services to assist enterprises and people in quickly obtaining the information they need.

The hotline was toll-free and initially staffed with 30 customer service agents who handled phone calls and 10 who handled text messages. Service hours were from 8:30 am to 6:30 pm every day all year round. People could



dial 1988 directly from their mobile phone or landline to connect with a customer service agent who provided consultation on the relief and stimulus measures of various ministries. The agents also assisted in connecting

to the dedicated contact windows of each ministry so those in need of relief could directly obtain information without needing to search multiple ministry websites.

Following the relief press conference held by Minister Kung on April 6, 2020, call volume for the 1988 COVID-19 relief measures hotline steadily rose to an average of over 3,500 calls per day. Initially, the agents had trouble keeping up with the call volume. More staff were added starting from April 20 until a total of around 100 was reached, which raised the call-answering rate to over 90%. On May 4, staff volume was further expanded to 110, resulting in shorter waiting times, better response quality, and more considerate service for the public and enterprises.

The service process was divided into three steps: acceptance, consultation, and referral. In the first step of acceptance, multiple service systems, including phone, text, and AI agents, provided convenient answers on relief issues at any time of day. For the second step of consultation, trained agents answered questions about relief and stimulus plans. These agents also collected opinions from the public and enterprises, responded to various issues, and addressed any grievances. The third step was a referral, which involved connecting people to inter-departmental resources and tracking cases.

For instance, a B&B owner needed to apply for an extension on an existing loan, but the farmers' association he applied to said it was not eligible to support interest reduction subsidies. The owner then called the 1988 hotline, and the customer service agent immediately referred him to the Ministry of Economic Affairs. The ministry reported this issue to the financing relief platform. After policy discussions, it was decided to include farmers' associations in the interest subsidy program. The Ministry of Agriculture then issued notices to the credit departments of farmers and fishermen associations, telling them to accept B&B owners' applications for loan extensions and support their interest reduction subsidy requests.

Hotline staff received extensive training. To inform the public on the latest relief information measures from various ministries, they collected and organized relevant

information from various government websites, press conference briefings, press releases, infographics, Q&As, and public opinion. Ministry officials taught the content of relief measures, and hotline staff were tested on relief topics to improve their professionalism and service quality.

Caller statistics from the Ministry of Economic Affairs showed that females made up the majority of callers to the hotline at 58%. Businesses made 67% of calls. As for regional distribution, Taipei (28.96%) and New Taipei City (18.02%) had the highest call proportions, totaling 46.98%, followed by Taichung (11.88%) and Kaohsiung (10.30%). The internet (48.84%) and news media (35.89%) were the two main channels for callers to learn about the 1988 hotline, accounting for 84.73% of callers, while referrals from government agencies accounted for 6.24%.

After the Pandemic, 1988 Is Converted to a Hotline for Universal Cash Payments

During the pandemic, the 1988 hotline played an important role in responding to inquiries about relief and stimulus measures. Since the number was already widely recognized, on March 20, 2023, the Ministry of Finance converted it into a hotline for explaining the government's universal cash handout of NT\$6,000 to every citizen.

According to Ministry of Finance statistics, the five most frequently asked questions to the 1988 hotline about the cash handout process related to: reasons for being unable to register (33.7%), methods for proxy collection (27.43%), qualifications for direct deposit (12.41%), identity verification or residence permit issues (8.97%), and cash collection at post offices (8.23%). In the first week of the new 1988 hotline's operations, there were over 65,000 calls, indicating significant public demand.

The 1988 customer service hotline center became the frontline of communications between the government and the public. Highly professional, patient agents helped to implement government policy in a convenient and helpful manner.

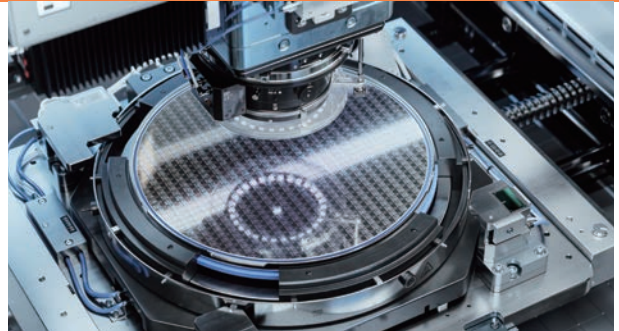
Resilient Supply Chains Enable Taiwan to Excel in the Global ICT Industry

When COVID-19 began spreading throughout China in early 2020, then Europe and the United States in March of the same year, countries adopted various quarantine and lockdown measures that forced production activities to a halt. In contrast, Taiwan effectively controlled the pandemic, and most of its manufacturing industry was unaffected. It was able to meet the urgent global demand for laptops, networking, and remote work equipment. This was mainly due to the government's assistance in maintaining industrial operations and helping traditional industries and SMEs with timely logistics adjustments amid soaring international shipping costs. Taiwan demonstrated operational flexibility and production resilience, while its successful disease prevention strategies prevented supply chain disruptions. This showcased Taiwan to the world and established the reputation of "Trust Taiwan" and "Taiwan Can Help."

Disease Prevention and Active Responses by Businesses Keep Production Running and Show the World Taiwan's Key Role in the Global ICT Industry

During the pandemic, Taiwan's industrial resilience unexpectedly highlighted its crucial position in the global ICT industry. In particular, the pivotal role it plays in semiconductor manufacturing became a geopolitical focus.

Taiwan's ICT industry performed outstandingly during the pandemic, contributing 2.69 percentage points to the 2020 economic growth rate and accounting for over 80% of that year's growth. The keys to success lay in strong software innovations, flexible manufacturing



capabilities, and the integration of these two factors to provide solutions that respond flexibly to market demand fluctuations. For instance, when there was a high risk of maritime shipping disruptions and prices soared, Taiwan leveraged regional and localized production to not only get closer to customers but also reduce the chances of supply chain disruptions due to over-reliance on overseas suppliers.

Pandemic control measures led to staff shortages in many places. Taiwanese companies, therefore, adopted automated production, such as the extensive use of robotic arms to reduce infection risks within factories. Companies even introduced AI manufacturing techniques and integrated customized services at the online order stage to better meet buyer needs.

Although the ICT industry primarily uses physical manufacturing, it still requires support from software departments. During the pandemic, companies adopted work from home policies or staggered shifts to continue serving customers online and maintain production activities. Smaller-scale exporters and factories also digitalized their operations to streamline workflows and increase shipping efficiency.

Taiwanese companies' ability to solve process issues was another reason for their successful maintenance of shipments during the pandemic. This was mainly due



to thorough monitoring and management of employee health. Factors such as factory hygiene oversight, access to masks and rapid test kits, and health management were all critical to maintaining the competitiveness of ICT companies.

Taiwan Implements Disease Prevention Measures to Ensure Uninterrupted Production and Swiftly Handle Factory Cluster Infections

In 2020, when the pandemic situation was severe, the government cooperated with industrial guilds, associations, and park service centers to promote strict adherence to operational guidelines issued by the Central Epidemic Command Center. Measures included partial work from home, staggered shifts, and other disease prevention measures at the industrial level. The

government also helped enterprises coordinate with medical institutions for rapid testing to ensure employee health and maintain operations.

Government departments cooperated to swiftly handle factory cluster infections and resume operations as soon as possible. For instance, in late May 2020, several cluster infections among migrant workers broke out in Miaoli factories, including one at a major semiconductor packaging and testing company. The Ministry of Economic Affairs quickly coordinated with the Jhunan forward command post and dispatched experts to help companies correctly implement production line segregation, staggered shifts, and resumption plans. Enhanced cross-departmental cooperation helped identify and isolate potentially infected individuals while also reinforcing measures for managing migrant workers' work environments and lifestyles. This enabled the factory to fully resume operations within a little over a

month and minimized the impact on the semiconductor industrial chain.

Network Products and Servers Grow Against the Trend

In 2020, Taiwan's traditional manufacturing industries, such as machinery and textiles, saw a decline in exports due to the sharp global economic downturn. However, network products and servers overcame the downward trend to experience growth, driven by the increased demand for work-from-home tools and video streaming. Remote work and home learning significantly boosted network traffic demand and increased the need for Wi-Fi, which greatly benefited the network communications industry. Servers, the key infrastructure supporting the streaming industry and work-from-home hardware and software, saw growth as cloud and streaming applications expanded, driving Taiwan's server industry.

The shift to a work-from-home model during the pandemic led to a surge in demand for hardware and software equipment. Information services such as video conferencing, collaborative file editing, and messaging thrived. Companies like Amazon, Microsoft, and Google

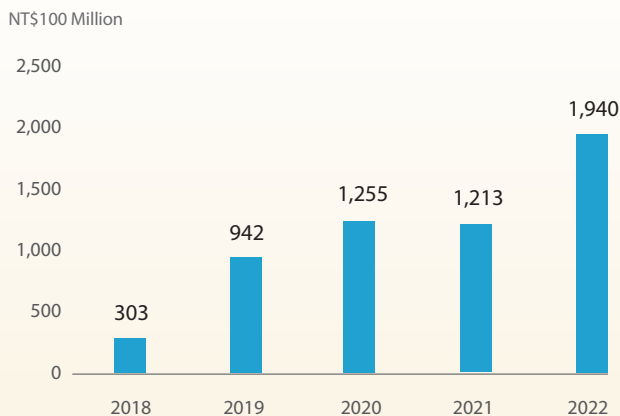
aggressively expanded their cloud service businesses and built data centers worldwide. Taiwan already held over 80% of the global server market. The increase in global server demand drove further growth of the island's server industry, which more than doubled pre-pandemic (2019) levels to reach an output value of NT\$194 billion in 2022.

Strong Downstream Demand Boosts Semiconductors

Semiconductors are upstream of all ICT industries, and strong downstream demand naturally drives upstream needs. The surge in demand for personal computers, cloud servers, and other end products fueled growth in the global semiconductor market. The digitalization of automotive products and the electrification of entire vehicle fleets drove demand for automotive chips. In 2021, the global semiconductor market exceeded US\$500 billion, a significant increase of 25.1% compared to 2020. Various sectors of Taiwan's IC manufacturing industry also saw annual growth of over 20-30% from 2020 to 2022.

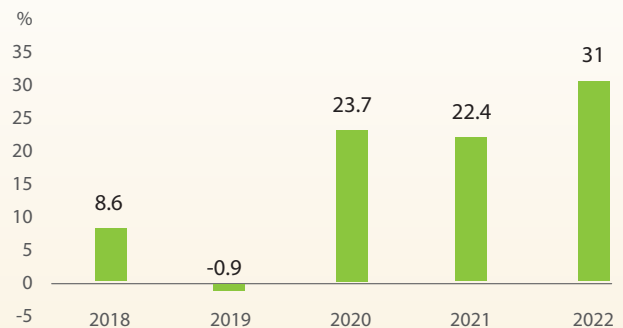
The Taiwan Research Hub at the University of Nottingham in the United Kingdom said that Taiwan's manufacturing strength and production flexibility

The Output Value of Taiwan's Server Industry

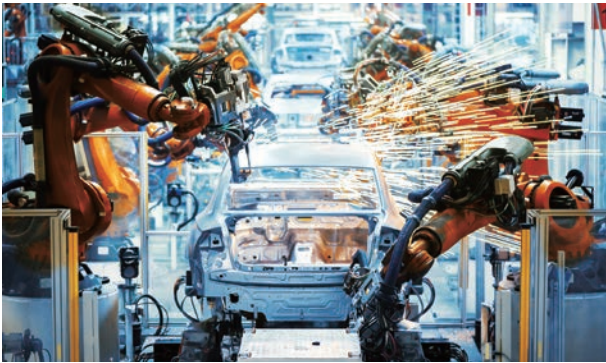


Source: Information gathered from the Ministry of Economic Affairs website.

The Annual Growth Rate of Taiwan's IC Manufacturing Industry Output



Source: Information gathered from the Industrial Technology Research Institute website, Semiconductor Industry Yearbook.



explained the island's resistance to the global economic downturn. Taiwan's ICT industry maintained its advantages during the pandemic mainly because of its leading position in the global semiconductor industry. Taiwan has the world's largest wafer foundry industry, with over 50% of the global market share in chip manufacturing and up to 90% share of advanced processes. InvesTaiwan's three major programs for investing in Taiwan, including promotions to encourage investments by overseas Taiwanese businesspeople, further accelerated industrial upgrades and solidified Taiwan's position as a critical player in the global supply chain.

Automotive Chip Shortages Lead to International Requests for Taiwan's Assistance

When countries implemented lockdown measures during the pandemic, working from home and online learning became the norm. This led to a surge in consumer demand for computers, remote conferencing, and communications equipment. When the automotive market recovered in the fourth quarter of 2020, the demand for automotive chips increased suddenly, causing an imbalance between chip supply and demand. Automotive manufacturers and consumer electronics manufacturers began competing for chips, placing urgent orders with wafer foundries. Governments from the United States, Japan, and Germany sought assistance from the Taiwanese government in the hope

that Taiwanese wafer foundries would increase chip production for their automotive manufacturers. These international appeals to Taiwan brought global attention to the automotive chip shortage issue.

Faced with the challenges of the pandemic and changes in the global economic situation, the world recognized Taiwan's importance in industrial supply chains, especially in the semiconductor industry. In recent years, the Taiwan government has developed semiconductor industrial clusters from Hsinchu to Kaohsiung, strengthened infrastructure in advanced fields, invested in various semiconductor applications, and fully committed to talent cultivation. Ongoing efforts have been made to enhance research and development capabilities and strengthen international cooperation in manufacturing and talent with like-minded partners.

The Return of High-Value Industries Provides Needed Support During the Pandemic

The spread of COVID-19 had a severe impact on countries and industries that were globalized and highly dependent on transnational supply chains. They faced shortages of critical goods and raw manufacturing materials. The effects were particularly strong starting from late January 2020 when China implemented disease prevention measures such as company shutdowns and city lockdowns. Factories were forced to halt operations, which disrupted industrial supply chains and had a spillover effect globally. Risk awareness became an even more important topic for investors worldwide.

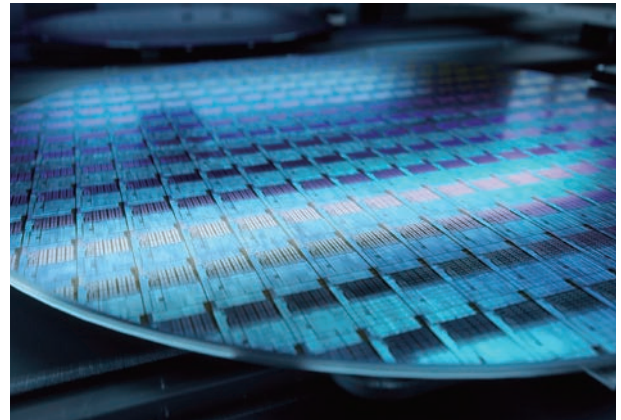
Fortunately, in response to the US-China trade war, the government launched the InvesTaiwan three major programs for investing in Taiwan in 2018. The plan attracted overseas Taiwanese companies in high-value and smart manufacturing industries to return to the island and advance local manufacturing. According to a 2021 Ministry of Economic Affairs survey, more than half of local companies expanding their production lines in 2020 chose Taiwan as their first choice. More than 60% of high-tech goods companies chose to return to Taiwan to expand their production lines. Despite the challenges

of the pandemic, these numbers indicated that strong demand preserved the pace of corporate investment. The return of Taiwanese businesses also spurred the return of related supply chains, such as servers and electric vehicles. These investments contributed to more advanced domestic industrial value chains that will accelerate Taiwan's development into a high-end manufacturing center.

The Pandemic Accelerates Digital Transformation, Strengthens Taiwan's Industrial Supply Chains, and Builds Economic Strength

During the pandemic, strict disease prevention measures adopted by various countries fundamentally changed lifestyles and business models. The digital transformation towards remote and contactless interactions accelerated. When people's movements were restricted and less frequent, consumer markets and work models shifted towards the home economy. To maintain production and services during this time, companies were incentivized to rapidly add robots and adopt more remote service models. This led various contactless economy features to flourish. Businesses were driven to adjust their operational models and undergo digital transformations to seize new business opportunities.

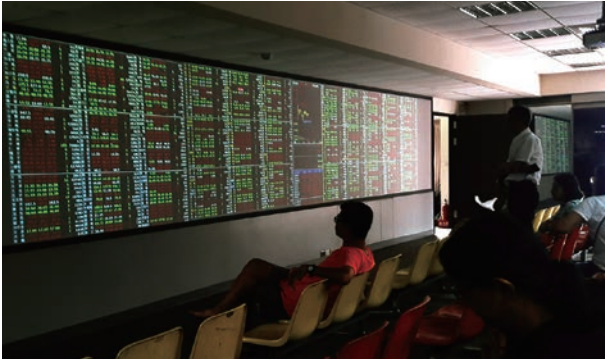
Taiwan's proactive deployment of industrial upgrades and investment attraction strategies during the pandemic not only ensured uninterrupted industrial operations and smooth supply chains during a major global health crisis but also demonstrated industrial resilience and provided critical assistance. For example, the government promoted action plans to attract Taiwanese businesses to return to the island and invest. It encouraged overseas Taiwanese companies to respond to the US-China trade war by gradually diversifying overseas production bases. The pandemic further catalyzed Taiwanese businesses to accelerate planned relocations from China back to Taiwan or to New Southbound countries, where they could spread their investment risks. Investment promotion also spurred



local industrial development in smart manufacturing. The gradual formation of complete upstream, midstream, and downstream industrial supply chains increased economic momentum and strengthened Taiwan's future industrial development capabilities.

COVID-19 was a once-in-a-century pandemic that accelerated global supply chain restructuring and geopolitical changes. The Taiwan government responded with enhanced infrastructure, the 5+2 Innovative Industries Plan, the Program for Promoting Six Core Strategic Industries, and other projects that improved the investment environment and strengthened economic fundamentals. As Taiwan engaged with the world, more international companies established factories and increased investments in Taiwan. Their selection of Taiwan as an investment destination demonstrated international recognition of the island's economic strength. Today, Taiwan is recognized globally for playing an indispensable role in global economic development.

Taiwan's Economy and Policies Show Resilience



Taiwan experienced nationwide recessions following the 1997 Asian financial crisis and the 2008 global financial crisis. After the global financial crisis, Taiwan even introduced consumption vouchers for the first time to stimulate economic growth. However, the COVID-19 pandemic in 2020 was different. The extremely high transmission rate of COVID-19 caused widespread impacts that merited a comprehensive response. Chiou Jiunn-rong, a former deputy minister of the National Development Council and professor of economics at National Central University, called the government's COVID-19 relief and stimulus-response unprecedented in terms of the number of areas it covered and the widespread support it offered.

Economic threats triggered by public health crises differ from oil or financial crises or the 2000 dot-com crash. Their impact is bottom-up and threatens other sectors.

Government Policy Responds Quickly to the Pandemic's Myriad Impacts

At the beginning of the pandemic in 2020, then-Economics Minister Shen Jong-chin encouraged

enterprises to form a national mask team that could rebuild the nation's mask supply chain to address the domestic demand shock. Taiwan's underlying economic resilience was demonstrated by its strong industrial foundation and manufacturers' familiarity with production processes. Without these factors already present, quickly building a full supply chain for masks would not have been feasible.

As Chiou said: "Throughout the pandemic, many government policy responses demonstrated economic resilience."

On February 27, 2020, the Executive Yuan passed an NT\$60 billion budget to pay for the first three phases of COVID-19 relief.

Border Closures First Impact the Tourism, Travel, and Hotel Industries

At the beginning of the pandemic, the government responded quickly by introducing small business microloan programs, worker relief loans, and living subsidies for workers.

Chiou explained the government's thinking: "In the 2008 financial crisis, the government's solution was for the state to support banks, the banks to support businesses, and the businesses to support workers. But this time, why not directly support the workers?"

The pandemic led governments to close borders, which severely impacted the tourism and travel industry. A series of relief and revitalization plans were introduced in response. Some preferential corporate financing programs required that companies not lay off employees to protect grassroots workers.

Chiou praised the results: "Looking back, the economic policies were effective. During the pandemic,

Taiwan's unemployment rate did not rise significantly and maintained an average of around 4%. In contrast, in July of the 2009 financial crisis, the unemployment rate exceeded 6%, according to the Directorate General of Budget, Accounting and Statistics."

Government Policy Evolves with the Pandemic to Continue Supporting Both Businesses and Workers

Relief and stimulus policymaking in response to the COVID-19 pandemic differed from the policymaking in past crises, such as the global financial crisis. At the time of decision-making, nobody knew how many new infections would occur the next day or when the pandemic would end. One year? Five years? How long were government policies expected to be effective?



Chiou noted these challenges: "We could only proceed step by step, observe whether policies were effective, then make rolling adjustments accordingly."

However, the timing of policy interventions was carefully evaluated. On May 19, 2021, the Central Epidemic Command Center announced a Level 3 alert, which it extended several times before lowering it to Level 2 at the end of July 2021. Before then, public confidence and the stock market were shaken. According to Ministry of Labor data, the unemployment rate in June 2021 even surged to 4.8%, the highest monthly rate in several years.

To mitigate the impact of this wave of the pandemic on consumption and industries, the government launched the Quintuple Stimulus Vouchers policy in October 2021. According to Ministry of Labor data, the unemployment rate fell from 3.83% in the month the vouchers were launched to 3.66% just one month later in November 2021. The rate remained below 3.7% until May 2022, indicating the effectiveness of this policy response.

Carefully Timed Release of Triple Stimulus Vouchers Brings Down the Unemployment Rate

Research indicates that consumption vouchers have a greater economic impact than cash handouts. Consumption vouchers have an expiration date that encourages funds to enter the market within a certain period, thereby producing the desired effect. However, when cash is distributed, some people might save it, which undermines the original intent of the policy.

Chiou said: "We focus on whether the entire industry has been overly affected by the pandemic, monitor the financial situation, and formulate corresponding policies."

Between February 2020 and May 2023, the government introduced Triple Stimulus Vouchers, Quintuple Stimulus Vouchers, and universal cash

handout in response to the impact of the pandemic. Specific relief measures were implemented for workers, industries, and SMEs, and the National Development Fund introduced relief financing programs for startups. These unprecedented, multi-industry, and multi-faceted policies demonstrated the resilience of the economy.

Although the Pandemic Has Passed, Its Lingering Effects Still Deserve Attention

Taiwan excels in making many products the pandemic generated demand for, like the electronic devices that support remote learning and work. Higher sales of these goods significantly contributed to economic growth. Taiwan also possesses excellent resource integration capabilities, which was apparent from the rapid establishment of its national mask team. This demonstrated resilience during a global public health crisis. Taiwan's policy responses showed resilience in the ways they mitigated the impact of the pandemic and helped the economy quickly return to normal.

In May 2023, the Central Epidemic Command Center announced its dissolution. Countries worldwide began reopening their borders, reducing the pandemic's impact on people's lives. Chiou Jiunn-Rong noted that although the COVID-19 pandemic has ended, its effects on public



health and economic issues persist. During the pandemic, many countries distributed government subsidies, resulting in the emergence of zombie companies. These developments warrant caution and ongoing observation of potential lingering effects.

Economic Growth Rates of Major Countries

Unit: %

| Year | Global | Taiwan | USA | European Union | Japan | Singapore | South Korea | Hong Kong | China | UK |
|------|--------|--------|------|----------------|-------|-----------|-------------|-----------|-------|-------|
| 2017 | 3.5 | 3.3 | 2.5 | 2.6 | 1.7 | 4.5 | 3.2 | 3.8 | 6.9 | 2.7 |
| 2018 | 3.3 | 2.8 | 3.0 | 1.8 | 0.6 | 3.6 | 2.9 | 2.8 | 6.7 | 1.4 |
| 2019 | 2.7 | 3.1 | 2.5 | 1.6 | -0.4 | 1.3 | 2.2 | -1.7 | 6.0 | 1.6 |
| 2020 | -2.9 | 3.4 | -2.2 | -6.1 | -4.1 | -3.9 | -0.7 | -6.5 | 2.2 | -10.4 |
| 2021 | 6.2 | 6.6 | 5.8 | 5.9 | 2.6 | 8.9 | 4.3 | 6.4 | 8.4 | 8.7 |
| 2022 | 3.1 | 2.6 | 1.9 | 3.4 | 1.0 | 3.6 | 2.6 | -3.5 | 3.0 | 4.3 |

Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, global website.

Taiwan Seizes Opportunities as Global Supply Chains Reorganize Following the Pandemic





TAIWAN ECONOMIC MIRACLE

Taiwan's New Economic and Trade Landscape in the Post- pandemic Era

Chapter 04

Taiwan's disease prevention efforts led the world. In a time when the global economy contracted, Taiwan's economy showed resilience and vitality. As a result, its global competitiveness ranking rose during the pandemic. How will the situation evolve in the future? In the post-pandemic era, how will Taiwan foster the next wave of growth momentum?

04

Since 2020, the Taiwan government sought to minimize the impact of the pandemic on the public and businesses. Whenever possible, it also took practical actions to assist allies and friendly countries in strengthening their disease prevention capabilities. These actions deepened economic and trade cooperation with these nations and showcased the resilience of Taiwan's domestic economy.

Furthermore, the intensification of the US-China trade war and tech war, along with the impact of the COVID-19 pandemic, accelerated the reorganization of supply chains. Taiwan continued to strengthen international cooperation in key technologies such as 5G and AI as it integrated further into the global supply chain.

In the latter stages of the pandemic, Taiwan responded to global economic changes by overhauling its economic, social resilience, and response capabilities. It aimed to share economic achievements with all citizens. In 2023, it proposed the "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era" along with its special budget to pave the way for a stable post-pandemic recovery.





Reversing Pandemic Adversity: 'Taiwan Can Help' Showcases Taiwan's Strengths

The sudden outbreak of COVID-19 swept across the globe, disrupting life everywhere in its path. However, Taiwan managed to reverse this adversity. The government swiftly established national teams for pandemic prevention supplies. Besides securing supplies for domestic use, it exported goods to countries in need. This created a new model of international cooperation and fulfilled international civic responsibilities. The accompanying slogan, "Taiwan can help," demonstrated Taiwan's strength to the world.

As the COVID-19 pandemic broke out in China at the end of 2019 and quickly spread globally, countries realized they needed to act in two ways: first, by blocking transmission paths, which led to lockdowns and mask requirements; and second, by developing vaccines to boost herd immunity.

Taiwan Uses Mask Diplomacy to Help Countries in Need

A demand shock for masks led to international shortages. To respond to this urgent situation, in January 2020, the Taiwan government announced a ban on mask exports. It requisitioned private mask factories and formed a national mask team. Production capacity quickly increased and reached an average daily output of 10 million masks by March 2020, quickly turning Taiwan into the world's second-largest mask producer.

In April 2020, President Tsai announced that Taiwan would donate 10 million masks to countries severely affected by the pandemic, initiating Taiwan's "mask diplomacy." According to Ministry of Foreign Affairs statistics, three waves of mask diplomacy occurred in the first half of 2020. The first wave in early April donated 10 million masks to the United States, Europe and diplomatic allies. The second wave donated a total of 6 million masks to Northern Europe, Central and Eastern Europe, the United States, Latin America, and New Southbound Policy countries. The third wave, which was part of an international humanitarian aid package announced on May 5, 2020, donated a total of 7 million masks to the United States, European Union member countries, diplomatic allies, New Southbound Policy countries, Africa, Middle Eastern Countries, Syria, and others.

Later, a fourth wave of foreign support included 1.16 million N95 masks, 170,000 protective gowns, 600,000 isolation gowns, 80 respirators, 34 PCR rapid testing instruments, and 500,000 quinine tablets. The total number of donated surgical masks exceeded 50 million.

Disease prevention knows no borders, and countries could not fight the COVID-19 pandemic alone. Mutually



Beneficiaries of Mask Diplomacy During the First Half of 2020, by Country and Volume

| Countries | Volume | List |
|---|--------------|---|
| Europe/European Union | 8.3 million | Netherlands, Italy, Spain, France, Germany, Poland, Czech Republic, Belgium, Luxembourg, UK, Switzerland, and Holy See |
| USA | 4.28 million | |
| Japan | 2 million | |
| New Southbound Policy Countries | 3.4 million | Indonesia, Philippines, Vietnam, Australia, India, Myanmar, Malaysia, Singapore, and others |
| Diplomatic Allies and Friendly Nations | 2.14 million | Belize, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines |
| Some African and Middle Eastern Countries | 600,000 | |

Note: Plans were made to distribute 23 million masks around the world during the first half of 2020. The table shows actual shipping times.

Source: Information gathered from the Ministry of Foreign Affairs website.

beneficial cooperation was needed to build a strong pandemic defense. As the international community strengthened its disease prevention mechanisms, it recognized the indispensable role Taiwan played in addressing the pandemic. Taiwan's actions demonstrated the truth of the slogan "Taiwan Can Help, and Taiwan Is Helping!" These words underlined the love and confidence of Taiwan's government and 23 million people, as well as their sincerity and determination to participate in international affairs.

Strong International Publicity Boosts Taiwan's Global Image

CommonWealth Magazine and Taiwan AI Labs conducted an AI analysis of sentiment on X (formerly Twitter), the social media outlet most used by international politicians. They found that the magnitude of Taiwan's global publicity and its international image both significantly improved.

Starting in 2018, the government changed its strategy to seek an invitation to participate in the World Health Assembly. On promotional materials, it prominently printed the words "Taiwan Can Help" on the cover in English, expressing Taiwan's ability to contribute positively to the World Health Organization's "Health for All" mission. Within two weeks of launching mask diplomacy, usage of the #TaiwanCanHelp hashtag increased more than fourfold.

Since the start of mask diplomacy, keywords like "TaiwanCanHelp," "TaiwanIsHelping," "Thank," and "Masks" surged in English tweets related to Taiwan, reflecting the change in Taiwan's image. Ben Thompson, founder of the *Stratechery* newsletter that many Silicon Valley VCs consider must-read material, tweeted praise of Taiwan's proactive pandemic measures and mask donations. Paul Graham, co-founder of the startup accelerator Y Combinator and a startup guru in Silicon Valley, also used X (formerly Twitter) to laud Taiwan's technological approach to pandemic prevention. He retweeted an article from Microsoft founder Bill Gates that praised Taiwan's early deployment of pandemic measures.

Increasing International Friendships Expand Taiwan's Future Economic and Trade Cooperation

Did mask diplomacy enhance Taiwan's international status? The decision to donate masks received positive responses from many countries. The US National Security Council publicly thanked Taiwan. The US State Department's Bureau of East Asian and Pacific Affairs acknowledged Taiwan's crucial role in global health. It advocated for restoring Taiwan's observer status in the World Health Assembly.

European Commission President Ursula von der Leyen also publicly expressed gratitude. The European Union made a rare move by publishing images of the

X in English Related to Taiwan

| | |
|---|--|
| <p>Central quarantine away from family is more of a unifying feature of effective Asian responses to the coronavirus than widespread testing (Taiwan = very little testing relatively speaking).</p> | Central quarantine away from family is more of a unifying feature of effective Asian responses to the coronavirus than widespread testing (Taiwan = very little testing relatively speaking) . |
| <p>"The fast adoption of the digital fence system in Taiwan is in part a reflection of the way the country's vibrant civic-technology culture has shaped the government's pandemic response."</p> | "The fast adoption of the digital fence system in Taiwan is in part a reflection of the way the country's vibrant civic-technology culture has shaped the government's pandemic response." |
| <p>"Gates highlighted Taiwan as an 'exemplary' country because it quickly identified the problem and initiated community-wide testing early on, prioritizing who got tested first."</p> | "Gates highlighted Taiwan as an 'exemplary' country because it quickly identified the problem and initiated community-wide testing early on, prioritizing who got tested first." |
| <p>Taiwan was there to help the United States in the earliest days of the pandemic, with PPE and other life-saving materials. We are proud to be able support Taiwan now in this moment of need.</p> | Taiwan was there to help the United States in the earliest days of the pandemic, with PPE and other life-saving materials. We are proud to be able support Taiwan now in this moment of need. |
| <p>The European Union thanks Taiwan for its donation of 5.6 million masks to help fight the #coronavirus. We really appreciate this gesture of solidarity. This global virus outbreak requires international solidarity & cooperation. Acts like this show that we are #StrongerTogether.</p> | The European Union thanks Taiwan for its donation of 5.6 million masks to help fight the #coronavirus. We really appreciate this gesture of solidarity. This global virus outbreak requires international solidarity & cooperation. Acts like this show that we are #StrongerTogether. |

Source: Information gathered from X (formerly Twitter).

donated masks arriving from Taiwan on its official website, with the Republic of China flag clearly visible. The Netherlands praised Taiwan's pandemic prevention efforts. It reciprocated with gifts of tulips and stroopwafels while reaffirming support for Taiwan's participation in international meetings to jointly combat global infectious diseases.

After donating tens of millions of masks, Taiwan received gratitude from many countries and broke years of diplomatic isolation by China. Its acts of goodwill garnered support from many democratic and freedom-loving partner countries, who became part of a loosely knit mutual support network. Several countries that received masks, such as the United States, Japan, Lithuania, and Slovakia, later provided vaccine assistance to Taiwan. This demonstrated a virtuous cycle of contributions to the international community, encouraging more countries to step up and help Taiwan.

Lithuania is a small country in the Baltic region of Europe that found a greater voice for supporting Taiwan after receiving mask donations. In 2020, Lithuania called for Taiwan's participation in the World Health Assembly and World Health Organization, which led to protests from Beijing. After elections in which a new government was installed, Lithuania adopted a "values-based foreign policy." It actively promoted relations with Taiwan,

declared support for Taiwan's fight for freedom, and adopted a tougher stance towards China.

In May 2021, Lithuania officially announced its withdrawal from the "17+1" bloc, which China formed with a group of central and eastern European nations. It also called on other European Union nations to do the same. To express gratitude for Lithuania's support, Taiwan initiated economic and trade exchanges and opened a representative office in the Lithuanian capital of Vilnius. In 2022, Lithuania's trade representative office in Taipei was inaugurated and began operations.

Mask diplomacy opened opportunities for deeper economic and trade exchanges. In October 2021, Minister Kung Ming-hsin led a delegation of 66 people from various ministries, industry, academia, and research to visit Lithuania. Both sides signed six MOUs, jointly promoting cooperation in semiconductors, satellites, biotechnology, scientific research, and finance. Among the participants at the MOU signing and accompanying trade and investment forum were Lithuania's minister of the economy and innovation, Aušrin Armonait , and the minister of education, science and sport, Jurgita Šiugždinien .

At the trade and investment forum, Armonait emphasized that Lithuania and Taiwan share the same democratic values and believe that civil rights and

economic prosperity go hand in hand. Over the past decade, Lithuania demonstrated resilience and strength to become an indispensable part of the global supply chain. During the 2020 pandemic, Lithuania was one of only two EU countries whose GDP did not decline. A deeper economic partnership between Lithuania and Taiwan was anticipated to yield even better results in the future.

The delegation held a Taiwan-Lithuania business matchmaking event in Lithuania, with over 150 Lithuanian companies participating to meet Taiwanese business representatives. Together, they arranged approximately 240 online and in-person meetings. The Chinese International Economic Cooperation Association arranged the first Taiwan-Lithuania Joint Business Council Meeting during the visit. Business representatives from both sides attended and advanced bilateral industrial exchanges.

The delegation also jointly hosted a trade and investment forum focused on five major areas: ICT, biotechnology, lasers and semiconductors, agricultural products and food, and electric vehicles. Minister Kung spoke at the event and noted that both Taiwan and Lithuania have many internationally renowned industries that can join forces to strengthen bilateral investment and cooperation. Kung specifically mentioned ICT and financial technology, semiconductors and lasers, as well as biotechnology, electric vehicles, and food. The delegation included many procurement companies, online distributors, and importers who were expected to quickly expand trade-related exchanges.

Allied Nations with Shared Values Ensure Safer Market Investments

After the delegation visited Lithuania, the National Development Council established a US\$200 million Central and Eastern Europe Investment Fund that primarily targeted investments in Lithuania, Slovakia, and the Czech Republic. Taiwan also announced its first investment in Lithuania, with the National Development Fund investing 3.5 million euros (approximately NT\$111.7



million) in the Lithuanian technology company Litilit (a femtosecond laser manufacturer). The investment aimed to deepen bilateral economic and trade relations.

During the pandemic, the Kaohsiung City Government and the Ministry of Foreign Affairs surveyed medical mask resources and completed a donation to Slovakia within three weeks. The masks were specially printed with the emblems of Kaohsiung City and Bratislava, highlighting the friendship between the two cities. Former Slovak Prime Minister Igor Matovič praised Taiwan's pandemic prevention achievements, and Slovakia included Taiwan in its "green countries" list of places that were safe during the pandemic. Peter Osusky, chairman of the Slovakia-Taiwan Parliamentary Group, stated that Taiwan's timely assistance demonstrated warm friendship with the Slovak people.

Among Asian countries, Taiwan is Slovakia's second-largest investor, providing thousands of job opportunities. In recent years, both countries have actively strengthened cooperation in technology, economy and trade, environmental protection, and culture. The Foreign Affairs Committee of Slovakia's National Council also passed its first resolution supporting Taiwan's participation in the World Health Assembly. For the first time, the Slovak parliament discussed and voted on the issue, demonstrating a pro-Taiwan stance.

The relentless spread of the pandemic allowed more countries to see Taiwan's warmth. By exporting disease prevention supplies, Taiwan created a new model of international cooperation and fulfilled its responsibilities as a global citizen. Amid the pandemic's chaos, the whole world saw the rapid adaptability and resilience of the Taiwanese industry. Throughout the pandemic, by living up to the motto "Taiwan can help," Taiwan gained more allies and raised its profile.

Taiwan Demonstrates More Economic Resilience When Its Post-Pandemic International Competitiveness Rises

When the pandemic situation was severe, Taiwan's performance in both disease prevention and the economy was highly praised. These achievements were attributed to a solid foundation laid before the outbreak, the proactive deployment of various disease prevention measures, and the active promotion of relief and stimulus. Giving full support to affected industries and individuals mitigated the pandemic's economic impact. The government also leveraged the geopolitical situation. Capitalizing on the return of Taiwanese businesses fleeing the US-China trade war, it promoted industrial innovation and transformation so that Taiwan could seize on post-pandemic global recovery opportunities. Taiwan's economic resilience and national competitiveness rose.

Since 2016, Taiwan's Government Has Fortified the Domestic Economic Foundation

In 2016, Taiwan was too dependent on China. The rapid rise of the red supply chain and accelerated regional economic integration both posed serious threats and challenges. The government, therefore, initiated a new

economic development model focused on "innovation, employment, and equitable distribution" as core values that would promote sustainable development. It formulated the 5+2 Innovative Industries Plan to act as the core driver for the next generation of industrial and economic growth.

To prepare for future domestic economic development needs, the government launched the Forward-Looking Infrastructure Development Program in 2017. The program aimed to build the infrastructure necessary for national innovative development over the next 30 years. It focused on eight major construction categories: railway projects to provide safe and fast transportation, water environments to build resilience against climate change, green energy infrastructure to ensure environmental sustainability, digital infrastructure to create a smart and connected nation, urban and rural projects to balance regional development, child care facilities to reverse declining birth rate trends, infrastructure to ensure food safety, and human resources infrastructure to nurture talent and boost employment.



As Taiwanese Businesses Accelerate Their Return in 2018, They Also Undergo Upgrades and Restructuring

In response to the US-China trade war, overseas Taiwanese businesses began diversifying their international production bases and considered returning to Taiwan as a key option. Recognizing the significant capital businesses would bring, the government saw this as a powerful opportunity. In 2019, it rolled out three major investment programs: the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan, the Action Plan for Accelerated Investment by Domestic Corporations, and the Action Plan for Accelerated Investment by SMEs. These provided customized, unified services for land, water, electricity, and taxation. They not only drove domestic investment by enterprises but also accelerated industrial upgrading and transformation.

As targeted major manufacturers moved their high-end production lines back to Taiwan, their upstream and downstream supply chains, mainly consisting of SMEs and Taiwan-rooted companies, also returned or increased their Taiwan-based investments. Industrial clusters were formed for building integrated circuits, servers, network communications equipment, bicycles, machine tools, automotive components, and automotive electronics.

According to further analysis by the Ministry of Economic Affairs, the policy benefits of Taiwanese businesses returning included:

1. **Driving Domestic Supply Chain Investments:** The return of Taiwanese businesses added to the domestic industrial chain, leading to increased investments in related industries.
2. **Superior Production Performance:** Benefiting from the gradual transfer of some production capacity back to Taiwan and the effect of transferred orders, the output value of returning Taiwanese businesses rose yearly. Notable sectors with excellent performance included servers, network connectors, and fitness equipment.
3. **Increased Industrial Value-Added Rate:** The active relocation of high-value production lines back to

Taiwan boosted the value-added rate, enabling returning Taiwanese businesses to outperform the manufacturing industry.

4. **Job Creation and Wage Improvement:** The expansion of production lines due to the return of Taiwanese businesses significantly increased labor demand. The wages of employees in these companies were generally higher than the manufacturing industry average.
5. **Enhanced Export Growth Outperformed Competitors:** Taiwan's export growth of 10.1% (2019-2021), driven by the return of manufacturing capacity and advanced processes in the semiconductor industry, exceeded the global average of 4.6% and outperformed neighboring major Asian countries.
6. **Ongoing Return of Taiwanese Businesses Created Investment Momentum and Drove Economic Growth:** Despite the U.S.-China trade dispute and COVID-19 pandemic threats, Taiwanese businesses demonstrated resilience and adaptability. They were key drivers of Taiwan's economic development.

The three major investment programs were originally planned to run until the end of 2021. Considering ongoing shifts in global supply chains and geopolitical developments, they were extended for another three years until 2024. This extension aimed to maintain private investment momentum, encourage smart industrial upgrading and transformation, and align with the government's 2050 net-zero carbon emissions policy. The extension included an additional NT\$430 billion in loan quotas that were expected to drive NT\$900 billion in investments from 2022 to 2024 and create around 40,000 domestic jobs, laying a solid foundation for the future development of Taiwan's industries.

As of the end of April 2024, the three major investment programs attracted 1,472 companies to invest over NT\$2.2 trillion and create more than 150,000 jobs. Their remarkable results included guiding Taiwanese businesses back to Taiwan, driving the return of local industrial chains, and promoting the upgrading and transformation of domestic SMEs.

Policies to Enhance Domestic Economic and Industrial Resilience During the Pandemic

Facing the challenges of the pandemic, the government crafted disease prevention measures and increased investment in public infrastructure to stabilize the economy. It seized opportunities to accelerate industrial transformation and innovation by implementing the Program for Promoting Six Core Strategic Industries, the Asia Silicon Valley Development Plan 2.0, and the three major investment programs. These actions enhanced Taiwan's economic resilience and contributed to long-term, stable growth.

1. Increased Public Infrastructure Investment

The ongoing impacts of the US-China competition and the COVID-19 pandemic made public infrastructure a crucial area for stimulating the domestic economy and ensuring stable growth. With the collaboration of the National Development Council, the Public Construction Commission, and various ministries, Taiwan achieved a public infrastructure execution rate exceeding 95% for three consecutive years during the pandemic (2020-2022). After the pandemic in 2023, the overall execution

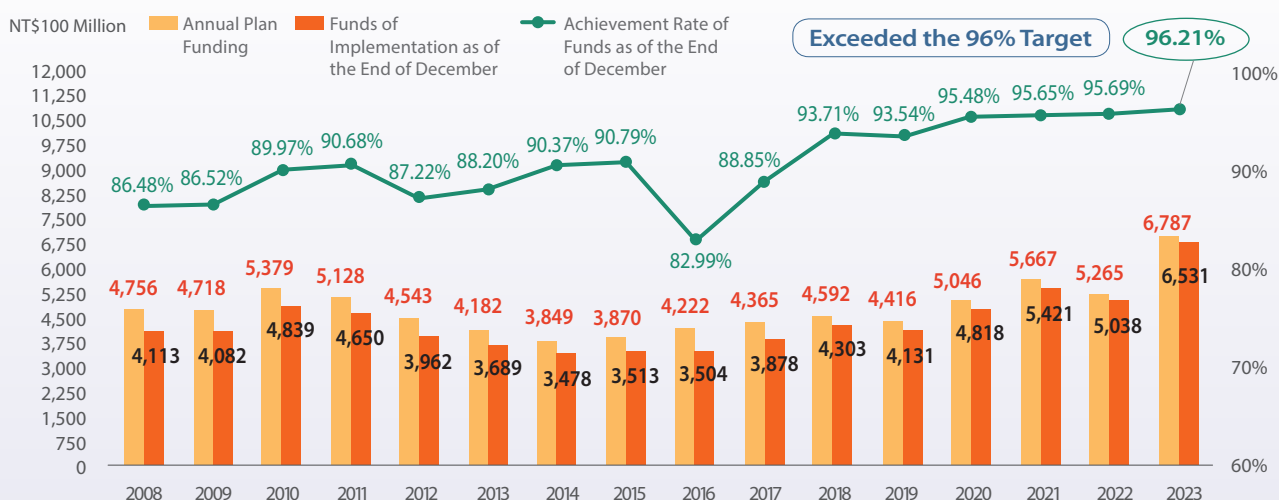
rate for public works was 96.21%, which not only surpassed the annual goal (96%) but also was the best performance of the past 16 years.

An increase in the domestic investment rate from 23.80% in 2019 to 28.15% in 2022 helped to lower the ratio of overseas production of Taiwan's export orders from 54.0% in 2020 to 50.9% in 2023. Domestic investment not only was a major force during the pandemic. It also successfully diversified Taiwan's export markets and expanded trade partnerships.

2. Program for Promoting Six Core Strategic Industries

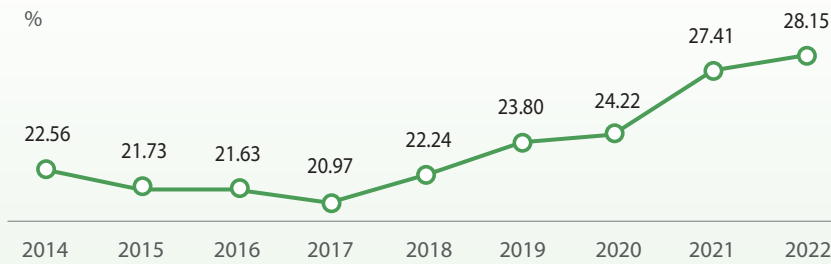
Following the global outbreak of the pandemic in 2020, the government fully leveraged Taiwan's advantages in digital technology to strengthen the nation's economic structures and resilience. Building on the foundation of the 5+2 Innovative Industries Plan, officials developed the Program for Promoting Six Core Strategic Industries, which were information and digital technology, cybersecurity, medical technology and precision health, green and renewable energy, national defense and strategic industries, and strategic stockpile industries. The program's objective was to seize the opportunity presented by global supply chain

The Achievement Rate of Public Construction Plan Funding



Source: Information gathered from the National Development Council website.
Date Time: January 15, 2024.

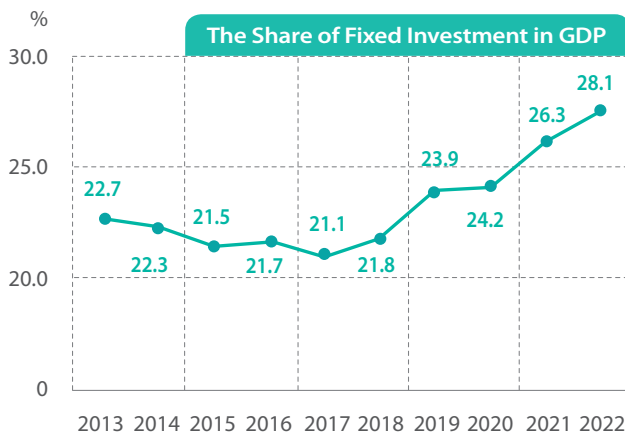
Taiwan's Investment Ratio over the Years



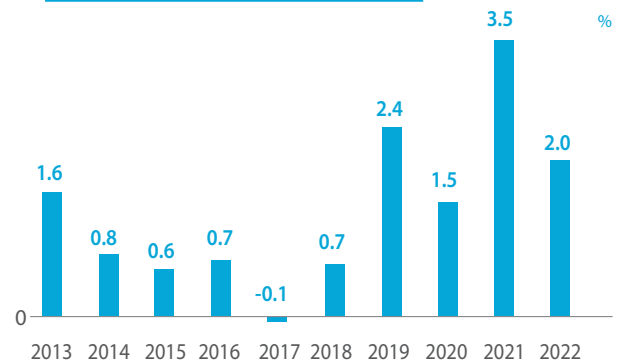
Source: Information gathered from the National Development Council website.



An Overview of the Current Economic Situation



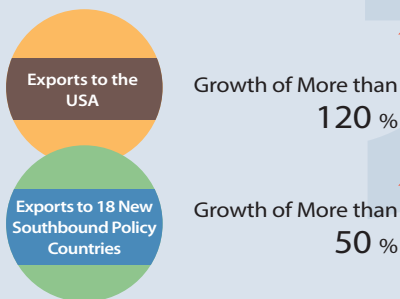
The Contribution of Fixed Investment to Economic Growth



Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan website.

Expanding into Global Markets to Reduce Risk and Drive Taiwan's Economic Growth Forward

8 Years Diversify Market Risk



Exports to China Decreased by 4.3 Percentage Points

Note: Values are Compared to 2015 and 2023.

Source: Information gathered from the National Development Council website.

reorganization in the post-pandemic era to become a key force in the future global economy. Strategic directions for each industry were as follows:

- (1) Information and Digital Technology:** Develop next-generation semiconductor technologies, facilitate AIoT application fields, and form a national 5G team to maintain Taiwan's leading ICT technologies. Export AIoT solutions to make inroads into the international 5G supply chain.
- (2) Cybersecurity Industry:** Develop cybersecurity technologies for 5G and semiconductors, reach five solutions in AIoT and medical fields, and establish institutions governing cybersecurity defense and international cooperation to enhance security in emerging fields and build high-level testbeds.

- (3) **Precision Health Industry:** Build a genetics and healthcare big data database and develop precision prevention, diagnosis, and treatment systems. Create precision disease prevention products and expand international biomedical business opportunities to promote Taiwan's disease prevention brand around the world.
- (4) **National Defense and Strategic Industries:** Promote national defense autonomy in the aerospace and shipbuilding industries. Develop 10 core aerospace technologies, including aircraft engines, and eight core naval vessel technologies, including marine propulsion systems. Establish a national defense industry supply chain. Develop low-orbit satellites and ground equipment for the space industry and market the national space brand.
- (5) **Green and Renewable Energy Industry:** Build renewable energy industrial zones and research bases, improve the green energy participation system, and build a national offshore wind power team. Integrate Taiwan into the Asia-Pacific wind power industry chain to support the export of Taiwan's wind power industrial products and services.
- (6) **Strategic Stockpile Industry:** Strengthen five major supply chains: energy self-sufficiency, food security, essential goods, medical supplies, disaster relief, and sand/gravel to ensure the supply of critical materials. Secure key raw materials such as semiconductor materials and equipment, automotive batteries, active pharmaceutical ingredients, and 15 other important industrial materials.

3. Asia Silicon Valley Development Plan 2.0

With the rapid development of AI and 5G, IoT applications were expected to aid in the development of various innovative services. The government therefore rolled out the Asia Silicon Valley Development Plan 2.0 in 2021 based on the achievements of the original Asia Silicon Valley Development Plan 1.0 (2016-2020). The 2.0 plan was centered on two main themes: accelerating the evolution of industries through AIoT and driving the future of industry through innovation and entrepreneurialism. It aimed to use three key strategies

to expand AIoT applications, improve the startup investment environment, and position Taiwan as a key force in Asia's digital innovation. The three key strategies and objectives were as follows:

- (1) **Expand AIoT Tech Applications:** Accelerate R&D of key AIoT technologies, promote the domestic development of an open 5G network and use digital technologies such as 5G and AI as well as federated learning to develop innovative services in smart transportation and smart commerce to advance smart city development.
- (2) **Improve the Startup Development Environment:** Expand angel investment in startups and provide youth entrepreneurship loans, encourage overseas talent to come work in Taiwan to facilitate industrial cooperation, plan innovation parks in Shalun and Asia New Bay to help startups link with international resources, develop the Startup Island TAIWAN brand and combine it with the startup indicator Next Big to promote Taiwan internationally, and establish a startup information platform to gain insights into Taiwan's startup ecosystem.
- (3) **Consolidate Systems Export Capabilities:** Help domestic IoT or startup enterprises deepen relationships with international IoT partners, enhance connections and exchanges between the Asia Silicon Valley industrial cluster and international entities, and support the export of AIoT solutions to New Southbound countries and other international markets through collaboration with foreign companies, industry investment, or the establishment of Taiwan smart parks.

4. Strengthening the Cultivation and Recruitment of Key Talent

As the world undergoes digital transformation in the post-pandemic era, Taiwan aims to play a key role in global economic development. Talent with digital skills and critical knowledge was essential for this goal. Therefore, the government planned the Key Talent Cultivation and Recruitment Program (2021-2024). Through cooperation between industry, government, academia, and research institutions, the program



implemented three key strategies to make Taiwan a major hub for talent:

- (1) Cultivate Domestic Digital Talent:** Expand the capacity for nurturing talent in STEM fields to accelerate the cultivation of local digital talent. Encourage non-ICT departments to offer cross-disciplinary digital technology micro-courses to meet the industry's demand for talent with cross-domain digital skills. Promote industry-academia cooperation in talent development and push for legislation that facilitates the establishment of national research institutes in key fields.
- (2) Recruit Key International Talent:** Use targeted recruitment programs to attract international talent to meet the demand for international professionals in Taiwan's key industries. Extend these efforts to recruiting foreign students to study in Taiwan in key fields to ensure a seamless transition for them to work locally after graduation and enrich the country's talent pool.
- (3) Deepen Bilingual Capabilities and International Perspectives:** To enhance the international competitiveness of Taiwan's talent, strengthen bilingual professional skills and establish an environment and habit of English communication. To promote international talent exchanges, implement various reward and subsidy mechanisms to encourage students, teachers, and high-level professionals to study or obtain degrees at overseas institutions.

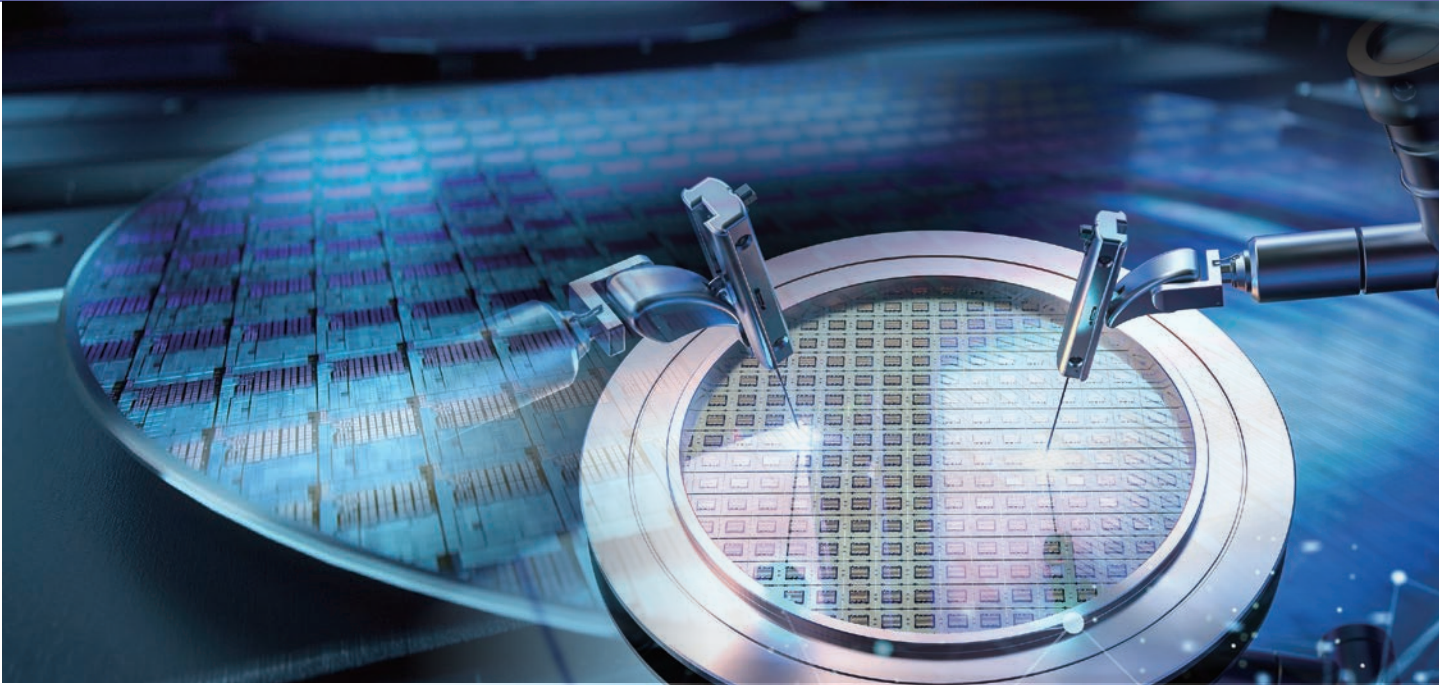
Help local talent develop an international mindset and accumulate professional work experience at the global level.

Efforts to Raise National Competitiveness Increase After the Pandemic

When Taiwan reclassified COVID-19 as a Category 4 notifiable communicable disease in May 2023, the domestic pandemic officially ended. On June 20 of the same year, the International Institute for Management Development ranked Taiwan sixth out of 64 evaluated countries in the IMD World Competitiveness Yearbook. This marked the fifth consecutive year of improvement in the overall ranking and the best performance since 2012.

In fact, Taiwan's competitiveness ranking has improved annually since 2019. Unlike countries that saw their ranking decline during the COVID-19 pandemic from 2020 to 2022, such as South Korea, which dropped from 23rd to 27th, Norway which fell to ninth, or the United Kingdom, which slid from 19th to 23rd, Taiwan's ranking improved from 11th to seventh and then rose further to sixth in 2023. This upward trend was not merely due to the increased global demand for information and electronics products that led to significant growth in related exports. The critical factor was enhanced economic resilience resulting from a transformation of the nation's investment structure.

Steady Progress Towards Post-Pandemic Recovery Generates the Next Wave of Growth Momentum



"Leave a better country for young people," said Minister Kung in an interview with the Japanese media outlet NewsPicks. In response to the reorganization of international supply chains and strategies for achieving net zero emissions, the government continued to support domestic investments and guide funds to assist overseas strategic deployments. In recent years, the tightening of supply chains highlighted the importance of Taiwan's semiconductor industry to the global economy and its key position in chip manufacturing. Future developments in digital transformation, smart cities, AI, national defense and security, and electric vehicles will all require semiconductors. It is foreseeable that during the next decade, the transformation of Taiwan's manufacturing supply chain will become a crucial driving force for global industries.

However, the post-pandemic era still faces multiple

downside risks and challenges, including global inflation and interest rate pressure, the ongoing Russia-Ukraine war, China's economic slowdown, renewed US-China technology disputes, and the increasing impact of climate change. Major international institutions predict that global economic growth momentum will be weaker in 2023 compared to 2022. To address these changes, the government proposed the "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era" (hereinafter referred to as "Post-Pandemic Special Act") and its special budget. This act fully utilized the NT\$379.88 billion surplus from the central government's 2022 fiscal year to strengthen Taiwan's overall economic and social resilience and response capabilities and to ensure that the economic benefits were shared among all citizens.

10 Policy Directions for Post-Pandemic Recovery and Sharing Economic Benefits with All Citizens

The Executive Yuan's "Post-Pandemic Special Act" passed its third reading in the Legislative Yuan on February 21, 2023, and the act's special budget followed soon after, passing its third reading by the lawmaking body on March 24 of the same year. The act used 10 policy directions to work towards the goals of building a resilient economy and society that ensured citizens' quality of life, enhanced care for disadvantaged groups, and maintained short-term economic growth momentum. It also promoted industrial transformation and upgrades to improve Taiwan's long-term competitiveness. Related programs were gradually implemented starting in April 2023. The 10 policy directions and their key points were as follows:

- 1. Promote Transformation and Upgrade of Industries and SMEs:** To help industries and SMEs cope with global economic changes, the government promoted industrial transformation measures such as smart and low-carbon development, business district revitalization, development of distinctive streets and traditional markets, and assistance for SMEs in expanding sales. The government also helped SMEs apply for transformation and upgrades under the "Factory Management Act" and planned special loans with interest subsidies for businesses in need of funding.
- 2. Alleviate Housing Costs and Improve Living Quality:** To reduce the housing burden for low- and middle-income families with existing mortgages post-pandemic, a support plan for owner-occupied housing loans for households with an annual income of up to NT\$1.2 million in 2021 was planned. Households could only have one property and had to have an existing mortgage as of February 28, 2023, within a certain original loan amount (NT\$8.5 million in Taipei and NT\$7 million in other cities and counties) to receive a one-time payment of NT\$30,000.

- 3. Expand Public Transportation Subsidies to Reduce Commuter Transportation Costs:** Accelerated the implementation of a single pricing system covering the living area of Taipei, New Taipei, Keelung, and Taoyuan. Implemented inter-city commuting and urban commuting monthly passes in the Taichung, Changhua, Nantou, and Miaoli areas, as well as the Tainan, Kaohsiung, and Pingtung areas. Other counties and cities, including Yilan, Hsinchu, Yunlin, and Chiayi, could choose to adopt the single pricing system or two types of monthly passes. In addition, Taiwan Tourist Shuttle offered optimal services and there were local shuttle services in tourism corridors to provide access to tourist attractions.



- 4. Enhance Care for Disadvantaged Groups and Provide Support Services:** Besides the existing subsidies in 2023, a living subsidy of NT\$750 per person per month was provided for low-income households and NT\$500 per person per month for mid-to-low-income households. Community food banks received subsidies to set up refrigeration and freezing equipment and offer home delivery services for supplies. Also, 50% of the self-paid portion of National Pension premiums was subsidized for



laborers' family members not covered by Labor Insurance.

5. **Accelerate Incentive Expansion to Attract International Tourists:** Planned subsidies for group and independent international travelers. For instance, independent travelers could receive NT\$5,000 in spending money when visiting Taiwan, and local hosting travel agencies or overseas travel organizers received subsidies for travel groups that reached a certain threshold of participants. Furthermore, to enhance the service capacity and quality of the hospitality industry, subsidies were provided for the recruitment of new service staff, such as room attendants or cleaners. These subsidies addressed labor shortages and stabilized service capacity.
6. **Strengthen Agricultural Infrastructure and Protect Farmers' and Fishermen's Rights:** Measures included rural meal programs, anti-food waste zones, and affordable food zones. Enhancements to agricultural water resilience, multifunctional fishing ports, and rural infrastructure such as farm roads promoted overall rural development. To address the reduced domestic egg supply due to avian influenza and climate factors, officials helped poultry farms upgrade

to non-open or enclosed water curtain environmental control.

7. **Reduce the Burden of Student Loans:** Covered one year of tuition loan repayments (principal and interest) for disadvantaged students who applied for a student loan during their studies, graduates caring for a child aged 12 or below, or graduates with a monthly income below NT\$40,000.
8. **Revitalize Arts and Cultural Industries and Stimulate Related Spending:** Expanded the Ministry of Culture's NT\$1,200 voucher program for young people to spend on arts and cultural activities and products, promoted an initiative to revive physical bookstores and micro cultural and creative enterprises, facilitated tours of rural and remote areas by traditional opera troupes and other performance groups, embedded cultural experiences into the education system, strengthened artistic content, and broadened arts appreciation by the public.
9. **Injecting Funds Into National Health Insurance, Labor Insurance, and Taipower:** Additional funding was provided to improve the financial health of the National Health Insurance Fund, stabilize the cash flow of the Labor Insurance Fund, and assist Taiwan

Power in coping with rising international fuel costs.

10. Universal Cash Handout of NT\$6,000: Strong economic performance during the pandemic and effective government fiscal management and allocation led actual tax revenues in 2022 to exceed the budget. Therefore, to let the public share in the post-pandemic growth, the government implemented a universal cash handout of NT\$6,000 per person. This also increased disposable income, which indirectly boosted private consumption and injected growth momentum into the economy.

Among these policy directions, the NT\$6,000 universal cash handout garnered the most attention. The Legislative Yuan passed the plan in February 2023, and handout began in April. Methods for receiving the cash included account registration, ATM withdrawal, postal office cash withdrawal, direct deposit, and handout to specific remote areas. Financial institutions that provided significant support during the pandemic's relief and stimulus phases contributed to ensuring swift completion.

For cash withdrawals, people needed to provide their national ID number, National Health Insurance card number, and ATM card. They could use one of 26,688 ATMs set up by 15 financial institutions, including the Bank of Taiwan, Land Bank of Taiwan, and Chunghwa Post, for an 83% coverage rate. Each ATM was marked with a universal cash sticker for easy identification. People opting for direct account deposits or account registration simply provided their account numbers for direct transfer by financial institutions.

Minister Kung noted that the "Post-Pandemic Special Act" and its special budget were timely measures to maintain economic growth momentum. Although cash handout might be saved or used differently than Quintuple Stimulus Vouchers, they were still expected to contribute over 0.3 percentage points to the economic growth rate in 2023. People who put the money towards consumption enhanced the immediate benefits of the program.

NT\$380 Billion Post-Pandemic Special Budget Preparations

| Injecting Funds Into Labor Insurance, National Health Insurance, and Taipower NT\$100 Billion | |
|---|-------------------|
| Taipower | NT\$50 Billion |
| Labor Insurance | NT\$30 Billion |
| National Health Insurance | NT\$20 Billion |
| Universal Cash Handout NT\$141.7 Billion | |
| • Universal Cash Handout | NT\$141.3 Billion |
| • Transaction Fees, ATM Design Change Fees, Network Services, etc. | NT\$400 Million |
| Strengthening Economic and Social Resilience NT\$137 Billion | |
| • Alleviate Housing Costs and Improve Living Quality | NT\$16.5 Billion |
| • Expand Public Transportation Subsidies to Reduce Commuter Transportation Costs | NT\$22.1 Billion |
| • Enhance Care for Disadvantaged Groups and Provide Support Services | NT\$10.3 Billion |
| • Promote Transformation and Upgrade of Industries and SMEs | NT\$31.7 Billion |
| • Accelerate Incentive Expansion to Attract International Tourists | NT\$5.3 Billion |
| • Strengthen Agricultural Infrastructure and Protect Farmers' and Fishermen's Rights | NT\$26.8 Billion |
| • Reduce the Burden of Student Loans | NT\$22 Billion |
| • Revitalize Arts and Cultural Industries and Stimulate Related Spending | NT\$2.3 Billion |
| Additional Reserve Fund NT\$1.3 Billion | |

Source: Information gathered from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan website.

As the COVID-19 Pandemic Initiates a Transformation of Global Supply Chains, the Taiwan Model Provides a Competitive Advantage





TAIWAN ECONOMIC MIRACLE

Major Milestones of Relief and Stimulus Economic Policies Chapter 05

Before COVID-19 ravaged the world, Taiwan responded early. The government prioritized disease control while simultaneously providing economic relief that was later followed by stimulus. It not only stabilized the domestic economy and alleviated people's difficulties but also promoted industrial transformation and upgrading. These measures brought stability to the nation's economic development.

05



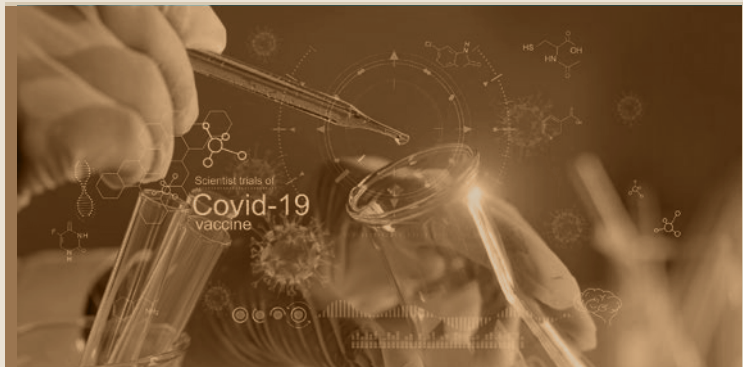
COVID-19 broke out in Wuhan, Hubei Province, China, at the end of 2019 and quickly spread to become a pandemic. Various countries adopted lockdown measures that impacted global economic and trade momentum. However, Taiwan responded early to effectively control the epidemic without imposing lockdowns, halting work, or stopping production. The government also implemented a series of relief and stimulus measures that fully assisted affected industries and individuals, mitigated the impact of the pandemic, and promoted rapid economic recovery.

In early 2020, the Executive Yuan allocated NT\$839.3 billion for a special budget for epidemic prevention, relief, and revitalization. The execution period was from January 15, 2020, to June 30, 2023. The budget's actual revenues were NT\$1.9 billion and actual expenditures were NT\$835.1 billion, resulting in a shortfall of NT\$833.2 billion. This shortfall was addressed by borrowing NT\$803.2 billion and using NT\$30 billion from the previous year's surplus.

During the three years that COVID-19 wreaked havoc on the world, Taiwan effectively controlled it, provided constructive relief, and maintained economic stability. Its citizens enjoyed normal lives. This "Taiwan model" was recognized worldwide. In the future, the government will continue to build on these disease prevention, relief, and stimulus achievements by introducing more measures and projects that benefit the country and its people. It will initiate medium- and long-term industrial stimulus and transformation plans to improve the nation and strengthen its people and industries.

Major Milestones of Taiwan's Relief and Stimulus Economic Policies

| Pandemic Stage | | | Relief and Stimulus |
|----------------|-------|--|--|
| 2020 | 1/15 | Taiwan classified COVID-19 as a Category 5 communicable disease. | |
| | 1/20 | The government approved the establishment of the COVID-19 Central Epidemic Command Center as a Level 3 center. | |
| | 2/20 | | The Executive Yuan passed the Ministry of Health and Welfare's draft of the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" then sent it to the Legislative Yuan for review. The "Special Act" provided practical relief and response measures for transportation, tourism, agriculture, domestic demand industries, and manufacturing. To fully address the pandemic's long-term impacts on the domestic economy and society, the "Special Act" provided a legal basis for the government to conduct disease control and secure the necessary funding for relief and economic revival. |
| | 2/27 | | The Executive Yuan passed the special budget for the COVID-19 "Central Government Special Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens," with a cap of NT\$60 billion. |
| | 4/2 | | As the pandemic continued to spread around the world, the Executive Yuan held an extraordinary meeting in which it passed the second phase of relief measures. Total funding for relief and stimulus reached NT\$1.05 trillion, including another relief special budget of NT\$150 billion. Former Premier Su Tseng-chang led ministers in a press conference in which he explained that the government would not only seek to control and mitigate the pandemic but also provide relief and stimulus. It sought to ensure that "businesses do not collapse, jobs are not lost, logistics do not halt, and cash flow does not stop." |
| | 4/17 | | The Executive Yuan approved a small business microloan program and added relief for manufacturers and SMEs. |
| | 4/21 | | The Legislative Yuan passed the third reading of a partial amendment to the "Special Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens," which added NT\$150 billion to the relief budget, bringing total relief funding to NT\$210 billion. |
| | 4/23 | | The Executive Yuan passed to the "Central Government Special Budget Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |
| | 5/8 | | The Legislative Yuan passed the third reading of a partial amendment to the "Central Government Special Budget Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |
| | 6/2 | | As the local pandemic situation stabilized, the Executive Yuan introduced Triple Stimulus Vouchers to stimulate the economy. Launched on July 15, 2020, and valid until December 31 of the same year, all citizens could exchange NT\$1,000 for NT\$3,000 worth of vouchers. Various ministries added supplementary bonus measures, including the Ministry of Culture's Art Fun Vouchers and the Ministry of Agriculture's Agriculture Vouchers, bringing the expected total benefits of the program to NT\$100 billion. |
| | 7/23 | | The Executive Yuan passed to the "Central Government Special Budget Second Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |
| | 10/23 | | The Legislative Yuan passed the third reading of a partial amendment to the "Central Government Special Budget Second Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |



| Pandemic Stage | | | Relief and Stimulus |
|----------------|------|---|---|
| 2021 | 1/11 | Taoyuan General Hospital announced a cluster infection. | |
| | 3/5 | The first batch of 117,000 doses of the AstraZeneca vaccine arrived in Taiwan. | |
| | 3/13 | The New York Times described Taiwan as an "oasis" during the pandemic. | |
| | 5/13 | | In response to another wave of the international pandemic and the ongoing domestic pandemic situation, the Executive Yuan passed Ministry of Health and Welfare draft amendments to articles 11 and 19 of the "Special Act." The amendments extended the "Special Act" by one more year until June 30, 2022, and adjusted the cap on the special budget to NT\$630 billion. The amendments were then sent to the Legislative Yuan for review. |
| | 5/15 | Taiwan added 185 cases on May 15 and 207 cases on May 16 as part of a sudden surge. | |
| | 5/19 | The Central Epidemic Command Center announced a nationwide Level 3 epidemic alert. | |
| | 5/31 | | The Legislative Yuan passed the third reading of a draft of partial amendment to the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." The "Special Act" was extended by one more year until June 30, 2022, and adjusted the cap on the special budget to NT\$840 billion. |
| | 6/3 | | The Executive Yuan passed to the "Central Government Special Budget Third Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." The government announced a fourth phase of COVID-19 relief that accelerated individual support, strengthened industries, and enhanced loan offerings and expanded qualification standards. |
| | 6/18 | | The Legislative Yuan passed the third reading of a partial amendment to the "Central Government Special Budget Third Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |
| | 6/24 | | Included foreign nationals with permanent residency in the relief targets. |
| | 7/27 | Lowered the epidemic alert to Level 2. | |
| | 8/26 | | As the local pandemic situation stabilized, the Executive Yuan launched a Quintuple Stimulus Vouchers plan that had a usage period from October 8, 2021, to April 30, 2022. Various government departments released bonus vouchers to further stimulate the growth of industries reliant on domestic demand and boost the post-pandemic economic recovery. |
| | 9/9 | | The Executive Yuan passed to the "Central Government Special Budget Fourth Supplementary Budget Proposal for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens." |

| Pandemic Stage | | | Relief and Stimulus |
|----------------|-------|---|---|
| 2022 | 4/28 | As Taiwan moved from a zero-COVID model to one of coexisting with the virus, contact tracing ended. On the same day that new daily cases surpassed 10,000 for the first time, the government launched a real-name registration purchase system for rapid tests. | |
| | 5/26 | | In response to the government's decision to gradually ease restrictions and adopt a "new Taiwan model" of COVID management that balanced normal life, active disease prevention, and steady reopening, the Executive Yuan proposed a new wave of stimulus. The new measures used three primary strategies of assisting industries and workers, reducing economic burdens, and stabilizing cash flows to provide support to citizens. Examples of specific items included subsidies for furloughed or unemployed workers and promotional subsidies of NT\$20,000 - NT\$100,000 for food service industry enterprises. Tour bus operators benefited from 72,000 subsidized domestic tour bus trips, and the public enjoyed discounts on dining and travel. These measures aimed to help impacted businesses and citizens. |
| | 5/27 | | Considering the rapid changes in the domestic pandemic situation, the ongoing need for disease prevention measures, as well as continued procurement and preparation of related equipment and materials, the Legislative Yuan extended implementation of the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" and its special budget until June 30, 2023. |
| | 10/13 | Taiwan reopened its borders by ending the 14-day quarantine requirement and instead initiating a 0+n policy of self-health management. | |
| 2023 | 1/12 | | The Executive Yuan passed the National Development Council's draft of the "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era." |
| | 2/21 | | The Legislative Yuan passed the third reading of a partial amendment to the "Special Act for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era." |
| | 2/23 | | The Executive Yuan approved the "Special Budget for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era." It apportioned NT\$380 billion, including NT\$141.7 billion for universal cash handout and NT\$137 billion for strengthening economic and social resilience. Another NT\$50 billion was allocated for subsidies to Taipower, NT\$30 billion for Labor Insurance, and NT\$20 billion for National Health Insurance, with an additional reserve fund of NT\$1.3 billion. The budget was funded by using NT\$180 billion from the previous year's surplus and borrowing NT\$200 billion. |
| | 3/24 | | The Legislative Yuan passed the third reading of a partial amendment to the "Special Budget for Enhancing Economic and Social Resilience and Public Sharing of Economic Achievement in the Post-Pandemic Era." |
| | 4/1 | | The government shared the fruits of economic growth with all citizens by distributing NT\$6,000 in universal cash payments. Diverse, staggered methods for distributing the cash ensured that people could easily complete the collection process. |
| | 4/17 | Masks were no longer mandatory on public transportation. | |
| | 5/1 | COVID-19 was reclassified as a Category 4 notifiable communicable disease, on par with severe influenza, and the Central Epidemic Command Center was simultaneously disbanded. | |
| | 6/30 | | The implementation period of the "Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens" concluded. |

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