DBS Focus

Taiwan-Singapore: Asia's new growth corridor

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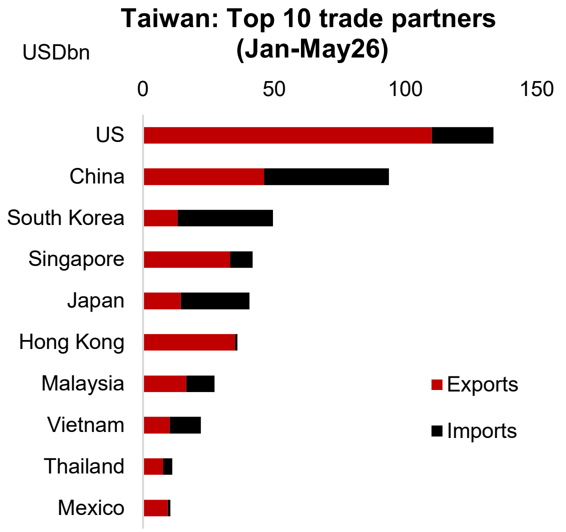
- *Taiwan–Singapore is emerging as one of Asia's fastest-growing trade and investment corridors.*
- *AI-driven demand and the continued evolution of semiconductor supply chains are powering rapid growth.*
- *Singapore's role as a regional hub for trade, logistics, finance and business continues to accelerate corridor expansion.*
- *Bilateral trade is on track to double this year, while two-way investment flows are expected to more than double.*
- *Taiwan has become Singapore's largest trading partner, while Singapore is poised to become Taiwan's fourth-largest trading partner this year.*
- *Singapore is on track to become Taiwan's largest source of FDI and its second-largest destination for ODI this year.*

The Singapore–Taiwan corridor is emerging as one of Asia's fastest-growing trade and investment relationships. The rapid expansion of the AI ecosystem, deeper semiconductor supply-chain integration and diversification, and Singapore's growing role as a regional trade, logistics, finance and business hub are strengthening economic linkages between the two economies at an unprecedented pace.

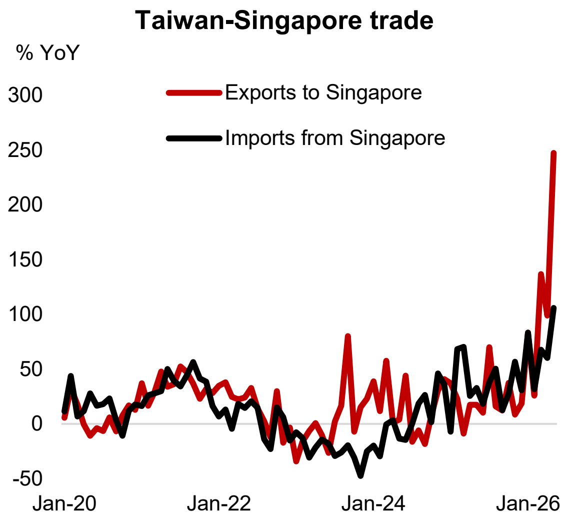
Trade

Bilateral trade momentum strengthened sharply this year. Taiwan's exports to Singapore surged 116.7% yoy during Jan–May to USD33.2 bn, while imports from Singapore increased 69.4% to USD8.6 bn. If current trends continue, Taiwan's exports to Singapore could approach USD80 bn this year and imports from Singapore could reach USD20 bn, bringing total bilateral trade to roughly USD100 bn. Singapore would consequently become Taiwan's fourth-largest trading partner, behind only the US, China, and South Korea.



Sources: CEIC, DBS

From Singapore's perspective, the relationship is even larger. Singapore's trade statistics capture not only domestic exports and imports but also goods transshipped through the city-state. On this basis, both Singapore's exports to Taiwan and imports from Taiwan are likely to exceed USD100 bn this year, implying total bilateral trade of more than USD200 bn. Taiwan has been Singapore's largest trading partner since 2025 and is likely to retain that position through 2026.



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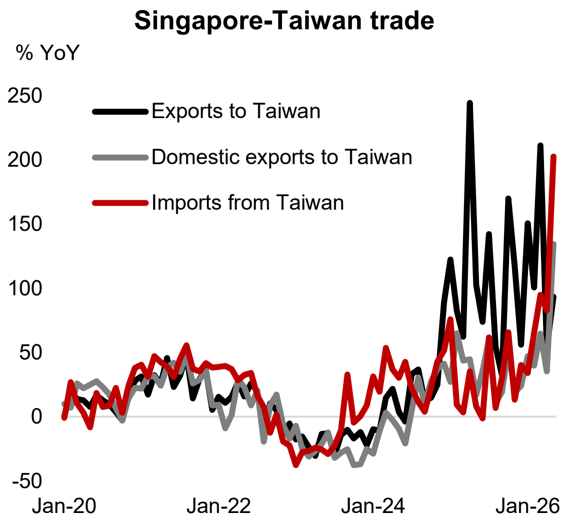

Sources: CEIC, DBS

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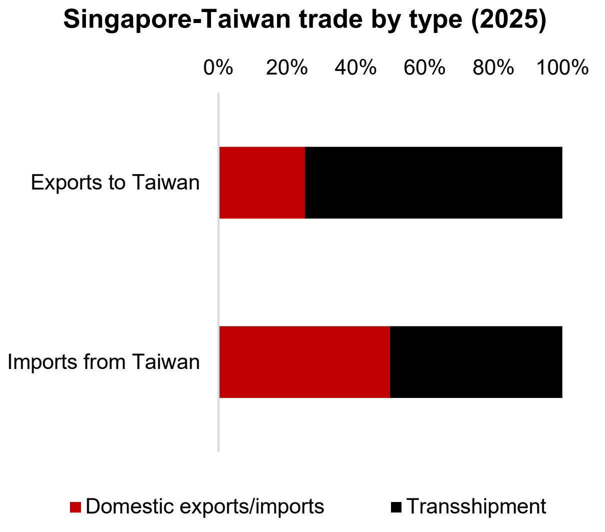
A major driver of this growth is Singapore's expanding role as a regional distribution hub for information and communications technology (ICT) products. World-class logistics infrastructure, extensive shipping and air-cargo connectivity, efficient customs procedures, and a tariff-free trading environment have made Singapore a preferred gateway for technology supply chains serving Southeast Asia, India, the Middle East, and Europe.

The scale of re-export activity underscores Singapore's intermediary role. Approximately 75% of Singapore's exports to Taiwan originate from third countries, while roughly half of its imports from Taiwan are subsequently re-exported. As Taiwanese technology companies expand overseas, Singapore is becoming an increasingly important platform for distributing ICT products across the region.

Beyond its traditional role as a trading hub, Singapore is increasingly becoming a major source of end-demand for Taiwanese technology products. As Southeast Asia's largest cloud-computing and data-centre hub, Singapore continues to attract substantial investment from hyperscalers and digital infrastructure providers, including AWS, Google, and Microsoft. Its stable regulatory environment, concentration of multinational headquarters, and extensive submarine cable network make Singapore one of Asia's most attractive destinations for AI infrastructure investment.

Roughly half of Singapore's imports from Taiwan are consumed domestically, reflecting strong local demand for AI servers, semiconductors, advanced packaging services, and other technology products in which Taiwan holds global leadership.

The development of the Johor–Singapore Special Economic Zone (JS-SEZ) further reinforces this trend. With greater land availability and lower power costs, Johor is attracting a growing pipeline of data-centre and advanced manufacturing investments. Singapore serves as the primary logistics, supply-chain, and financing gateway for many of these projects, generating additional demand for AI servers, semiconductors, and other technology products sourced from Taiwan.



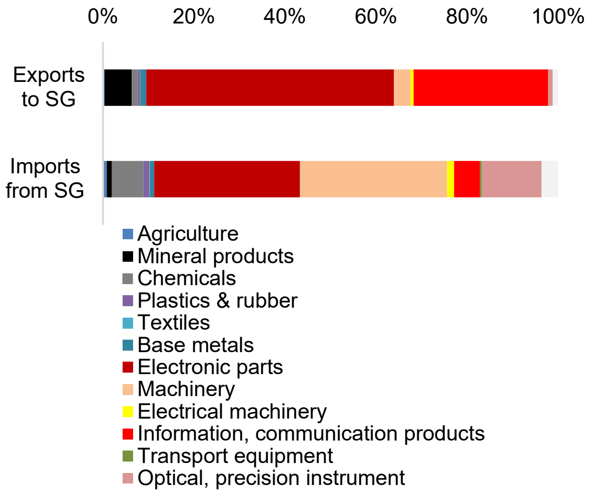
Sources: CEIC, DBS

Deepening integration between Singapore's and Taiwan's semiconductor industries is another important driver of bilateral trade growth. Singapore has become an increasingly important manufacturing and operational hub within the global semiconductor ecosystem. Micron operates NAND flash production facilities in Singapore and is developing advanced HBM packaging capabilities there, while Applied Materials is expanding its semiconductor equipment manufacturing footprint.

At the same time, Taiwan continues to strengthen its position across advanced logic chip manufacturing, DRAM/HBM production, and advanced packaging services. Micron is increasing DRAM/HBM production capacity in Taiwan, while leading Taiwanese semiconductor firms continue to invest heavily in advanced foundry processes and advanced packaging capabilities.

Trade patterns reflect this growing complementarity. Taiwan's exports to Singapore are concentrated in electronic components (54%) and information and communication products (30%), while imports from Singapore are dominated by electronic components (32%), machinery (32%), and optical and precision instruments (13%).

Taiwan-Singapore trade by product (2025)



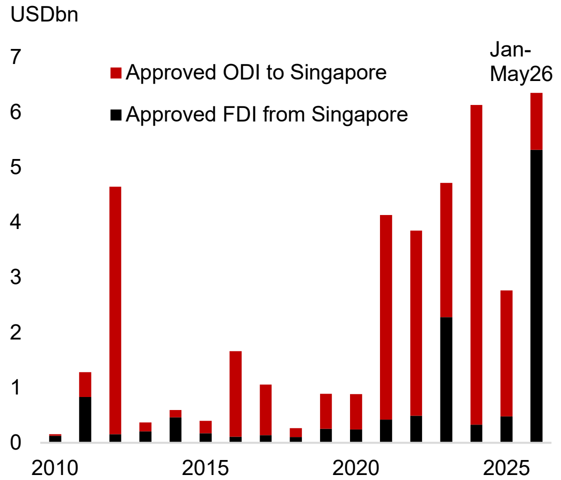
Sources: CEIC, DBS

Investment

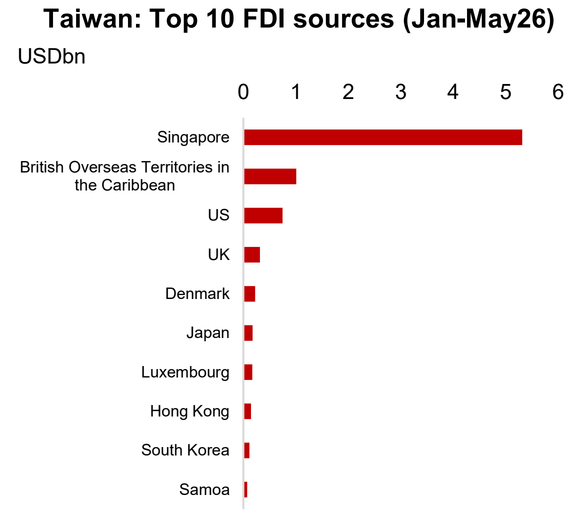
The Singapore–Taiwan investment corridor is expanding as rapidly as trade. Taiwan's approved foreign direct investment (FDI) inflows from Singapore surged nearly sixteen-fold yoy to USD5.3 bn during Jan–May, while Taiwan's approved outbound investment (ODI) to Singapore increased by a similar magnitude to USD1.0 bn. Singapore's investment into Taiwan could exceed USD7 bn this year, while Taiwan's investment into Singapore could surpass USD2 bn, bringing total bilateral investment flows to around USD10 bn. On a single-country basis, Singapore is on track to become Taiwan's largest source of FDI and second-largest destination for outbound investment after the US.

The relationship appears even stronger when viewed through Singapore's investment statistics, which capture investments routed through third jurisdictions and regional holding structures. On this basis, Singapore's ODI into Taiwan could reach approximately USD7 bn this year, while Taiwanese FDI into Singapore could approach USD6 bn, implying total bilateral investment flows comfortably exceeding USD10 bn.

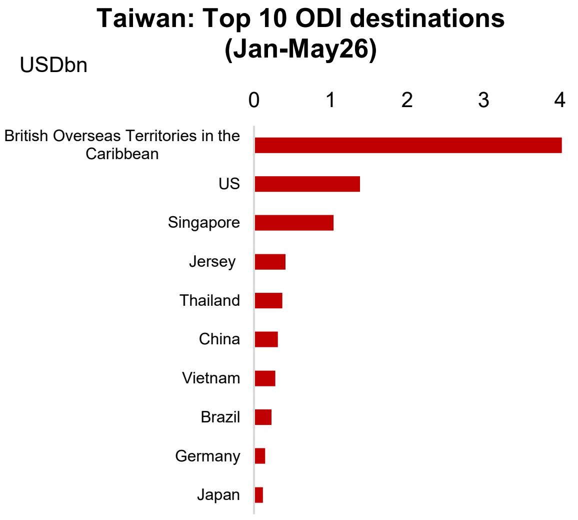
Taiwan-Singapore direct investment



Sources: CEIC, DBS



Sources: CEIC, MOEA, DBS



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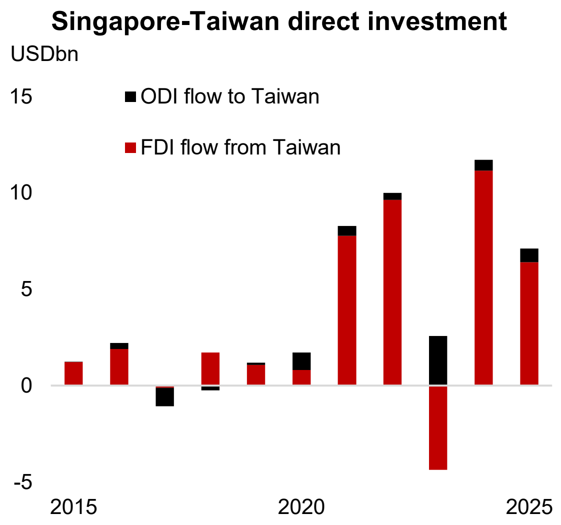

Sources: CEIC, DBS

Singapore's growing importance as a regional business hub is a major factor supporting investment growth. An increasing number of multinational corporations and Taiwanese firms use Singapore as their headquarters for Southeast Asian and broader Asia-Pacific operations. The city-state offers a competitive tax framework, strong legal protections, and a highly business-friendly operating environment.

Singapore is also Taiwan's most important institutional economic partner in Asia, linked through the ASTEP economic partnership agreement, which closely resembles a free-trade agreement. As Taiwanese companies continue to internationalise, Singapore is becoming an increasingly important base for supply-chain management, regional treasury centres, and investment holding structures.

Recent transactions illustrate this trend. In April, Google invested USD855 mn through its Singapore subsidiaries to support data-centre and semiconductor procurement activities in Taiwan. In May, Micron injected USD4.3 bn through its Singapore holding company to expand operations in Taiwan. In the opposite direction, Foxconn invested USD350 mn through Singapore to support manufacturing expansion in Vietnam.

AI-related investment is becoming one of the most important drivers of bilateral capital flows. As AI adoption accelerates, demand for AI infrastructure, semiconductors, and other technology hardware is rising rapidly in Singapore, Taiwan, and their major trading partners.

Recent investments by firms such as Google and Micron in Taiwan provide clear examples of this trend. Taiwanese companies are also expanding their presence in Singapore's AI infrastructure ecosystem. A notable example is BizLink's USD850 mn acquisition of Singapore-based Interplex Datacom, strengthening its position in data-centre connectivity and AI-related infrastructure.

Semiconductor supply-chain diversification strategies driven by geopolitical considerations provide an additional structural tailwind. As Taiwanese semiconductor companies seek more geographically diversified and resilient production networks, Singapore has emerged as a preferred destination owing to its political stability, strategic neutrality, and well-established semiconductor ecosystem.

Several Taiwanese semiconductor firms have expanded their presence in Singapore in recent years, extending beyond AI-related activities. UMC and Vanguard have invested in mature-node semiconductor manufacturing facilities, while King Yuan established its first overseas semiconductor testing operation in the city-state.

Conclusion

The Singapore–Taiwan economic relationship is evolving beyond a traditional trade and investment partnership into a strategically important technology corridor centred on AI, semiconductors, and regional supply-chain management. Continued expansion of AI infrastructure, deeper semiconductor supply-chain integration and diversification, and Singapore's role as Asia's leading trade and business hub are likely to drive sustained growth in bilateral trade and investment flows. As the two economies become increasingly interconnected, their partnership is emerging as a critical node within Asia's evolving technology networks.

Taiwan-Singapore Direct Investment Cases (2025-2026)

	Investor	Year	Value (USD mn)	Sector
ODI to Singapore	Foxconn	2025	1,489	Mobile phone manufacturing (India)
		2026	350	Electronic product manufacturing (Vietnam)
	Radiant	2025	100	Wholesale of electronic components; treasury center operations
	KYEC	2025	78	Semiconductor packaging and testing
	WT Microelectronics	2025	470	Wholesale, retail, and distribution of semiconductors and electronic components
	ASUS	2026	500	Sales of 3C products
	BizLink	2026	850	Data center infrastructure
FDI from Singapore	Google	2026	800	Data processing and electronic information services
		2026	55	Semiconductor inventory procurement
	Micron	2026	4,330	Memory chip manufacturing

Sources: MOEA, news reports, DBS

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