



The GR Company

2024 Taiwan Presidential Election

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In Taiwan, the President and the country's unicameral legislature – the Legislative Yuan (LY) – are elected every 4 years on the same day, and the latest election held on 13 January have created a new dynamic in the Taiwanese politics.

Following are main takeaways from these elections:

2024 Presidential Election outcome

On 13 January 2024, Taiwan elected its new leadership, keeping the Democratic Progressive Party (DPP) in power for another four years. It is a historic moment that it was the first time any political party won three consecutive four-year terms in office since Taiwan first held direct elections in 1996.

President-elect Lai Ching-te and Vice President-elect Hsiao Bi-khim won the election with around 40% of the popular votes, defeating Kuomintang (KMT) candidate Hou Yu-ih (about 33%) and Ko Wen-je (about 26%) from Taiwan People's Party (TPP) – a growing political party that has identified itself with the younger Taiwanese generation.

With the ruling DPP's victory, President Tsai's policy trajectories are expected to be followed by the Lai administration. However, uncertainty remains on how the LY's dynamics will affect policy deliberations.



For the first time since 2004, no political party won an outright majority (requiring 57 seats out of 113) in the LY. The ruling DPP secured 51 seats, largest opposition KMT won 52 seats, the TPP received 8 seats, and the two winning independent seats that have been traditionally aligned with the KMT.

Undoubtedly, to allow the government to operate, there will be a need for parties to be involved in short-term alliances. In a highly contentious political arena, this will test the level-headedness, temperament, negotiations, and deal-seeking ability of party leadership. The upcoming legislative session, which commences on February 10, will reveal a lot about how the Taiwan government will operate moving forward.

The difficulty in determining what's going to happen to the LY is due to the number of uncertainties that are happening at the same time. The TPP will be learning its role on the fly as a critical minority party, navigating political compromises between the larger KMT and DPP within the LY.

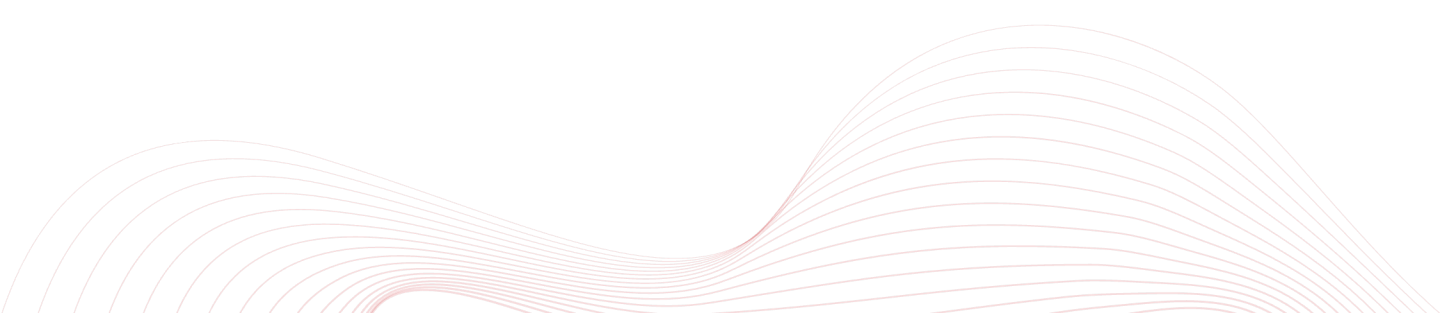
KMT nominated several new-comers, a stark departure from the KMT's long-time tradition of protecting old-guard politicians. On the other hand, the DPP's at-large list mixes newcomers, as well as seasoned legislators.

This collection of new and old political parties and politicians within the LY, makes for a legislative group that is difficult to predict. What's easy to predict is that the TPP holds a key position within the legislature. How the TPP under provocative Chairperson and presidential candidate Ko, who has managed to make enemies of both the DPP and KMT in the past, will navigate and negotiate legislative matters is yet to be determined.

Despite his victory, **President-elect Lai could face a tougher challenge than his predecessor in gaining support for his policies and a greater scrutiny in the Legislature**, given the DPP's failure to secure an absolute majority in the LY in the 2024 parliamentary election.

Hence, how the dynamic among the DPP Lai administration, KMT-led LY and the rising TPP would impact policy and legislative discourse remains to be seen going forward.

2024 general election outcome and overview of the upcoming 11th Legislative Yuan



The following is an overview of the President-elect, the ruling party and prospects on the new cabinet :

President-elect Lai Ching-te



Lai is a seasoned politician, with experience in the National Assembly, and Legislative Yuan. His rise to prominence came from his run as Tainan City Mayor (2010-2017), to which he promoted city-level diplomacy, working closely with the Japanese government, National Diet, and private sector to promote exchanges and sister-city agreements. His popularity transcended local politics and was later tabbed to lead Taiwan's Cabinet as Premier (2017-2019). Later, he became President Tsai's running mate as Vice President.

Lai, the son of a coal miner, grew up in northern Taiwan. He held a Master of Public Health degree from Harvard University, making him one of the few physicians in Taiwan with rehabilitation, clinical care, and public health expertise.

The DPP, a major political party in Taiwan, was formed in 1986 by those who initially sought self-determination for people considered to be ethnically Taiwanese and democratic freedoms. It has traditionally been associated with a strong advocacy of human rights. On the political spectrum, DPP leans more towards Taiwanese nationalism. It held power from 2000-2008 when it won the presidency with the election of former President Chen Shui-bian, and regained power in 2016 by President Tsai.

The Democratic Progressive Party

Prospects on new cabinet formation

In his acceptance speech, Lai vowed to build a "democratic alliance" that will incorporate talent from different political parties. Based on Taiwan's political underworking, the top of the cabinet will need to be decided politically, before other seats will be decided.

Immediately after the elections, speculation began on the next Premier to lead Taiwan's next Cabinet. Among the names mentioned, Lin Chia-lung, current Secretary-General to the President and former Minister of Transportation and Communications, is generally regarded as the most likely candidate. There are other complicating factors that will ultimately decide Taiwan's Premiership, and the most important one will be intraparty political negotiations, given the DPP's unique political trait as a collective of factions.



Having served as the Vice President of Tsai, policy trajectories of the Lai administration is expected to be largely founded upon those of the incumbent Tsai administration.

The following is an overview of the Lai administration's industry-specific policy priorities:

Lai's policies on **energy** are largely extensions from the Tsai administration, with an emphasis on securing a stable and sustainable power supply as the premise for net-zero transition. The goal of net-zero carbon emission by 2050 was first introduced by President Tsai in 2021, in addition to the DPP's established policy of a nuclear-free homeland by 2025.

Energy transition

Lai's energy policy propositions include:

- Allow nuclear plant #3 to enter decommissioning as scheduled starting in 2024, with the goal of ultimately phasing out nuclear power completely
- Develop diverse green energy sources such as solar, wind, geothermal, hydrogen, and biomass, with an objective of achieving an energy mix of 50% natural gas, 20% coal, and 30% renewables by 2030
- Leverage technology solutions, financial support, and carbon trading to facilitate industry transition to low-carbon operations
- Collaborate with the private sector to invest in energy storage facilities and grids to bolster the resilience of electricity supply

"Second Energy Transition" proposed by Lai has three key focuses – utilization of smart technology, sustainable green energy, and decarbonization of electricity production. Specifically on diversification of green energy, Lai proposed to expand the renewable energy portfolio from solar and wind to also include other energy sources such as geothermal, hydrogen, biomass, and marine energy.

Secondary battery

As part of broader environmental and energy policies, Taiwan has been actively involved in promoting the development and adoption of renewable energy and energy storage technologies, including **secondary batteries**. As a matter of fact, in April 2023, the Industrial Development Bureau expressed support for the battery industry and later stated that the government will provide subsidies and infrastructure to facilitate the growth of the industry and help companies enter the global supply chain.



And with Lai's goal to further increase the share of renewable energy in Taiwan's overall energy mix, the importance of enhancing the energy storage capacity will continue to grow.

In his energy policy propositions, Lai indicated his inclination to review current regulations to create a favorable environment for installation of energy storage facilities and support the development of relevant industries. Lai also called for the private sector's participation in the electricity trading, which could increase incentives for private energy storage services, through electricity purchase. Simultaneously, he urged businesses and communities to establish and expand energy storage facilities, to contribute to the overall growth of the energy storage industry.

The **semiconductor** industry has been hailed as the bedrock of Taiwan's trade competitiveness as well as its strategic importance. In November 2023, the Tsai government announced a NT\$300 billion (US\$9.5 billion) investment over the next 10 years to maintain Taiwan's global leadership in semiconductor manufacturing and packaging.

Semiconductor

During his acceptance speech, Lai stated that he would give the semiconductor industry his full support after taking office, substantiating his election promise to enhance Taiwan's national semiconductor strategy.

Specifically, Lai proposed to induce international collaboration and joint R&D by leveraging Taiwan's competitive advantage in chip manufacturing. Other proposals include:

- Establishing world class semiconductor human resource development center
- Providing world class experiment facility
- Expediting innovative R&D of semiconductor technology with its application into other industrial sectors
- Supporting businesses foster next-gen technology, materials and value-added application

While Lai vows to assist the semiconductor industry in fortifying a more complete industrial chain and cultivating world-class talent, the industry's concern on power, water, and land shortages remains. Since the chip manufacturing processes consume a significant amount of energy, Lai's firm stance on phasing out nuclear energy poses a potential threat for the industry, on top of the geopolitical uncertainties.





Information Technology

The **Information technology (IT)** industry is a determining sector of Taiwan when it comes to its national strength.

Moreover, technology and AI themes are expected to be strong factors driving market returns in Taiwan in 2024.

As part of his campaign promises – “National Project of Hope”, Lai has proposed eight policy propositions aiming at fostering the growth of the local IT industry:

- Strengthening the national strategy for semiconductors and transforming Taiwan into a global strategic base for integrated circuit (IC) design and manufacturing
- Promoting AI industrialization and integration based on trustworthy AI
- Building a space industry chain, achieving autonomy in satellite manufacturing, and establishing a resilient communication industry
- Establishing four innovative technology platforms – “Advanced Technology R&D”, “Net-zero Innovation Technology”, “Humanities, Social Sciences and Interdisciplinary Technology Research”, and “Software Development” – to enhance the capacity of scientific and technological research Promote dual-use military-civilian technology research and development and industry chains
- Advocating for technology diplomacy and democracy
- Establishing a gender-friendly research environment and encouraging women's participation in STEM field
- Strengthening investigation and research of national land, oceans, ecology, and society and establishing relevant database

Digital transformation and net-zero emissions are Lai’s two pivotal policies, especially with relation to the **automobile** industry. This is due to the fact that Taiwan has over 14 million two-wheel vehicles, and accordingly, the transportation sector accounts for 13% of the country’s carbon emissions.

Automobile

During his election campaign, Lai outlined five policy objectives for the development of Taiwan’s automotive sector, centering on digital transformation and sustainability:

- Establishing a "Net-Zero Emission Technology Platform" through the integration of IoT, 5G, and cloud computing technology



- Promoting electric vehicles and establishing it as a “trillion-dollar industry”
- Formulating policies to expedite adoption of electric vehicles and accelerate the transformation of the automotive industry
- Facilitating cooperation among enterprises and supporting their entry into emerging markets, such as Southeast Asia, with their electric vehicles and related technology
- Continuing promotion of transformation of the motorcycle sales businesses to other sectors through providing subsidies etc.

Healthcare

As a former physician who holds a degree in public health from Harvard University, Lai views his **health policies** as one of the key differentiators with other candidates.

For instance, Lai proposed the adoption of a “Health Charter” to ensure that government policies don't violate basic principles related to the health of individuals and society.

Lai proposed to expand and integrate smart medicine with healthcare and promote the biomedicine industry to become the next “trillion-dollar industry”. Leveraging Taiwan’s advanced ICT and semiconductor industries, Lai aims to integrate such capabilities to expedite the promotion of smart medicine, precision medicine, regenerative medicine industries, and development of new drugs. Furthermore, Lai raised the need of mass storage of genetical information and health insurance data, and the usage of technology like AI to conduct massive data analysis for the purpose of elevating the quality of healthcare.

Additionally, given that cancer has been the top cause of death in Taiwan for more than four decades, Lai has also promised to establish a NT\$10 billion (US\$317 million) fund for cancer treatment and prevention.

Lai pointed out that the overall drug cost would inevitably increase under the current scheme, where the patient is only allowed access to the most advanced cancer treatment after rounds of other treatments such as the chemical treatment have been proven ineffective.

He expressed his hope of reducing the number of cancer patients by 1/3 and the number of deaths caused by cancer decrease by 1/3 by 2030.



Defense

In his Wall Street Journal op-ed, Lai listed enhanced deterrence as the first of his four-pillar plan for peace across the Taiwan Strait. Other pillars include bolstering economic security by encouraging trade diversification, forming partnerships with democracies around the world, and maintaining the cross-strait status quo.

Regarding **defense** in particular, Lai highlighted the achievements of the Tsai government, including increased defense budget (2.5% of GDP in 2023, highest since 2013), reformed reserved system, and extended conscription – measures to raise the stakes and costs for Beijing and reduce the risk of armed conflict.

Lai also expressed commitment to continue Tsai's policy on strengthening asymmetric defense, which entails the focus on more cost-effective and mobile capabilities. Similarly, he has also stated his intention to build on President Tsai's policy on developing Taiwan's indigenous defense industry and strengthening its position in the global supply chain.

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