

# Analysis and Coping Strategies for Taiwan's Automotive Parts Exports to the U.S. under Reciprocal Tariffs (Part 1)

## Characteristics of Taiwan's Automotive Parts Industry

Taiwan's automotive and motorcycle parts industry began to develop after the establishment of Yulon Motor. Over the years, as vehicle manufacturers and manufactured models increased, along with rising consumer awareness of quality, most companies adopted partial process automation to develop flexible small-batch, multi-variety manufacturing technologies. Quality has caught up to international standards, with significant improvements in product technology. Currently, aside from a few engine and transmission components, Taiwanese automotive parts manufacturers are capable of producing most automotive parts, forming a highly complete supply chain. Since its development, Taiwan's automotive industry has primarily acquired technology transfers through technical collaborations with foreign companies, with Japanese firms being the closest partners, laying the foundation for production and assembly technologies of Taiwanese automakers. Generally, automotive parts can be divided into those directly supplied to original equipment manufacturers (OEM) for vehicle assembly and those supplied globally for aftermarket (AM) repairs.

From the perspective of the OEM market, Taiwan's automotive parts OEM market has been constrained by the small domestic market size, as well as strict quality requirements and controls from OEMs, creating development bottlenecks. However, in

recent years, companies have focused on R&D, achieving substantial improvements in production technology and product quality. Some parts now possess international competitiveness and are gradually expanding into global markets. Additionally, to align with new vehicle model launches from automakers, the OEM market is larger in scale than the aftermarket and offers more stable orders, though bargaining power is weaker when automakers demand price reductions. In contrast to the challenging OEM market, **AM market has become the mainstream for Taiwan's parts development, primarily through exports to the EU, the US, Japan, and other regions.** Compared to OEM, the AM market offers greater autonomy and flexibility, with small-batch, multi-variety characteristics. AM products are mostly exported and not restricted by OEM specifications, though orders are less stable than in OEM.

Taiwanese automotive parts manufacturers are mostly small- and medium-sized enterprises. Constrained by the domestic market, a very high proportion of them engage in global exports, mainly focusing on aftermarket components with small-batch, multi-variety traits—distinct from the large-volume, low-variety nature of OEM parts. **Taiwan's automotive parts industry has a complete supply chain. Leading companies have leveraged process automation to develop flexible small-batch, multi-variety manufacturing technologies, achieving international-level quality and significant product technology advancements. Over the years, they have focused on reverse engineering and customized flexible manufacturing,** with more and more gaining product advantages. Through various marketing networks and bases, distribution warehouses, local factories abroad for on-site supply, technical collaborations, and joint ventures, they have entered the supply systems of international major automakers for OEM parts. Whether in the aftermarket or OEM, leading companies have been deployed in global markets for years and are emerging prominently on the world stage.



Due to advancements in mechanical manufacturing precision and mold-making technology, automotive parts in the aftermarket—such as vehicle lights, bumpers, rearview mirrors, rubber/plastic injection-molded parts, various sheet metal components, and stamped parts—account for over 80% of the North American and European aftermarket. **Table 1** lists the types of Taiwanese automotive parts entering international markets, roughly divided into two major categories: traditional automotive parts and automotive electronic parts. Automotive electronic parts are often closely related to the vehicle control network (Controller Area Network, CAN BUS). These two types differ significantly in aspects such as certification/validation, market entry barriers, lifecycle, introduction timelines, investment recovery, and ties to automakers. **Among Taiwan's exported automotive parts, the main categories include rubber and plastic parts, stamped metal parts, vehicle lights, tires, and other general repair components,** with the aftermarket (AM) as the primary sales channel. Taiwan's automotive parts export market has grown steadily, benefiting from cost competitiveness and accumulated mold-making capabilities, plus the diversification of procurement by major international automakers. Taiwanese parts manufacturers have clearly benefited and continue to expand production scales.

After Taiwan joined the WTO, its export-oriented automotive parts industry already held a cost advantage, and market liberalization had minimal impact on domestic firms. Benefiting from reduced trade barriers among WTO members, export competitiveness greatly improved. Following China's WTO accession and the signing of the Economic Cooperation Framework Agreement (ECFA) across the Taiwan Strait, tariffs on automotive parts entering China were eliminated or substantially reduced, giving parts manufacturers higher profit margins. Currently, aside from diesel engines, engine management systems (EMS), and electromagnetic continuously variable transmissions (ECVT), **Taiwanese automotive parts manufacturers can produce nearly all types of automotive parts, with manufacturing quality meeting the standards of advanced countries in Europe, America, and Japan.**

This article focuses primarily on conventional automotive parts, including some automotive electronic parts.

**Table 1: Types of Taiwanese Automotive Parts Entering International Markets**

| Item                           | Conventional Automotive Parts  | Automotive Electronic Parts  |
|--------------------------------|--|--|
| AM                             | Aftermarket<br>Non-safety exterior parts (mostly collision parts such as bumpers, lights, sheet metal, rearview mirrors, etc.)                   | In-vehicle devices (infotainment, audio entertainment), satellite navigation systems   |
| Certification/Validation (AM)  | Related certifications (e.g., lights: ECE/SAE/CAPA/AQRP)   | Electromagnetic compatibility (EMC)  |
| OEM                            | Fuel systems / transmissions / drivetrains / (forged) aluminum alloy wheels  | Rear-view camera radar, tire pressure monitoring systems, engine management systems, advanced driver assistance systems (ADAS) |
| Certification/Validation (OEM) | Discuss engineering specs with automaker / supply chain audit  | Discuss engineering specs with automaker / supply chain audit / electromagnetic compatibility (EMC)                            |
| Entry Barriers                 | Mold-making, manufacturing quality, rubber/plastic (injection molding), marketing channels, price competitiveness, reverse engineering precision | Control technology, sensor applications, vehicle specs, innovation and services, product [price] differentiation               |
| Lifecycle                      | Influenced by vehicle models (or exterior redesigns)   | Defined by [component, module, or system] product specifications   |
| Introduction Timeline          | Short (depending on mold-making or rapid prototyping)  | Long (months to years)   |
| Investment Return              | Faster   | Slower   |
| Ties to Automakers             | None (AM)<br>Synchronized component R&D with automaker (OEM)   | Synchronized component R&D with automaker (OEM)<br>Link to In-Vehicle Control Network (CAN BUS)                                |

Data source: Industrial Technology Research Institute (ITRI), International Division (Feb. 2026)

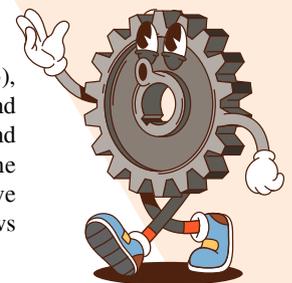
## Taiwan's Automotive Parts Production and Sales

Taiwan's automotive parts industry features a complete industrial cluster satellite system, with manufacturers excelling in both mold-making and flexible production. Beyond the domestic market (including local vehicle assembly and repairs), exports have been the focus in recent years, with quality reaching international standards and companies progressively obtaining aftermarket certifications from Europe and America.

### (1) Taiwan's Automotive Parts Production

In 2024, Taiwan's automotive parts production value was NTD 272.84 billion, down 3.5% from 2023. The main production items included other automotive parts (HS code: 8708) at 54.1%—the highest share—followed by automotive lights and components (15.3%), automotive electrical parts and components (10.2%), transmission and suspension systems and components (5.87%),

automotive wheels and components (5.1%), engines and components (4.0%), truck and other body parts (2.5%), brake systems and components (2.2%). **Figure 1** shows the production value of Taiwan's automotive parts over the past 5 years; **Figure 2** shows the production items and their shares.

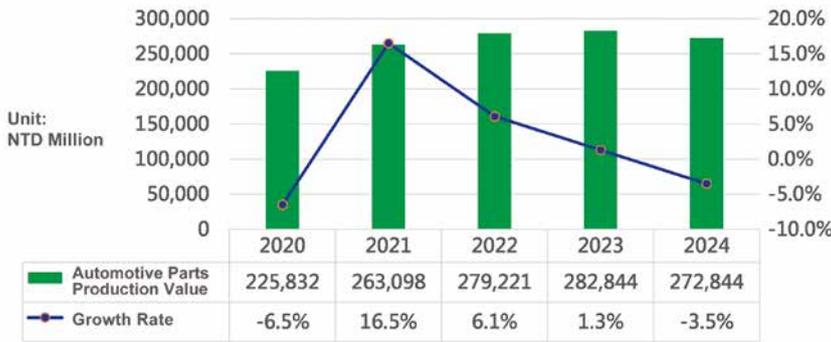


### (2) Taiwan's Automotive Parts Exports

In 2024, Taiwan's automotive parts sales value reached NTD 307.27 billion. Aside from supplying domestic vehicle assembly and the local repair market, 58.5% of parts were exported to Europe, America, and Japan, with other automotive parts (HS code 8708) leading at NTD 147.61 billion (54.1% share). The total export value was NT\$187.32 billion, up 0.1%

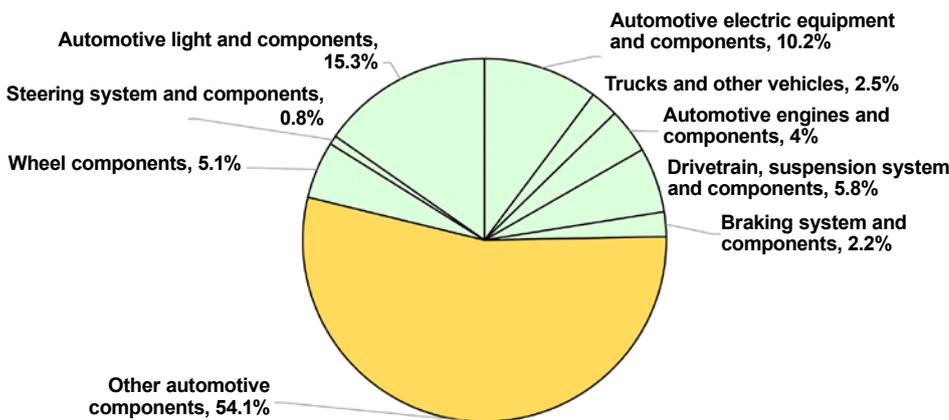


**Fig. 1: Taiwan's Automotive Parts Production Value Over the Past 5 Years**



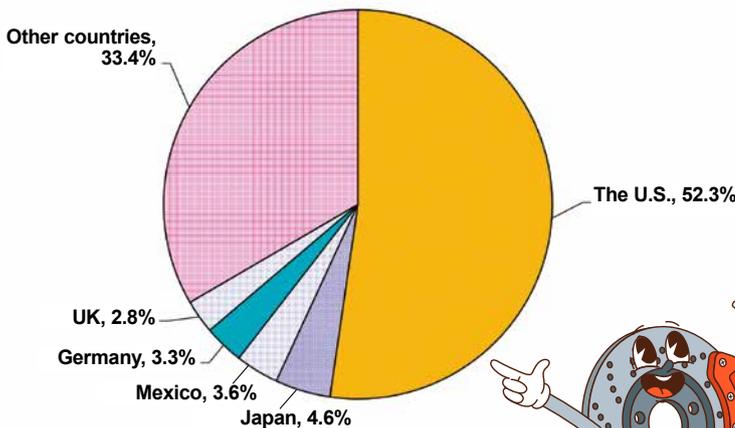
Data source: Ministry of Economic Affairs Statistics Department; ITRI International Division (Feb. 2026)

**Fig. 2: Taiwan's Automotive Parts Production Items and Shares in 2014**  
(Value at NTD 272.84 Billion)

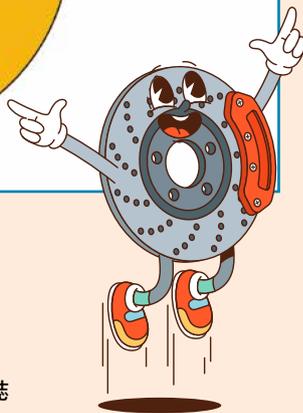


Data source: Ministry of Economic Affairs Statistics Department; ITRI International Division (Feb. 2026)

**Fig. 3: Taiwan's Main Automotive Parts Export Destinations and Shares**



Data source: Ministry of Finance Customs Administration Database; ITRI International Division (Feb. 2026)



from 2023. **The top five export destinations were the US (52.3%), Japan (4.6%), Mexico (3.6%), Germany (3.3%), and the UK (2.8%), accounting for 66.6% of total exports.** *Figure 3* shows Taiwan's main export countries and shares; *Figure 4* shows the main exported items and shares.

## Taiwan's Automotive Parts Exports to the US

Leading Taiwanese automotive parts manufacturers produce rubber/plastic collision parts (e.g., bumpers, lights, rearview mirrors) or body exterior parts (e.g., body panels, fenders), most of which have passed US product validation, giving them competitive advantages. Exports to the US in both volume and value have grown annually. *Figure 5* shows Taiwan's total parts export value and the share exported to the US, with the US share rising from 44.8% in 2015 to 52.3% in 2024, making it the top destination. Most Taiwanese parts suit the aftermarket (e.g., collision or machined components like gears and drive shafts, often ordered by Taiwan for export). Amid anticipated reciprocal tariff negotiations and exchange rate fluctuations (NTD appreciation in 2025), Taiwan's US export share may decline.

Taiwan's competitive advantages in automotive parts exports to the US lie in items such as rubber/plastic (collision-type) parts (bumpers, front/rear lights, rearview mirrors), body sheet metal (fenders, etc.), machined parts (drive shafts, gears, etc.), sheet metal and stamped parts, brake system components (brake discs/holders/calipers, etc.), and forged aluminum alloy wheels. **Taiwanese manufacturers excel in small-batch, multi-variety production (specializing in flexible or mixed-line manufacturing, handling orders as small as a few pieces), stable quality (full inspection required, with most achieving 0 ppm defect rates), precision and reliability, and delivery times (most have shipping warehouses in the US for quick fulfillment).**

Main competitors include Japanese parts makers (e.g., Aisin Seiki, Denso), German ones (e.g., Hella, Continental), and South Korean ones (e.g., Hyundai Mobis). Leading Taiwanese firms' collision parts have passed SAE, CAPA, or AQRP certifications, creating differentiation from Chinese exports. This explains why **Taiwan's aftermarket parts hold 80-90% market share in North America** (e.g., ~85% for lights, 80% for body sheet metal, 90% for bumpers).



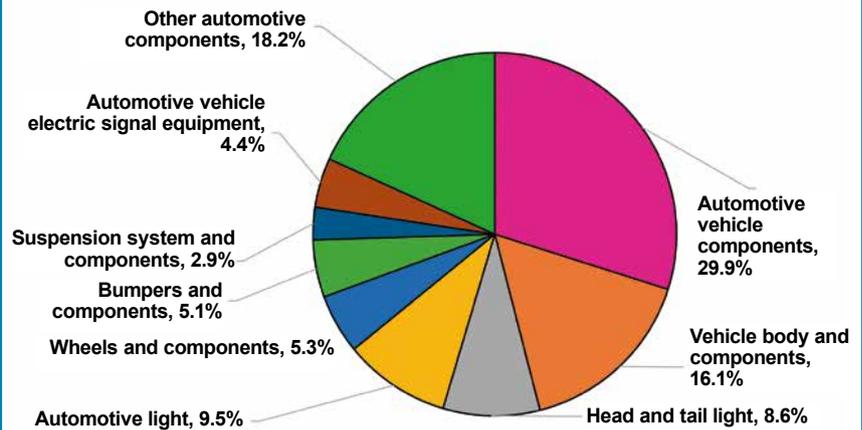
The U.S. is Taiwan's top automotive parts export destination, consistently holding the highest share in recent years. In 2024, exports to the US totaled NTD 97.89 billion, down 1.1% from 2023. Collision parts for the aftermarket dominate, with key items including bumpers, sheet metal, rearview mirrors, exterior trim, and various metal plates (e.g., body panels, fenders). Shares include 60-70% for automotive lights, 85% for rubber/plastic parts (including trim), and up to 90% for bumpers.

Main exported items to the U.S. and their shares: other automotive parts (HS code 8708) (30.5%), trucks and other bodies (18.6%), automotive lights and components (15.8%), bumpers and components (8.7%), motor vehicle lighting equipment (4.8%), transmission/suspension systems and parts (3.2%), automotive wheels (2.7%), and others (15.7%). **Figure 6** shows the main items and shares exported to the US. This includes machined automotive parts like gear sets, drive shafts, output shafts, reduction mechanisms, brake systems, or electrical components such as alternators, starter motors, and power components. ■

(The second half of this article with exciting content will be published soon—stay tuned.)

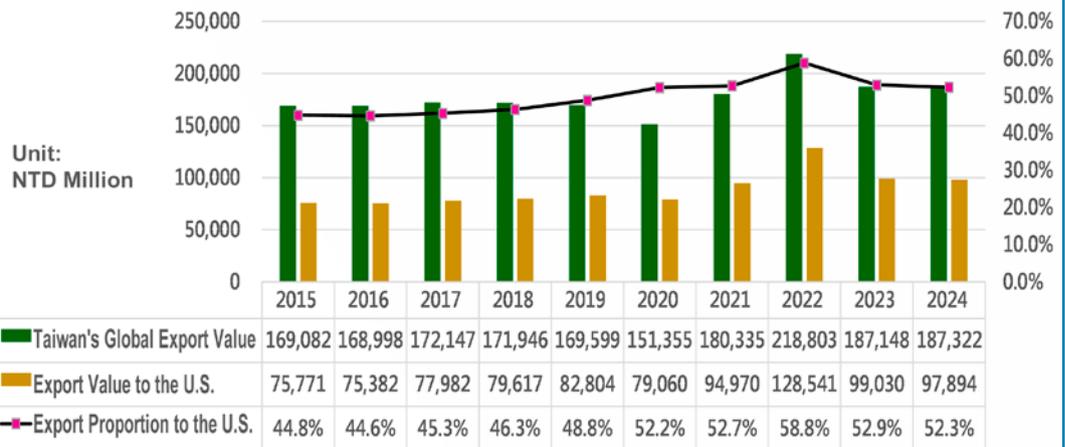


**Fig. 4: Taiwan's Main Exported Automotive Components and Shares**



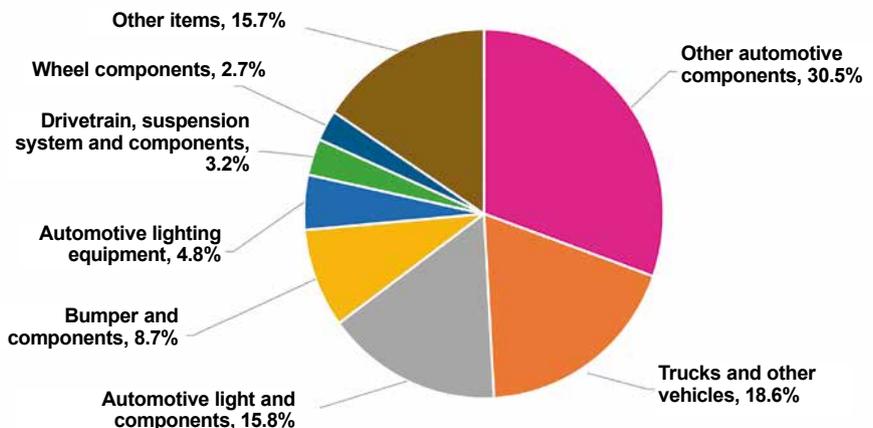
Data source: Ministry of Finance Customs Administration Database; ITRI International Division (Feb. 2026)

**Fig. 5: Taiwan's Total Automotive Parts Export Value and Share Exported to the U.S.**



Data source: Taiwan Institute of Economic Research (TIER) Industrial Economics Database; ITRI International Division (Feb. 2026)

**Fig. 6: Main Automotive Parts Items and Shares Exported from Taiwan to the U.S. in 2024**



Data source: USITC; ITRI International Division (Feb. 2026)