Foreign Investors Withdraw, Disrupting Taiwan’s Wind Power Market

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TAIPEI, TAIWAN, February 27, 2025 /EINPresswire.com/ -- Amid escalating tensions in the Taiwan Strait, Taiwan has seen a flight of foreign investments, with many offshore wind projects offloading shares.

Due to turbulent geo-political reasons, Taiwan offshore wind power market is witnessing a massive overflow of the foreign capital, which may lead to a structural oscillation

Offshore wind farms consist of higher risk in development, construction, and management, leading to the cautious attitude of banks and loan issue.

Since 2024, Danish developer Ørsted has sold 50% of its shares in the Greater Changhua Northwest Cathay Life Insurance, while Australia’s Macquarie has also sold its offshore wind assets to Taiwanese life insurers. Despite the increase in pace of deals, it remains uncertain whether domestic companies will be able to continue to acquire offshore wind assets.

Multinational developers are looking to continue to offload their stakes, with an estimated total of over 7GW of offshore wind projects up for sale and a capital demand exceeding NT$250 billion. The projects on sale reportedly includes completed projects such as Formosa 1, Formosa 2, Chang fang and Xidao, Yunlin Offshore Wind Farm, Greater Changhua 1 and 2, as well as those still under construction such as the Wei Lan Hai, project, Formosa 3, Feng Maio and the Winds of September, to name a few. Further, amid a cooling global wind market and declining investment returns, this wave of foreign investor withdrawals could plunge Taiwan's renewable energy market into even greater uncertainty."

Rising cross-strait tensions prompt foreign investors to cash out of offshore wind sector

Industry analysts have said that the flight of foreign investors from Taiwan is primarily caused by escalating tensions and potential geopolitical shocks in the Taiwan Strait, as well as a global downturn in the offshore wind sector. “Rising geopolitical risks and U.S. President Trump’s reservations against the green energy sector have made investors more cautious about the Taiwan wind market,” according to an industry insider, who said that foreign investors are also reevaluating the viability of long-term investments in Taiwan. In addition, rising development costs and interest rates, have significantly extended the investment payback period and thus undermined asset values and liquidity. Originally attracted by Taiwanese government’s subsidies, the foreign investors appear to be looking to sell their assets and take profits while valuations remain favorable. “These multinational developers are turning away from their commitments to operate these wind projects for the next two to three decades,” said an industry insider, adding that, in the mass exodus of foreign capital, domestic investors may not have the capacity to fill the gap as foreign investors continue to exit Taiwan.

The current situation suggests challenges in the government's supervision and regulation of the offshore wind energy sector, as it has struggled to retain foreign investors. Critics from the offshore wind sector have said that while the government has long relied on foreign investors achieve its renewable energy policy, it has failed to prepare domestic industries to take over the projects, leading to tremendous market risks. The industry said that the government should closely monitor market developments and aid where necessary to ensure long-term sustainability of the sector. At the same time, foreign investors should also consider the long term in their decisions to enter or exit Taiwan and refrain from profiteering and gaming asset values while offloading risks to domestic companies. The government, developers and investors must work together to steer Taiwan’s offshore wind sector in a positive direction.

The continued selloff of offshore wind assets by foreign investors have resulted in an oversupply of offers and dwindling asset values. Increasing tensions in the Taiwan Strait have contributed to foreign infrastructure investors being more cautious about deploying capital into Taiwan's wind market. On the other hand, domestic investors have been actively exploring acquisition opportunities, but they are confronted with the complexity of offshore wind transactions. Furthermore, the conservative stance of the Taiwanese financial institutions on the renewable investments further exacerbate the challenges facing the market. “Offshore wind development is capital intensive and high risk, with potential buyer facing significantly heavier financial pressure when asset valuations are falling,” said an industry insider.

The market trend suggests that the primary target of foreign investors’ share disposals is to be taken over by Taiwan’s life insurers. However, as of the end of 2024, Taiwan’s life insurers have only spent around NT$50 billion on renewable energy sectors (including solar and offshore wind segments), far from the NT$250 billion capital requirements. Whether industry resources can be effectively integrated by bringing in the capital from domestic conglomerates remains to be seen. “This current flight of foreign investors has not only affected market stability but also caused a tumble in offshore wind asset valuation, which could turn away potential buyers going forwards,” according to a green energy sector analyst.

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