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**FOR IMMEDIATE RELEASE**

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## **TAIWAN INVESTMENT TO ADVANCE CHINA'S SEMICONDUCTOR INDUSTRY, ACCORDING TO US-TAIWAN BUSINESS COUNCIL REPORT**

The US-Taiwan Business Council today announced the availability of "Semiconductor Report – Second Quarter 2004", the latest in a series of quarterly reports analyzing developments and emerging trends in the integrated relationship between the U.S., Taiwan, and China in the semiconductor industry. This report is part of a suite of products and services available to Council members in the technology community, including weekly sector-specific news eBulletins, quarterly and annual analysis reports, strategic consulting, relationship building, and an ongoing series of technology events.

The report analyzes the status of investment in semiconductor design and manufacturing by Taiwan chipmakers, and details the significance of Taiwan Semiconductor Manufacturing Company's (TSMC) recent phase 2 government approval as Taiwan's only foundry to begin 8-inch chip manufacturing in China. The report also examines the potential for removing investment restrictions on Taiwan semiconductor packaging and testing companies wishing to enter the China market. In addition, the report discusses the future for China's semiconductor industry, and how it will be impacted by the entrance of TSMC, the evolution of China's foundries—especially Semiconductor Manufacturing International Corp. (SMIC), the growth of IC design, and the removal of China's discriminatory Value-Added-Tax (VAT) on domestic chip production.

Taiwan is ranked second globally for semiconductor design, and is home to 5 of the world's top 20 chip design firms. In addition, expansion plans by Taiwan's top foundries and DRAM chipmakers could provide Taiwan with the largest concentration of advanced 12-inch semiconductor fabs in the world by 2006.

"The increasing level of Taiwan's investment in domestic chip manufacturing and design indicates that concerns over the 'hollowing out' of Taiwan's technology industry are significantly reduced," according to Council President Rupert Hammond-Chambers. "Taiwan will remain a leader in the global semiconductor industry despite the allure of the China market, and it will continue to be influential in that market's growth."

### **About the US-Taiwan Business Council:**

The US-Taiwan Business Council ([www.us-taiwan.org](http://www.us-taiwan.org)) is a membership-based non-profit association, founded in 1976 to foster trade and business relations between the United States and Taiwan. The Council provides its members with business intelligence, access to an extensive network of relationships, and serves as an effective representative in dealing with business, trade, and investment matters.

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