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**FOR IMMEDIATE RELEASE**

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**U.S. GOVERNMENT SHOULD SUPPORT SEMICONDUCTOR  
MANUFACTURING EQUIPMENT SALES TO CHINA: US-TAIWAN  
BUSINESS COUNCIL REPORT**

The US-Taiwan Business Council today announced the availability of "**Semiconductor Report – First Quarter 2005**", the latest in a series of quarterly reports examining emerging trends in the integrated relationship between the U.S., Taiwan, and China in the semiconductor industry.

One of the most important developments during the quarter was the U.S. government's decision not to consider a loan application for the export of US\$769 million of U.S. semiconductor manufacturing equipment to China's Semiconductor Manufacturing International Corporation (SMIC). "The Export-Import Bank of the United States' decision against considering the loan is significant not only for those U.S. equipment suppliers that would have benefited from the deal, but also for the future of the U.S. semiconductor industry and our economy as a whole," stated Council President Rupert Hammond-Chambers.

"At issue here is the fact that the U.S. semiconductor equipment industry depends on exports to foreign markets – particularly in Asia – for a majority of its sales, and not enabling our industry to have access to these markets will force companies like SMIC to purchase equipment from Japanese, European, and Korean suppliers. Since the international competitiveness of U.S. suppliers is tied inextricably to the ability of the companies to provide jobs and increasingly advanced technology solutions – thus maintaining the U.S. leadership position in the industry – the U.S. government should be more supportive of export opportunities such as this," said Hammond-Chambers.

The Council's report also analyzes the impact of the Taiwan government's decision to postpone further opening of foundry, packaging and testing investment in China's semiconductor industry – in light of China's passing of its Anti-Secession Law in March, as well as investigations into alleged illegal Chinese investment by companies like United Microelectronics Corporation (UMC).

**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 a vital and effective representative in dealing with business, trade, and investment matters.

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