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**FOR IMMEDIATE RELEASE**

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**TAIWAN PRESSED TO LOOSEN CROSS-STRAIT SEMICONDUCTOR INVESTMENT RESTRICTIONS TO ENSURE GLOBAL COMPETITIVENESS**

According to the latest quarterly report by the US-Taiwan Business Council, Taiwan government policies for semiconductor investment in China will expire at the end of 2005, and new regulations will likely be adopted offering Taiwan chipmakers greater access to the China market.

The Taiwan government has been criticized for preventing its industry-leading chipmakers from gaining a foothold in the fast growing China market. "Taiwan government officials have been examining the China investment issue primarily through the prism of the cross-Strait political relationship, rather than as an opportunity for Taiwan chipmakers to take a leading role in the market. Pursuing policies that have in effect promoted China's chipmakers over those in Taiwan, like not allowing the use of at least 0.18-micron process technology, has negatively affected the ability of Taiwan companies to service their customers and maintain their global competitiveness," said Council President Rupert Hammond-Chambers.

Despite their political differences, several developments have prompted the Taiwan government to consider implementing cross-Strait investment policies to help Taiwan chipmakers counter advances made by their Chinese rivals – including allowing usage of advanced process technologies, as well as approving other fab projects and investment by chip packaging and testing firms.

According to Hammond-Chambers, "Taiwan's cross-Strait investment regulations have failed to keep pace with technology developments in China, as well as with the economic realities of the global semiconductor industry. With China becoming the fastest growing market for semiconductors, and the major location for IT goods manufacturing, Taiwan chipmakers will be hard-pressed to maintain growth without moving some operations across the Strait. Substantial investments in advanced chipmaking technologies will still be made in Taiwan, but access to China – and the ability to compete there – will secure Taiwan's continued global leadership in semiconductors."

More information on the Council's "**Semiconductor Report – Third Quarter 2005**" can be found online at [www.us-taiwan.org/tech/products.html](http://www.us-taiwan.org/tech/products.html).

**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. The Council provides its members with business intelligence, access to a network of companies involved in business between Taiwan and the United States, and serves as a vital representative in dealing with investment, business development, and intellectual property matters.

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