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TAIWAN'S EASING OF CHINA INVESTMENT REGULATIONS FOR SEMICONDUCTOR PACKAGING & TESTING WILL PROMOTE TAIWAN'S GLOBAL COMPETITIVENESS: US-TAIWAN BUSINESS COUNCIL

The Taiwan government's decision to allow domestic semiconductor packaging and testing companies to invest in the China market drew praise today from the US-Taiwan Business Council.

The Taiwan government also announced it would remove restrictions on the manufacturing of small-size flat panels in China. Under the new regulations, investments in China will still be subject to a number of preconditions to help ensure that advanced technologies remain in Taiwan.

According to Council President Rupert Hammond-Chambers, "These changes, coupled with further liberalization of the so-called 'mini-links', are small but encouraging steps in the right direction. It signals a willingness of the Taiwan government to take the necessary measures to promote the competitiveness of its domestic semiconductor industry. With the China market already a strategic manufacturing base for the global technology industry, allowing Taiwan's semiconductor companies to locate facilities close to customers and partners in China will be integral to Taiwan maintaining its status as a global technology leader, as well as continuing as a supplier of choice for U.S. technology companies."

Despite this positive development, however, the US-Taiwan Business Council would like to see further steps by the Taiwan government to support its semiconductor industry. In particular, the Council recommends that the government approve pending applications for fab investments in China for Powerchip Semiconductor and ProMOS Technologies, as well as allow Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) and future chipmakers in China to utilize 0.18-micron technology.

The Council does not support a total lifting of restrictions on Taiwan technology investment in China, as there remain real concerns regarding IPR protection, competitiveness, and security when providing access to cutting-edge technology. However, there are many areas where liberalization would positively impact the supply chain, without compromising Taiwan's national security interests.

About the US-Taiwan Business Council:

The US-Taiwan Business Council (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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