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US-TAIWAN BUSINESS COUNCIL SUPPORTS TAIWAN'S FINALIZING OF INVESTMENT REGULATIONS FOR CHIPMAKING IN CHINA

The US-Taiwan Business Council welcomes the comments by the Investment Commission of the Ministry of Economic Affairs (MOEA), indicating that Taiwan will finalize a plan by the end of 2006 that would allow its chipmakers to use 0.18-micron manufacturing technology in China. In addition, Taiwan is planning to approve applications by Powerchip Semiconductor and ProMOS Technologies to move 8-inch wafer fabs to the Mainland.

According to Council President Rupert Hammond-Chambers, "Taiwan's willingness to relax its China investment regulations continues an incremental approach to liberalization of Taiwan's cross-Strait technology relationship with China. The Council supports these steps, as they will strengthen Taiwan's competitiveness and increase the attractiveness of Taiwan companies to America's technology community."

In advocating these policy changes to the government, the Council has stressed that while Taiwan's domestic chipmakers are established global leaders, a competitive presence in China will assist Taiwan in becoming the manufacturing partner of choice for the Chinese market. Taiwan chipmakers and their partners stand to benefit from greater supply-chain integration with their global customers and suppliers, many of whom already have a significant China presence.

In April 2006, Taiwan announced that it would allow packaging and testing companies to invest in China, a decision that was greeted with much enthusiasm. However, many questions remain today over the process, as Taiwan has yet to grant any licenses for such investment. The Council encourages Taiwan to bring at least two applications to the approval stage within the next 6 months.

In addition to supporting clarification of the packaging & testing application process, the Council also recommends that Taiwan finalize its policies regarding 0.18-micron and China fab investments as soon as possible. We encourage Taiwan to explore further areas for cross-Strait technology liberalization - strengthening Taiwan's competitiveness without undermining its national security.

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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