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US-TAIWAN BUSINESS COUNCIL WELCOMES PROGRESS ON U.S. EXPORT CONTROLS AND TAIWAN INVESTMENT LIBERALIZATION, BUT URGES CONTINUED REFORMS

In its "Semiconductor Report – Second Quarter 2007," the US-Taiwan Business Council applauds moves by the U.S. government to ease export restrictions, and congratulates the Taiwan government on taking steps towards liberalizing cross-Strait technology investments. The Council also cautions that continued reforms are necessary, and urges the Taiwan government to make all haste in preparing new investment regulations for the semiconductor industry.

Council President Rupert Hammond-Chambers commented, "The Council recognizes that high-tech releases to China are a chief national security concern for both the U.S. and Taiwan. Technology export controls have in the past placed U.S. companies at a disadvantage, however, as their European and Asian competitors do not face such stringent rules. While the effectiveness of the new regulations and their impact on U.S. businesses remains to be seen, it is a positive step forward."

Hammond-Chambers added "During the second quarter, Taiwan approved several applications for technology transfer to or investment in China. However, Taiwan's China chip investment regulations expired at the end of 2005, and have not been formally replaced. The Taiwan government needs to develop and publish clear, transparent technology investment policy guidelines, as the current lack of transparency gives agencies the power to mire the process in politics. Taipei also needs to find ways to reduce the political rhetoric surrounding this issue, and should include a straightforward process for mergers and acquisitions (M&A) in Taiwan's technology sector."

More information on the Q2, 2007 semiconductor sector report is available at www.us-taiwan.org/tech. The full report also contains analysis on the current state of the Taiwan semiconductor industry, the impact of the recent Intel investment in China on Taiwan chipmakers, as well as a discussion on how the outcome of the upcoming Taiwan presidential election may have a profound impact on Taiwan's semiconductor industry.

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 to foster trade and business relations between the United States and Taiwan. The Council provides its members with business intelligence, offers access to an extensive network of relationships, and serves as a vital and effective representative in dealing with business, trade, and investment matters.

Press Contact:

Lotta Danielsson-Murphy
LottaDM@us-taiwan.org

Tel: (703) 465-2930
Fax: (703) 465-2937

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