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## **TIME FOR TAIWAN TO ACT ON COMPREHENSIVE CROSS-STRAIT TECHNOLOGY INVESTMENT GUIDELINES**

The US-Taiwan Business Council's *Taiwan Semiconductor Report – Annual Report 2009* calls for the speedy formulation of new comprehensive guidelines for Taiwan technology investment in China.

Since the expiration of the previous guidelines in 2005, Taiwan has squandered several years in which its technology companies might have gained critical advantages over their Chinese and South Korean competitors.

The Taiwan government recently continued its piecemeal easing of regulations for technology investment. It will now allow three LCD panel factories to be built by Taiwan companies in China - a direct response to South Korea's recent moves. In addition, it is allowing chipmakers to invest in Chinese chip foundries. While this legalizes TSMC's and UMC's stakes in SMIC and He Jian respectively, it does not adequately broaden investment opportunities for the Taiwan semiconductor industry as a whole.

These changes are laudable as important steps forward, yet they also highlight the stranglehold that policymakers in Taiwan continue to maintain on China technology investment. The government needs to also consider comprehensive regulations that would allow Taiwan companies to, at minimum, invest in and use the same technologies other international companies are already using in China.

Council president Rupert Hammond-Chambers remarked that "the Taiwan government should release a comprehensive technology investment framework that provides for liberalized investment regulations under an export control regime modeled on U.S. technology trade rules. Such a framework would cover all areas of technology trade and investment, rather than these piecemeal regulations released for specific sectors, and would let Taiwan companies compete on a level playing field. The Taiwan government continues to be reactive and not proactive to the needs of its technology sector."

The Council's semiconductor report also addresses the improving fortunes of Taiwan's DRAM manufacturers and the future prospects of the Taiwan Memory Company (TMC). In addition, the report looks at the fortunes of TSMC and the growing challenge of Globalfoundries.

### **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, 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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