



Paul D. Wolfowitz  
Chairman of the Board

Vance D. Coffman  
Vice Chairman

Senator Lisa A. Murkowski  
Honorary Co-Chairman

Senator John D. Rockefeller IV  
Honorary Co-Chairman

Rupert J. Hammond-Chambers  
President

FOR IMMEDIATE RELEASE

January 31, 2012  
Arlington, Virginia, U.S.A.

## US-TAIWAN BUSINESS COUNCIL REPORT EXAMINES THE IMPACT OF STRATEGIC MOVES BY SAMSUNG AND APPLE ON TAIWAN CHIP COMPANIES

In its *Taiwan Semiconductor Report - Annual Review 2011*, the US-Taiwan Business Council appraises the impact of Samsung on Taiwan's DRAM industry, and examines the strategic imperative behind a potential Apple shift away from Samsung and towards TSMC as a chip supplier.

Commenting on the report, Council President Rupert Hammond-Chambers noted, "*The weakness in demand for DRAM chips in Q1 of 2012 continues, partially due to PC supply-chain disruptions caused by last summer's flooding in Thailand, an increased consumer focus on mobility, and a weak global economy. Coupled with over-capacity and growing inventories, these factors are depressing the price for DRAM chips and undermining the ability of Taiwan's fractured DRAM industry to remain profitable. Taiwan DRAM companies' ability to maintain their debt repayment schedules has been crippled, and this will become an acute crisis in 2012. Moreover, this comes at a time of significant pressure from Samsung, which now commands over 40% of the global DRAM market, and which has received the go-ahead for a new fab in China. 2012 may very well be the year that a number of Taiwan's DRAM producers finally close their doors.*"

The report notes that Apple must soon make a decision on whether to jettison Samsung as one of its principal suppliers for chips, screens, and other components – a move that would likely benefit Taiwan companies. While Samsung has the technology to produce Apple's components at a high level of efficiency and quality - including the new A6 chip - its expanding role as a principal competitor leaves Apple in an untenable situation. Apple may instead turn to Taiwan Semiconductor Manufacturing Company (TSMC) to produce its A6 chips. Although a challenging switch, the fallout from a growing number of lawsuits filed against Samsung for releasing products similar to Apple's should indicate a willingness to overcome the technical and financial barriers to doing so.

Hammond-Chambers added that, "*should Apple make the decision to switch from Samsung to TSMC, it will require careful handling. Given that a complete chip contains intellectual property from both the chip designer and the chip manufacturer, Apple will have to undertake a comprehensive and expensive overhaul of its A6 chip to avoid IP conflicts with Samsung and in order to harness TSMC's own proprietary techniques.*"

The *Taiwan Semiconductor Report - Annual Review 2011* concludes by reviewing five important semiconductor industry trends during 2011, predicting five important trends for 2012, and making recommendations to the Taiwan government on semiconductor-related investment regulations.

### 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  
[LottaDM@us-taiwan.org](mailto:LottaDM@us-taiwan.org)

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

P  
R  
E  
S  
S  
R  
E  
L  
E  
A  
S  
E