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A CHIP PROBLEM OF DETROIT'S OWN MAKING

[Opinion by Rupert Hammond-Chambers – The Wall Street Journal](#)

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American auto makers face a shortage of computer chips, and Sen. Debbie Stabenow blames the “*decision*” of “*a single company in Taiwan, which has reduced its shipments.*”

That statement is both incorrect and misleading. Sen. Stabenow’s demagoguery of a foreign company stops the U.S. from meeting the challenge of getting American auto workers back to work.

The American automobile industry does face a chip-supply issue, but it is primarily of its own making. The industry itself miscalculated its production needs in early 2020. At the onset of the Covid-19 pandemic, U.S. car makers significantly reduced their orders for chips, expecting a significant reduction in demand for vehicles. That drop in demand turned out to be less than they anticipated, leaving the industry with chip orders insufficient to match their manufacturing needs.

U.S. politicians and industry groups aren’t the only ones who have weighed in on the issue. Germany’s minister for economic affairs and energy, Peter Altmaier, wrote to Taiwan’s minister of economic affairs, Wang Mei-hua, asking her government to consider pressuring chip manufacturers, primarily the Taiwan Semiconductor Manufacturing Co. , to prioritize shipments to German auto companies also suffering from a shortfall.

Germany’s pro-Beijing leanings and barely contained disregard for Taiwan make it a poor candidate for preferential treatment. The German letter did, however, have an impact in the U.S. Brian Deese, President Biden’s director of the National Economic Council, wrote to Ms. Wang as well: “*We appreciate your efforts to ensure a level-playing field for American companies seeking deliveries of available supplies.*” Mr. Deese is rightly concerned that Taiwan will yield to German pressure, and the interests of American companies will take a back seat.

If governments can pressure companies, foreign or domestic, to change legally binding contracts in the interest of preferred business sectors like autos, that raises serious concerns about the nature of international commerce and the laws that govern it.

Securing supplies in semiconductor chips is crucial to the global economy. While TSMC’s cutting-edge production is currently based in Taiwan, it is committed to building a plant in Phoenix on a block of land that could see up to six plants in total. Couple this investment with congressional efforts, such as the authorized CHIPS for America Act, and you have the basis for expanded domestic chip production.

While these are important developments, it will take years for this domestic production to materialize. In the meantime, we are likely to see continued political and commercial tensions due to exploding chip demand and continued constraints in chip supply.

America’s reliance on Taiwan’s chip production further underscores the necessity of binding Taiwan’s technology and security closer to the U.S. In doing so, we ensure that this critical sector remains within the orbit of U.S. national interests and does not become a tool for Beijing.

Mr. Hammond-Chambers is president of the U.S.-Taiwan Business Council.