



Written by [Luis Miguel](#) on March 17, 2023

## Taiwan Warns Moving Semiconductor Plants to America Will Raise Prices

An independent American semiconductor industry could bring major benefits to the United States — but what would it mean for global politics in an age of Chinese aggression?

The United States is making moves to bolster its own semiconductor industry — an industry that at the global level is currently dominated by Taiwan. But the founder of one of the biggest players in Taiwanese semiconductor manufacturing said Thursday that by shifting production of chips from Asia to America, the U.S. will see prices go up and availability go down.



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“Maybe it’s double the cost,” Morris Chang of Taiwan Semiconductor Manufacturing Corp. (TSMC) told the [Associated Press](#). “When the cost goes up, the pervasiveness of chips will either stop or slow down considerably.”

Chang argued that while he understands America’s desire to slow Chinese production of semiconductors on grounds of national security, he can’t fathom why the U.S. would want to transfer so much production from Asian facilities to American ones.

“If it’s just for national security, it doesn’t have to be that high,” Chang added. “National security, defense (need) [sic] maybe only a couple of percent of chip manufacturing.”

TSMC has officially calculated that chip costs in Arizona will be 50-percent higher than what they are in Taiwan, although Chang believes it will be close to double the cost.

As AP reports:

The Biden administration is promising tens of billions of dollars to support construction of U.S. chip foundries and reduce reliance on Asian suppliers, which Washington sees as a security weakness. TSMC is building an Arizona facility and plans a second for a total investment of \$40 billion.

... TSMC said in 2021 that it planned to invest \$100 billion over three years in expanding its manufacturing capacity and supporting research and development. It also is building a \$7 billion computer chip plant in southern Japan with Japanese entertainment and electronics giant Sony Corp.

... The United States accounts for about 11% of global chip manufacturing, according to Chang. He said that should be more than enough for military needs.

Presently, Taiwan is responsible for the vast majority of semiconductor production globally, accounting



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for 63 percent of output. China supplies about 16 percent.

The Chinese Communist Party is currently investing billions of dollars to grow its own semiconductor production infrastructure and thereby depend less on imports. In response, the United States has limited China's access to design technology, equipment, and other resources Beijing could use to bolster their own industry.

In August, Biden signed the CHIPS and Science Act, which dedicates \$39 million to help semiconductor manufacturers build factories and \$11 billion for research.

A strong U.S. semiconductor industry would not only be a boon to American independence and national security; it would also bring much-needed jobs to our own citizens. According to a [report](#) by the Semiconductor Industry Association, announced projects dependent on the possibility of government support would create an estimated 200,000 jobs — including 36,000 directly involving computer chips.

Amid these realities, support for the CHIPS Act was bipartisan, with 17 Republican Senators and 24 House Republicans voting for the legislation.

However, the recently signed legislation is already the cause of controversy, as Republicans claim the administration is using the taxpayer funding to push “woke” policies.

These allegedly woke policies include requiring that the recipients of these funds to offer child care to their employees and encourage their workers to join labor unions.

Chan's response to U.S. efforts to drastically boost its domestic semiconductor production is not surprising. Of course the Taiwanese would want to preserve their dominance of an industry that not only contributes greatly to their economy, but makes them important in the international community and gives Western nations a reason to defend them against invasion by China.

This is a matter of high concern given Beijing's recent intimidation of the island republic. There is increased worry that China is planning to soon launch a takeover of Taiwan in much the same way Russia invaded Ukraine.

If China were to take over Taiwan's production capacities, it would hold major leverage over the United States.

A global semiconductor shortage during the coronavirus outbreak in 2020 had disastrous effects on the tech sector and automobile industry — a sign of what could be to come if Taiwan falls and the U.S. is unprepared to meet its own chip needs.

On that basis, Chinese acquisition of Taiwan is not something the U.S. can tolerate. It would be another weapon in China's arsenal of unrestricted warfare, allowing the CCP to further control the United States through its increasing control over the global economy.

At the same time, American policymakers should not desist from seeking greater independence simply to appease the Taiwanese. There is wisdom in the age-old saying about not putting all of one's eggs in a single basket. In this case, it's a matter of not putting all of our chips in one basket.



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