



AS IT IS

Taiwan Chip Maker Expands to Japan

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Taiwan Semiconductor Manufacturing Company, or TSMC, is one of the world's largest chipmakers. It announced plans in October to build a new plant in Japan. Experts say the move may help bring new life to Japan's chipmaking industry and strengthen its economic security.

The new plant is planned to begin operation in 2024, said company head C.C. Wei.

The move comes as Japanese manufacturers and others watch for China's policy goals for Taiwan, where most TSMC plants are **located**. Any interference with TSMC production could badly damage the worldwide supply chain.

Wei said chip buyers and the Japanese government support the project. The Japanese government is planning to pay for about half of TSMC's \$8-billion project, the website TechTaiwan reports.

TSMC's worldwide expansion includes building a \$12 billion facility in the southwestern American state of Arizona. Production there should also begin in 2024.

Less dependence on China

TSMC's expansion into Japan will strengthen that country's chipmaking industry. Japanese Prime Minister Fumio Kishida said, "We expect our country's semiconductor industry to become more **indispensable** and **self-reliant**."

Ruay-Shiung Chang is **chancellor** of Taipei University of Commerce. He told VOA Mandarin, "The world is rebuilding the supply chain to break away from dependence on China."

Chang added, "...Whether TSMC enters Japan or not, the semiconductor industry ties between Japan and China are a big problem, and there is currently no solution."

Effect on other chipmaking countries

Nikkei Asia reported that if TSMC accepted financing from the Japanese government, South Korea and other countries could ask the World Trade Organization (WTO) to block the deal. They could lose their own business of exporting semiconductors to **subsidized** plants in Japan.

Chang noted that South Korea supports its own chipmakers with subsidies – money paid by a government to keep the price of a product or service low. The South Korean government said in May that it plans to offer \$453 billion in support to its country's chipmakers. Yonhap, the South Korean news agency, reports that the government's aim is to make South Korea a world leader in chip production.

Chang said that because TSMC is building a factory in Arizona, the U.S. would likely not support South Korea's action against Japan at the WTO. He noted China's large subsidies of its own semiconductor industry. The U.S. and European Union were not able to stop that through action in the WTO.

I'm Jill Robbins.

Olivia Liao reported on this story for VOA News. Jill Robbins adapted it for Learning English. Ashley Thompson was the editor.

Words in This Story

semiconductor – *n.* a material or object that allows some electricity or heat to move through it and that is used especially in electronic devices

indispensable – *adj.* extremely important and necessary

self-reliant – *adj.* confident in your own abilities and able to do things for yourself; not needing help from other people

subsidy – *n.* money that is paid usually by a government to keep the price of a product or service low or to help a business or organization to continue to function

What do you think of TSMC's move to build semiconductors in Japan? We want to hear from you. Write to us in the Comments Section.
