Taiwan semiconductor industry will remain critical to U.S. economy, experts say

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Experts say Taiwan's semiconductor industry will remain critical to the U.S. economy and national security despite investments from the CHIPS and Science Act.

Mike Splinter, chairman of the U.S.-Taiwan Business Council and general partner at WISC Partners in Madison, discussed this topic yesterday during a webinar hosted by UW-Madison's Wisconsin Alumni Association. He highlighted the over $50 billion included in the law to incentivize semiconductor production and research in the United States. It was signed into law this week.

"Many universities will be involved in this research, depending on their area of expertise," he said. "Hopefully the result is a workforce … that are going to be better suited to be able to do research in the semiconductor area, and once again return the United States to preeminence in the semiconductor industry."

Almost every industry around the world relies on semiconductors, which are critical for computers and vehicles as well as most defense and national security applications, he explained. While the United States makes just 12 percent of the world's semiconductors, it consumes over 50 percent. And while China is spending more than the United States on building new semiconductor factories, neither country makes the most advanced of these chips.

Taiwan currently produces 92 percent of the world's most advanced semiconductors, Splinter said. And even with the billions of dollars going into the U.S. semiconductor industry and education pipeline due to the CHIPS and Science Act, he said Taiwan will still be producing at least 70 percent of the most advanced chips in the world in 10 years.

"No matter what we do, no matter how much money we allocate, it can't happen that fast," he said.

Alan Yeung, a professor of practice in the UW-Madison College of Engineering, also emphasized the importance of Taiwan to the evolving global economy. Before taking the position with the university, Yeung was formerly the director of U.S. strategic operations for Foxconn, which is based in Taiwan.

"You look at technology, information and business processes, that's all changing," he said. "And Taiwan plays a very strategic role in partnership with the United States."

He noted many businesses and countries are avoiding taking sides amid tensions between Taiwan and China, which were inflamed recently by House Speaker Nancy Pelosi's visit to Taiwan.

"I think it's in the best interest that we find a way to cool off the tension, and find ways to … de-risk and actually de-escalate the situation," he said.

Splinter pointed to China making a show of force during Pelosi's visit to Taiwan, but added China's economy is just as dependent on advanced semiconductors as that of the United States. He argued China would "kill the golden goose" if it attacked Taiwan, noting such an assault would throw "the world economy back to the dark ages of maybe the ‘60s.”

“For 10 years at least, and probably much longer, Taiwan is going to be critical to the U.S. economy and U.S. security,” Splinter said. “We have to continue to work to mitigate that risk, but it’s going to take a long time to make significant progress in that area.”

Watch the video: https://www.youtube.com/watch?v=pl4XKYpDHoA

–By Alex Moe