

Taiwanese chip giant TSMC says industry could have 'stabilising' effect

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C. C. Wei, CEO of Taiwan Semiconductor Manufacturing Company, said the production of its super-advanced microchips will remain in Taiwan.

Taiwanese semiconductor giant TSMC said Tuesday its production of ever-smaller microchips will remain on the island, hopeful that the

critical industry will have a "stabilizing effect on global geopolitical conflicts".

Taiwan Semiconductor Manufacturing Company—whose clients include Apple and Intel—controls more than half the world's output of [silicon wafers](#), used in everything from smartphones to cars and missiles.

Recent years have seen it navigating geopolitical tussles between the United States and China, with the countries facing off over a range of issues including technology, trade, and Taiwan—the primary manufacturing base of the world's semiconductors.

Alarm has spiked in recent months over the future of the semiconductor industry—the lifeblood of the global economy—if Taiwan were to be invaded by China, which considers the self-ruled island its own territory.

"I can assure everyone that for the three-nanometre, two-nanometre (chips), we will manufacture here in Taiwan," said TSMC CEO CC Wei on Tuesday during a shareholder meeting in the northern city of Hsinchu.

TSMC's three-nanometre and two-nanometre chips are expected to be among the world's most advanced technologies—to be used in high-performing devices as the global market pivots towards products deploying artificial intelligence, like ChatGPT.

Wei also said that an even smaller product—the 1.4-nanometre chip—will be manufactured "almost entirely in Taiwan".

China has ramped up military and political pressures on Taiwan, strongly protesting against any diplomatic engagement with the island.

In April, Beijing conducted three days of military exercises simulating a

blockade of the island in response to US House Speaker Kevin McCarthy meeting Taiwanese President Tsai Ing-wen in California.

On Tuesday, TSMC sought to project an image of calm.

"I think Taiwan's semiconductor industry plays a stabilizing role amid global geopolitical tensions. Whether it's China or the United States... they all hope that TSMC is around," said executive chairman Mark Liu.

"I hope Taiwan's semiconductor industry can do well to have a stabilizing effect on global geopolitical conflict."

The US-China trade conflict combined with the impacts of the Russia-Ukraine war and [climate change](#) have led to lowered expectations for the semiconductor market, said Liu, though TSMC's performance in the second half of the year "will be better than the first half".

He added TSMC is still negotiating with German authorities over a factory in Dresden, though they are concerned about the talent pool there and the country's supply chain systems.

"There are some gaps indeed, but... the local government promises to build them up in the short-term," said Liu. "We feel rather good about it."

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