

# Will Taiwan respond to TSMC's call to ramp up chipmaking efforts?

Article

**The news:** Taiwan Semiconductor Manufacturing Corporation (TSMC), the world's largest contract chipmaker, is calling on Taiwan to produce more equipment essential to advanced chipmaking, per [Bloomberg](#).

**Why it's worth watching:** TSMC chairman **Mark Liu** said Taiwan needs to build a fuller domestic semiconductor ecosystem in anticipation of growing US sanctions that will curtail the flow of vital technology to China and Taiwan.

- The company made a **1.86 trillion New Taiwan dollars (\$60.4 billion) investment** for new 3-nanometer and 5nm chip production in its factory in Taiwan.
- **TSMC expects to pour between \$32 billion and \$36 billion into capital expenditures** in 2023 and continues to diversify its operations. It's looking at adding **a second chip factory in Japan** and its first plant in Europe.
- Liu said that Taiwan investments will create some 10,000 high-tech jobs and 23,500 construction positions, and that semiconductors will only become more critical in the tech supply chain over the next 10 years.

**Key takeaways:** While TSMC is diversifying production by establishing **overseas factories in industry hubs like Japan** and the US, **it will focus the development and production of high-end chips in Taiwan to avoid US chip and technology embargoes.**

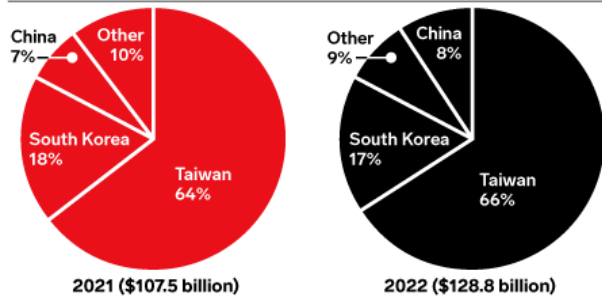
- In return, **TSMC wants to see Taiwan better support the chipmaking push** by offering more tax incentives for foreign equipment makers to set up shop.
- US firms **Applied Materials, KLA, and Lam Research** are among the leading suppliers of chipmaking gear that may be affected by any move to localize production of their products within Taiwan.

**Our take:** Despite its **expansion efforts** and investments outside of Taiwan, TSMC is drumming up support for future efforts in advanced chipmaking while also ensuring the country maintains its lead in semiconductors.

- Taiwan's failure to respond in a timely manner could result in competing countries catching up. In context, China is similarly **drumming up investments** despite new restrictions on chipmaking exports.
- This would leave TSMC exposed and reliant on US chipmaking gear and unable to own the complete ecosystem.

## Semiconductor Foundry Revenue Share Worldwide, by Country, 2021 & 2022

% of total



Source: TrendForce as cited in press release, April 25, 2022

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