

Pelosi visit sets new milestone

Written by Taipei Times Editorial
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US House of Representatives Speaker Nancy Pelosi's visit to Taiwan has set a new milestone for Taiwan-US relations, and introduced new economic possibilities and challenges.

Before Pelosi's arrival, Taiwan Semiconductor Manufacturing Co (TSMC) chairman Mark Liu (劉德音) — who had not spoken about politics until that point — talked to CNN's Fareed Zakaria in an interview. Asked about a Chinese invasion and Taiwan's role in the global semiconductor supply chain, Liu said: "Chip supply is a critical business in Taiwan, but had there been a war in Taiwan, probably the chip is not the most important thing we should worry about, because this invasion is destruction of the world rules-based order — the geopolitical landscape would completely change."

"No matter your relationship with China, Taiwan is Taiwan," he added.

On Wednesday, Pelosi and her delegation met with Liu to discuss the passage of the draft "creating helpful incentives to produce semiconductors (CHIPS) and science act" in the US Congress last month. Pelosi praised the bill's passage as "a great opportunity for US-Taiwan economic cooperation."

The act provides US\$52 billion in subsidies to support chip companies that invest in the US, while barring entities that receive US subsidies from investing in process technologies below 28-nanometers in China.

"We just passed the CHIPS and science act. That is something that opens the door for us to have better economic exchanges... The entrepreneur spirit, the brain power and the intellectual resources that exist in Taiwan and the success of the tech industry here has really been a model," Pelosi said.

The importance of Taiwan's geopolitical strategy and the semiconductor industry's effects on the global economy are evident from Pelosi's visit and Liu's interview.

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Choosing to give the interview at a time of heightened cross-strait tensions, Liu sent the world the message that Taiwan is a sovereign political entity. Taiwan's grip on the semiconductor industry has exposed a choke point in the global supply chain and underlined its geopolitical importance. The world's dependence on chips shows how TSMC's chipmaking expertise has given Taiwan political and economic leverage — especially as technology becomes a tool in the rivalry between the US and China.

As Washington and Beijing battle for tech supremacy, TSMC has become a key ally for the US. With the passage of the CHIPS act, the US is hoping to restrict Chinese efforts to develop advanced processes, while inviting Taiwan, Japan and South Korea to form a semiconductor alliance dubbed "Chip 4."

In this way, Washington could bolster ties with allies that share the similar values of democracy and freedom, while stopping China from obtaining advanced chips that could be used in high-end technologies and equipment. Without chips, China would follow in the footsteps of Russia — its isolation paralyzing its technological and military development.

Pelosi's visit to Taiwan could be regarded as a subtle inquiry of TSMC's plans and attitude toward the Chip 4 alliance. Liu's interview and his meeting with Pelosi suggest that Taiwan is willing to reinforce its partnership with the US and develop supply chains without China's participation.

Taiwan siding with the US could place pressure on South Korea. As Pelosi and her delegation visit Seoul, it remains to be seen whether it will become another ally to maintain stability in the Indo-Pacific region.

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