

Trump announces Taiwan Semiconductor Manufacturing Company to invest \$100 billion in US manufacturing

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9 March 2025

Taiwan Semiconductor Manufacturing Company Limited (TSMC), the world's largest contract manufacturer of the most advanced chips, would invest \$100 billion in the United States over the next four years, US President Donald Trump declared on March 3 at the White House. He spoke alongside US Commerce Secretary Howard Lutnick and the corporation's chief executive, Che Chia Wei.

Trump referred to Wei as a "legend" since the next planned investment would bring the company's total investment in the US to \$165 billion. The expansion includes three new fabrication plants (fabs), two advanced packaging facilities, and a major research and development center, consolidating this project as "the largest single foreign direct investment in US history", as TSMC indicated.

Trump had previously asserted, "Taiwan took our chip business away", and "we want that business back". Prior to the spectacle at the White House, TSMC had already committed to investing \$65 billion in advanced semiconductor production in Phoenix, Arizona. One fab has started to manufacture advanced 4 nanometer (nm) chips in the US since October 2024.

The generally law-abiding TSMC did not even submit the investment plan to Taiwan's Ministry of Economic Affairs for assessment and approval, as it had previously done. In other words, the announcement was made unilaterally by the Trump administration.

Following Trump's statement, Taiwan's Minister of Foreign Affairs Lin Chia-lung noted in an interview on March 5 that the projected investment was in line with US strategic interests, and hence should be considered as a boost to semiconductor supply chain resiliency.

Trump was "very pleased" with the deal, he said. TSMC played "an indispensable role in bringing about America First." Lin went on to urge the public to contemplate how to "Make Taiwan Great" and craft "a win-win situation" for both the United States and Taiwan.

His rhetoric echoed the statement made by Taiwanese President Lai Ching-te, who promised to "collaborate with" the Trump administration in order to establish "democratic supply chains" for industries connected to high-end chips on February 14.

The opposition Kuomintang (KMT) and the KMT-aligned media railed against the investment plan, accusing the ruling Democratic Progressive Party (DPP) of "getting nothing back" for "handing over Taiwan's silicon shield" to the "business-minded" Trump administration. Unlike the Biden-Harris administration, Trump showed "no commitment to democracy and the defense of democratic allies of the US". By ceding TSMC to the US, the DPP government had gradually turned Taiwan into Ukraine.

The term "silicon shield" was coined by Australian journalist Craig Addison, who authored a book of the same title in 2001. Since then, the Taiwanese bourgeoisie and corporate media have peddled the fiction that the concentration of global semiconductor production in Taiwan has made

the island "an indispensable player" on the world stage. This supposedly ensures that if China invades, the United States will intervene to save the island.

Taiwanese nationalism feeds off this fantasy. The island's ruling class and academics use the term "silicon shield" interchangeably with TSMC and "the holy mountain that safeguards the nation". They brandish their case of Dunning-Kruger effects—a cognitive bias in which people with limited competence overestimate their capabilities.

Examples abound. Lai declared in 2023 that TSMC's "achievements" and "products" were shared by the world. As a result, not only Taiwan must defend TSMC, but "the world has a responsibility to do its share" and to "safeguard world civilization".

Wu Jieh-min, an establishment scholar at Academia Sinica, the island's leading research institution, similarly asserted in 2024, the ultimate strength of the silicon shield stemmed from "the global consequences of any disruption to the chip supply chain... Any attack on Taiwan would... jeopardize global economic stability. That is the essence of the Silicon Shield."

Despite tactical differences between the ruling DPP and the opposition KMT, the competing claims of "strengthening Taiwan's silicon shield" and "handing over the island's silicon shield" are demonstrably false.

It is necessary to examine to how the US imperialist bourgeoisie delivered a set of blows to Japan's semiconductor industry before exposing the fraudulent notion of the silicon shield.

In the late 1970s, Japan established itself as a major semiconductor manufacturer, particularly in DRAMs. According to a RAND report, the United States' market share of DRAMs plummeted from 70 percent to 20 percent between 1979 and 1986.

In the 1980s, the US semiconductor industry complained that it took years to file a successful patent application, and that by the time the patent was granted, the original design had become obsolete. This enabled the Japanese semiconductor industry to "pirate" the intricate circuit designs developed by US manufacturers.

In response, US President Ronald Reagan signed into law the Semiconductor Chip Protection Act of 1984, making layouts of integrated circuits legally protected upon registration.

This did not substantially reduce the US trade deficit with Japan. It also did not hinder the Japanese bourgeoisie's ambition to compete with the US in manufacturing. Japan's semiconductor industry turned out to be the country's largest capital investor.

In 1985, the Reagan administration then "advised" Japan to reduce its investment in the semiconductor industry. Japan swiftly turned down the request, citing the fact that a significant portion of semiconductors destined for the US were manufactured by Japanese subsidiaries of US corporations.

According to the *New York Times*, Clyde Prestowitz, then the Secretary of Commerce, acted like a Mafia gangster when he told his Japanese counterparts, “It’s not the business of the United States Government to tell the Japanese how much to invest, but if you can see ahead of you a potential firestorm, you have to think about how to deal with it.” This viewpoint had bipartisan support and was regarded as a “rational” response to Japan’s economic rise.

Such a threat might sound familiar to many. Trump’s remark at the annual meeting of the World Economic Forum in Davos is a different version of this, saying “if you don’t make your product in America, which is your prerogative, then, … you will have to pay a tariff … which will direct hundreds of billions of dollars and even trillions of dollars into our Treasury.”

Lionel Olmer, Under Secretary of Commerce for International Trade, then began to address claims of semiconductor dumping from Japan and its “predatory pricing policy” in the US market.

In September 1985, the US weaponized the dollar by “persuading” its G5 counterparts, which included France, West Germany, Japan, and the United Kingdom, to conclude the Plaza Accord. The deal was intended to drive up major currencies (especially the yen) relative to the dollar, hence increase US exports and reduce US trade imbalances in manufactured goods with “allies”.

In September 1986, Japan “voluntarily” signed the US-Japan Semiconductor Agreement, which limits Japan’s semiconductor exports to the United States, particularly DRAMs.

An article in the *New York Times*, “Japanese Chip Makers Falter”, praised the US economic war on Japan, noting that the five largest Japanese electronics companies reported “plunges of between 50 and 80 percent in pretax profits” for the first half of 1986. Noticeably, Japan was projected to “displace the United States for the first time [in 1987] as the world’s largest supplier of semiconductors”. Japan’s predicament came as “it [had] reache[d] a huge milestone of success.”

Head of the Intel Corporation Andrew Grove enthused over the fact that “the memory-chip market has turned out to be Japan’s economic Vietnam”, the same article of the *New York Times* reported.

The Reagan administration subsequently inflicted a one hundred percent tariff on Japan electronic products in 1987. According to the *Los Angeles Times*, the punitive measure was intended to generate up to \$300 million in revenue while punishing Japanese companies such as NEC, Hitachi, Fujitsu, Toshiba, and Oki by either pricing their products out of the US market or causing substantial sales losses. The Reagan administration was not an outlier in insisting that America got “ripped off” by Japan.

As NPR showed in an audio clip, Trump lamented on Oprah Winfrey’s talk show in 1988, “We let Japan come in and dump everything right into our markets and everything. It’s not free trade.” This was a political expression of the normalization of destructive measures against Japan, which emerged as the second-largest manufacturing powerhouse after the United States.

Unlike Taiwan, Japan was more than merely a contract manufacturer. Japan’s semiconductor design and manufacturing capabilities, as well as its contributions to “world civilization”, however, offered no protection whatsoever against US economic warfare.

When Japan’s chip makers faltered, Western imperialist bourgeoisies felt no responsibility to safeguard Japan. Likewise, they had no obligations to confront the US when Japan was forced to accept the provisions of the Plaza Accord. When existing rules were incompatible with Washington’s imperialist interests, it changed them at will.

Successive governments of Taiwan have since the 1950s served as an instrument of US imperialism. The Island’s political establishment has been far more loyal to Washington and compliant with requests made by the US than even US-backed proxy regimes such as Israel and Ukraine.

As indicated by a 2021 article in the *US Army War College Quarterly*:

Bunsoleters, the US and Taiwanese governments should devise a “scorched-earth strategy that would render Taiwan… unattractive if ever seized by force,” which would include the destruction of TSMC fabs and supply chains within the island.

In other words, the Nord Stream moment would pale in comparison to the ruin inflicted on the Taiwanese toiling masses by the ruling classes of the United States and Taiwan.

The opposition KMT felt so outraged at Trump’s announcement since the former deluded itself and the general public into believing the island’s ruling elite deserved to be treated as “an ally”, not as a pawn. The ruling DPP groveled at the feet of the American Führer precisely because it could serve no purposes apart from as a tool of US imperialism. Prior to the White House’s unilateral move, Taiwan’s Minister of Economic Affairs blurted out that “It would not be unreasonable to levy a 100 percent tariff on chips from Taiwan”

The Taiwanese ruling class, across the political spectrum, has thus far concealed the fact that, similar to the Smoot-Hawley tariff measures adopted by the United States in 1930 and the German Reich’s autarky policy, the global economic warfare launched by Trump’s fascist regime is a prelude to all-out wars on all fronts between nuclear-armed powers.

The relocation of semiconductor production (encompassing 3 nm, the most advanced 2 nm, and the future 1.6 nm chips) along with the supply chains to the US territory in the coming years would massively accelerate US war drives against China and European powers.

As Rosa Luxemburg explains powerfully in “The Accumulation of Capital—an Anti-Critique”:

What distinguishes imperialism as the last struggle for capitalist world domination… is the circle of development is beginning to close—the return of the decisive struggle for expansion from those areas which are being fought over back to its home countries. In this way, imperialism brings catastrophe as a mode of existence back from the periphery of capitalist development to its point of departure.

As bourgeois governments around the world try to rally workers behind their respective ruling classes in the escalating trade war and a looming nuclear apocalypse, workers’ opposition to fascism, dictatorships, and war must be mobilized both politically and industrially as an independent force against both their “own” bourgeoisie and all the capitalist parties. Socialism cannot be built without a world revolution. This struggle must be linked to an internationalist agenda aimed at overthrowing capitalism, which is the root cause of class exploitation, national oppression and war.



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