

TSMC Postpones Second Kumamoto Fab to 2029 as U.S. Expansion Takes Priority

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TSMC's second Kumamoto fab, originally scheduled to break ground in early 2025, has been postponed to later in 2025, with mass production still expected by late 2027. The 2029 launch timeline is unsubstantiated. This shift comes as the company ramps up its investments in the United States, driven by strategic priorities and evolving market demands.

The second Kumamoto fab, initially slated to break ground in early 2025, was already deferred to a vague "sometime in 2025" timeline.. A Nikkan Kogyo Shimbun report cited in

MoneyDJ indicates that construction has been delayed to mid–2025 due to traffic concerns, not through 2029. TSMC Chairman and CEO C.C. Wei, in a June statement reported by The Wall Street Journal, attributed earlier setbacks to logistical challenges, including traffic-related issues in the region.

However, new reports suggest that TSMC's focus on its U.S. operations is a significant factor in the delay. A Wall Street Journal report, citing unnamed sources, stated that TSMC is accelerating its U.S. expansion partly to mitigate potential tariffs under the Trump administration, though company officials deny this shift is delaying its Japan operations. This strategic pivot has left the timeline for the Kumamoto project uncertain, with no firm date for construction to begin.

Adding to the complexity, Economic Daily News, citing NHK, reports that weakening demand from Japanese auto clients like Sony and Denso may be influencing delays, particularly since the second fab targets automotive semiconductor production. The second fab was designed to produce advanced 7nm and 6nm chips for microcontrollers and sensors, but current demand for such cutting-edge technology in Japan appears limited, according to the report.

In contrast, TSMC's first Kumamoto fab is performing strongly. TSMC confirmed that its first Kumamoto fab began mass production in December 2024 using mature 12nm, 16nm, and 28nm processes, and is delivering strong yields. This plant focuses on 12nm to 28nm logic chips, catering to a broader range of applications. Together, TSMC's two Kumamoto fabs are projected to reach over 100,000 12–inch wafers per month, supported by a total investment of roughly ¥2.96 trillion (~ US\$20 billion), including about ¥1.2 trillion in government subsidies. The Japanese government is supporting the project with subsidies of up to 1.2 trillion yen, as reported by MoneyDJ.

The delay in Kumamoto reflects TSMC's broader strategy to balance global expansion with market realities. While Japan remains a critical hub for semiconductor production, the company's focus on the U.S. underscores the growing importance of geopolitical and economic considerations in the chip industry. As TSMC navigates these challenges, its ability to adapt to shifting demands will shape the future of global tech supply chains.