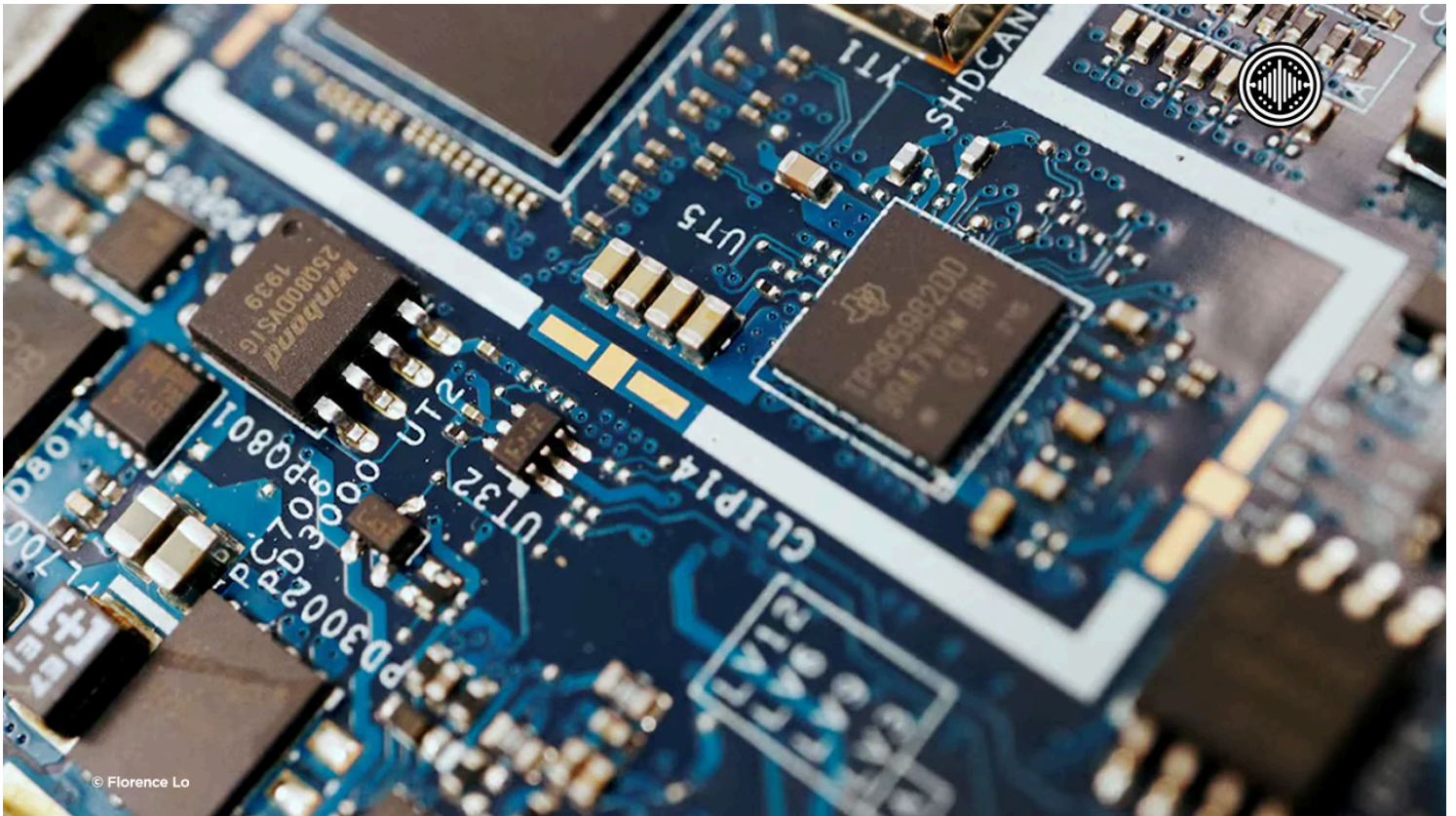


US Semiconductor Tariff Impact on Taiwan Industry

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The United States government has proposed a 100 % tariff on semiconductor imports, a move signaling a significant shift in trade policy affecting Taiwan's semiconductor industry. The announcement has raised concerns among industry experts and economists about its potential consequences for the global chip supply chain and US manufacturing ambitions.

President Donald Trump's administration has been pursuing measures to encourage domestic production of semiconductors. The proposed tariff aims to protect US chip manufacturers by making imported semiconductors significantly more expensive. This approach marks a departure from previous strategies that focused primarily on offering tax incentives to companies to build production facilities within the United States.

Liu Pei-chen, a researcher at the Taiwan Institute of Economic Research, noted that the US is applying dual pressure on the industry. While tax incentives have been offered to boost US-based chip production, the proposed import tariff adds a new level of urgency. According to Liu, this could accelerate efforts to relocate semiconductor manufacturing from Taiwan to the US, but the transition involves complex challenges.

Taiwan is home to several of the world's leading semiconductor companies, including Taiwan Semiconductor Manufacturing Company (TSMC), which produces a significant share of the chips used globally. The sector is vital not only for consumer electronics but also for critical industries such as automotive manufacturing, defense, and telecommunications.

Liu highlighted a key issue: although the US government wants to strengthen its domestic chip ecosystem, a substantial gap exists between current US manufacturing capacity and the advanced technologies produced in Taiwan. She cautioned that bridging this gap will require significant investment, time, and expertise.

The move also comes amid broader geopolitical tensions between the US and China, with Taiwan caught in the middle. The semiconductor industry is seen as a strategic asset, given its role in modern technology and national security. The tariff proposal reflects efforts by the US to reduce reliance on foreign sources and enhance supply chain resilience.

Trade experts have noted that while encouraging domestic production can bring economic benefits and security advantages, protectionist measures like steep tariffs may provoke retaliation or trade disputes. Such outcomes could further complicate the semiconductor market and delay the expansion of US chip manufacturing.

In response to the tariff announcement, Taiwanese industry leaders have expressed concern about the potential impact on their businesses. Many Taiwanese companies currently operate advanced fabrication plants that serve international customers, including

American firms. The imposition of tariffs may lead to increased costs and a realignment of global production strategies.

The semiconductor sector remains a critical area of competition and cooperation between the US and Taiwan. While the US seeks to bolster its domestic capabilities, Taiwan's expertise and production capacity continue to dominate the market for high-end chips.

As the proposed tariff moves through the legislative process, stakeholders across industries will be monitoring its effects closely. Policymakers will need to balance the goals of protecting domestic manufacturing with maintaining stable and efficient global supply chains.

In conclusion, the US plan to impose a 100 % tariff on semiconductor imports signals a major policy shift with far-reaching implications. While intended to boost domestic production, it raises concerns about supply disruptions, increased costs, and international trade relations. The evolving situation will be crucial for the future of the semiconductor industry in both the US and Taiwan.