



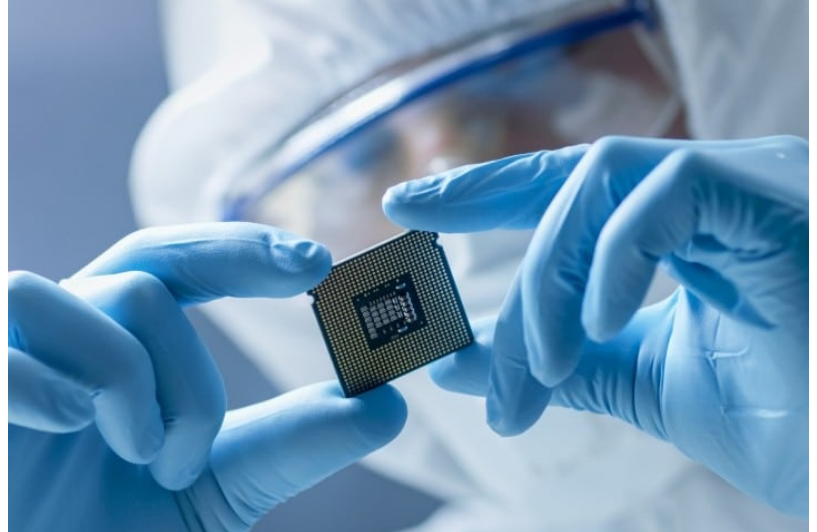
Written by [Luis Miguel](#) on December 5, 2021

If China Takes Taiwan, They Control Global Semiconductor Production

A Chinese takeover of Taiwan could have major ramifications far beyond the island's inhabitants.

The global community, including the United States, are heavily reliant on Taiwan for its crucial semiconductor manufacturing sector. If communist China were to take the small nation over, it would gain leverage over America and its allies.

Semiconductors are small materials, usually made from silicon, that conduct electricity in a wide array of products, from computers to smartphones to automobiles.



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Presently, Taiwan, officially The Republic of China, is responsible for the [vast majority of semiconductor production globally](#), accounting for 63 percent of output. By comparison, the United States made up just 12 percent of the semiconductor production in 2019, while China supplied 16 percent.

Representative Michael McCaul (R-Texas), expressed concern that control over the semiconductor industry would hand China power over the United States that it could use in harmful ways.

"If you give the Chinese Communist Party control over large parts of the semiconductor industry, they're going to have considerable leverage over their trading partners, and they're going to use that leverage," McCaul said. "They've shown in the past that when they have a strength, they use it."

"The coercion would be anything that increases the party's power — they've shown they're willing to disappear people, silence speech and harm countries economically," McCaul went on, adding, "The more leverage the CCP has, the more willing they are to use it in a lot of creative ways."

"There's a lot of concern that China's actions around Taiwan could somehow provoke a military confrontation between China and the United States, or possibly other countries," Jeremy Furchtgott, director of the D.C.-based consulting firm Baron, told Fox News. "The amount of leverage that China would gain over the economy and other countries' economies by taking over Taiwan because of [its] critical role in semiconductor supply chains ... would effectively give it a trump card."

A global semiconductor shortage during the coronavirus outbreak in 2020 had disastrous effects on the tech sector and automobile industry. Over the last year and a half, semiconductor sales went up significantly, first increasing by 6.5 percent in 2020 from 2019, followed by a 26-percent increase in May 2021, per the Semiconductor Industry Association.

With a shortage of new cars, used car prices have spiked by nearly 40 percent since March 2020, according to the U.S. Bureau of Labor Statistics' [Consumer Price Index](#).

While Furchtgott argued that these sales suggest China would not be quick to cut off supplies to foreign nations due to its dependence on these commercial relationships, he added that "America's dependence on China for various critical goods gives China something close to a veto power over certain foreign



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policy decisions.”

The Taiwan Semiconductor Manufacturing Co. is believed to supply the rest of the world with 90 percent of all advanced chips — a capacity that would greatly strengthen China’s standing.

Isaac Stone Fish, CEO of the China-focused risk firm Strategy Risk, warned that a Chinese takeover of Taiwan would embolden the communist state to act more aggressively in the region, which could trigger a multinational military response.

“Preventing World War III, preventing Beijing from harrying and exerting far more military power over Japan, South Korea, the Philippines, stymieing the external growth of China,” Stone Fish continued, “all these things seem more important than supply chain disruptions.”

“Diversification isn’t just for the supply chain shortage,” he added. “It’s the national security downside of being too reliant on Taiwan.”

Taiwan has been a separate political entity from the rest of China since 1948, when the Republic retreated to the island upon being defeated by the revolutionary communist forces of Mao Tse-tung. The CCP has vowed to “reunify” Taiwan with mainland China, and has recently engaged in aggressive military action in the South China Sea.

In late November, a delegation of five members of the U.S. House of Representatives [met with Taiwanese President Tsai Ing-wen](#) on Friday in a one-day surprise visit aimed at demonstrating America’s “rock-solid” solidarity with Taiwan.

Simultaneously with that visit, China conducted “combat readiness” drills in the direction of the Taiwan Strait, which separates Taiwan from China.

“I think what Beijing is doing right now is seeing how far it can push without provoking a U.S. military response,” Stone Fish said. While he maintained that a timetable of when China will act is unclear, he cautioned that “war over Taiwan is likelier now than at any point in the last decades.”



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