Taiwan allows advanced LCD plants in China

The Associated Press

Taiwan is allowing local liquid crystal display makers to build advanced 8.5-generation plants in China, the Ministry of Economic Affairs said Tuesday, amid steadily improving trade ties between the two sides.

The move is the latest development in a string of efforts by Taiwanese President Ma Ying-jeou to link the island's economy to China's relatively cheap labor and booming market in hopes of driving Taiwan's economic growth.

It may also help Taiwanese LCD companies maintain their competitive edge against South Korean rivals including Samsung Electronics Co. and LG Display Co., which already have permission from China to build advanced plants there.

The Taiwanese government will now permit local LCD manufacturers to build Chinese plants that use the same-generation technology as their operating Taiwanese facilities — provided they also develop later-generation plants on the island, a ministry statement said.

The ministry said it is maintaining the regulations that companies can build a maximum of three LCD plants using the sixth-generation or later technology in China.

The government previously allowed LCD makers to set up Chinese factories only if they were at least one generation behind their Taiwanese plants. Taiwanese officials approved the first China LCD project only last December, agreeing to an application by AU Optronics Corp. to build a 7.5-generation plant in the Chinese city of Kunshan.

Leading Taiwanese LCD makers such as AU Optronics and Chimei Innolux Corp. now possess the 8.5-generation technology that allows them to produce glass sheets that can be used for large televisions.

LCDs are key parts of Taiwan's technology industry. Strong global demand for high-tech components is an important driver of Taiwan's export-reliant economy.

Taiwan and China split amid civil war in 1949, but Beijing continues to claim the island as part of its territory.

Since Ma took office in May 2008, he has eased his predecessor's anti-China stance and pushed for better ties with the mainland. He has allowed Chinese investment in Taiwan, including its much coveted tech sector, and relaxed restrictions on Taiwanese investment in China.

Source URL (retrieved on *08/22/2014 - 4:15pm*):
http://www.ecnmag.com/news/2011/03/taiwan-allows-advanced-lcd-plants-china