

Taiwan agrees AUO \$800 mn China investment

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Taiwan on Wednesday gave the green light for a project by leading flat-panel maker AU Optronics to spend nearly \$800 million on a stake in a Chinese firm, officials said.

Via its Malaysian unit, AUO will spend \$796 million on a 49 percent stake in China's Kunshan Long Fei Opto-Electronic Co, the Investment Commission said in a statement.

The government in the eastern Chinese city of Kunshan will control the remaining stake.

"We appreciate the government's decision, which will enable us to migrate to the most advanced technology to tap the world's biggest flat-panel market," AUO spokeswoman Yawen Hsiao said.

Under the project, the partners will build a flat-panel plant introducing so-called "8.5-generation" manufacturing, the most advanced technology available to build [liquid crystal](#) displays.

The plant is likely to become operational in 2013, she said.

The approval came after Taiwanese authorities in March relaxed controls on high-tech investments in [China](#) by local firms in a sign of improved ties with Beijing.

That policy change prompted AUO to put a halt to a previous project,

which called for the construction of a \$3 billion flat-panel plant using less advanced 7.5-generation technology.

The earlier restrictions had been aimed at keeping the island's most vaunted high technology at home while allowing its flat-panel makers to tap China's vast market.

But calls for easing controls on [investment](#) in the mainland have mounted among Taiwan's high-tech businesses, who argue that their competitors from [South Korea](#) and Japan have gained the upper hand in China.

Taiwan's opposition, which favours independence from [Beijing](#), has repeatedly warned against easing controls, fearing closer economic integration.

China still considers Taiwan part of its territory awaiting to be reunified by force if necessary even though the island has ruled itself since their split in 1949 at the end of a civil war.

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