

Japan's Renesas ups chip outsourcing to Taiwan giant

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Senior vice president for Japan's chipmaker Renesas Electronics, Shinichi Iwamoto (R), shakes hands with specialty technology director for the world's largest chip maker, Taiwan Semiconductor Manufacturing Company (TSMC), Lin Cheng-Ming, at a press conference in Tokyo. Renesas Electronics said it will boost the outsourcing of its chip production to Taiwan's TSMC.

Japan's Renesas Electronics said Monday it will boost the outsourcing of its chip production to Taiwan's TSMC, but it declined comment on reports it would cut about 30 percent of its staff.

In a statement, the firms said Renesas would unload more of its output of microcontrollers -- key components in vehicles and home appliances -- to the Taiwanese firm as part of an ongoing "technology collaboration" agreement.

Renesas, the world's biggest supplier of automotive microcontroller chips, is already outsourcing an older version of the products to [Taiwan Semiconductor Manufacturing](#) Company (TSMC).

Renesas Vice-President Shinichi Iwamoto said the move to its rival would see more efficient and flexible production, making it easier to match fast-changing customer demand.

Iwamoto added that "by integrating both companies' world-leading technologies through this collaboration, we will construct a supply structure which secures consistent supply for our customers."

The announcement comes amid reports Renesas, which lost 62.6 billion yen (\$785 million) in the year to March, may cut up to 14,000 jobs, about one-third of its workforce, as part of a major restructuring.

On Monday, it declined to comment on the job cut reports, or an earlier story in the [Nikkei business](#) daily that said it planned to raise 100 billion yen, mainly from its top shareholders NEC, Hitachi and [Mitsubishi Electric](#).

Japan's microchip industry has struggled amid a strong yen and fierce competition, especially from South Korean and Taiwanese rivals, while manufacturers were also hit by last year's quake-tsunami disaster.

[Renesas](#) shares tumbled 10.62 percent Monday to 244 yen after hitting an all-time low of 238 yen earlier in the day.

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