Epilogue: Arizona's Search for Balance

The first fab, originally intended to begin production in 2024, had experienced multiple delays—first pushed back due to workforce shortages in mid-2022, then again in early 2024 when outgoing chairman Mark Liu acknowledged further timeline slippage. Initial test production of 4nm chips began in late 2024, with high-volume mass production commencing in early 2025—roughly one year behind the original schedule. Early production yields were reported to be on par with TSMC's comparable facilities in Taiwan.

More than sixty semiconductor-related companies had announced expansions in Arizona since TSMC's initial 2020 announcement. In October 2025, Phoenix hosted Semicon West—the semiconductor industry's premier trade show—for the first time outside California, signaling the region's growing prominence in the industry.

Reflecting on the project's challenges and progress, several factors appeared to distinguish Arizona's experience, according to economic development professionals in Phoenix involved with the implementation of the CHIPS Act.

Long-term relationship building. As described earlier, Arizona's recruitment of TSMC began in 2013 with an unsolicited pitch to TSMC executives — years before the CHIPS Act. That early contact initiated a relationship that officials cultivated over seven years, so that when TSMC did decide to invest abroad, Arizona engaged from a position of familiarity rather than starting cold.

Institutional restructuring. The Arizona Commerce Authority, as discussed above, was itself a product of deliberate reform following the 2008 financial crisis. Its public-private structure was designed to align economic development with business realities and workforce needs — a model that proved critical in coordinating the TSMC recruitment effort.

Building on existing strengths. Arizona did not attempt to create a semiconductor industry from nothing. Motorola had established operations in Phoenix in the 1940s; Intel opened its first Arizona fab in 1979; and by 2019, the state hosted 115 chip-related companies. The strategy was to accelerate an existing cluster, not manufacture one. By contrast, Intel's parallel effort to build semiconductor manufacturing in Ohio—where the existing industry presence was far smaller—faced compounding difficulties. Intel had announced a $20 billion investment in two fabs near Columbus in January 2022, but the project was delayed repeatedly—from an original 2025 production target to 2026, and then to 2030—amid Intel's broader financial struggles, a 15,000-person workforce reduction, and a leadership transition. [i] The Ohio comparison highlighted the advantage of building on an existing ecosystem rather than attempting to create one from scratch.

Multi-stakeholder coordination. ACA officials emphasized that no single entity could claim credit for attracting or retaining TSMC. The effort required sustained collaboration among state government, city government (which committed $200 million in infrastructure investments), utilities, community colleges, Arizona State University, and private employers. Getting all parties to the table—and keeping them there—proved essential.

Regional culture. Officials suggested that Arizona's particular characteristics facilitated coordination. Many residents had migrated from states with more entrenched institutional conflicts, seeking an environment where, as one official put it, the default response to new initiatives was "heck yeah, let's do this" rather than resistance rooted in legacy disputes. Whether this cultural characterization was precisely accurate, Arizona did appear to lack the adversarial state-local dynamics and labor relations that officials familiar with states like Illinois described as barriers to comparable coordination.

These factors did not eliminate the tensions described in this case. Labor disputes, permitting debates, community concerns, and shareholder pressures remained ongoing realities requiring continued attention. The question was not whether Arizona had found a formula that transcended such challenges, but whether its institutional arrangements and relationships provided a foundation for navigating them more effectively than alternatives. That question—how to sustain collaboration among stakeholders with genuinely competing interests—remained open as Arizona's semiconductor ambitions continued to unfold.

As of late 2024, TSMC's first Arizona fab was operational and producing 4nm chips for major clients including Apple and AMD, with reported yields comparable to facilities in Taiwan, as hoped.[ii] Construction of the second fab, intended for 3nm production, was complete, with equipment installation and mass production targeted for 2028. Groundwork for a third fab, planned for the most advanced 2nm and A16 process technologies, was underway with production targeted by the end of the decade. In March 2025, TSMC announced an additional $100 billion investment in Arizona, expanding the site plan from three fabs to six, plus two advanced packaging facilities and a research and development center—bringing the total planned investment to $165 billion.

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[i] "Intel Delays Completion of First Ohio Plant to 2030," Engineering News-Record, March 4, 2025, https://www.enr.com/articles/60389-intel-delays-completion-of-first-ohio-plant-to-2030.

[ii] "TSMC's Arizona Fab 21 is already making 4nm chips—yield and quality reportedly on par with Taiwan fabs," Arizona Technology Council, January 14, 2025, https://www.aztechcouncil.org/tsmc-arizona-fab21-already-making-4nm-chips/.