

US congressmen call for Chinese takeover of Welsh tech firm to be overturned on security grounds

US congressmen have called for the Chinese takeover of one of Wales' tech firms, Newport Wafer Fab, to be overturned on security grounds.

According to the Times nine congressman, including lead Republican on the House foreign affairs committee, Michael McCaul, have written to President Joe Biden raising concerns over the UK Government's failure to date to intervene.

The UK's biggest microchip plant, based in Newport, was acquired by Amsterdam based Nexperia last year in a £63m deal in a move safeguarding 500 jobs. Nexperia is owned by Chinese firm and Shanghai listed technology company Wingtech.

Their intervention adds to the pressure on the UK Government to reverse the acquisition using the recently introduced National Security and Investment Act.

Following the takeover from indigenous firm Neptune Six last year, Boris Johnson announced the deal would be reviewed by his national security adviser Sir Stephen Lovegrove. Any conclusions from that review have yet to see the light of day. However, it is understood that a decision by Business Minister Kwasi Kwarteng has been delayed until wider plans for the UK' semiconductor industry are finalised.

However, the US congressman say if the deal isn't overturned, which would force Nexperia to divest at the same level that it acquired the business for, then all future UK investments in US firms should face security vetting.

They said the takeover “serves as a critical test case” of the UK’s willingness to exercise its powers to “address a shared security concern regarding critical technology”.

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They have also called on the US President to restrict exports of American technologies or software that Newport Wafer Fab – now trading as Nexperia Newport – needs to make its semiconductors and that his administration should “directly engage with their UK counterparts at the highest level to secure disapproval of this acquisition”.

They added: “The UK is a valued ally of the United States, and we hope it will decide to change course/ “It is in the long-term interest of our two countries to ensure the People’s Republic of China is not able to gain control of any segment of critical supply chains such as semiconductors, particularly

when they are located on allied soil. Failing to object to this transaction would send a disastrous message to our friends and foes alike, and we look forward to supporting these efforts in any way possible.”

The Republicans are urging Mr Biden to reconsider Britain’s status on the “white list” of the US Committee on Foreign Investment, which screens overseas investments in American companies that could pose a national security risk.

Investors from countries on the white list can avoid screening for certain deals as their home countries are deemed to have adequate security vetting for investments involving “critical technologies”, critical infrastructure, or sensitive personal data.

A UK government spokeswoman said: “The Business Secretary has made no decision with regards to any commercial transaction between Newport Wafer Fab and Nexperia. We are considering the case and will continue to monitor the situation closely.”

A spokeswoman for Nexperia said: “Our parent company is not Chinese state-owned ... Wingtech Technology is listed on the Shanghai stock exchange with a vast and diverse number of public shareholders.”

Last month the Foreign Affairs Committee concluded that Chinese ownership of the microchip plant was not in the UK’s national interest and the Westminster government should intervene using the National Security and Investment Act.

Its chairman and Tory MP Tom Tugendhat said: “Semiconductors are essential to every aspect of modern life and Newport Wafer Fab is one of the country’s leading manufacturers. Their takeover by Nexperia left many wondering why we are, seemingly, handing over critical security infrastructure to overseas companies with well-documented links to the Chinese state.

“The long-term security of our nation relies not just on our Armed Forces but on the resilience of our economy and that means ensuring our future stability is never sacrificed for the sake of short-term advancement.”

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