

Shapps blocks sale of British microchip manufacturer to Chinese-owned firm

Business Secretary [Grant Shapps](#) has blocked the sale of [British](#) microchip manufacturer [Newport](#) Wafer Fab to a Chinese-owned company on national security grounds.

The company is one of the UK's largest manufacturers of semiconductors and there was concern over its reported £63 million purchase by Nexperia, a company said to be linked to the [Chinese](#) Communist Party.

In July 2021, Nexperia bought a further 86% of shares in Newport Wafer Fab, taking its total shareholding to 100%.

A Government spokesperson said: "Following a detailed national security assessment, the Business Secretary has decided to issue a Final Order requiring Nexperia to sell at least 86% of Newport Wafer Fab to prevent against potential national security risks.

"The National Security and Investment regime enables us to continue championing business and open investment, whilst protecting national security.

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"The UK has a number of strengths within the semiconductor sector, including in [South Wales](#), and through our forthcoming semiconductor strategy we will enable this technology to continue to support the UK and global economy."

Mr Shapps said in the Final Notice Order setting out his reasoning that he considers there is a risk to national security relating to "technology and know-how that could result from a potential reintroduction of compound semiconductor activities at the Newport site, and the potential for those activities to undermine UK capabilities".

He noted "the location of the site could facilitate access to technological expertise and know-how in the South Wales Cluster ('the Cluster'), and the links between the site and the Cluster may prevent the Cluster being engaged in future projects relevant to national security".

The China Research Group of Conservative MPs said: "Our long-term security relies on the resilience of our economy and that means ensuring we don't allow strategic assets to fall into the hands of authoritarian powers for the sake of short-term advancement.

"I'm sure many will be relieved that we aren't handing over critical security infrastructure to a company with well-documented links to the Chinese state.

"This decision should mark the beginning of delivering on

policies that strengthen British national security and protect our leading tech companies and research from falling into the hands of our competitors.”