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One Hundred Seventeenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515
www.foreignaffairs.house.gov

April 19, 2022

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Biden,

We write to express our concern with the possible takeover of Newport Wafer Fab (NWF) by Nexperia—an entity with deep ties to the People's Republic of China (PRC). This matter requires urgent action, and we urge your administration to employ all tools necessary to prevent this outcome, including engaging in direct diplomacy with the UK government, reconsidering the UK's status on the Committee on Foreign Investment in the United States (CFIUS) "whitelist," and restricting exports to NWF.

In July 2021, Nexperia, with support from PRC state funds—Wise Capital and JAC Capital—announced it would be acquiring NWF, a UK semiconductor chip facility. The facility has 400 advanced technical personnel developing advanced Gallium Nitride (GaN) light-emitting diodes (LEDs) and field effect transistors (HEMTs), next generation radio frequency (RF) monolithic microwave integrated circuits for radar and communications and is working with the UK's Advanced Propulsion Centre.¹ The acquisition would also allow the PRC access to the semiconductor-related research the company conducts with UK universities.

Nexperia is in effect a PRC state-owned enterprise. In 2015 as part of its competition review in of Dutch firm NXP's acquisition of U.S. firm Freescale, the PRC government forced the sale of NXP's RF power business to JAC Capital, a company controlled by the PRC's State Council.²

¹ Karen Sutter, "China's Recent Trade Measures and Countermeasures: Issues for Congress" Congressional Research Service, [R46915 \(congress.gov\)](https://www.congress.gov/resources/library/publications/2021/R46915)

² Karen Sutter, "China's Recent Trade Measures and Countermeasures: Issues for Congress" Congressional Research Service, [R46915 \(congress.gov\)](https://www.congress.gov/resources/library/publications/2021/R46915)

In 2017 JAC Capital and Wise Road Capital—which CFIUS blocked from acquiring U.S. listed semiconductor maker Magnachip in 2021—completed the acquisition of Nexperia from NXP. In 2018, the PRC’s Wingtech acquired control of Nexperia.³ The PRC government owns at least 30 percent of Wingtech’s shares.⁴

The UK government recently created an investment review regime under the National Security and Investment Act to provide oversight and scrutiny of precisely this kind of transaction. The PRC’s attempt to acquire NWF serves as a critical test case of the UK’s willingness to exercise its new authorities to address a shared security concern regarding critical technology. Given that the CFIUS “whitelist” was established under the premise that exempted countries would maintain their own equivalent investment safeguards, any approval of the NWF deal would necessarily call into question the fidelity of the UK’s entire review process. We therefore urge your administration to directly engage with their UK counterparts at the highest level to secure disapproval of this acquisition.

If diplomatic outreach is unsuccessful, we urge your administration to:

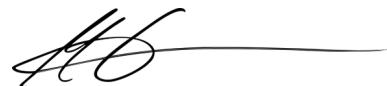
1. Immediately reconsider the UK’s status on the CFIUS “whitelist” for failing in its obligation to protect critical national security technologies; and
2. Apply targeted export controls on NWF to ensure it cannot acquire any U.S. origin tools, technologies, or software it needs to fabricate semiconductors.

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 PRC 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.

Sincerely,



Michael T. McCaul
Member of Congress
Ranking Member, Committee
on Foreign Affairs



Mike Gallagher
Member of Congress

³ <https://www.reuters.com/article/nexperia-ma-wingtech/chinas-wingtech-to-acquire-dutch-semiconductor-firm-nexperia-for-3-6-blidUSL3N1X51ZN>

⁴ <https://www.cnbc.com/2021/07/07/nexperia-owner-wingtech-is-backed-by-chinese-government-analysis-says.html>



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