



**Nexperia**

## New tensions flare up between Nexperia's Dutch and Chinese units

Open letter shows continuing supply chain chaos as car industry warns of further production disruption



Nexperia, which makes basic chips for cars, has urged its Chinese subsidiary to 'engage constructively' after its calls, emails and requests for meetings were all rejected © Peter Dejong/AP

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Tensions between the Dutch and Chinese arms of chipmaker Nexperia have once again flared up as car executives warned of further disruption to global vehicle production despite recent efforts by the governments of the Netherlands and China to resolve the dispute.

Late on Thursday, [Nexperia](#) in the Netherlands published a letter to its Chinese subsidiary acknowledging that it was still unable to restore supplies to the subsidiary after its calls, emails and requests for meetings were all rejected.

“Customers across industries are still reporting imminent production shortages,” Nexperia told its Chinese arm. “We urge you to respond to Nexperia’s outreaches and engage constructively.”

But Chinese technology group [Wingtech](#), which had owned Nexperia since 2019 but was stripped of control in October, said the letter contained “a large number of misleading and untrue allegations”. It added that it had repeatedly expressed its willingness to “engage in constructive communication” with Nexperia in the Netherlands.

The Dutch government in October [seized control of Nexperia](#) and the Amsterdam court of appeal forced out the Chinese chief executive. It said it had to act against Zhang Xuezheng, also the main shareholder of Wingtech, because of “serious governance shortcomings”.

Earlier this month, the Dutch government [suspended its intervention](#) in Nexperia in a bid to ease tensions with Beijing. But the court order removing Zhang remains in place and Wingtech’s voting rights also remain under the control of a court-appointed administrator.

“Our sole demand is . . . the restoration of Wingtech’s lawful control over Nexperia and our full shareholder rights,” said Wingtech in response to the letter.

Wingtech also disclosed that it had filed a 74-page appeal to the Dutch Supreme Court, arguing that the chipmaker’s seizure was a violation of its rights with no legal basis.

Sigrid de Vries, director-general of the European Automobile Manufacturers’ Association, told the Financial Times that although there were no longer any official or technical barriers to export the chips, “the volumes are way, way below what they used to be”. She added that there was a gap between the political rhetoric and the reality on the ground.

With both Beijing and The Hague taking steps to resolve the dispute, one auto executive said the main hurdle now was to make sure the Dutch and Chinese arms of Nexperia were on speaking terms. The hostility has increased to such a level that some automotive clients were now sending in their own teams to facilitate communication between the two sides.

Nexperia makes basic low-margin chips that are widely used in cars to control everything from lighting and airbag systems to locks and windows. Key chip components are made in the UK and Germany but are sent to China for assembly and then re-exported.

While Beijing recently agreed to lift export restrictions — imposed after the Dutch intervention — Nexperia’s European operations had stopped sending wafers to its Chinese subsidiary for assembly as hostility between the two sides continued, according to car industry officials.

The Chinese facility had stock that could be distributed until early next year but global car supply chains have already been disrupted, including at plants owned by Bosch and Nissan.

Carmakers have also tried to slow their production to make the supplies last longer but industry officials had warned of [“devastating” chip shortages](#) if the problem was not resolved.

*Additional reporting by Sebastien Ash in Frankfurt*

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