
EU-China relations**China signals easing of Nexperia semiconductor export ban**

Dispute over Netherlands-based chipmaker has threatened to disrupt global auto supply chains



Nexperia's semiconductors are produced in Germany and the UK before most are sent to southern China for packaging and assembly
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China has said it will allow some Nexperia chips to be shipped out of the country as shortages of the critical products threaten to halt auto production around the world.

The Dutch government took control of the Netherlands-based chipmaker last month amid mounting governance concerns over its Chinese owner and after the US expanded its export blacklist to ensnare the group.

In retaliation, Beijing curtailed outbound shipments of [Nexperia's](#) finished products, 80 per cent of which are processed in China.

China's commerce ministry on Saturday invited companies facing difficulties because of the chip shortages to contact commerce officials.

"We will comprehensively consider the actual circumstances of the companies and grant exemptions to eligible exports," a commerce spokesperson said, adding that the ministry would "fully consider the security and stability of domestic and international supply chains".

The softening of Beijing's position came days after US President Donald Trump and his Chinese counterpart Xi Jinping [agreed to a one-year truce](#) in their trade war at a summit in South Korea.

As part of the agreement, China will suspend sweeping export controls on rare earths in exchange for the US suspending extensions of its technology export bans to [subsidiaries of blacklisted Chinese companies](#).

Chinese and EU officials also held talks in Brussels on Friday covering export controls including rare earths and Nexperia.

A Dutch government official said on Saturday: "We remain in contact with the Chinese authorities and our international partners to work towards a constructive solution that restores balance to the chip supply chain and that is good for Nexperia and our economies."

The Chinese announcement marked a possible de-escalation in a spat that has cut off European, US and Japanese automakers from chips crucial to parts of the supply chain from airbags to lighting, threatening to halt production at big carmakers.

Nexperia was sold in 2017 to a Chinese consortium before being bought by Chinese company Wingtech. Last year, the US added Wingtech to commerce department blacklist.

The Dutch government seized control of the company in October citing "serious governance shortcomings", [causing a split between](#) its Netherlands headquarters and China-based operations.

The Chinese commerce ministry statement said the Dutch government's "inappropriate interference in the company's internal affairs has led to the current chaos in the global supply chain".

Nexperia's semiconductor wafers are produced in Germany and the UK and then shipped to southern China for packaging and assembly before being distributed worldwide.

Honda has cut its production in North America while [Volkswagen has warned](#) that its chip supplies would run out by the end of next week. Ford chief executive Jim Farley has also said that the US government was trying to resolve the dispute.

A European auto executive said the change in China's position was positive and significant but cautioned that disruptions in chip supplies may continue, as details on the implementation remained unclear.

Wingtech did not immediately respond to a request for comment.

The Dutch governance concerns at Nexperia stem from Wingtech controlling shareholder Zhang Xuezheng's move to build a new semiconductor factory in Shanghai, which was outside of the control of both Nexperia and Wingtech. Documents show he forced Nexperia to place large orders from the factory, which the company said it did not need.

Zhang was removed from his role as chief executive of Nexperia after the Dutch government seized management control.

Wingtech last week [told the Financial Times](#) that the move was in its view an attempt to pave the way for a Dutch company to take over.

It added that Nexperia faced an "existential threat" as a result of the feud, with hundreds of global jobs at risk and that "any Nexperia-successor company is doomed to fail".

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