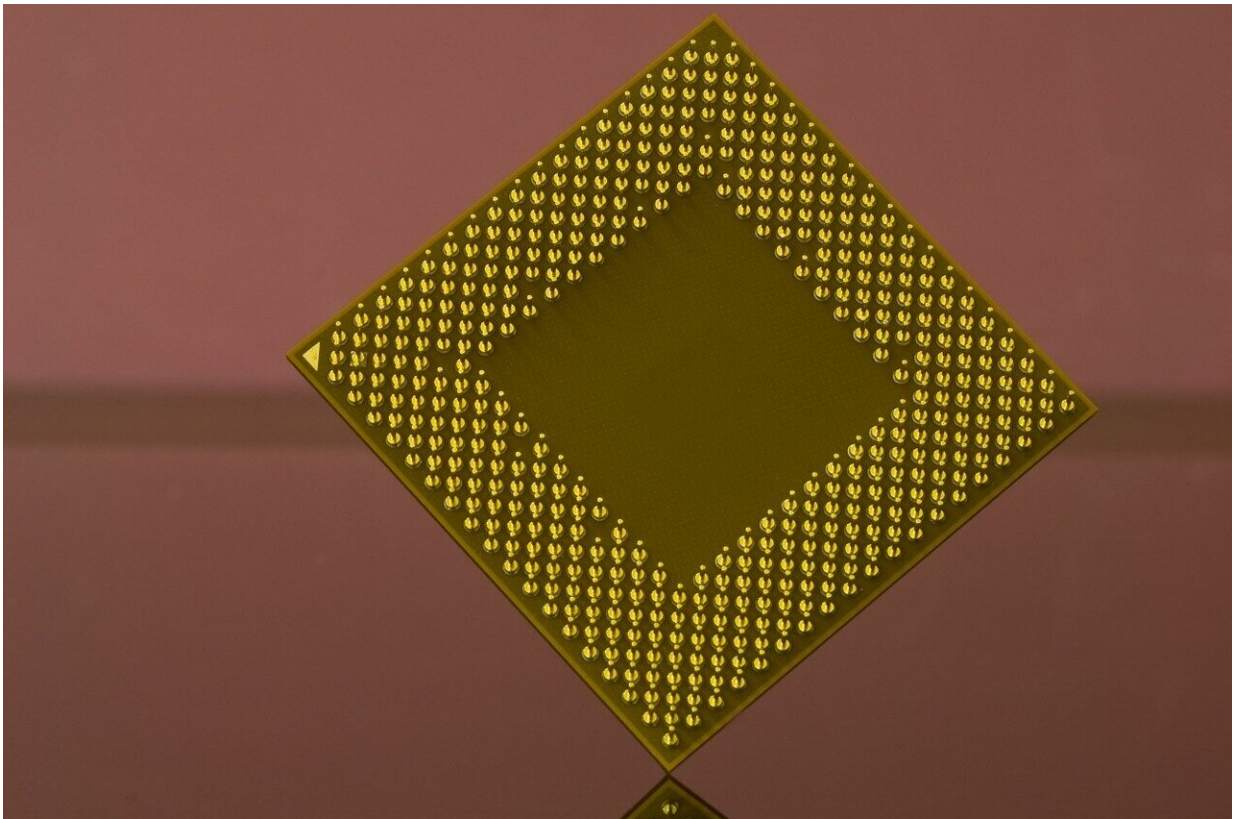


Chinese chip giant to invest \$9 bn in new plant as US ban bites

September 3 2021



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China's biggest chipmaker said Friday it would invest \$8.87 billion in a new semiconductor plant in Shanghai, as Beijing is hit by a US blacklist and a global chip shortage.

The country is running extremely low on advanced microchips following a US ban on many sales to the country, and after [production lines](#) were hit by the COVID-19 pandemic.

The US government blacklisted Semiconductor Manufacturing International Corp (SMIC) last September over [security concerns](#), denying it access to advanced manufacturing equipment from American suppliers.

On Friday SMIC—which has denied links to the Chinese military—said it would pour investment into a new chip plant in the east of the country.

"The new plant in Shanghai will produce about 100,000 12-inch wafers per month," SMIC said in filing to the Hong Kong stock exchange.

These are older-generation chips globally in short supply, and used in everything from [home appliances](#) to [self-driving cars](#).

"The US tech export ban has affected plans to develop smaller, more advanced chips," the group's CEO Zhang Haijun told state-run Global Times last month.

SMIC has received billions of dollars in support from Beijing and is at the heart of its efforts to improve the country's technological self-sufficiency.

There has been a flurry of new investment pledges by chipmakers after major Chinese tech hubs announced concessions including tax breaks and low rents in recent months.

SMIC announced plans to build smaller [semiconductor](#) factories in Beijing and Shenzhen earlier this year.

In April, Taiwan Semiconductor Manufacturing Co.—the world's biggest contract chipmaker—said it would invest \$2.8 billion to expand its production capacity in Nanjing.

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