

US sues to block chipmaker Nvidia's \$40 bn merger with UK's Arm

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The US Federal Trade Commission expressed concerns about the merger of graphics chip maker Nvidia and mobile chip technology maker Arm Ltd.

US regulators filed a lawsuit Thursday to block the \$40-billion merger of graphics chip star Nvidia with mobile chip technology powerhouse Arm Ltd, fearing it would undermine competition.

The move comes as US President Joe Biden strives to ramp up domestic [chip](#) production to ease American industry's reliance on imports.

"The proposed vertical deal would give one of the largest chip companies control over the [computing technology](#) and designs that rival firms rely on to develop their own competing chips," the Federal Trade Commission said in a release, calling chips "critical infrastructure."

The world faces a global shortage of semiconductors, choking production of a wide range of products including automobiles, sending new and used car prices surging.

Worries in Europe

The FTC echoed concerns expressed about the merger by regulators in the United Kingdom, who recently ordered an in-depth probe of the take-over.

Digital Secretary Nadine Dorries last month asked the Competition and Markets Authority (CMA) regulator for a Phase Two probe into the acquisition, according to the British government.

The blockbuster deal also faces a competition probe by the European Commission.

Japan's SoftBank Group announced last year that it was selling Arm for up to \$40 billion (34 billion euros) in a deal it hoped to complete in early 2022, subject to regulatory approvals.

An Nvidia spokesperson has vowed it would work alongside the CMA and the UK government to address and "resolve" their concerns.

Nvidia offered a subdued [initial reaction](#) to the suit by US regulators.



SoftBank Group Corp (representative Masayoshi Son pictured speaking at a press conference in July 2016) purchased Arm in 2016 for \$32 billion.

"As we move into this next step in the FTC process,

we will continue to work to demonstrate that this transaction will benefit the industry and promote competition," the company said in a statement to AFP.

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FTC Bureau of Competition director Holly Vedova said the regulator is taking action "to block the largest semiconductor chip merger in history to prevent a chip conglomerate from stifling the innovation pipeline for next-generation technologies."

"This proposed deal would... allow the combined firm to unfairly undermine Nvidia's rivals" and ultimately drive up prices.

Into the metaverse

California-based Nvidia is one of the world's largest and most valuable computing companies, while Arm, which is owned by Tokyo-based Softbank Group Corp, creates and licenses microprocessor designs and architectures.

Nvidia, known for [graphics cards](#) favored in the [video game industry](#), saw sales soar during COVID-19 lockdowns as gaming exploded in popularity.

The company has set its sights on putting its coveted chips—geared for handling data-rich graphics in real time—to work powering artificial intelligence software and supporting immersive 3D worlds referred to as the "metaverse."

When the merger plan was announced, Nvidia said it would accelerate innovation and "create the premier computing company for the age of artificial intelligence."

Arm's technology has been used in more than 180 billion chips shipped worldwide and is also present in cloud computing and the internet of things.

Founded in 1990, Arm dominates the global smartphone market.

SoftBank had purchased Arm in 2016 for \$32 billion.

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