

Beijing's antitrust arm stalls merger review process to hit back at US government

Article

The news: The Chinese government is holding back approval for acquisitions that involve US tech companies to retaliate against sanctions.

- Beijing's antitrust arm, **SAMR**, which reviews any deals involving two companies that have over \$117 million in revenue in China, is making demands about how companies do business in China, per [The Wall Street Journal](#).
- The strategy has slowed down the review process for mergers involving Intel's **\$5.2 billion** takeover of **Tower Semiconductor** and **MaxLinear's \$3.8 billion** purchase of **Silicon Motion Technology**.
- **DuPont** had to pay a **\$162.5 million** termination fee over a failed **\$5.2 billion** proposal to buy electronics-materials specialist **Rogers Corp.**, which was scrapped because it failed to get past SAMR.

Bad for business: The US-China tech cold war could hurt US companies.

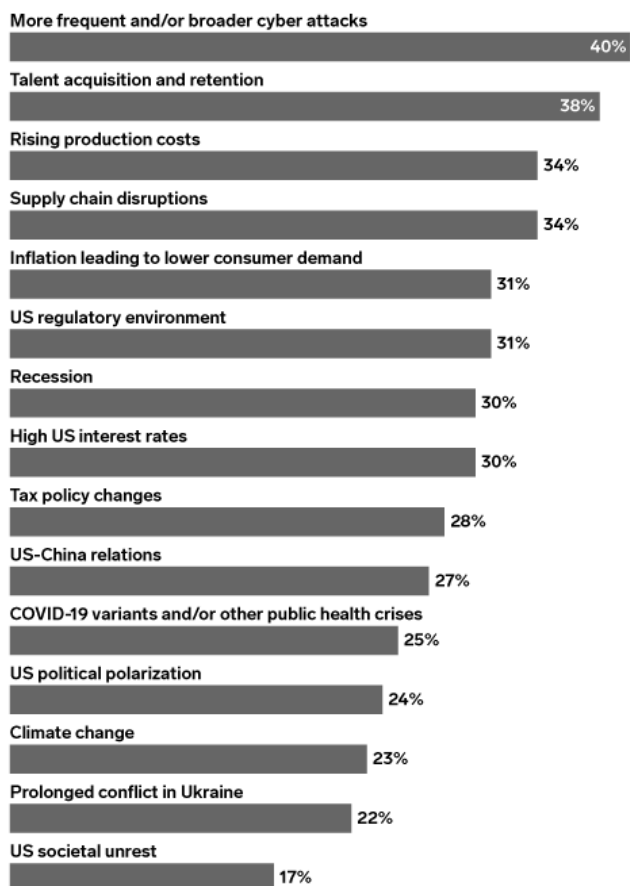
- Beijing has been retaliating against US trade restrictions in other ways, including by launching a [cybersecurity probe of Micron's chip imports](#), which sent China's chip stocks soaring.
- **Microsoft's proposed \$68.7 billion Activision Blizzard** purchase and **Broadcom's** plan to acquire **VMware** for **\$61 billion** could be affected by SAMR's stall strategy.
- **US companies are incurring extra expenses for delayed and terminated deals, making their China-based counterparts more competitive.**

What it takes to win: Beijing making good on its [promise to strike back over the US chip ban](#) and other restrictions raises questions about the wisdom behind the US' approach.

- US policies from past decades to encourage China's manufacturing sector at the expense of its own failed to anticipate present [concerns about high-tech warfare](#).
- With US tech companies already struggling economically, **fallout from the sanctions could impede the very tech innovation progress that the government wants.**
- Companies have to choose between pulling out of China and losing out on a crucial market or pursuing riskier, costlier mergers.
- The [US' plans for more sanctions](#) means Beijing will most likely explore other avenues for retaliation.

Areas/Events That Pose a Serious Risk to Their Company According to US Executives, Aug 2022

% of respondents



Source: PwC, "PwC Pulse Survey: Managing Business Risks," Aug 18, 2022

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