

# China reports local chipmaking surge with output up by 41%, PC and smartphone production also intensified in 2021

Article

**The news:** China has reported a dramatic increase in local production of semiconductors and other electronics, according to [industrial production data](#) from the nation's Bureau of Statistics. Integrated circuit production **rose 41.3% year-on-year (YoY)** to over 31 billion units, [per](#) The Register.

Chinese PC and smartphone manufacturers also reported sharp production increases for the first seven months of 2021.

- Chinese PC makers produced 36 million new machines or a **379% YoY** increase, with July production up by **10.3%**. PC sales [grew](#) in **13% YoY** in Q2, even with expected slowdowns, mostly as a result of the global chip shortage.
- Further, Chinese smartphone vendors shipped 127 million units, a **16.4% YoY** increase. **Xiaomi** is now the world's [number one](#) smartphone maker, surpassing Samsung, which has ping-ponged around the list of top 10 manufacturers since 2019. **Oppo** and **Vivo** are the fourth and fifth largest vendors, falling behind Apple, which is now in third place, [per](#) Canalys.

**Why it's worth watching:** These numbers show that China has ramped up to meet the demand for PCs and smartphones. Most notably, it has managed to boost its chipmaking output by **41.3% YoY**.

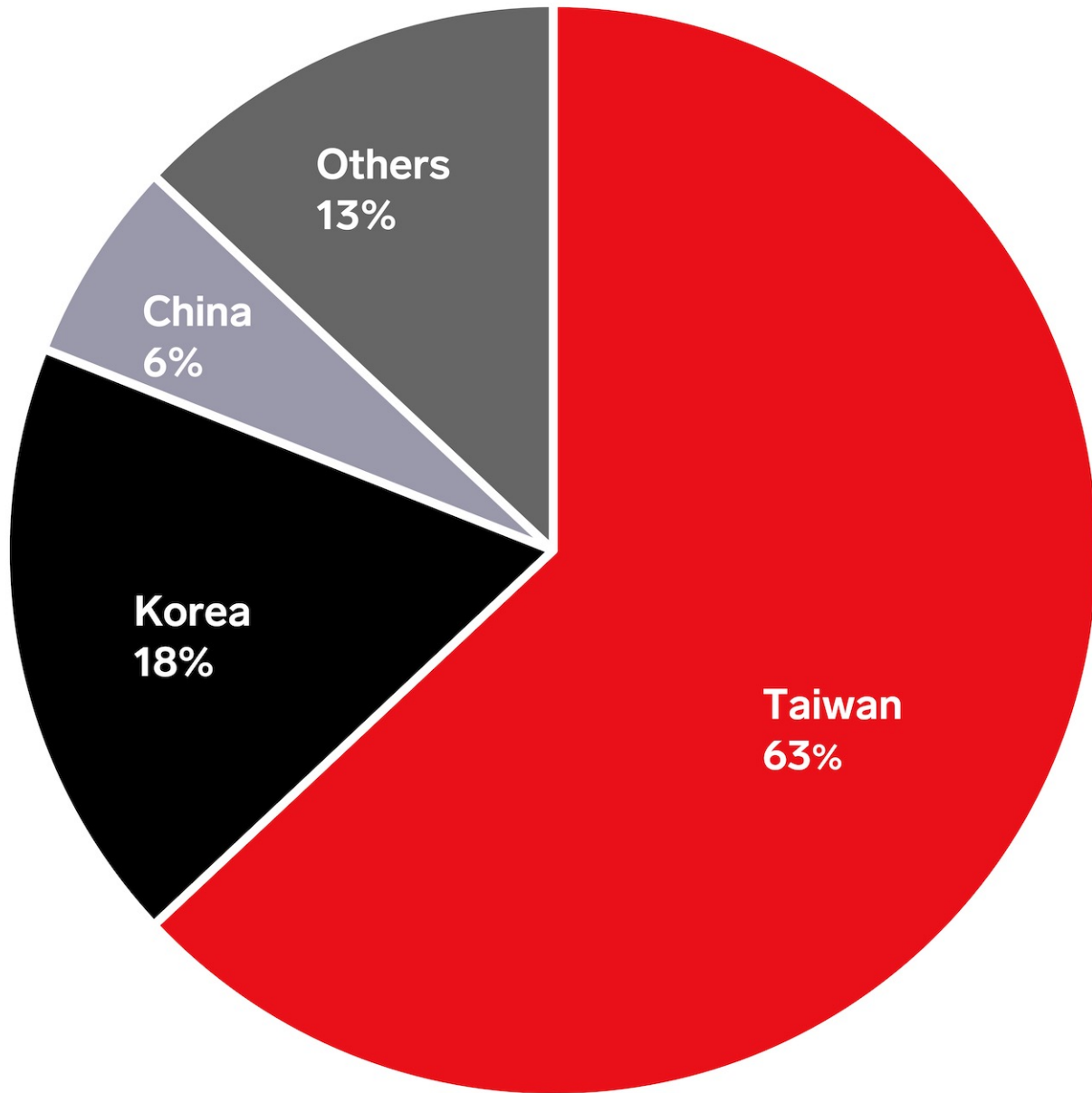
- China, which had **6%** of the total foundry revenues by country in 2020, has been looking to achieve "**self-sufficiency**" in semiconductors through various tax credits and incentives, and by [consolidating](#) onshore chip production while reducing reliance on chip imports.
- As the global chip shortage continues, **China, South Korea**, and the **EU** are calling for semiconductor production to be [brought onshore](#). The **US** is similarly looking push investments in local foundries as part of President Biden's [United States Innovation and Competition Act](#) (USICA). If successful, these efforts could generate local job opportunities, help manage supply chains, and cut down on importation costs.
- China's chip fabs also produced 31 billion semiconductors, and while the Bureau's data doesn't break down the categories for these chips, they could help quell the global chip shortage for the short term — or provide China with a sizable stockpile for its own future production.

**The takeaway:** The news of China ramping chip production and shipping more PCs and smartphones comes at a time when the chip shortage across various industries is [taking its toll](#) and not expected to abate any time soon as demand intensifies.

**China's output could bring much-needed relief to various industries dependent on an influx of chips, and set the pace for other countries to accelerate their own chip production to overcome the shortage in the long term.**

# Global Foundry Revenues, by Country, 2020

% of total



*Note: Total foundry revenues totaled \$85.13 billion in 2020. Taiwan-based TSMC made up 54% of global foundry revenues.*

*Source: TrendForce, March 2021*

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