

China warns Japan against restricting semiconductor gear exports

Article

The news: China is increasingly concerned about Japan's decision to restrict exports of semiconductor gear. Chinese foreign minister **Qin Gang** warned Japan, "Do not do unto others

what you don't want done unto you,” per [Nikkei Asia](#).

Why it's worth watching: [Japan joined the US and the Netherlands](#) in cordoning off vital chipmaking components and technology from China and other regions seen as geopolitical threats.

While the three countries are committed to the restrictions, their respective **chip-making companies are now faced with the potential loss of business from their biggest customers.**

- Beijing could be getting ready to make its own restrictions and embargoes on countries that are blocking its access to equipment and technology.
- Chinese companies are some of their largest clients, particularly Japanese manufacturers of lithography machines.
- China's status as the world's largest semiconductor market means it has room to maneuver. In context, **China bought 53.7% of the world supply of chips worth around \$240 billion in 2020**, per [The China Project](#).

We expect semiconductor companies to find ways around restrictions. At least until more stringent regulations are enforced. For example, companies banned by the US from acquiring certain technologies are instead renting them from cloud providers or creating shell companies to access the technology.

Key takeaways: Chinese companies could accelerate their plans to be more self-reliant in semiconductor production. Qin warned that “the blockade will only further stimulate China’s determination for independence and self-development.”