

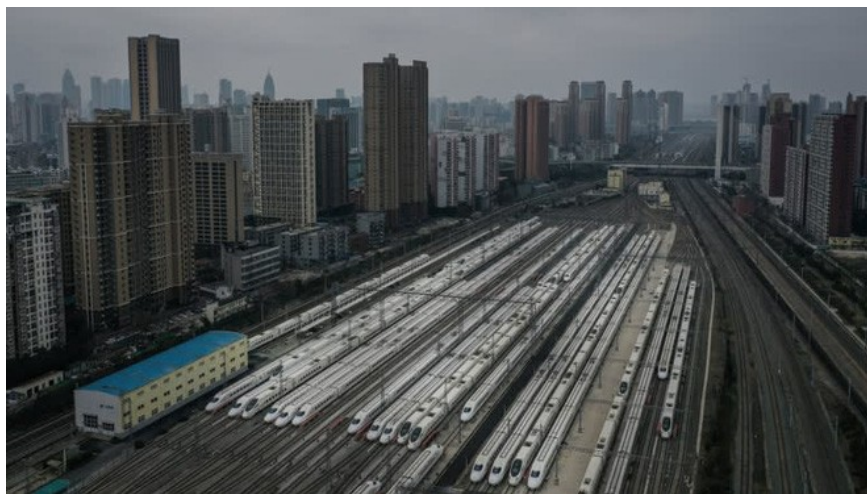
How the Chinese chip industry survived during the corona virus crisis

As both Wuhan and Hubei City were blocked by the corona virus outbreak, the Yangtze Memory factory - representing the voice of the Chinese chip industry - still received special favors to operate.

From January 23, most trains do not stop in Wuhan when the Chinese government announces blockade of the city to control the spread of corona virus from here. Most but not all. Some trains continue to work to bring experts straight into the epidemic - but they're not for hospitals or preventive clinics, but for Yangtze Memory Technologies, a memory chip manufacturing project. China's top.

A source from the Nikkei Asian Review said: " *You have to present a special license from both the local and central government and a health certificate showing you are healthy on board. You will then be sorted up. a special train, along with people coming back to work in special industries like semiconductors .* "

" *Yes, don't be surprised. This train will stop in Wuhan for you .* "



When Wuhan was blocked, most trains did not stop in this city, with a few special exceptions.

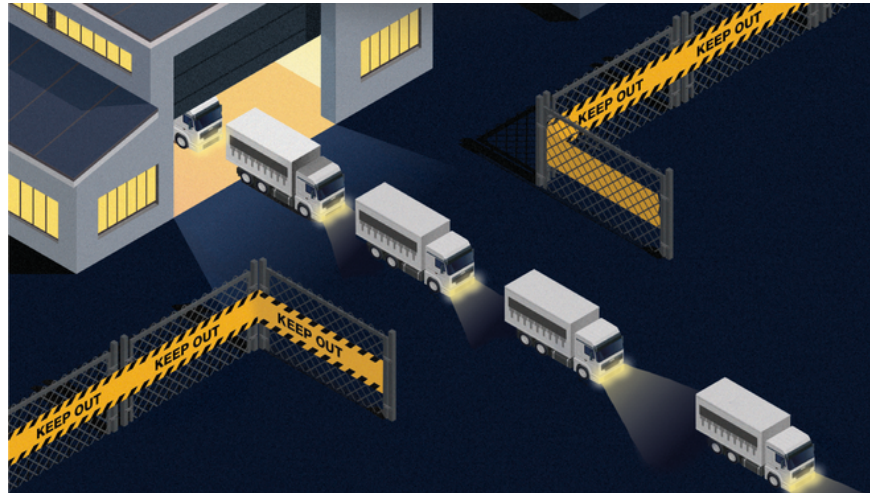
Exception of blockade order

Starting in February, Yangtze Memory sent cars to the train stations to pick up groups of employees and take them to a quarantine area for a week before they were allowed to enter the main work area.

According to the Nikkei source, these secret trips brought these volunteers back to the center of translation in Wuhan to support about 300 employees who had to work shifting at the factory since the blockade was

completed. The city begins. Many of them are young professors under the age of 30, who were assigned to be on duty during the Lunar New Year but were later trapped in the facility. For more than a month, they have been a factor in helping the plant operate.

Under blockade conditions, schools, trams, shopping centers and supermarkets in Hubei Province were closed. But the chip maker is still open, with permission from the central and local governments, and even allowed to import materials and labor. This is all so that the factory can ship finished products to distribution centers in Shanghai.



As the city's operations ceased, Yangtze Memory's chip factory continued to operate to deliver orders to Chinese companies.

According to an internal note that Nikkei obtained, the company's effort was seen as a symbol of heroic action, and they encouraged employees to share the story of that effort during the next virus outbreak. Afterward, the Chinese Communist Party will " *become a great historical material* ."

Most notably, Yangtze Memory continues to recruit for engineering, executive, integrated management, production development and marketing positions - most of whom work in Wu. Han. The company stated: " *We will shun virus, but we will not shun talented people* ."

The Chinese government's risk of a disease outbreak in order to maintain the operation of this factory shows how determined it is to build a solid domestic chip industry. As high-tech industries are increasingly affected by geopolitical tensions, China is trying to get its company out of dependence on imports from the United States and thereby be able to compete with rivals. capital from USA, Korea and Taiwan.

A bumpy road to catch up with competitors in the chip industry

In fact, for many years, China has poured a lot of money into semiconductor projects to build an independent technology supply chain to compete with the US, especially memory chip production projects - components Events such as NAND flash memory are commonly used in computers, servers and smartphones.

The most significant of these efforts was the Integrated Circuit Industry Investment Fund, or Big Fund, with a capital of up to US \$ 19.8 billion to incubate China's semiconductor industry. This is the premise for the rise of

Yangtze Memory, which is a project backed by Tsinghua University, Hubei Province and the Big Fund.

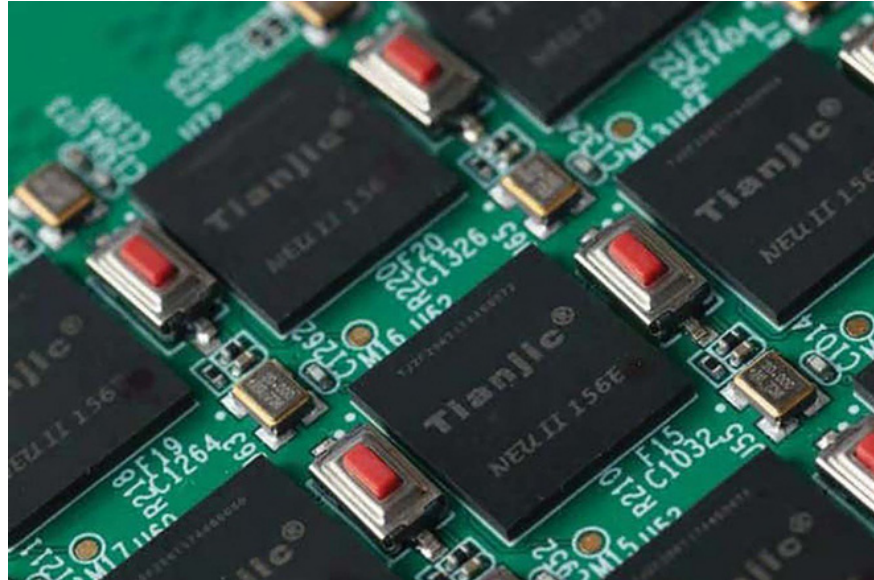


Yangtze Memory's unfinished chip factory

The company's headquarters in eastern Wuhan is about the size of 160 football fields combined. Here they are building a huge memory chip factory, and when completed, it can produce 300,000 wafer disks per month, equivalent to 20% of the global NAND flash memory chip output, surpassing SK Hynix, Micron and Intel - of course it's just quantity, not quality and technology.

Besides Yangtze Memory, billions of dollars from Big Fund are also the foundation to build many other semiconductor companies, when they can pay twice as much as US or Korean rivals to attract global talent. In 2019, while the global semiconductor industry plunged 13%, China grew to more than 14%.

Despite such large investments, China's chip industry still has a lot of work to do to catch up with rivals. Not only that, many acquisitions of US technology firms have been intervened by the US government to prevent these technologies from reaching Chinese firms.



The Tianjic AI chip is researched and developed by China.

The situation became more difficult when the technology war between the US and China increased tension. Many American companies are required to obtain a license from the government if they want to export US technology to Chinese companies like Huawei or Hikvision. Moreover, the United States is pressing the European chip maker ASML to stop shipping products to chip maker SMIC, which is backed by the Chinese government.

Meanwhile, the corona virus outbreak was an unexpected blow to China's chip industry. Over the past few years, Wuhan has become one of the country's chip technology centers. The virus outbreak and blockade orders in the past 50 days have delayed more projects and made them more employable.

In addition, the corona virus outbreak has a greater impact on the whole Chinese economy by being able to drag the country's growth rate to its lowest level in decades. Lower growth has also led to a shortage of funds to pour more into high-tech projects, while many other industries are also in need of support to overcome the current difficult period.

Ability to revive in the future

However, on March 10, Xi Jinping made a surprise visit to Wuhan - the first time since the city was frozen - a signal that the reopening of the place is within reach.



Mr. Xi Jinping on a surprise visit to Wuhan.

Earlier on March 4, Xi told the Politburo Standing Committee that the government would accelerate investments in new infrastructure, including fifth-generation network technology and data centers, to create the foundation for new high-tech fields such as artificial intelligence, augmented reality and self-driving cars.

After Xi's visit to Wuhan, Yangtze Memory immediately set a goal to bring all employees back to work by the end of this month, regardless of whether Wuhan has officially been reopened. The company also launched a special campaign to conduct two corona virus tests for each person - to ensure the health of employees returning to work and to shorten isolation time.

Two days after Xi's visit to Wuhan, the Second Fund Big Fund approved an unspecified investment for Yangtze Memory. This funding will allow the company to focus on strengthening the company's production capacity and help launch its second phase chip production project.

A source told Nikkei: " *This is a strategic industry, so everything will move faster than usual . The company has just canceled the daily allowance for people working from afar to remind them to go back to work. But if you go to work, the company will pay double the overtime pay .* "

Many workers are likely to heed the call. "Most of the local colleagues who are already on site are quite patriotic," another source with knowledge of the situation said. "They think they are part of a team helping the company and the country to prove to the world that they can survive this critical virus battle."

Many people responded to this call: " *Most of the local colleagues who came to the office were patriots. They thought they were part of a group that helped the company and the country prove. to the world that they can survive the battle with the corona virus .* "

See the Nikkei Asian Review

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