

Translated Excerpt



The following is a translation of a short excerpt from the transcript of the October 20, 2020 PRC National Development and Reform Commission (NDRC) press conference. In response to a question from a reporter about failed projects to upgrade China's microchip industry, the NDRC spokeswoman acknowledges that in the rush to develop the industry, many local governments in China have funded poorly thought-out projects led by incompetent companies. The spokeswoman proposes four measures to mitigate this problem.

Title

Transcript of the National Development and Reform Commission October Press Conference
国家发改委10月份新闻发布会实录

Author

Meng Wei (孟玮), spokesperson for the PRC National Development and Reform Commission (NDRC; 国家发展和改革委员会; 国家发改委) and deputy director of the NDRC Policy Research Office (政治研究办公室; 政研室)

Source

NDRC website, October 20, 2020. The press conference took place on that same day, October 20, 2020.

The Chinese source text is available online at:

<https://web.archive.org/web/20201203210652/https://www.ndrc.gov.cn/xwdt/xwfb/202010/W020201020525184725843.docx>

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Translator

Etcetera Language Group, Inc.

Editor

Ben Murphy, CSET Translation Lead

China News Service (中国新闻社) reporter: Recently, reports on uncompleted chip projects have attracted attention. How can we promote the development of the industry while avoiding a herd mentality (一拥而上) and phony projects?

Meng Wei: Thank you for your question. This is an issue that everyone has been focused on recently. The integrated circuit (IC) industry is a strategic, foundational, and leading industry in national economic and social development, occupying a very important status. In recent years, the Chinese Communist Party (CCP) Central Committee and the State Council have attached great importance to the development of the IC industry. They have issued a series of policy measures to support and guide the healthy development of the industry. Prompted by the support of relevant policies, the development of China's IC industry has shown good momentum, its technological level has significantly improved, and enterprise growth has accelerated. In 2019, China's IC sales revenue was 756.2 billion yuan Renminbi (RMB), a year-on-year increase of 15.8%. China has already become one of the regions with the fastest IC development in the world.

However, as the reporter mentioned and we have also noted, domestic enthusiasm for investment in the IC industry is constantly increasing, and some companies characterized by the

“three no’s” (“三无”), namely, no experience, no technology, and no talent, have entered into the IC industry. In certain regions, there is a lack of understanding of the laws of IC development and they blindly establish projects. This results in a significant risk of duplicate low-level construction. Some projects even see lagging construction and idle factories, resulting in a waste of resources.

The National Development and Reform Commission has always placed a high degree of importance on the healthy and orderly development of the IC industry. In accordance with the decisions and deployments of the CCP Central Committee and State Council, we will strengthen top-level design with relevant departments, pay close attention to industrial planning and layout, and work hard to maintain the orderly development of the industry. Faced with the current chaos in the industry, the next step will be to focus on four areas.

First, we must strengthen planning and layout. According to the development principle of “entity centralization, regional concentration,” we must strengthen services and guidance for building key IC projects, provide guidelines and regulations for the orderly development of the IC industry, and do a good job of planning and layout. We must guide the industry to strengthen self-discipline so as to avoid harmful competition.

Second, we must improve the policy system. We must accelerate implementation of Document (2020) No. 8, namely *Certain Policies to Promote the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Period*,¹ and pay close attention to the introduction of supporting measures to further optimize the IC industry development environment, standardize market order, increase the innovation capabilities and development quality of the industry, and guide the healthy development of the industry.

Third, we must establish prevention mechanisms. We must establish a long-term working mechanism of “early organization, early detection, early feedback, and early disposal,” strengthen risk warnings, strengthen communication and coordination with banking institutions, investment funds, and other such institutions, and reduce investment risks in major IC projects.

Fourth, we must consolidate the responsibilities of the various parties. We must uphold the autonomous decision-making and independent responsibilities of enterprises and financial institutions and increase industrial concentration. We must guide regions to strengthen risk awareness in major project construction and report and hold accountable those who cause major losses or trigger major risks according to the principle that “those who support something are those who are responsible” (“谁支持、谁负责”). Thank you!

¹ Translator's note: For an English translation of this document, see: https://cset.georgetown.edu/wp-content/uploads/t0195_IC_software_policy_EN.pdf