

Ministerie van Economische Zaken

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To the President of the House of Representatives

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Date 19 November 2025
Subject Developments concerning Nexperia

Ons kenmerk
DGBI / 102176837

Mr President,

On 14 October 2025, I informed the House of the intervention at Nexperia Holding B.V. and Nexperia B.V. (the Nexperia Group) under the Goods Availability Act (*Wet beschikbaarheid goederen*). This intervention was necessary due to specific actions taken by the CEO of the Nexperia Group for the purpose of, among other things, transferring production assets, funds and knowledge to a foreign entity controlled by the CEO and situated outside the Nexperia Group. These actions posed an immediate risk to Europe's knowledge base, to production within the supply chain, and thus to the security of the supply of microchips to European industries, as well as to existing mutual dependencies. For this reason I was compelled to act and decided to intervene on the basis of the Goods Availability Act.

In this letter I provide more details on the use of the order imposed under the Goods Availability Act, the inquiry proceedings initiated by the company's directors at the Enterprise Division of Amsterdam Court of Appeal, and the current situation regarding Nexperia. I also outline the international and European response to the order and the inquiry proceedings. Furthermore, I report on the latest developments within the company and the ongoing constructive discussions with the Chinese authorities in the context of restoring the chip supply chain and finding a lasting solution, as well as explaining what measures are being taken in that regard.

AVT/EZ-251117-001

Before addressing the aforementioned topics in more detail, I note that the situation has been evolving continuously in recent weeks. I consider it important to keep the House as well informed as possible. At the same time, many developments are of a confidential nature, which means that I cannot always inform the House publicly. I am therefore prepared to brief the House at a confidential technical session. Should you so wish, this can also be done on a regular basis, given the pace of developments.

Security of supply in the semiconductor sector

Nexperia produces chips for the automotive, consumer electronics and telecommunications sectors, as well as other industries, and operates a complex supply chain divided into two main stages:

1. **Front-end production:** the process in which silicon wafers are manufactured. This production primarily takes place at Nexperia's European facilities, mainly in Germany and the United Kingdom. These wafers are then shipped to Asia for the next stage of the production process.
2. **Back-end production:** in this phase, the silicon wafers are cut into individual chips, packaged and tested to prepare them for use. These activities predominantly take place at Nexperia's facilities in China, Malaysia and the Philippines.

These processes are interdependent. The back-end production in Asia cannot operate without the supply of front-end wafers from Europe, and conversely, customers depend on the final products manufactured from these wafers. Nexperia is the last producer with manufacturing capacity in Europe for so-called 'legacy' chips.

Without intervention, the company's European front-end production would, as a result of the CEO's actions, have disappeared from Europe in the near future. The remaining knowledge, expertise and production capacity of Nexperia in Europe would thereby have been lost, undermining the resilience of the Dutch and European economies. As a significant share of European industry relies on Nexperia chips, such a development would have placed the Netherlands and Europe in a vulnerable position. Maintaining this mutual dependency is crucial for ensuring greater security of supply.

The order under the Goods Availability Act

On 30 September 2025, I issued an order on the basis of the Goods Availability Act. As reported to the House, this measure was taken due to imminent negative consequences for the security of supply of legacy chips to Europe. This threat was directly linked to the actions of the subsequently suspended CEO, Xuezheng Zhang, contrary to the interests of the company, its shareholders, and Dutch and European economic security. These actions involved the improper transfer of production assets, funds, technology and knowledge (including intellectual property) to a foreign entity controlled and largely owned by the CEO that is not part of the Nexperia Group. There were also plans to close or substantially downscale European production and research sites once the transfer of assets and expertise had progressed sufficiently. My intervention aimed to prevent the relocation of Nexperia Group production assets by placing any changes to such assets under my supervision. The order provides for this, and it is important to emphasise that the order applies to the Nexperia Group. It is not directed at the CEO personally or at any individual employees, but at the consequences of the CEO's actions. The order does not constitute an acquisition or assumption of control of the company; rather, it places the State in a supervisory role to assess and, where necessary, prevent decisions detrimental to public interests. Reports suggesting that the Netherlands had taken over 'control' or assumed 'power' over Nexperia are therefore incorrect.

Under the order, decisions may be blocked if they are (potentially) harmful to the company's production capacity, knowledge base or continuity. What the order does not do is obstruct Nexperia's regular production processes. It is designed such that regular production in all factories worldwide, as well as all exports, can and indeed must continue.

Following the decision to issue the order, intensive contact took place with the most directly concerned European partners to fully inform them of the worrying signs, the contents of the order, and the manner in which compliance would be supervised. These consultations indicated, and continue to indicate, broad support for the intervention in order to safeguard future security of supply in Europe, notwithstanding short-term concerns arising from disruptions to shipments from China.

The inquiry proceedings before the Enterprise Division

The day after the order was issued, on 1 October 2025, several company directors initiated inquiry proceedings before the Enterprise Division of Amsterdam Court of Appeal. Prompted by the order, the Dutch State joined the case as an interested party to provide clarification on the order and the public interests at stake. The Nexperia Works Council also joined the proceedings as an interested party.

Based on the petition by the applicants, the information provided by these directors, the submissions of the interested parties and the exchanges during the hearing, the Enterprise Division granted interim relief. This relief was granted because, in the provisional opinion of the Division, there are well-founded reasons to doubt the soundness of the company's policies and affairs. This concerns the CEO's conduct involving conflicts of interest and self-enrichment, endangering the financial stability of the Nexperia Group, and the improper dismissal of employees (including staff in the European R&D departments) and fellow directors.

The interim relief entailed the suspension of the CEO as director, the appointment of a non-executive director with a casting vote, and the placement of all shares except one under the management of a court-appointed trustee. These proceedings and the resulting interim relief are entirely separate, in legal terms, from the order issued under the Goods Availability Act, and form part of the standard practice of the Enterprise Division in inquiry proceedings.

The next step is the formal inquiry itself. This inquiry is expected to take some time. The Enterprise Division will appoint an investigator to examine the company's affairs and prepare a report. On the basis of this report, the Division may formally determine whether mismanagement has occurred. If mismanagement is established, the court may impose definitive measures, such as the dismissal of board members or the annulment of certain corporate decisions.

During the investigation period, the interim management, comprising the temporary directors, the court-appointed non-executive director with a casting

vote, and the share trustee, will continue to manage the company in the interest of Nexperia Holding B.V. and Nexperia B.V.

International and European response

On 4 October 2025, the Chinese authorities imposed an export control measure specifically targeting Nexperia. For the government, as well as for European partners, export controls are non-proliferation instruments that should be used as precisely as possible for that purpose. It is therefore undesirable for such measures to be imposed without clear security grounds.

China informed the Netherlands that this measure applies to Nexperia's Chinese operations. Under this measure, deliveries by Nexperia's Chinese entities to customers require an export licence. Uncertainty regarding the licensing process and long processing times have resulted in chip shortages among Nexperia's customers, causing production stoppages at certain companies.

The European Commission and various individual European and international partners share our concerns regarding these short- and long-term effects. Naturally, I am working closely with them and with other EU member states. In recent weeks, discussions have taken place almost daily at various levels, including with my direct counterparts. I remain in close consultation with these countries.

With the support of the European Commission and our European and international partners, constructive discussions are taking place with the Chinese authorities to jointly reach a lasting and mutually acceptable solution, particularly given the significant impact on both European and Chinese industries. In these discussions, I have been consistently explaining the reasons for issuing the order and clarifying the Enterprise Division proceedings, emphasising the independence of national legal proceedings. A key objective in discussions with the Chinese authorities is the resumption of exports from China in order to alleviate disruptions to supply chains. At the time of writing, there is cautious optimism following indications that Nexperia chips are once again being delivered.

Current situation at Nexperia and contact with industry

Nexperia is currently experiencing disruption in its production processes in China. Back-end production in Malaysia and the Philippines is continuing as usual. We remain in close, ongoing contact with Nexperia in order to minimise supply chain disruptions as far as possible. The company is working on several solutions to continue serving its customers to the greatest extent feasible. We are also in close contact with domestic and international businesses regarding the situation surrounding Nexperia.

Constructive dialogue

In recent weeks, the Netherlands has held discussions with both China and the United States on potential solutions. On 1 November, the United States and China publicly announced that arrangements had been made to resume the export of Nexperia chips from China. According to publicly available reports, which we are continuously verifying, a process is being set up through which companies may request an exemption from the Chinese export control measure on Nexperia chips.

It is in the interest of China, the Netherlands, Europe, the United States and economies worldwide to resolve this matter jointly. My primary priority, in cooperation with China, is to restart these supply chains, thereby addressing the most acute concerns of industry while also ensuring long-term security of supply for European industries – an interest that was central to my intervention in the first place.

Suspension of order

As explained above, my order was aimed at stopping the transfer of crucial operating processes out of the Netherlands and Europe by the CEO and preventing the security of supply from being jeopardised in this way. Protecting these public interests, including in the longer term, remains as important, pressing and relevant as it ever has been.

The Chinese authorities now do indeed seem to be authorising the export of Nexperia chips to companies based in Europe and elsewhere. This is an important step. The diplomatic discussions being conducted by the Dutch authorities with China, in coordination with our European partners and the European Commission, have also demonstrated that my suspending the order will contribute to the good

progress of diplomatic discussions on a long-term solution, taking account of Dutch and European public interests.

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In view of the relief granted by the Enterprise Division and trusting that China will continue its current course, that it will actually continue to grant export licences for all (European) companies and all countries and that those licences will be followed in practice by supplies to the (European) customers, I believe that there is scope to suspend the order. In this connection it is also relevant that the Nexperia Group currently shows no further signs of continuing the actions that led to my order, nor any intention to engage in such actions. I have confidence that the good discussions with the Nexperia Group will also continue during a suspension and that it will not therefore entail any unacceptable risks to relevant public interests. The interim relief granted by the Enterprise Division increases my confidence further in this respect for as long as that relief stays in place.

A duty to provide information will continue to apply, however. The company is required to inform me about transfers of production assets and knowledge between its facilities.

Finally

Acting in cooperation with our partners, I am fully committed to restoring the normal functioning of the supply chain and to working towards a lasting solution, both in the short and the long term. In this context, official-level consultations were held in China this week. It has been agreed that this constructive dialogue with the Chinese authorities will be continued in the period ahead. I will continue to keep the House informed of all relevant developments.

Yours sincerely,

Vincent Karremans
Minister of Economic Affairs