

U.S. president stops merger with Chinese company

Lattice has terminated the acquisition negotiation with Canyon Bridge Capital Partners following an order from Donald Trump.



Donald Trump has stopped selling Lattice Semiconductor to a Chinese investment company (Photo: CiA)

Lattice is a semiconductor manufacturer offering low-power FPGA (field-programmable gate array) and video ASSP (application-specific standard product), 60-GHz mm-wave, and IP products. The company also offers CAN IP modules from Fraunhofer/Cast and implements them as part of the partnership on their semiconductor products. Lattice addresses different application domains including mission-critical applications such as space and airborne. This is why the U.S. president ordered to terminate the sales negotiation with the Chinese company. Canyon Bridge Capital Partners planned to acquire Lattice for U.S. \$ 1,3 billion. This was the largest attempt by a Chinese company to acquire a U.S. semiconductor manufacturer active in mission-critical industries.

The Committee on Foreign Investment in the United States (CFIUS) referred the transaction with Canyon Bridge to the White House for a decision, having been unable to come to an agreement with the parties on mitigation measures. After consideration, the President prohibited the proposed transaction on the recommendation of CFIUS in an executive order dated September 13, 2017.

"The transaction with Canyon Bridge was in the best interests of our shareholders, our customers, our employees, and the United States. We also believe our CFIUS mitigation proposal was the single most comprehensive mitigation proposal ever proposed for a foreign transaction in the semiconductor industry and would have maximized United States national security protection while still enabling Lattice to accept Canyon Bridge's investment and double American jobs. While it is disappointing that we were not able to prevail, the Board and I would like to thank Canyon Bridge for their support during this time." said Darin G. Billerbeck, CEO of Lattice Semiconductor. "We will continue to focus on initiatives that will contribute to Lattice's long term success, specifically in areas where our affordable, low power, small form factor devices create advantages. Additionally, we remain committed to achieving profitable growth by extending processing and connectivity solutions beyond our core business. Lattice's future remains bright."

U.S. Treasury Secretary Steven Mnuchin said in a statement following the decision that CFIUS and the president assess that the transaction poses a risk to the national security of the United States that cannot be resolved through mitigation. China officials expressed concern about the decision. "We believe conducting security examinations of investments in sensitive sectors is a country's legitimate right, but it should not become a tool for advancing protectionism," Chinese Commerce Ministry spokesman told in a press briefing.

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