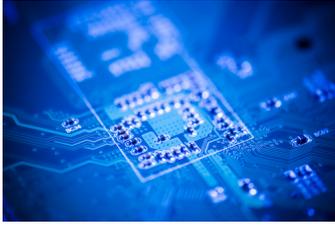


China to boost integrated circuit sector (IC)

Written by QIAO LAB
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China will boost the integrated circuit (IC) sector at a "state strategy" level over the next five years through 2015, Yang Xueshan, vice minister of industry and information technology has said.

China's IC sales will likely top 330 billion yuan (\$50.54 billion) in 2015 and meet 27.5 percent of domestic demand, Yang told Xinhua Friday.

Also, the sector will produce a series of chips with independent intellectual property rights. Under the plan, development of about 30 percent of the IC products used by China's major whole-set enterprises would occur domestically, Yang said.

IC production demands intensive capital and technology. For example, designing a 45-nanometer IC requires \$40 million and building a 12-inch production line costs \$2.5 billion, said Xiao Hua, director of the information department of the Ministry of Industry and Information Technology (MIIT).

Yang said that a nation must support the development of the IC sector, and China lags far behind the United States, Japan, the Republic of Korea and other countries in providing state support to the sector.

China's IC producers are mostly medium-sized or small enterprises with limited funds and technology.

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Yang said that China's relevant departments would support and coordinate IC production with linkages including research, manufacturing and marketing during the 12th Five-Year Program (2011-2015) period.

China's IC sales reached 144.02 billion yuan in 2010, making up about 8.6 percent of the global market, according to the MIIT. As the world's largest IC market, China can only meet 20 percent of its domestic demand with independently designed IC products.

China has faced challenges in boosting the IC sector because of outdated equipment, said Xu Xiaotian, executive deputy director general of the China Semiconductor Industry Association (CSIA).

The MIIT expects China's IC market to top 1.2 trillion yuan in 2015.

IC products add significant value to products. A 3G mobile phone chip, for example, is responsible for about half of the phone's total cost.

China's chips rely heavily on imports. The country's imports of IC products topped \$156.99 billion in 2010, according to the MIIT.

An integrated circuit or monolithic integrated circuit (also referred to as IC, chip, and microchip) is an electronic circuit manufactured by diffusion of trace elements into the surface of a thin substrate of semiconductor material.

Computers, cellular phones and other digital appliances are now inextricable parts of the structure of modern societies, made possible by the low cost of production of integrated circuits.