

**JANUARY 6, 2021**

## **China Forecast to Fall Far Short of its “Made in China 2025” Goals for ICs**

*IC Insights forecasts China-produced ICs will represent only 19.4% of its IC market in 2025, a fraction of the Made in China 2025 goal of 70%.*

IC Insights will release its new 2021 *McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry* later this month. A portion of the new report will examine the IC market by region with an analysis and forecast of the China IC market by product type through 2025.

A very clear distinction should be made between the IC market in China and indigenous IC production in China. As IC Insights has oftentimes stated, although China has been the largest *consuming* country for ICs since 2005, it does not necessarily mean that large increases in IC *production* within China would immediately follow. As shown in Figure 1, IC production in China represented 15.9% of its \$143.4 billion IC market in 2020, up from 10.2% 10 years earlier in 2010. Moreover, IC Insights forecasts that this share will increase by 3.5 percentage points from 2020 to 19.4% in 2025 (a 0.7 percentage point per year gain on average).

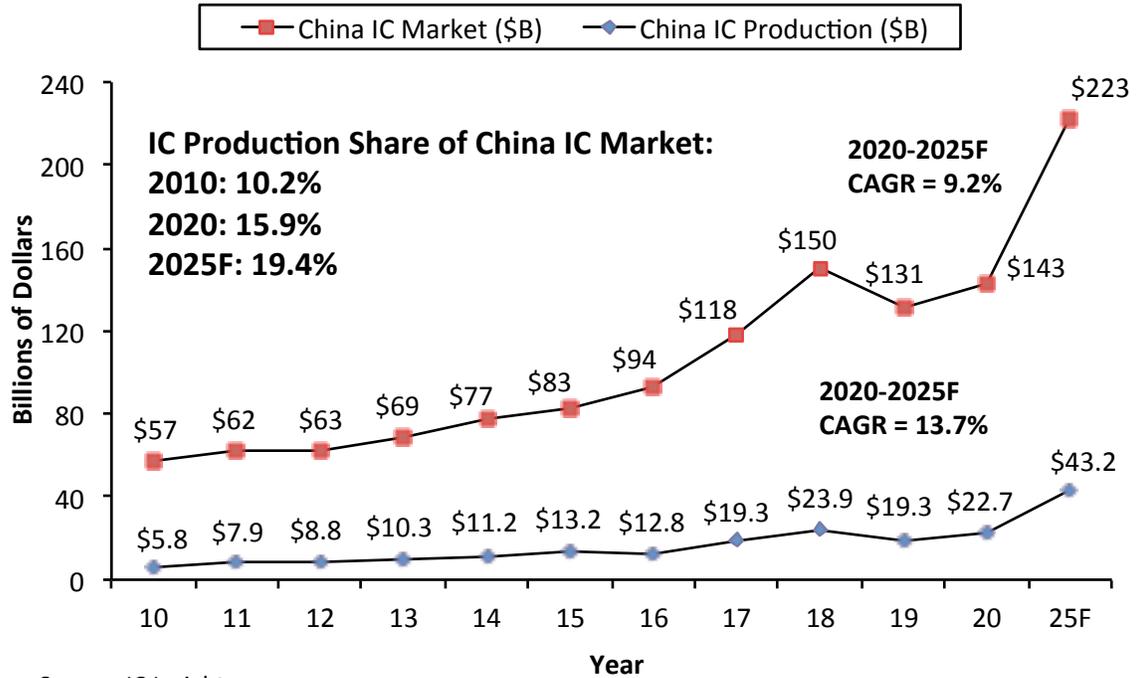
Of the \$22.7 billion worth of ICs manufactured in China last year, *China-headquartered* companies produced only \$8.3 billion (36.5%), accounting for only 5.9% of the country’s \$143.4 billion IC market. TSMC, SK Hynix, Samsung, Intel, UMC, and other foreign companies that have IC wafer fabs located in China produced the rest. IC Insights estimates that of the \$8.3 billion in ICs manufactured by China-based companies, about \$2.3 billion was from IDMs and \$6.0 billion was from pure-play foundries like SMIC.

If China-based IC manufacturing rises to \$43.2 billion in 2025 as IC Insights forecasts, China-based IC production would still represent only 7.5% of the total forecasted 2025 worldwide IC market of \$577.9 billion. Even after adding a significant markup to some of the Chinese producers’ IC sales (many Chinese IC producers are foundries that sell their ICs to companies that re-sell these products to the electronic system producers), China-based IC production would still likely represent only about 10% of the global IC market in 2025.

### **MORE INFORMATION CONTACT**

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## China IC Market vs. China IC Production Trends



Source: IC Insights

Figure 1

### 2020

<b>Worldwide IC Market (\$B)</b>	\$395.7
<b>China IC Market (\$B)</b>	\$143.4
<b>China-based IC Production (\$B)</b>	\$22.7
% of WW IC Market	5.7%
% of China IC Market	15.9%
<b>China-HQ Co. IC Production (\$B)</b>	\$8.3
% of total China IC Production	36.6%
% of WW IC Market	2.1%
% of China IC Market	5.8%

Currently, IC production in China is forecast to exhibit a very strong 2020-2025 CAGR of 13.7%. However, considering that China-based IC production was only \$22.7 billion last year, this growth is

starting from a relatively small base. In 2020, SK Hynix, Samsung, Intel, TSMC, and UMC were the major foreign IC manufacturers that had significant IC production in China.

Even with new IC production being established by China memory startups YMTC and CXMT, IC Insights believes that foreign companies will be a large part of the future IC production base in China. ***As a result, IC Insights forecasts that greater than 50% of IC production in China in 2025 will come from foreign companies such as SK Hynix, Samsung, TSMC, and UMC with fabs in China.***

### **Report Details: *The 2021 McClean Report***

The 2021 edition of *The McClean Report—A Complete Analysis and Forecast of the Integrated Circuit Industry*, will be released in January 2021. A subscription to *The McClean Report* includes **free** monthly updates from March through November (including a 180+ page *Mid-Year Update*), and **free** access to subscriber-only pre-recorded webcasts through November. An individual-user license to the 2021 edition of *The McClean Report* runs through November of 2021 and is priced at \$5,390 and includes an Internet access password. A multi-user worldwide corporate license is available for \$8,950 and allows access to the report through November of 2021.

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IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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