

Macro Roundup Article

Headline: [How China Could Swamp India's Chip Ambitions](#)

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Tweet: China is expected to add more legacy chipmaking capacity than the rest of the world combined in 2024, creating a risk that indigenous chipmaking efforts in India will be stillborn.

Summary: When India's largest conglomerate, Tata Group, broke ground on a \$11 billion semiconductor factory this week, Prime Minister Narendra Modi said the country was poised to become a world leader in the sector. He might be in for a rude awakening. China, is pouring capital into legacy chip making on a breathtaking scale. China will add more chip-making capacity than the rest of the world combined in 2024, according to research consulting firm Gavekal Dragonomics: one million more wafers a month than in 2023—all mature nodes. China's aggressive expansion comes at a time when the market for legacy chips is already well supplied. Utilization rates for producers of mature-node chips have fallen from nearly 100% in 2020 to 65-75% at present, according to Gavekal. China's government incentives—worth more than \$150 billion—will help producers absorb losses. But India would struggle to shower such a capital-intensive infant industry with that kind of cash, especially given its already high government debt and enormous funding needs for infrastructure in general.

Related Articles: The US-China Chip War is Escalating and China AI & Semiconductors Rise: US Sanctions Have Failed and China Imports Record Amount of Chipmaking Equipment

Primary Topic: Investment

Topics: GDP, Investment, News article, Productivity, Savings Glut/Trade Deficit, Trade (not deficits)

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