

US warned against Chinese takeover of German firm: report

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The German government withdrew its approval for a Chinese firm to purchase Aixtron, which makes semiconductor equipment, after the US secret services raised security concerns, a German media report said Wednesday.

Germany unexpectedly announced on Monday that it had reversed its stance on the 670-million-euro takeover (\$730-million) by China's Grand Chip Investment, saying it was putting the deal back under review.

The German economy ministry said the decision was made after new "security-related information" came to light, but gave no further details.

Citing German intelligence sources, the Handelsblatt daily reported that the U-turn came after the US secret services intervened to block the deal.

"US authorities alerted Germany's chancellory that Aixtron products could potentially have military uses," it said. "Sources said Washington feared that China could use chips from Aixtron in its nuclear programme."

A spokeswoman for the German economy ministry declined to comment on the article.

The controversy comes amid growing unease in Germany over a string

of Chinese takeovers in recent years that have fuelled fears of high-end intellectual property, technology and know-how departing for China.

Germany Economy Minister Sigmar Gabriel, who has urged Brussels to better shield key EU industries from foreign investors, is due to travel to China next week where the stalled Aixtron deal is sure to come up.

Germany's review of the deal could take up to three months, the ministry spokeswoman said.

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