



House of Commons  
Foreign Affairs Committee

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**Government Response  
to the Committee's  
Sixth Report:  
Sovereignty for sale:  
follow-up to the  
acquisition of Newport  
Wafer Fab**

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**Seventh Special Report of  
Session 2021–22**

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## Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Foreign, Commonwealth and Development Office and its associated public bodies.

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### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

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Committee reports are published on the Committee's website at [www.parliament.uk/facom](http://www.parliament.uk/facom) and in print by Order of the House.

### Committee staff

The current staff of the Committee are Lauren Boyer (Clerk), Estelle Currie (Media and Communications Manager), Ken Davies (Committee Specialist), Hannah Finer (Committee Specialist), Clare Genis (Committee Operations Manager), Jonathan Hingston (Committee Specialist), Danniella Kinder (Committee Support Apprentice), Alice Lynch (Committee Specialist), Chris Shaw (Clerk), Daniela Sindrestean (Committee Operations Officer), Hannah Stone (Committee Specialist).

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You can follow the Committee on Twitter using [@CommonsForeign](https://twitter.com/CommonsForeign).

## Seventh Special Report

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On 5 April 2022, the Foreign Affairs Committee published its Sixth Report of Session 2021–22, [Sovereignty for sale: follow-up to the acquisition of Newport Wafer Fab](#) (HC 1245). The Government's response was received on 21 April 2022 and is appended below.

## Appendix: Government Response

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The Government welcomes the Foreign Affairs Committee's sixth report, *Sovereignty for sale: follow-up to the acquisition of Newport Wafer Fab*, published on 5 April 2022.

The Government always stands ready to act to protect the UK's national security. That is why the National Security and Investment Act, which commenced on 4 January this year, was enacted.

The Act gives the Government powers to scrutinise, and intervene when necessary, in acquisitions of control over entities and assets in or linked to the UK that may pose national security risks. It significantly increases the powers available to the Government to address national security concerns which arise as a result of a small number of investments. These new powers allow us to respond to the types of threat the UK faces today.

The Act gives investors additional certainty and clarity to invest with confidence. It cements the UK's world-leading reputation as a global champion of free trade and investment, and as an attractive place to invest, with greater transparency and more simple, efficient clearance processes for relevant acquisitions.

The Act recognises the geostrategic importance of the semiconductor industry, alongside the critical role it plays in the UK economy. The Department for Digital, Culture, Media and Sport are currently undertaking a review of the sector.

The Government takes careful note of the Committee's report and the conclusions it has reached. This paper sets out the Government's response to each of the Committee's conclusions. The Committee's text is in bold and the Government's response is below.

**We ask that the Government set out the circumstances in which the National Security Adviser is engaged in reviews under the National Security and Investment or Enterprise Acts.** (Paragraph 18)

Under the National Security & Investment Act 2021, and previously under the Enterprise Act 2002, the Secretary of State for Business, Energy and Industrial Strategy must take decisions relating to national security in a quasi-judicial manner, ensuring that he makes his decisions on the facts and evidence of an individual case.

The Investment Security Unit, based in the Department for Business, Energy and Industrial Strategy, provides advice to the Secretary of State on whether to intervene in an acquisition, within a clear and transparent statutory framework provided by the National Security and Investment Act.

The Investment Security Unit brings together experts from across government and the intelligence community to scrutinise acquisitions and assess the need for intervention to protect the UK's national security. Where appropriate, this can include advice from the National Security Adviser.

**The reasons why the Prime Minister asked the NSA to undertake a review of Newport Wafer Fab.** (Paragraph 18)

The National Security Adviser is the Prime Minister's lead official on matters of national security. The Prime Minister therefore asked the National Security Advisor to review the case.

**Why the NSA did not undertake such a review.** (Paragraph 18)

The Government continues to consider the acquisition of Newport Wafer Fab by Nexperia and no decisions have been made. As part of that consideration, the Prime Minister asked the National Security Adviser to review the case.

As set out above, it is for the Secretary of State for Business, Energy and Industrial Strategy to take decisions under the National Security & Investment Act. This is a role that he performs in a quasi-judicial manner, based on the facts and evidence of each individual case.

**An update on the nature of the continued monitoring by the Investment Security Unit.** (Paragraph 18)

For reasons that the Committee will understand, the Government does not comment on the details of individual businesses' commercial transactions or on national security assessments.

More broadly, as set out above, the Investment Security Unit is responsible for identifying, addressing and mitigating national security risks to the UK arising when a person gains control of a qualifying asset or qualifying entity as set out in the National Security and Investment Act. Where appropriate, the ISU also works with other departments and teams to prepare advice on what mitigations might be appropriate to address national security risks presented by an acquisition.

The National Security & Investment Act fully commenced on 4 January 2022, and from this date began to receive notifications from investors and acquirers. The Act also gives the Government powers to call in acquisitions that took place from the day after introduction of the National Security and Investment Bill into Parliament (12 November 2020) but before commencement. For acquisitions that took place in this window, and if the Government became aware of the acquisition before commencement, any call-in decision must be issued within six months of commencement.

This means that, where the relevant statutory tests are met, the Secretary of State may call in a qualifying acquisition he is aware of up to 6 months after the commencement of the National Security and Investment Act.