

Trump Stops Broadcom's Qualcomm Bid!

Written by Marco Attard
14 March 2018

The Donald Trump presidency flexes its muscle as it blocks the proposed \$140 billion acquisition of Qualcomm by Singapore-based Broadcom following concerns will give China the edge in 5G technology development.



The presidential order cites "credible evidence" the acquisition "might take action that threatens to impair the national security of the US." Thus, as the US government orders "the Purchaser and Qualcomm shall immediately and permanently abandon the proposed takeover."

Should it have gone through, the Broadcomm-Qualcomm merger would have been the largest technology deal in history, and created the 3rd biggest chipmaker in the world, following Intel and Samsung. A united Broadcomm-Qualcomm would also control around 65% of the bill-of-materials going into smartphones. The acquisition was technically not wanted by the Qualcomm board, but Broadcom could have simply bought up the shareholders, leading to what on knows as a "hostile takeover."

The news comes as the [WSJ reported Intel was considering stopping the deal through its chequebook](#) ... and buying Broadcom, a company estimated to be worth over \$100 billion. This would have been an "enormous" and complex deal, not to mention one that arguably wouldn't even make sense for Chipzilla.

But is Trump right in stopping the deal? Perhaps. After all, as Bloomberg reports, Qualcomm is a major supplier for the Pentagon, with numerous classified contracts. Foreign ownership would compromise its security clearance, no matter the nationality of the owner. It also cites CFIUS worries of how Broacom would slash Qualcomm R&D spending in favour of short-term profits, inadvertently giving the leg up to a competitor such as Huawei.

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That said, Broadcom insists that it "strongly disagrees that its proposed acquisition of Qualcomm raises any national security concerns." In turn, Qualcomm simply says Broadcom must give up on the takeover.

Go [Presidential Order Regarding the Proposed Takeover of Qualcomm by Broadcom](#)

Go [Trump Blocks Broadcom's Bid for Qualcomm \(NYTimes.com\)](#)

Go [Trump is Right to Quash the Qualcomm Merger \(Bloomberg\)](#)