Further Export Controls on Semiconductor Technology for China coming this Week

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On Thursday, the Biden administration will announce new restrictions preventing China from accessing advanced U.S. semiconductor technology.

According to reports, the U.S. Department of Commerce, Bureau of Industry and Security (BIS) will issue new rules that would clarify which semiconductor technologies may be exported to China, including codifying earlier guidance given to specific companies. This new development is part of the U.S. Government's long standing effort to limit China's access to high-end semiconductor technology, and to boost its own domestic production capacity, as part of its broader strategic competition with the world's second-largest economy.

The New Restrictions

The new measures, as reported by the <u>New York Times</u>, are expected to codify export restrictions on technology for producing advanced semiconductors. That will likely include controls on equipment (or technology to make that equipment) for manufacturing chips with fin field-effect transistors (FinFETs).^[1] Thursday's announcement is expected to include export controls on certain chipmaking tools—likely those with 14 nanometer capabilities or better. The rule will also likely prohibit the export of tools for producing certain logic and memory chips in China and restricting access to chips used in supercomputing and artificial intelligence, as well as related technology. The restrictions will also expand the so-called foreign direct product rule to more Chinese entities. That rule has already prevented Huawei from accessing chips designed using U.S.-origin software or chips that are the direct product of U.S.-origin technology.

The guidelines will also codify the recent the recent directions that the U.S. government sent to certain U.S. companies instructing them not to send their latest AI processor-chip shipments to China. At the time of sending those missives, BIS noted that these actions were necessary to protect "U.S. national security and foreign policy interests".

We will closely monitor activity around this new set of rules and provide ongoing updates at our blog <u>here</u>.

FOOTNOTES

^[1] See, Cherney, Max A., The US is Set to Expand Controls on Chip Tech for China this Week; Oct. 3, 2022, available at <u>https://www.protocol.com/bulletins/us-china-chips-export-controls</u>

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National Law Review, Volume XII, Number 278

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