

Chips Chatter: March 4-13, 2023

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More to Come? U.S. Export Controls

According to reports, the Biden Administration is set to further tighten restrictions on the export of semiconductor manufacturing gear to China, with new restrictions expected to be announced as early as next month. The rules may double the number of machines that require special licenses for export.

What We're Watching: the RESTRICT Act

On March 7, a bipartisan group of Senate lawmakers unveiled **the RESTRICT Act**. Led by **Sens. Mark Warner (D-VA)** and **John Thune (R-SD)** and 10 bipartisan cosponsors, the bill “establishes a risk-based process, tailored to the rapidly changing technology and threat environment, by directing the Department of Commerce to identify and mitigate foreign threats to information and communications technology products and services.” National Security Advisor Jake Sullivan also issued a statement signaling support for the bill’s approach. Supporters say the legislation would complement, not supplant, the CFIUS process. For more information, see our report in [Trade Talk China](#).

Multilateral Chips Export Controls

The Netherlands moves forward

On March 8, **the Dutch government** briefed its parliament on plans to draft additional rules restricting exports of semiconductor technology to protect national security. This move follows months of discussions between the Netherlands, the United States, and Japan, in which Washington has tried to convince its allies to adopt similar restrictions to those it introduced in October. The Dutch are proposing to control exports of so-called DUV lithography products, broadening restrictions that already exist for lithography machines that are critical to producing the world’s most advanced chips.

The rules are expected to be published before summer.

Japan hasn't decided, yet

On March 9, **Japanese Trade Minister Yasutoshi Nishimura** said that Japan has not yet made a decision regarding restrictions on exports of chip-making equipment. He said, "we will consider appropriate measures in light of developments in the Netherlands," adding, "our understanding is that the Dutch announcement does not target a specific country."

State Department Announces International Semiconductor Funding

On March 14, the State Department [outlined](#) plans to implement the **CHIPS Act International Technology Security and Innovation (ITSI) Fund**. The ITSI Fund provides the State Department with \$500 million (\$100 million per year over five years, starting in Fiscal Year 2023) to provide for semiconductor supply chain security and international information and communications technology (ICT) security.

1. **Semiconductor Supply Chain Security:** Funding will support efforts to 1) bring more mining, processing, and recycling capacity of critical materials online; 2) coordinate with partner economies to support a more resilient and diverse semiconductor supply chain; 3) expand and diversify downstream capacity in the Indo-Pacific and the Americas; and 4) facilitate the development of mechanisms to mitigate national security risks, including collaboration with international partners on export controls and licensing policies
2. **ICT Security:** \$40.7 million in FY 2023 ITSI funding will support efforts to 1) develop enabling environments for secure ICT ecosystems; 2) provide financing, project preparation support, and other investment de-risking support to catalyze private sector investments in secure ICT networks; and 3) engage with select partners to provide cybersecurity tools and services to better manage cybersecurity threats.

In Case You Missed It

1. **Former Trump administration official speaks out:** Former National Security Advisor Robert O'Brien said the U.S. would rather demolish Taiwan's semiconductor facilities rather than "let those factories fall into Chinese hands." Gaining control of those plants would make China "like the new OPEC of silicon chips" and allow them to "control the world economy," he said at the Global Security Forum in Qatar.
2. **Taipei demands trade talk with the EU:** On March 13, the Taipei government-backed Central News Agency said in an editorial column that the European Union may not get a chip plant from Taiwanese companies if it continues to refuse to engage Taipei in trade talks.
3. **Hearing report – China's next move after "Made in China 2025":** On March 8, during a House Judiciary Subcommittee on Courts, Intellectual Property and the Internet hearing titled "Intellectual Property and Strategic Competition with China, **Mr. Mark Cohen (Berkeley Center for Law and Technology)** pointed highlighted that a large cohort of Chinese high-rank party members all has STEM (especially semiconductor-related) background.

4. **CHIPS for America is hiring:** CHIPS for America has [posted](#) several leadership positions to USAJobs, including Deputy Director for Programs, Director for the National Semiconductor Technology Center (NSTC) Program, Director for the National Advanced Packaging and Manufacturing Program, and many others.

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