

United States Senate

WASHINGTON, DC 20510

January 31, 2022

Secretary of Commerce Gina M. Raimondo
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Dear Madam Secretary:

Multiple news reports suggest that the Biden Administration, at the request of the Departments of Defense and State, is considering strengthening export controls with regard to the Semiconductor Manufacturing International Corporation (SMIC), a semiconductor foundry company in China that the Department of Commerce added to the Entity List in December 2020.

We welcome this news because SMIC presents a clear national security threat to the United States and our allies and partners. SMIC has strong ties with the People's Liberation Army (PLA). In light of the Chinese Communist Party's Military-Civil Fusion strategy, SMIC should be treated as part of the PLA. Indeed, SMIC-produced semiconductors are undoubtedly integral parts of the Chinese military's advanced weapon systems. Moreover, SMIC reportedly will partner with Huawei, another Chinese telecommunications company designated on the U.S. Entity List, to build a semiconductor manufacturing plant worth over \$10 billion in mainland in an effort to blunt the effects of U.S. export controls and sanctions.

Therefore, we were disheartened that these very same news reports also stated that the Department of Commerce itself was blocking a key proposed change to the December 2020 SMIC entity listing. In specific, this proposed change would strengthen export controls by replacing the phrase "uniquely required" with "capable of producing." Making such a change would close an important loophole and prevent the CCP and PLA from using U.S. technology to advance its military modernization programs. These programs and systems have the potential to be used in a conflict with the United States, Taiwan, and other allies and partners.

Given these press reports, and the impending interagency deliberations, we seek your views, on the following:

- (1) Please characterize your understanding of SMIC's relationship with the CCP and PLA.
- (2) Please characterize your understanding of China's Military-Civil Fusion strategy.
- (3) Do you support replacing the phrase "uniquely required" with "capable of producing" in the December 2020 SMIC entity listing?
- (4) Do you support applying the Foreign Direct Product Rule (FDPR) to SMIC?

Given the pace at which the interagency appears to be moving, we appreciate your prompt reply to our questions. Thank you for your attention to these important matters of national security.

Sincerely



Bill Hagerty
United States Senator



Tom Cotton
United States Senator

CC: The Honorable Antony J. Blinken
U.S. Department of State

The Honorable Lloyd J. Austin, III
U.S. Department of Defense

The Honorable Jennifer M. Granholm
U.S. Department of Energy