

**US-China relations**

## Bipartisan group urges US blacklist for 'Beijing-directed' chipmaker

Leading members of Congress raise alarm over YMTC after allegations of co-operation with Huawei



A report has concluded that Yangtze Memory Technologies Co has provided chips for Huawei's new foldable phone, the Mate Xs 2, in a possible violation of US export controls © Mark Schiefelbein/AP

**Demetri Sevastopulo** in Washington YESTERDAY

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Top US lawmakers are urging the Biden administration to put Chinese semiconductor company Yangtze Memory Technologies Co on a blacklist for allegedly violating export controls by supplying Huawei.

Democratic Senate majority leader Chuck Schumer told the Financial Times that he was concerned about a report, obtained by the FT, that showed [YMTC](#) has provided Nand memory chips for the Mate Xs 2, the new flagship foldable phone from Huawei, the Chinese telecoms equipment giant.

“This report is extremely troubling and further underscores the need for the administration to act swiftly to add YMTC to the entity list,” Schumer said, in a reference to the commerce department blacklist that effectively bars US companies from selling technology to groups on the list.

YMTC is one of many Chinese technology companies to have come under scrutiny in the US over security concerns. Washington is also implementing a range of measures to boost the US chip industry while [making it harder for China](#) to gain access to technology, particularly for cutting-edge chips.

According to the report from IP Research Group, a consultancy that analyses electronic devices, YMTC is providing [Huawei](#) with chips for the phone, suggesting a possible violation of the US Export Administration Regulations.

POSSIBLE VIOLATION OF THE US FOREIGN DIRECT PRODUCT RULE.

The rule, introduced by the Trump administration in 2020, bars companies from supplying Huawei with technology that is made in America.

Senator Mark Warner and Senator Marco Rubio — the Democratic chair and Republican vice-chair of the Senate intelligence committee, respectively — also supported adding YMTC to the entity list. Their call for action was joined by Michael McCaul, the top Republican on the House foreign affairs committee.

“It has been clear for some time now that YMTC is a bad actor — and a key part of the Chinese Communist party’s goal of shifting control of global microelectronics to the PRC [People’s Republic of China]” Warner said. “It’s long past time to act.”

The White House has described YMTC as a Chinese “national champion”. US lawmakers and officials are also concerned that as YMTC produces more advanced chips, it will dump them at below-market prices, putting pressure on US, European and other Asian manufacturers.

“Make no mistake: when it comes to enriching the Chinese Communist party, what Huawei does for phones, YMTC does for memory chips,” Rubio told the FT. “It’s no surprise the two Chinese companies continue to break US law by partnering together.”

Rubio added: “The longer that President Biden drags his feet in recognising this, the more it signals to greedy corporations that it’s OK to do business with them and other Beijing-directed firms.”

[The FT reported in April](#) that the commerce department was examining claims that YMTC had supplied memory chips to Huawei for another phone.

“This report closes down any question that YMTC is not violating US export controls,” McCaul said on Tuesday. “This is a problem that could be solved with the stroke of a pen. Why is [commerce secretary Gina] Raimondo ignoring this problem?”

A commerce department official declined to comment on YMTC, but said the Bureau of Industry and Security was “conducting a review of existing policies related to China and will potentially seek to employ a variety of legal, regulatory, and, when relevant, enforcement tools to keep advanced technologies out of the wrong hands”.

US lawmakers have also put pressure on Apple over YMTC, after the [iPhone maker told the FT it was considering](#) procuring memory chips from the Wuhan-based company.

company.

To prove that YMTC has violated the FDPR, the US would have to show that it knew its chips were destined for Huawei, which might not be the case if they were sold through an intermediary.

But one person familiar with an analysis of the Mate Xs 2 said it contained Huawei-produced components that would require the phone manufacturer to deal directly with YMTC in order to tailor the chips for the foldable smartphone.

Huawei declined to comment. YMTC did not immediately respond to a request for comment.

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