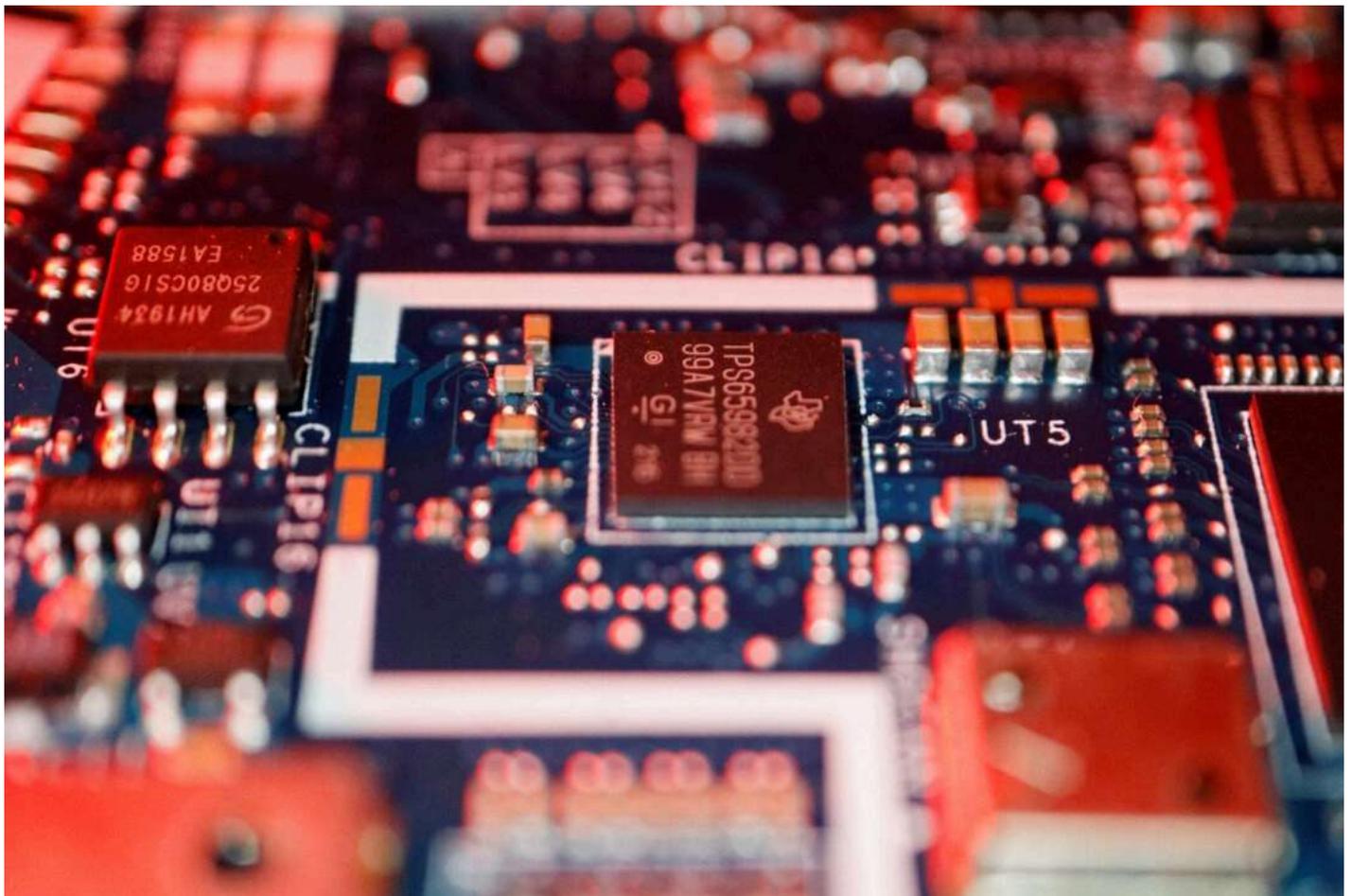


House Lawmakers Introduce Chip Security Act to Address Smuggling of AI Chips to China

'For too long, the Chinese Communist Party has exploited weaknesses in our export control enforcement system,' Rep. John Moolenaar (R-Mich.) said.



Semiconductor chips on a circuit board of a computer, in this illustration picture taken on Feb. 25, 2022. Florence Lo/Reuters



By Catherine Yang

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Bipartisan House lawmakers on May 15 introduced a bill aimed at preventing the Chinese Communist Party (CCP) from accessing advanced U.S. semiconductor chips.

The United States has put export controls on advanced chips since 2022, intending to cut off the CCP's access to cutting-edge technologies, including artificial intelligence (AI) technology, that would advance its military. But they have not had the intended effect **because of smuggling, loopholes, and technological developments**, according to the eight lawmakers introducing the **Chip Security Act**.

Reps. John Moolenaar (R-Mich.) and Raja Krishnamoorthi (D-Ill.), chair and ranking member of the House Select Committee on the CCP, respectively, along with Reps. Rick Crawford (R-Ark.), Bill Foster (D-Ill.), Josh Gottheimer (D-N.J.), Bill Huizenga (R-Mich.), Darin LaHood (R-Ill.), and Ted Lieu (D-Calif.), point to “mounting evidence” that the CCP has access to restricted technology.

The lawmakers say that this access can enable weapons that could be used against the United States in a conflict, advance the Chinese regime's surveillance state, and supplant the U.S. tech industry's dominance in AI and other fields.

“For too long, the Chinese Communist Party has exploited weaknesses in our export control enforcement system—using shell companies and smuggling networks to divert sensitive U.S. technology that helps fuel its military advancement and extend its surveillance capabilities to further its repression,” Moolenaar said in a **statement**.

The Chip Security Act would require location verification for advanced AI chips, enforce mandatory reporting from chipmakers on the potential diversion of their products, and task the Department of Commerce with studying additional necessary steps.

Sen. Tom Cotton (R-Ark.) **introduced** companion legislation on May 8 that would require location verification of advanced chips and task the Department of Defense with studying additional necessary steps.

CCP Workarounds

When Chinese AI company DeepSeek launched its free chatbot globally in January, it shook up the tech industry **and markets**, not least of all because its **developers** claimed it was developed at a fraction of the cost of competitors such as ChatGPT, and ran on a series of less advanced chips developed specifically to adhere to U.S. export controls.

In February, Chinese state media reported that Huawei founder Ren Zhengfei told Chinese regime leader Xi Jinping during a closed-door meeting that China would reach 70 percent semiconductor self-sufficiency by 2028. Ren said that Huawei had made breakthroughs that meant he no longer had concerns about the obstacles U.S. export controls would pose.

The House Select Committee on the CCP in April released a [report](#) determining that DeepSeek was developed based on CCP “tactics designed to unlawfully undermine U.S. technological leadership” and national security, with the lawmakers suspecting that the AI model was built using chips under U.S. export controls.

The United States has updated its 2022 export controls more than once, limiting more technologies and blacklisting end users, but this has been on an entity-by-entity basis. For example, the Nvidia H800 chip, developed as a watered-down H100 chip for the Chinese market that DeepSeek publicly said it used, was added to the export control list late in 2023.

Lawmakers, including Moolenaar, have warned that the CCP and its military already have workarounds to this approach, such as shell company buyers. He cautioned then-Commerce Secretary Gina Raimondo last [December](#) that the practice of naming very specific technologies that can be sold, such as defining the specs of a particular chip, leaves open the possibility for other equally risky technologies to legally fall into the hands of adversaries such as the Chinese regime.

Companies tend to oppose broad restrictions, according to records of public comments on these regulations, because it can put them at risk of not knowing when they have violated the rules.

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