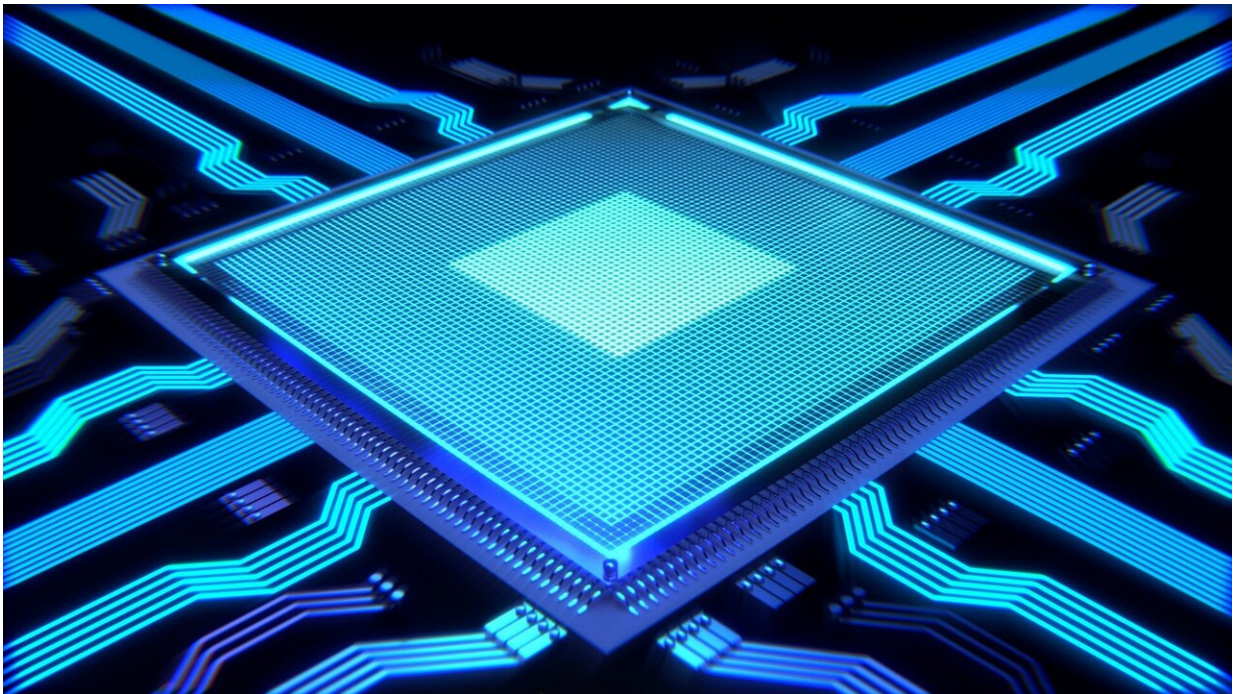


US probes made-in-China chip as tensions flare over technology

September 8 2023, by Mackenzie Hawkins, Bloomberg News



Credit: CC0 Public Domain

The U.S. government has begun an official probe into an advanced made-in-China chip housed within Huawei Technologies Co.'s latest smartphone, as tensions flare between the two superpowers over technological prowess.

The Commerce Department, which enacted a series of restrictions

against Huawei and China's chip industry over the past two years, said it's working to get more information on a "purported" 7-nanometer processor discovered within the Mate 60 Pro. The chip was made by China's Semiconductor Manufacturing International Corp., which like Huawei is blacklisted by the U.S. and restricted from accessing American technology.

The discovery of the chip set off a debate in Washington about the efficacy of sanctions intended to contain a geopolitical rival and coincided with a move in China to expand a ban on the use of iPhones in government-backed agencies and state companies.

The U.S. has been trying to throttle China's tech sector for years amid concerns in Washington that it will gain a military edge. China, which has bristled at the restrictions, has its own fears about the use of foreign technology in sensitive industries and has been seeking to reduce its reliance on American software and circuitry.

Clamping down on the iPhone threatens to erode Apple Inc.'s position in a market that yields about a fifth of its revenue and where it produces the majority of its star product. Apple has lost about \$200 billion of [market value](#) in the past two days, adding to a litany of concerns over China weighing on major U.S. indexes. The shares were little changed in premarket trading in New York on Friday.

Huawei's quiet reveal of a [mobile phone](#) utilizing technology the U.S. has sought to keep out of Beijing's hands threatens to derail recent efforts of outreach by the Biden administration. The Huawei phone went on sale online while Commerce Secretary Gina Raimondo was on a trip to China last week, the latest in a series of high-level diplomatic visits to Beijing.

The debate now centers around whether it represents a failure of U.S.

efforts—led by Raimondo's department—and has raised questions about whether the main U.S. mechanisms to rein in China, including controls on exports of key materials, tools and knowhow, need to be tightened.

"We are working to obtain more information on the character and composition of the purported 7nm chip," a Commerce spokesperson said in a statement. "Let's be clear: export controls are just one tool in the U.S. government's toolbox to address the national security threats presented by the PRC. The restrictions in place since 2019 have knocked Huawei down and forced it to reinvent itself—at a substantial cost to the PRC government."

Chinese semiconductor equipment makers soared as much as 20% after news of the U.S. probe spurred bets that the sector will enjoy increased state support. That advance was mostly led by companies related to lithography gear—a weak link in China's chip supply chain and one Beijing is keen to develop. Shanghai Electric Group Co., whose controlling shareholder has a major stake in lithography specialist Shanghai Micro Electronics Equipment Group Co., rose by its 10% limit.

"We have always opposed politicizing trade and technology issues and overstretching and abusing the concept of national security," Foreign Ministry spokeswoman Mao Ning told reporters at a regular briefing in Beijing Friday. "Sanctions will not stop China's development, it will only strengthen China's resolve and capability to seek self-reliance and technology innovation."

The Mate 60 Pro smartphone employs an unusually high proportion of Chinese parts, in addition to its main processor, an ongoing teardown by TechInsights conducted for Bloomberg News revealed, a sign of the country's progress in developing domestic tech capabilities.

U.S. National Security Adviser Jake Sullivan has said he would withhold comment until the U.S. gets more information.

"There's a number of different methods to try to sort of come to an understanding of what exactly it is that we're dealing with here," Sullivan told reporters aboard Air Force One on Thursday. "I can't give you an exact number of days but this is not going to be months down the road. We're going to want to look at this carefully, consult with our partners, get a clearer sense of what we're looking at, and then we'll make decisions accordingly. "

In the meantime, Huawei's new devices have spurred an outpouring of nationalist sentiment on Chinese social media, which portrayed them as a triumph in the face of U.S. sanctions.

On Friday, Huawei debuted an even more powerful smartphone—the Mate 60 Pro+—in an online video teaser.

The Pro+ adds a 1-terabyte maximum storage option and 4GB more memory than on the Pro model, which retails at 6,999 yuan. Shares of Huawei suppliers soared as much as their 10% daily limit on Chinese exchanges after that latest offering hit online stores.

2023 Bloomberg L.P.

Distributed by Tribune Content Agency, LLC.

Citation: US probes made-in-China chip as tensions flare over technology (2023, September 8) retrieved 3 May 2024 from

<https://techxplore.com/news/2023-09-probes-made-in-china-chip-tensions-flare.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.