



Committee: House Foreign Affairs Subcommittee on South & Central Asia
Event: [Export Control Loopholes: Chipmaking Tools and their Subcomponents](#)
Date: November 20, 2025

Executive Summary:

The House Foreign Affairs Subcommittee on South and Central Asia held a hearing investigating export controls loopholes utilized by foreign adversaries to acquire chipmaking tools and their subcomponents from the U.S.

- **Export Control Gaps and Enforcement Challenges:** Lawmakers on both sides of the aisle highlighted the problem with allied countries not imposing their own export restrictions on chip-making technologies. Concerns were raised about loopholes for U.S.-based subsidiaries of firms from adversarial countries and limited staffing at the Bureau of Industry and Security (BIS), both of which weaken enforcement and national security objectives.
- **Proposed Strengthening of Controls:** Republican members argued for expanding country-wide export controls on advanced chip-making equipment, banning all exports to China, and retaliating against any future weaponization of critical mineral supplies. There was bipartisan agreement that effective implementation would require U.S. coordination with allies.

Member Toplines:

[Chair Bill Huizenga \(R-MI-04\)](#): Huizenga argued that control over advanced semiconductor technology would determine global leadership and that these chips rely on specialized manufacturing tools dominated by U.S., Dutch, and Japanese firms. He credited the current administration with taking early action to restrict China's access to chipmaking equipment and urged further action to close export-control gaps.

[Ranking Member Sydney Kamlager-Dove \(D-CA-37\)](#): Kamlager-Dove argued the administration had turned export controls from a national security tool into a bargaining chip, creating intentional loopholes that weakened U.S. leverage over China. She condemned the proposed 15 percent licensing fee on chip exports to China as illegal.

Witness Toplines:

[Dean Ball, Senior Fellow, Foundation for American Innovation](#): Ball stated that while the U.S. has restricted access to some subcomponents, current semiconductor manufacturing equipment (SME) controls have since enabled China to advance its chipmaking capabilities. He argued that the core problem was weak international harmonization, noting that foreign firms

could still export tools to countries restricted by the U.S., thereby undermining U.S. policy. Ball urged policymakers to use the [Foreign Direct Product Rule](#) to close loopholes if diplomacy fails.

[*Chris McGuire, Senior Fellow for China and Emerging Technology, Council on Foreign Relations*](#): McGuire argued that strong SME export controls were essential to maintaining U.S. technological and military advantages over China. He said current controls had slowed China's progress but left major loopholes.

[*Kevin Wolf, International Trade Partner, Akin Gump Strauss Hauer & Feld LLP*](#): Wolf argued that identifying "loopholes" in export controls required first defining the policy objective and assessing whether any rule was both effective and not economically counterproductive. He outlined several tools to address these problems while stressing the need to avoid harming U.S. industry to the benefit of foreign competitors.

Major Takeaways:

- McGuire identified to Huizenga four ways allied countries are backfilling for U.S. companies, including exporting non-advanced tools to advanced Chinese fabs, servicing tools in China, exempting components to Chinese toolmakers, and allowing certain advanced allied tools to be exported to China.
 - Huizenga criticized the administration for providing a "free pass" to key allies who continue to supply China with chip-making equipment. Rep. **Scott Perry** (R-PA-10) criticized other countries for not implementing export restrictions and urged the administration to take a stronger stance.
 - Wolf noted that the Biden Administration achieved some success in reaching an agreement with the Dutch and Japanese regarding a limited series of tools, but these countries resist the expansive controls the U.S. seeks.
 - McGuire highlighted to Huizenga that advanced SME requires constant maintenance, which China cannot provide itself, making the restriction of allied servicing of equipment already in China a critical gap to close.
- McGuire suggested to Huizenga that if China attempts to weaponize its rare earth supply, the U.S. should retaliate by imposing an equivalent regime on semiconductors, requiring a U.S. export license for any 14-nanometer or more advanced chip exported to China.
 - Wolf agreed with Kamlager-Dove that compromising the national security objective of export controls by making them negotiable should not be done, although he acknowledged the topic is complicated by China's critical mineral leverage.
- Rep. **Michael McCaul** (R-TX-10) noted that China is creating numerous AI chips and suggested that China may be ahead of the U.S. in AI. He argued the U.S. should expand its use of export controls.
 - McGuire agreed with McCaul that the US should implement expanded countrywide controls, specifically banning the export to China of all tools capable of 300 millimeter wafer processing, which would halt the growth of China's advanced chip production, and is considered more effective than Entity List controls. Building on this, Ball suggested to McCaul that country controls

are likely more appropriate than Entity List controls for many technologies due to the corporate liability that allows Chinese firms to change names and evade the Entity List.

- Rep. **Julie Johnson** (D-TX-32) expressed concern about the administration's breakdown in process at BIS and the talent drain, which hinders the enforcement of export controls. Perry agreed that more staffing was needed to enforce export controls.
 - Wolf agreed that BIS needs more subject matter experts in AI and semiconductors to develop and enforce policies. However, he argued that other countries need to align with the U.S. to implement restrictions for any export controls to be widely successful.
- Rep. **Jefferson Shreve** (R-IN-06) raised the loophole allowing US-based subsidiaries of adversarial companies to legally acquire advanced technologies and funnel them back to China, advocating for expanding BIS authority to address this.
 - McGuire and Wolf responded that BIS's Office of Information and Communications Technology and Services authority could address the problem.
- McGuire noted to Rep. **James Moylan** (R-GU-AL) that there are currently no restrictions on China's access to U.S. cloud services, meaning Chinese companies have theoretically unlimited computing power access for AI training.