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BUREAU OF INDUSTRY AND SECURITY

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BIS Publishes Assessment on the Use of Mature-Node Chips

WASHINGTON, D.C. – Today, the U.S. Department of Commerce’s Bureau of Industry and Security (BIS) is releasing a report on the use of mature-node semiconductor chips, or legacy chips, in supply chains that directly or indirectly support U.S. critical infrastructure. The report includes key findings related to U.S. companies’ use of legacy chips manufactured by entities based in the People’s Republic of China (PRC).

The report, based on data BIS collected pursuant to an authority under the Defense Production Act (DPA), shows:

- Companies that sell products containing legacy chips continue to lack visibility into their semiconductor supply chains. About half of surveyed companies were unable to determine whether their products contained any chips manufactured by PRC-based foundries.
- Based on the information respondents provided, U.S. companies’ use of chips made in PRC-based foundries is pervasive. More than 2/3 of their products contain PRC-origin chips. However, these legacy chips represent a limited share of the total number of chips used in those products.
- Capacity expansion in China has already begun to cause pricing pressure that may weaken U.S. chip suppliers’ competitive positions.

“We are committed to creating a level playing field in the semiconductor industry to ensure that U.S. companies, and those in like-minded countries, can compete. But unfair practices from the PRC to expand legacy chip production will create significant challenges for U.S. economic and national security,” said **Under Secretary of Commerce for Industry and Security Alan F. Estevez**. “Our survey results indicate that companies remain shockingly unaware of the sources of chips used in their products. While government cannot act alone, more action is needed to build strong, diverse, and resilient semiconductor supply chains.”

“This work has provided invaluable data that will help the U.S. government continue building secure semiconductor supply chains,” said **Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**. “Legacy chips are essential components in almost every part of our critical infrastructure, and it’s imperative we understand our exposure to any supply chain risks and act accordingly to address them.”

In January 2024, BIS initiated a DPA survey and assessment to learn how companies are sourcing these mature-node semiconductors. The survey and assessment were initiated at the direction of the Secretary of Commerce to bolster the Department's ongoing work to develop robust semiconductor supply chains, support domestic production of semiconductors, and protect U.S. national security.

The report's findings illuminate how U.S. companies are currently directly and indirectly sourcing legacy chips and the extent of the use of chips manufactured by companies based in the PRC in critical U.S. industries, to include telecommunications, automotives, medical devices, and the defense industrial base.

The report's findings will help inform future U.S. government actions to address PRC overconcentration and oversupply concerns, as well as companies' lack of visibility into the supply chains for these critical semiconductor components. The Department remains committed to securing critical supply chains for semiconductors and safeguarding the U.S. economy from the distorting effects of non-market activity.

Review the report [here](#).

For more information, visit www.bis.gov.

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