



News & Types: Commercial, Competition & Trade Update

High Tech Industries Face Further Regulatory Restrictions in 2025?

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During the first week of December 2024, both the United States and China demonstrated their continuing commitment to segregating the markets for innovative semiconductors and artificial intelligence. The Biden Administration announced new export control restrictions. These restrictions are aimed at preventing China from obtaining production technology and equipment for the production of high-end microchips and for the development and training of artificial intelligence. At least 140 new companies in several countries are now restricted from having access to such technologies, and additional categories of equipment are now more heavily restricted. China for its part announced bans on exports of gallium, germanium, and antimony to the United States. These rare earth metals are utilized in the production of high-tech components and for the creation of flame retardant materials.

Somewhat less recently, Taiwan's TSMC (the world's foremost manufacturer of microchips) suspended shipments of chips to China after its chips were found in Huawei processors this past November. Overall, restrictions on semiconductor manufacturing have been increasing with the Dutch and Japanese governments announcing significant restrictions on manufacturing equipment starting in the summer of 2023, in harmony with US export controls.

Businesses engaged in the manufacture or supply of high-tech goods will need to be mindful of the increasingly regulated global environment. These restrictions may make sales to certain customers more difficult or may simply render certain suppliers unable to produce or supply critical components. For the foreseeable future, businesses would do well to consider in advance whether their sales or purchases concern "strategic goods" to or from China when assessing their ongoing business operations and contractual obligations. These "strategic goods" are not limited to military items but are increasingly including the building blocks of high-tech products and components.

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