Congress of the United States
House of Representatives
SELECT COMMITTEE ON CHINA

July 14, 2026

The Honorable Howard Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

Dear Secretary Lutnick,

America's position as the global leader in artificial intelligence is a national achievement and we appreciate recent efforts to safeguard it. However, the scale of this success has contributed to a global shortage of memory chips, including Dynamic Random Access Memory (DRAM) that is essential for the AI industry. The solution to this shortage, however, is not to open the floodgates to a surge of Chinese memory chips, which would aid the Chinese Communist Party's strategy of distorting markets and destroying profitability as a means to dominate critical industries. We are alarmed that Apple and other U.S. tech companies seek to purchase memory from Chinese semiconductor manufacturers, including those with ties to the Chinese military.[1]

Dependence on Chinese memory manufacturers creates an unacceptable risk for U.S. national security, economic security, and supply chain security. Leading Chinese memory manufacturers are all closely intertwined with the Chinese military; thus, every memory purchase by a U.S. company will directly subsidize the People's Liberation Army's development of this critical dual-use technology. U.S. reliance on Chinese memory producers will expose Western manufacturers to a deluge of state-subsidized Chinese memory, putting our memory manufacturing base and supply chains at risk. Given these risks, we urge you to oppose efforts to facilitate the sale of Chinese memory chips abroad and further expand existing export controls on Chinese memory makers to ensure that they will never catch up to their Western counterparts.

The Threat Posed by Chinese Military-Affiliated Memory Manufacturers

The memory shortage has created a dangerous commercial opening for the PRC. Two Chinese state-backed semiconductor manufacturers, Yangtze Memory Technologies Co., Ltd. (YMTC) and ChangXin Memory Technologies, Inc. (CXMT), are aggressively marketing their products to American and allied technology companies as alternatives to the constrained supply from Samsung, SK Hynix, and Micron. Both Dell and HP have reportedly started the process of qualifying CXMT and YMTC memory for use in their products with other companies close

[1] Sevastopulo, Demetri and Michael Acton. "Apple seeks to buy memory chips from blacklisted Chinese companies." *Financial Times,* June 26, 2026, https://www.ft.com/content/d72a25e2-7bde-4aa9-bd8d-0c4f3d6cb2cb?syn-25a6b1a6=1.

behind.[2] Apple, furthermore, is reportedly pushing the Trump administration to give clearance to purchase CXMT memory.[3]

I urge you and your administration colleagues to assess purchases of YMTC and CXMT memory as national and economic security concerns, rather than as purely commercial matters. YMTC is listed on the Department of Commerce's Bureau of Industry and Security (BIS) Entity List for activities contrary to U.S. national security and foreign policy interests, including support for PRC military modernization.[4] CXMT is designated by the Department of Defense on its Section 1260H list as a Chinese Military Company.[5] Both companies operate within the PRC's Military-Civil Fusion (MCF) strategy, under which all Chinese entities, commercial or otherwise, are legally required to cooperate with the People's Liberation Army (PLA) and state intelligence services. If the Western world started buying Chinese memory en masse, this would represent a direct subsidy to critical dual-use technology of the Chinese military.

Economic Risks: The Destruction of the Western Memory Manufacturing Base

The commercial success of CXMT and YMTC would set in motion the same destructive economic chain of events the United States has witnessed in solar panels, steel, telecommunications equipment, and electric vehicles. China's playbook is well documented: state-subsidized manufacturers enter a market with artificially low prices, force Western competitors to reduce investment or exit, and then leverage the resulting dependency to extract strategic concessions.[6] Samsung, SK Hynix, and Micron collectively represent the world's entire non-Chinese advanced DRAM manufacturing capacity. If American technology companies defect to Chinese memory suppliers during this shortage period, even temporarily, the resulting revenue loss will suppress investment in the new fabrication capacity needed to meet growing AI demand.

The long-term consequence will be a permanent reduction in Western memory manufacturing capability, creating a strategic dependency on the PRC for the most critical component of AI infrastructure at the precise moment when AI systems are becoming central to U.S. military and economic power. This risk is especially acute given the progress the United States has made in recent years in curbing other forms of adversarial supply chain dependence through export

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[2] Morales, Jowi. "Leading PC Manufacturers Considering Using Chinese Memory Chips, Report Claims — HP and Dell Qualifying CXMT DRAM, Acer and Asus Asking Chinese Partners to Source Locally-Made Memory Chips." *Tom's Hardware*, February 5, 2026.

[3] Gurman, Mark and Maggie Eastland. "Apple in Talks to Buy Memory Chips From Blacklisted Chinese Suppliers." *Bloomberg,* June 1, 2026. https://www.bloomberg.com/news/articles/2026-07-01/apple-seeks-to-buy-chinese-made-memory-chips-with-lobbying-push.

[4] Department of Commerce, Bureau of Industry and Security. "Additions and Revisions to the Entity List and Conforming Removal From the Unverified List." *Federal Register*, 15 CFR Part 744, December 19, 2022. https://www.federalregister.gov/documents/2022/12/15/2022-27023/addition-of-entities-to-the-entity-list.

[5] U.S. Department of Defense. *Entities Identified as Chinese Military Companies Operating in the United States in Accordance with Section 1260H of the William M. ("Mac") Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283).* January 7, 2025.

[6] Semiconductor Industry Association. Written Comments of the Semiconductor Industry Association on USTR's 2025 China WTO Compliance Report. September 24, 2025. https://www.semiconductors.org/wp-content/uploads/2025/10/SIA-Comments-Re-USTR-2025-China-WTO-Compliance-FINAL-09.24.pdf.

controls and domestic manufacturing incentives—progress that a new reliance on Chinese memory would squander. And if U.S. companies start to rely on Chinese memory suppliers, it creates a perverse incentive for them to support the R&D necessary for those Chinese firms to catch up to Western memory manufacturers. These U.S. companies may even be incentivized to advocate for the loosening of export controls on semiconductor manufacturing equipment for export to Chinese memory manufacturers.

Recommended Actions

The global memory shortage will likely require a whole-of-government approach to resolve. The answer to high memory prices is not dependence on subsidized Chinese chips but expanded American and allied manufacturing capacity, which will lower costs for U.S. companies and consumers for decades rather than months. We call on you to take the following action to definitively close the door to Chinese memory sales abroad and take steps to curtail China's memory industry.

1. BIS should expand and strengthen Entity List restrictions on YMTC and expedite a formal review to add CXMT to the Entity List, in recognition of its DoD 1260H designation and its role in the PRC's military-civil fusion strategy.

2. Issue guidance – through executive order or agency directive – prohibiting U.S. persons and U.S.-incorporated entities from procuring DRAM, High-Bandwidth Memory (HBM), or any other memory components from YMTC, CXMT, or any entity designated on the BIS Entity List or the DoD Section 1260H list, for incorporation into AI systems, data centers, federal information technology, or critical infrastructure deployments.

3. Work with allies, particularly the Republic of Korea, Japan, and the European Union, to implement a coordinated approach to preventing CXMT and YMTC from exploiting the global memory shortage to penetrate allied supply chains.

The United States stands at a defining moment in the global AI race. America's lead in AI is real, but it is not guaranteed — it must be actively protected from adversarial exploitation. We stand ready to support any legislative action necessary to advance these recommendations and look forward to working closely with your Administration on this critical national security matter.

Sincerely,

John Moolenaar
Chairman
House Select Committee on
China

George Whitesides
Member of Congress