

# China hits back at latest US high-tech bans

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China has delivered a quick-fire response to the decision of the outgoing Biden administration to further extend bans on high-tech equipment and computer chips. On Tuesday, it announced it would not permit the export of a series of critical minerals to the US.

It will ban the supply of gallium, germanium, antimony and various compounds known as superhard materials, as well as tightening controls on the export of graphite, which is a key component in the manufacture of computer chips.

Announcing the decision, the Chinese commerce ministry hit back in a strong statement against the US bans which were announced on Sunday on “national security” grounds.

“The US has broadened the concept of national security, politicising and weaponising trade and technology issues, and abused export control measures,” it said.

The Chinese retaliatory bans “to safeguard national security” would be effective immediately.

The latest US bans, announced by Commerce Department Secretary Gina Raimondo, followed two previous packages of bans enacted in October 2022 and October 2023. Raimondo said they were “groundbreaking and sweeping.”

“They’re the strongest controls ever enacted by the US to degrade the People’s Republic of China’s ability to make the most advanced chips that they’re using in their military modernisation.”

The department also added 140 Chinese companies to its “entity list,” which requires that US firms apply for export licences to sell them goods that are all but impossible to obtain.

As with the previous bans, the latest US measures were introduced on “national security” grounds in line with the claim by National Security Advisor Jake Sullivan that it is pursuing a “high defence, small yard” policy—that is, the measures are aimed only at military

developments and not the broader economy.

But this piece of fiction has been widely exposed by analysis which shows that the bans are aimed at trying to suppress China’s technological development, which the US regards as the greatest existential threat to its dominance of the global economy.

The new bans are aimed at an area which the US had not previously targeted—China’s chip making capacity. The US was shocked when the communications giant Huawei, which was nearly put out of business by previous bans launched by Trump, was able to recently release a new phone which, while not top of the range, contained a chip designed and made in China, representing a considerable advance.

Pointing to the need to target chip making capacities directly, Meghan Harris, an export control expert at Beacon Global Strategies, told the *Financial Times* it was an area the Biden administration had previously underestimated.

“Trying to impede China’s advanced semiconductor industry without addressing their accelerating domestic toolmaking capabilities is like trying to prevent a fisherman from catching bigger fish simply by denying him bigger fishing poles. He’ll get there in the end,” she said.

The new regulations restrict access to 24 types of chip making tools not previously included. In some cases, the US will have to seek the support of other countries to make the bans effective. It can do this by demanding that chips which have US-made components are banned. Companies that refuse run the risk of having US bans being imposed on them as well.

But given the complexity of chip making, which is a highly integrated global operation involving components emanating from many different countries, the US has had difficulty in drawing up the new regulations.

Gregory Allen, a technology analyst at the Center for

Strategic and International Studies, told the *New York Times* that the complexity of the new rules—the document setting them out runs to more than 200 pages—reflected the intensity of the negotiations that had gone into drawing them up.

US firms are concerned that if the controls only apply to US firms, and not their international competitors, then this will hit them without effectively restraining China.

Nevertheless, Allen said some parts of the new rules were “a really remarkable expansion of authority” for the US.

His remarks underscore the fact that if the US wants to deny China access to high-tech development, then, because of the globally integrated character of high-tech development, it must impose its domination over the entire supply chain and enforce its demands against every country—friend and foe alike. In other words, it must establish itself as an effective global dictator over the entire high-tech industry.

China has powerful weapons with which to hit back, and Beijing is demonstrating an increasing willingness to use them. Its response to the first round of Trump tariffs was limited and had little effect, and it has been relatively restrained in response to the Biden administration’s measures.

But over the past four years it has been preparing its response. As a *Times* report noted last week, during the first Trump presidency “the Chinese government took mostly symbolic and equivalent measures after US tariffs and restrictions. But this time China is posed to escalate its responses... and could aim aggressive and targeted countermeasures at American companies.”

Jude Blanchette, also from the CSIS, told the *Times* China was capable of “dishing out pain.”

“It’s clear for political reasons that Beijing is not willing to stand by and watch as significant new waves of tariffs come in,” he said.

China is the main supplier for the critical minerals necessary for chip production. It produces 98 percent of the world’s supply of gallium and 60 percent of germanium. In a report last month, cited by Bloomberg, the US Geological Survey said a total export ban by China on gallium and germanium would deliver a \$3.4 billion hit to the US economy.

Export bans have been under discussion for some time in China as part of a warning to the US. Speaking

to Bloomberg, Joe Mazur, a senior analyst at the consulting firm Trivium China, said their imposition was “a clear signal that China is preparing to strike back more forcefully against US economic pressure than it has in the past few years.”



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