

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Docket Nos. USTR-2024-0024 and USTR-2024-0025

**Initiation of Section 301 Investigation; Hearing; and Request for Public Comments:
China's Acts, Policies, and Practices Related to Targeting of the Semiconductor
Industry for Dominance**

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Notice of initiation of investigation and a hearing, and a request for comments.

SUMMARY: The U.S. Trade Representative has initiated an investigation, of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance. The inter-agency Section 301 Committee is holding a public hearing and seeking public comments in connection with this investigation.

DATES:

December 23, 2024: The U.S. Trade Representative initiated the investigation.

January 6, 2025: USTR will open dockets for submission of written comments and requests to appear at the hearing.

February 5, 2025, at 11:59 p.m. EST: To be assured of consideration, submit written comments by this date.

February 24, 2025, at 11:59 p.m. EST: To be assured of consideration, submit requests to appear at the hearing, along with a summary of the testimony, by this date.

March 11-12, 2025: Public hearing.

Seven calendar days after the last day of the public hearing: Due date for submission of post-hearing rebuttal comments.

ADDRESS: Submit documents in response to this notice, including written comments, hearing appearance requests, summaries of testimony, and post-hearing rebuttal comments through the online USTR portal: <https://comments.ustr.gov/s/>.

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning comments or participating in the public hearing, contact the USTR Section support line at 202.395.5725. Direct all other questions regarding this notice to Philip Butler and Megan Grimball, Chairs of the Section 301 Committee; Brian Janovitz, Chief Counsel for Trade Enforcement Strategy and Competitiveness; or Erin Biel, Assistant General Counsel at 202.395.5725.

SUPPLEMENTARY INFORMATION:

I. China's Acts, Policies, and Practices

Evidence indicates that the People's Republic of China (the PRC or China) has adopted acts, policies, and practices related to targeting of the semiconductor industry for dominance. China apparently seeks to dominate domestic and global markets in the semiconductor industry and undertakes extensive anticompetitive and non-market means, including setting and pursuing market share targets, to achieve indigenization and self-sufficiency. The PRC's acts, policies, and practices also appear to have and to threaten detrimental impacts on the United States and other economies, undermining the competitiveness of American industry and workers, critical U.S. supply chains, and U.S. economic security.

Evidence indicates that the PRC's acts, policies, and practices have been reflected in various economic and industrial plans issued by the PRC. For example, Made in China 2025 set numerical targets for the PRC's domestic semiconductor capacity and production that reflect China's targeting of the semiconductors sector for dominance. Evidence further indicates that the PRC pursues its targeting of the semiconductor industry through an extensive range of anticompetitive and non-market means, including through Chinese Communist Party guidance, directives, and control within state and private enterprises; activities of state-owned or state-controlled enterprises; market access restrictions; opaque regulatory preferences and discrimination; wage-suppressing labor practices; massive and persistent state financial support of industry, including government guidance funds; and forced technology transfer, including state-directed cyber intrusions and cybertheft of intellectual property.

Evidence indicates that the PRC's targeting of the semiconductor industry for dominance is leading to significant capacity expansion, artificially and unsustainably lower domestic and global prices, a protected domestic market, and emerging overconcentration of production capacity in the PRC. Evidence indicates that in just six years, China has nearly doubled its global share of foundational logic semiconductors production capacity. Based on announced new fabrication plants (fabs), China's share is projected to reach approximately half of the world's capacity by 2029. In addition, projections show that China will lead in production capacity for other types of legacy semiconductors, such as power chips. Evidence further suggests that the PRC's non-market-oriented expansion of capacity is already discouraging investment by market-oriented actors.

II. Initiation of Section 301 Investigation

Section 302(b)(1)(A) of the Trade Act of 1974, as amended (Trade Act), authorizes the U.S. Trade Representative to initiate an investigation to determine whether an act, policy, or practice of a foreign country is actionable under Section 301 of the Trade Act. Actionable matters under Section 301 include acts, policies, and practices of a foreign country that are unreasonable or discriminatory and burden or restrict U.S. commerce. An act, policy, or practice is unreasonable if, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, it is otherwise unfair and inequitable.

On December 23, 2024, the U.S. Trade Representative initiated a Section 301 investigation of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance. Pursuant to Section 302(b)(1)(B) of the Trade Act, USTR has consulted with appropriate advisory committees and the inter-agency Section 301 Committee. Pursuant to Section 303(a) of the Trade Act, USTR is requesting consultations with the Government of China.

Pursuant to Section 304 of the Trade Act, USTR must determine whether the act, policy, or practice under investigation is actionable under Section 301. If that determination is affirmative, the U.S. Trade Representative must determine whether action is appropriate, and if so, what action to take.

This investigation initially will focus on PRC manufacturing of foundational semiconductors (also known as legacy or mature node semiconductors), including to the extent that they are incorporated as components into downstream products for critical industries like defense, automotive, medical devices, aerospace, telecommunications, and

power generation and the electrical grid. The investigation also will initially assess whether the impact of the PRC's acts, policies, and practices on the production of silicon carbide substrates (or other wafers used as inputs into semiconductor fabrication) contribute to any unreasonableness or discrimination or burden or restriction on U.S. commerce. In addition, the investigation will examine the relationship between the PRC's acts, policies, and practices and existing or threatened non-market excess capacity or overconcentration of semiconductor production in the PRC, and resulting dependencies and vulnerabilities that create risks for certain critical downstream industries, as well as harm to U.S. semiconductor producers and foundries.

III. Request for Public Comments

You may submit written comments on any issue covered by the investigation. In particular, USTR invites comments regarding:

- China's acts, policies, and practices related to its targeting of the semiconductor industry for dominance.
- Anticompetitive and non-market means employed by the PRC in pursuit of its semiconductor industry targeting objectives, including political guidance, directives, and control within state and private enterprises, activities of state-owned or state-controlled enterprises, market access restrictions, opaque regulatory preferences and discrimination, wage-suppressing labor practices, massive state support of industry (including government guidance funds), and forced technology transfer (including state-directed cyber intrusions and cybertheft of intellectual property).
- Whether China's acts, policies, and practices are unreasonable or discriminatory.

- Whether China’s acts, policies, and practices burden or restrict U.S. commerce, and if so, the nature and level of the burden or restriction. This would include economic assessments of the burden or restriction on semiconductors, semiconductor manufacturing including foundries, silicon carbide substrates or other wafers, and downstream products, with a particular focus on critical industries, such as defense, automotive, medical devices, aerospace, telecommunications, and power generation and the electrical grid.
- Whether China’s acts, policies, and practices are actionable under Section 301(b) of the Trade Act, and what action, if any, should be taken, including tariff and non-tariff actions.

To be assured of consideration, USTR must receive written comments by 11:59 p.m. EST on February 5, 2025. Additional instructions on how to submit written comments are provided below in Part V.

IV. Hearing Participation

The Section 301 Committee will convene a public hearing on March 11, 2025, and if needed, the hearing will continue on March 12, 2025. To testify at the hearing, you must submit a request to appear using the electronic portal at <https://comments.ustr.gov/s/>, following the instructions in Part V below. Requests to appear must include a summary of testimony, and may be accompanied by a prehearing submission. Remarks at the hearing are limited to five minutes to allow for possible questions from the Section 301 Committee. All submissions must be in English. To be assured of consideration, USTR must receive your request to appear and summary of the testimony by February 24, 2025.

Post-hearing rebuttal comments, which should be limited to rebutting or supplementing testimony presented at the hearing, may be submitted within seven calendar days after the last day of the public hearing. Rebuttal comments must be submitted using the electronic portal at <https://comments.ustr.gov/s/>, following the instructions in Part V below.

V. Submissions Instructions

Interested persons must submit written comments, requests to appear at the hearing, summaries of testimony, and post-hearing rebuttal comments using the appropriate docket on the portal at <https://comments.ustr.gov/s/>. To make a submission, use the docket on the portal entitled ‘Request for Comments on the Section 301 Investigation of China’s Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance,’ docket number USTR-2024-0024. Interested persons wishing to provide testimony at the hearing must submit a notification of intent and summary of testimony using the docket entitled ‘Request to Appear at the Hearing on the Section 301 Investigation of China’s Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance,’ docket number USTR-2024-0025.

You do not need to establish an account to submit comments or a notification of intent to testify. The first screen allows you to enter identification and contact information. Third party organizations such as law firms, trade associations, or customs brokers should identify the full legal name of the organization they represent and identify the primary point of contact for the submission. Information fields are optional. However, USTR may not consider your comment or request if insufficient information is provided.

Fields with a gray Business Confidential Information (BCI) notation are for BCI information that will not be made publicly available. Fields with a green (Public) notation will be viewable by the public. After entering the identification and contact information, you can complete the remainder of the comment, or any portion of it, by clicking 'Next.' You may upload documents at the end of the form and indicate whether USTR should treat the documents as business confidential or public information. Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that the information would not customarily be released to the public. Parties uploading attachments containing BCI also must submit a public version of their comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section 301 support line at 202.395.5725 to discuss whether alternative arrangements are possible. USTR will post attachments uploaded to the docket for public inspection, except for properly designated BCI. You can view submissions on USTR's electronic portal at <https://comments.ustr.gov/s/>.

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Office of the United States Trade Representative.