U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Ranking Member Zoe Lofgren (D-CA)

The Chip EQUIP Act of 2025

Background:
Semiconductor manufacturing requires very specialized tools and equipment that are capable of placing trillions of transistors on a semiconductor wafer. Only a handful of companies in the world make lithography, etching, deposition, and diffusion equipment with such capabilities, as well as the inspection, measurement, slicing, dicing, and packaging equipment used to produce a finished product. The most advanced equipment can cost up to $380 million per unit. Today, nearly all of the tools and equipment used throughout the semiconductor production supply chain are made in the United States, or allied nations like Japan and the Netherlands. And nearly all the tools used in the semiconductor manufacturing process were invented within the United States or as a result of investments made at U.S. national labs, research agencies, or U.S. headquartered companies.

While China currently trails the United States in the manufacturing of advanced semiconductor tools, China has engaged in a sustained effort to develop their own advanced tools, and to scale up their production capacity for "legacy" tools, which are not affected by export controls.

If left unchecked, Chinese state subsidies and aggressive market tactics could lead to Chinese-made legacy tools in manufacturing facilities in the United States and allied nations. Already, demand is surging for Chinese-made semiconductor tools. Chinese companies' global market share has grown from negligible to over double digits between 2019 and 2024. The PRC has subsidized this industry with over $40 billion in investments that heavily focus on chip manufacturing equipment. Further, Huawei, a Chinese company, is heavily investing in new R&D capabilities to rival that of U.S., Japanese, and Dutch firms.

As the United States works to revitalize domestic semiconductor manufacturing and secure semiconductor supply chains with the CHIPS Act incentives program, Congress must act to ensure that U.S. investments do not subsidize CCP-backed companies.

The Chip Equipment Quality, Usefulness, and Integrity Protection (EQUIP) Act of 2025:

To ensure U.S. labs are not utilizing manufacturing tools that are made in China, the Chip EQUIP Act will amend the CHIPS Act to clarify that if a company takes CHIPS funding for manufacturing or research, companies cannot purchase for those funded projects specialized semiconductor manufacturing tools made by foreign entities of concern (to include Chinese, Russian, North Korean, and Iranian firms). The legislation provides authority for the Secretary of Commerce to grant exemptions if tools are not available in the U.S. or allied nations, are allied-created tools that are later refurbished, or are needed for national security purposes. This restriction would be effective for 10 years.