**‘No Possibility of Reconciliation’ as US Slams China Chips** (Bloomberg October 9, 2022**)**

The Biden administration’s new restrictions on technology exports to China could undercut the country’s ability to develop wide swaths of its economy, from semiconductors and supercomputers to surveillance systems and advanced weapons.

The US Commerce Department on Friday unveiled sweeping regulations that limit the sale of semiconductors and chip-making equipment to Chinese customers, striking at the foundation of the country’s efforts to build its own chip industry.

The moves are the Biden administration’s most aggressive yet as it tries to stop China from developing technological capabilities it sees as a threat. Depending on how broadly Washington enforces the restrictions, the impact could extend well beyond semiconductors and into industries that rely on high-end computing, from electric vehicles and aerospace to simple gadgets like smartphones.

Chinese state media and officials over the weekend raged against the action, warning of economic consequences and stirring speculation about potential retaliation.

A Chinese analyst said there is “no possibility of reconciliation” any longer.

European and Chinese semiconductor stocks tumbled on the news. ASML Holding NV, the most advanced maker of equipment for producing semiconductors, fell more than 3%.

US officials said the new restrictions are necessary to stop China from becoming more of an economic and military menace. They are seeking to ensure the country’s chipmakers don’t secure the capability to make advanced semiconductors.

China “has poured resources into developing supercomputing capabilities and seeks to become a world leader in artificial intelligence by 2030,” said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler. “It is using these capabilities to monitor, track and surveil their own citizens, and fuel its military modernization.”

Reaction in China was furious. The nationalistic Global Times newspaper warned the “savage attack on free trade” would have dire consequences for the US.

The new US regulations broadly limit chipmakers from selling to China artificial intelligence semiconductors and those that can be used for supercomputers. Nvidia Corp. warned in September that government restrictions on exporting AI chips to China could affect hundreds of millions of dollars in revenue, sending its stock tumbling.

Commerce also put in place a raft of restrictions on supplying US machinery that’s capable of making advanced semiconductors. It’s targeting the types of memory and logic chips that are at the heart of state-of-the-art designs.

One question is how the US rules will affect the ability of companies like ASML to sell into China.

ASML has had to strike a challenging balance between the US and China.

Patel of SemiAnalysis believes the unverified list is a serious threat to China’s tech ambitions. In the past, the Commerce Department cut off access to critical technologies for companies like Huawei Technologies Co. when they were added to the so-called entity list, meaning the agency had gathered evidence against them.

“That is huge,” he said. “They can pretty much blacklist any company they want in China within two months.”