

December 20, 2023

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

Dear Secretary Raimondo:

I write to bring to your attention reports about a Chinese fabless semiconductor company, Brite Semiconductor (Brite), that has close ties to the Chinese Communist Party (CCP) and its military, the People's Liberation Army (PLA). Reportedly, Brite uses American software to design chips for its clients, which include China's military suppliers and national champions. It is clear Brite is little more than a sock puppet for the CCP. That Brite and other Chinese technology companies have relatively free access to American technology shows, yet again, that the current export-control scheme is allowing China's rise as a technological power. It is not enough to prevent China from attaining theoretical capabilities in the future if it means ignoring the lucrative and militarily significant transfer of technology between American and Chinese firms today. I urge you to use this opportunity to correct course so that American technology cannot flow to Brite and similar Chinese firms.

A recent investigation by *Reuters* reveals close ties between Brite, the PLA, and some of China's most notorious companies.<sup>1</sup> One such company, Semiconductor Manufacturing International Corporation (SMIC), has been blacklisted or otherwise sanctioned by no fewer than three U.S. departments.<sup>2</sup> SMIC is a principal shareholder in Brite, with a 19 percent equity stake in the company. It is also Brite's top supplier. Brite's clients reportedly include six PLA suppliers, such as ComNav, a Chinese company that makes satellite systems for the PLA navy. Brite has also worked with subsidiaries of Huawei, another blacklisted firm. Brite is important enough to the CCP's chip ambitions that, in 2021, Beijing deemed the company a "little giant" with access to government support.

It is troubling to learn that Brite designs chips with help from American companies. In particular, Brite's top suppliers reportedly include Cadence Design Systems and Synopsys, American companies that make Electronic Design Assistance (EDA) software. As you know, EDA software is a chokepoint in the semiconductor industry that the United States and our Western allies still control. Since last year, the U.S. Department of Commerce has restricted the export of the most advanced EDA tools, although the rule is so narrow and favorable to industry

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<sup>1</sup> <https://www.reuters.com/technology/china-chip-firm-powered-by-us-tech-money-avoids-bidens-crackdown-2023-12-13/>

<sup>2</sup> Though I note that your department has approved billions of dollars' worth of export licenses to SMIC and that the company is still able to supply customers like Huawei. <https://www.wsj.com/articles/u-s-issues-100-billion-in-export-licenses-to-suppliers-of-huawei-smic-11634869839>

that its effect is negligible. It would seem, then, that the Biden Administration's much-hyped export-control scheme does not touch Brite's current operations, despite their importance to the CCP's technological ambitions.

Brite's example shows that swift action is needed now to prevent China's chip industrial base from growing stronger. At minimum, I urge you to impose the same licensing requirements on Brite that are imposed on SMIC, one of Brite's principal shareholder. However, as we have seen, blacklisting alone is not sufficient if it is not paired with strict enforcement. I further urge you to rescind and/or deny export licenses to blacklisted entities, such as SMIC. Finally, I urge you to expand the list of restricted EDA software so that it includes tools that Chinese firms rely on today—not just tools they may require at some indeterminate date in the future. Otherwise, companies like Brite will continue to design chips that may be used against us with the collaboration of American firms.

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Rubio', is centered on the page.

Marco Rubio  
U.S. Senator