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Media Contact: OCPA@bis.doc.gov

Commerce Issues Rule to Strengthen National Security Partnership to Secure Semiconductor Supply Chains with Republic of Korea

WASHINGTON, D.C. -- Today, the Commerce Department's Bureau of Industry and Security (BIS) is issuing a rule updating the general authorizations for Samsung and SK hynix—companies headquartered in the Republic of Korea (RoK) – for their semiconductor fabrication facilities in the Peoples Republic of China (PRC). Samsung's and SK hynix's PRC facilities are Validated End-Users (VEUs). VEUs can apply for, and after national security review and approval by the U.S. government, obtain a general authorization to acquire certain items rather than seeking multiple individual licenses. Today's rule updates the items that may be exported to these companies under the VEU authorization.

“The VEU program is an important tool for ensuring continued partnership that achieves our national security objectives. These authorizations are consistent with our close partnership with the Republic of Korea (ROK),” **said Under Secretary of Commerce for Industry and Security Alan Estevez.** “The U.S. and ROK and our companies play a critical role in the global semiconductor supply chain and today's announcement demonstrates the strength of our partnership and commitment to a secure and transparent supply chain, particularly for memory chips.”

“These updated authorizations build on the case-by-case review process established in the October 7, 2022, rule and reflect our ongoing communication on matters of mutual security interest between the United States and the Republic of Korea,” **said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler.** “Our national security interests, and the impact of our export control policies, are best served when we foster collaboration with our international partners, and today's rule is a further demonstration of that approach.”

The rule issued today allows these companies to continue their operations in the PRC. The VEU authorizations announced today reflect close consultations between the United States and ROK through various channels, including the Korea-U.S. Supply Chain and Commercial Dialogue (SCCD) and the SCCD Working Group on Export Controls announced in November 2022.

Text of the rule is available online [here](#). This rule is effective upon publication in the Federal Register.

Additional Background on the Validated End User (VEU) Program:

The VEU program was established in [2007](#) and protects U.S. national security interests by permitting entities in eligible destinations, currently the PRC and India, that pass a rigorous interagency review and agree to ongoing compliance obligations to receive certain items under a general authorization rather than seeking multiple individual licenses from the Department of Commerce.

In order to obtain a VEU authorization, applicants must clearly demonstrate the end-user's ability to comply with the requirements of the VEU program. Such requirements include using the items shipped under Authorization VEU for civil end-uses only, prior US government approval of customers, and specific technology protection requirements and roadmaps. VEU authorization also requires substantial certification, recordkeeping, reporting, and review requirements to ensure ongoing compliance.

The End-User Review Committee (ERC), composed of representatives of the Departments of State, Defense, Energy, and Commerce, and other agencies as appropriate, is responsible for determining whether to add to, to remove from, or otherwise amend the list of VEUs and associated eligible items. The Department of Commerce chairs the ERC. Applications are reviewed based on a variety of national security factors including technology levels, end customers, compliance plans, and other information.

Frequently Asked Questions (FAQs) and other useful information about the VEU program is available on BIS's website at: https://www.bis.doc.gov/index.php/validated-end-user-program-faqs#faq_359.

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