SELECT COMMITTEE ON THE CCP
DEMOCRATS | RANKING MEMBER RO KHANNA

July 22, 2026

The Honorable Howard Lutnick
Secretary
Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20230

Dear Secretary Lutnick,

I am writing to seek information about the Department of Commerce's strategy to address the rise in consumer electronic prices due to a shortage in memory semiconductors. As Ranking Member of the House Select Committee on the Chinese Communist Party, I am concerned that the Administration's approach on this issue will raise prices and accelerate the adoption of Chinese memory chips.

As demand for artificial intelligence (AI) has increased, the world's three largest memory manufacturers have shifted production away from commercial memory chips for consumer electronics towards the high-bandwidth memory chips necessary for AI.[1] Since 2024, market analysts and memory manufacturers warned that this anticipated trend would tighten the availability of memory chips, leading to an increase in consumer electronic prices unless additional capacity was brought online.[2] As Micron, SK Hynix and Samsung dominate commercial memory manufacturing, the only way to add capacity was to ensure these companies were able to produce more memory chips.[3]

The Biden Administration had a successful strategy to address the forthcoming memory chip shortfall through the CHIPS and Science Act. Working with American companies and companies based in allied countries alike, the CHIPS and Science Act represented America's most decisive step yet towards onshoring chip production, and by extension, ensuring the affordability of consumer devices and creating jobs.

Two examples of the CHIPS and Science Act's success were SK Hynix's and Samsung's investments in new American fabs. Under the previous Administration, SK Hynix, a South Korean company, was granted $458 million from the Commerce Department to supplement the company's $3.87 billion dollar investment in a West Lafeyette, Indiana facility for manufacturing high bandwidth memory.[4] Samsung received $4.74 billion to supplement the company's $37 billion dollar investment to develop new production facilities for advanced logic chips near Austin, Texas.[5] Together, these investments helped forge a strong U.S.-South Korean semiconductor partnership.

Unfortunately, it appears the Trump Administration may have undermined this progress – and by extension, paved the groundwork for the surge in consumer electronics pricing we are experiencing. Recent reporting suggests the Commerce Department may have interfered in existing CHIPS and Science Act funding promised to Samsung and SK Hynix.[6] Additionally, reporting indicates both firms have not fully received already-promised subsidies for building their U.S.

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[1] https://www.npr.org/2025/12/28/nx-s1-5656190/ai-chips-memory-prices-ram
[2] https://www.cnbc.com/2024/07/31/samsung-q2-2024-earnings-strong-ai-demand-lifts-profits.html and https://www.trendforce.com/presscenter/news/20240205-12021.html
[3] https://www.ft.com/content/b3666d16-38e9-47b6-a519-44648377dc8e
[4] https://www.nist.gov/chips/micron-idaho-boise and https://www.nist.gov/chips/sk-hynix-indiana-west-lafayette
[5] https://www.koreaherald.com/article/3114071 and https://www.nist.gov/chips/samsung-electronics-texas-austin
[6] https://www.wsj.com/tech/chip-makers-us-government-stakes-eb9e6098 and https://www.reuters.com/legal/government/trump-eyes-us-government-stakes-other-chip-makers-that-received-chips-act-funds-2025-08-19/ and https://www.bloomberg.com/news/articles/2025-04-01/us-chip-grants-in-limbo-as-lutnick-pushes-for-bigger-investments and https://www.chosun.com/english/industry-en/2026/07/10/6G77BHFPQRHUBGE3ES27ENPQYY/

facilities.[7] In the words of one industry source discussing the new approach of the Trump Administration, "building memory fabs in the U.S., where incentives are uncertain … is challenging."[8]

As memory chip prices have increased from the last quarter, some companies have increased prices of their consumer electronics by 15-25%. Notably, it is not only premium products that are being impacted. In fact, rising memory costs will mean 22% fewer phones under $400 on the market for the rest of this year and 2027[9]. The National Retail Federation warns that the situation will only get worse, with "significant and sustained near-term price increases" for consumer electronics and that the already fraught situation of consumer electronics pricing could soon "deteriorate rapidly".[10]

The costs are not only being borne by consumers. Unfortunately, our national security could also suffer. If US or Korean firms are unable to meet American demand, it potentially could lead manufacturers of consumer electronics to turn to PRC memory chip makers for their supply, including CXMT.[11] Needless to say, it is not in our nation's interests to increase our dependency on PRC supply chains.

For the last two years, experts have warned the Department that a memory crisis was looming. Rather than address it, the Department appears to have made the situation worse by undermining the stable investment environment created by the CHIPS and Science Act and, by extension, the capital that firms need for the significant expenditure required for chips manufacturing. Now, thanks to the Trump Administration's failure to plan and potential recission of existing commitments with key South Korean firms, American consumers and national security will suffer. For these reasons, I request a response to the following questions by no later than August 15, 2026:

1. Public reporting indicates that Commerce is delaying, considering cancellation, or considering a requirement of equity stakes for companies already allocated CHIPS and Science Act funds. Is this reporting accurate? If so, what funding – to whom, and for what amount – has been delayed? What funding – to whom, and for what amount – is under consideration for being withheld? What companies are under consideration for equity stakes requirements? Have any additional requirements been added to previously agreed-upon terms? In your response, please explain the reasons for any of these listed actions undertaken by Commerce.
2. Trade Groups have expressed concern to your office that rapidly expanding AI buildout, as proposed in President Trump's AI Action Plan, could increase U.S. consumer electronics pricing and intensify the memory crunch. How do you respond to, and plan to address, these concerns?
3. Does the Commerce Department plan to allow firms to source memory from CXMT or other PRC chipmakers. If so, how will the national and economic security risks will be addressed?

Sincerely,

Ro Khanna
Ranking Member
House Select Committee on the Chinese Communist Party

[7] https://www.chosun.com/english/industry-en/2026/07/10/6G77BHFPQRHUBGE3ES27ENPQYY/
[8] Ibid
[9] https://www.theregister.com/personal-tech/2026/07/01/dram-it-cheap-pcs-being-priced-out-of-existence-as-memory-cost-bites/5265010 and https://www.cnet.com/tech/mobile/ram-crisis-fewer-cheap-phones-under-400-dollars/
[10] https://www.cnbc.com/2026/06/26/ai-memory-chip-shortage-consumer-electronics-prices.html
[11] https://www.ft.com/content/d72a25e2-7bde-4aa9-bd8d-0c4f3d6cb2cb?syn-25a6b1a6=1 and https://www.reuters.com/world/china/hp-dell-acer-asus-mull-using-chinese-memory-chips-amid-supply-crunch-nikkei-asia-2026-02-05/