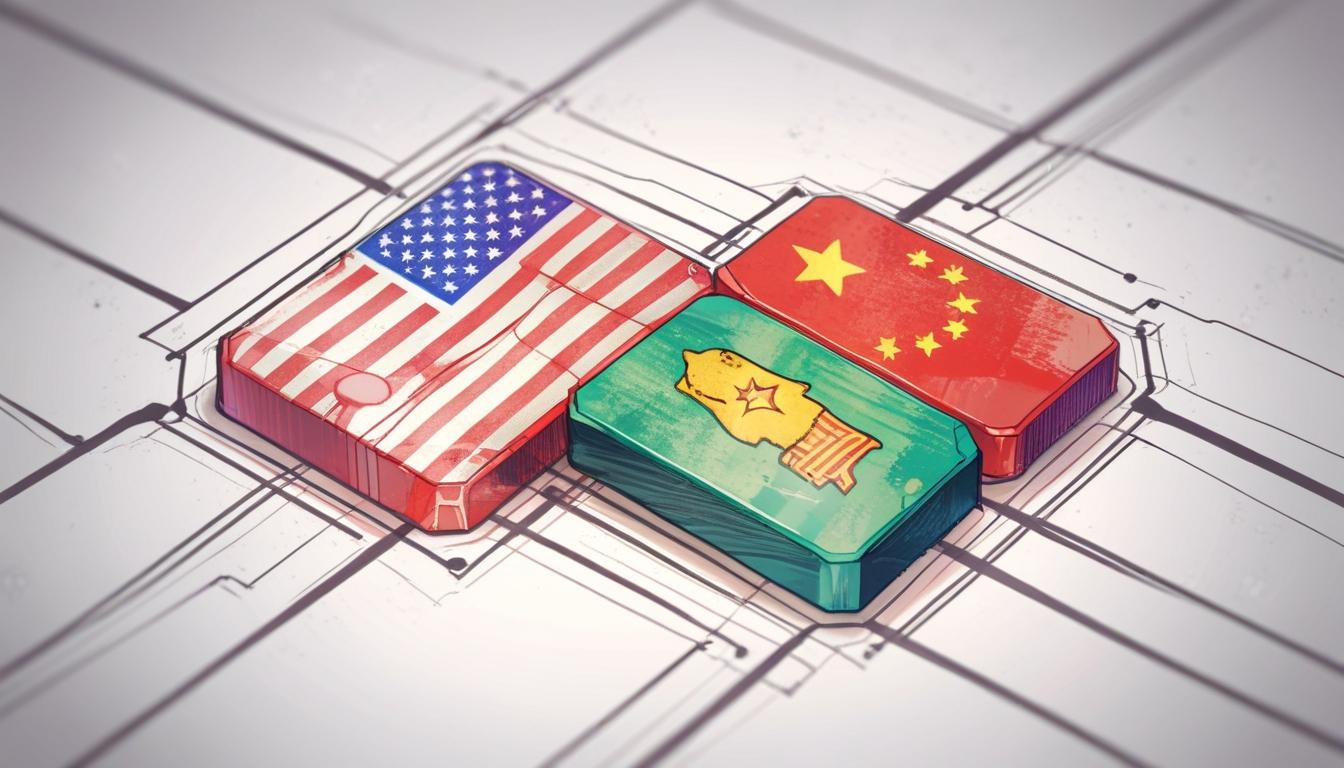
# Trump to lift Biden-era AI export limits amid mounting US-China tech tensions



In a significant policy shift, President Donald Trump is poised to revoke crucial export restrictions on AI technology that were implemented during the final days of the Biden administration. These restrictions aimed to prevent advanced semiconductor technologies from reaching adversarial nations, particularly China and Russia. Critics from both governmental and corporate spheres, including prominent tech leaders, had lambasted the measures as overly cumbersome and detrimental to American companies.

Introduced under the Framework for Artificial Intelligence Diffusion, the regulations sought to enforce a three-tiered licensing system that would have complicated the export of AI chips produced by companies like Nvidia and AMD, while also impacting international business prospects for U.S. semiconductor manufacturers. As Senator Ted Cruz, a vocal opponent of the original curbs, noted during a recent Senate hearing, the framework risked compelling nations in the mid-tier group—such as countries in Eastern Europe—to seek AI infrastructure from Chinese companies, undermining American technological dominance.

Cruz has indicated plans to propose a new bill establishing a regulatory "sandbox" for AI development, suggesting that the U.S. should adopt an approach reminiscent of the early days of the internet. This reflects a broader sentiment among industry leaders, who argue that the U.S. must act decisively to maintain its edge over China, especially following the emergence of competitive technologies from Chinese firms like DeepSeek, which claims to offer advanced AI capabilities at significantly lower prices.

The growing consensus in the tech community is that deregulating the AI sector will stimulate innovation while ensuring national security—a complex balancing act that leaders like Microsoft’s Brad Smith have articulated. He emphasised the necessity for the U.S. to enhance its infrastructure, highlighting the need for increased investments in data centres and energy systems to support the burgeoning AI landscape.

Amidst this backdrop of administrative change, deepening concerns about the ethical implications of AI technology are also surfacing. Nonprofit organisations, such as Common Sense Media, have raised alarms about the potential risks AI applications pose to young users, particularly after a tragic incident involving a 14-year-old boy and a chatbot. OpenAI’s CEO, Sam Altman, has expressed a commitment to addressing these issues collaboratively, recognising the urgency of safeguarding vulnerable populations while promoting technological advancement.

Furthermore, discussions surrounding tariffs on semiconductors could reshape the landscape of US-China relations in the tech sector. Recent announcements indicate that while certain electronics may eventually be exempt from tariffs, a comprehensive review is underway that could profoundly affect the semiconductor supply chain.

As the situation evolves, Nvidia is reportedly adapting its product line by developing a less powerful version of its H20 AI chip specifically for the Chinese market, reflecting its strategic pivot in the face of stringent U.S. export controls. This move highlights the ongoing tensions and complexities within the semiconductor industry, where companies must navigate a rapidly changing regulatory framework while catering to a demanding international market.

The stakes are high; as industry leaders contend, the outcome of this regulatory landscape will significantly influence whether the U.S. or China emerges as the dominant player in the global AI race. The future of innovation and international market leadership hinges on striking the right balance between promoting technological growth and safeguarding national security.

As this narrative unfolds, bipartisan legislative efforts are emerging to bolster U.S. AI capabilities. Recent introductions of bills, such as the "Chip Security Act," aim to enforce measures like location-tracking on export-controlled AI chips to prevent potential military applications by foreign actors, particularly China. These developments signal an era of strategic scrutiny and proactive governance intended to safeguard U.S. interests in a highly competitive technological environment.

The intersection of policy, innovation, and ethical considerations constitutes a pivotal moment in the ongoing dialogue about AI's role in society and the global economy. As thoughts converge on how best to implement these changes, both the U.S. and China stand at a crossroads, each vying for supremacy in the technological arena.

### Reference Map

1. [[1]](https://seattlemedium.com/us-china-ai-race-escalates/)
2. [[2]](https://www.ft.com/content/bb8846e0-4506-433f-86a3-4877ad63fc32)
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6. [[6]](https://www.ft.com/content/afd618f8-12c9-4297-b2a9-49f7dc548da4)
7. [[7]](https://en.wikipedia.org/wiki/China_Integrated_Circuit_Industry_Investment_Fund)

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## Bibliography

1. <https://seattlemedium.com/us-china-ai-race-escalates/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/bb8846e0-4506-433f-86a3-4877ad63fc32> - The U.S. government under the Trump administration has decided to revoke a Biden-era rule that was set to limit the export of AI chips, such as those produced by Nvidia and AMD. Originally intended to take effect on May 15, the rule—known as the Framework for Artificial Intelligence Diffusion—was criticized as overly bureaucratic and hard to enforce. It introduced a three-tier licensing system for chip exports and sought to prevent Chinese companies from bypassing U.S. export controls via third countries. The regulation would have capped AI hardware exports to over 100 countries, excluding a few such as G7 members and Taiwan, potentially harming U.S. chipmakers’ international business. Industry groups, the EU, and companies like Nvidia had criticized the rule, arguing it would benefit Chinese competitors like Huawei. With the rule scrapped, the Trump administration plans to implement new measures balancing national security and technological leadership, though these will take time. In response to the decision, Nvidia's shares rose 3% and AMD's 1.8%. Despite this relief, more powerful Nvidia chips remain banned for Chinese export, and a broader national security review on semiconductor tariffs is ongoing. Nvidia is expected to announce its earnings on May 28, with prior restrictions having already cost the company $5.5 billion.
3. <https://www.reuters.com/world/us/us-ai-execs-give-congress-policy-wishlist-beating-china-2025-05-08/> - Top executives from OpenAI, Microsoft, and AMD emphasized during a U.S. Senate hearing that although the U.S. currently leads in artificial intelligence (AI), it must enhance infrastructure and facilitate AI chip exports to maintain its edge over China. Citing concerns from the recent breakthroughs by China's DeepSeek and Huawei’s growing capabilities, industry leaders urged the Senate Commerce Committee, led by Senator Ted Cruz, to cut regulatory barriers and invest in domestic AI development. Microsoft President Brad Smith stressed the need for broad global adoption of democratic AI technologies, highlighting infrastructure investment as essential. OpenAI CEO Sam Altman called for increased support in data centers, energy systems, and workforce training to sustain AI advancements. The executives warned that continued restrictions on U.S. AI chip exports—meant to prevent China's military use—risk ceding the lucrative Chinese market to competitors like Huawei. The hearing underscored a strategic race where innovation, not red tape, is seen as key to U.S. leadership in AI.
4. <https://www.reuters.com/world/china/nvidia-modifies-h20-chip-china-overcome-us-export-controls-sources-say-2025-05-09/> - Nvidia plans to release a downgraded version of its H20 artificial intelligence chip for China by July 2025 in response to new U.S. export controls. The original H20, previously the most powerful AI chip available for sale in China, now requires an export license due to stricter U.S. regulations aimed at preventing advanced semiconductor technology from reaching China for potential military use. To maintain its presence in the vital Chinese market, which contributed $17 billion (13% of Nvidia’s revenue) in the previous fiscal year, Nvidia has developed a less advanced version of the H20 with significantly reduced memory capacity and other limitations. Some configurations of the modified chip may still allow customers to adjust performance levels. Major Chinese tech firms like Tencent, Alibaba, and ByteDance had increased their H20 orders due to rising demand for cost-efficient AI hardware. Nvidia CEO Jensen Huang recently visited Beijing to reinforce the importance of the Chinese market amidst these regulatory challenges. Nvidia has reportedly received $18 billion in H20 orders since January 2025. Neither Nvidia nor the U.S. Commerce Department have commented on the development.
5. <https://www.reuters.com/world/us/us-senator-introduces-bill-calling-location-tracking-ai-chips-limit-china-access-2025-05-09/> - On May 9, 2025, U.S. Senator Tom Cotton introduced the "Chip Security Act," a bill aimed at implementing location-tracking mechanisms on export-controlled AI chips to prevent unauthorized access, particularly by China. The proposed legislation mandates that AI chips and products containing them be equipped with systems to detect smuggling, diversion, or tampering. It also requires exporting companies to report any incidents of diversion or tampering to the Department of Commerce’s Bureau of Industry and Security. The bill comes in response to ongoing concerns about China's access to advanced semiconductor technology that could enhance its military capabilities, intensified by reports of illegal exports of Nvidia chips. The initiative follows former President Donald Trump's announcement to revise a Biden-era rule limiting the export of sophisticated AI chips. Democratic Representative Bill Foster is also expected to propose similar legislation shortly. The bill underscores bipartisan efforts to safeguard U.S. national security and maintain leadership in artificial intelligence technology.
6. <https://www.ft.com/content/afd618f8-12c9-4297-b2a9-49f7dc548da4> - Huawei is spearheading an ambitious initiative to develop advanced semiconductor manufacturing capabilities in Shenzhen, China, aiming to reduce the country’s reliance on foreign technologies. The project includes three key sites in the Guanlan district, revealed through satellite imagery and industry sources. One site is directly operated by Huawei and will produce 7nm smartphone chips and Ascend AI processors. The other two sites, run by start-ups SiCarrier and SwaySure, are believed to be closely linked to Huawei through shared personnel, technology, and funding, despite official denials. These efforts are part of a broader national push following U.S. sanctions in 2019 that restricted Huawei’s access to global chip technologies. The facilities are backed by the Shenzhen government, and the support structure allows Huawei to foster innovation without taking external investments. Collaborating companies like SMIC and SMEE are contributing engineering support, highlighting Huawei's significant political influence in China’s tech ecosystem. SiCarrier has introduced about 30 semiconductor tools and is developing lithography technology through a subsidiary. The U.S. government has responded by adding SiCarrier and SwaySure to its entity list, citing concerns over military applications. Huawei’s chip development ambitions face skepticism due to technical challenges and its relative inexperience in semiconductor manufacturing.
7. <https://en.wikipedia.org/wiki/China_Integrated_Circuit_Industry_Investment_Fund> - The China Integrated Circuit Industry Investment Fund, commonly known as the "Big Fund," is a Chinese state-backed investment fund established to support the development of the semiconductor industry. The fund has undergone multiple phases, with the third phase (2024–2029) aiming to raise approximately $40 billion. In May 2024, the National Integrated Circuit Industry Investment Fund III Co., Ltd. was established with a registered capital of 344 billion yuan (approximately $47.5 billion), larger than the first two phases. Phase III is expected to continue the semiconductor industry chain "neck" link investment, including large-scale manufacturing and equipment, materials, and other links, in addition to the HBM industry and other key areas of artificial intelligence semiconductor is also expected to obtain the Big Fund III investment. In January 2025, the National AI Industry Investment fund was launched with an initial capital of 60 billion yuan (approximately $8.2 billion). It is a joint venture between the Phase III fund and Guozhi Investment (Shanghai) Private Equity Fund Management.