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Trump wants to sell Nvidia chips to China. It landed like a punch

di Chris Miller

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It's been a dizzying year for debate about semiconductors and artificial intelligence in Washington: presidential tweets, summits with world leaders, CEO dinners at the White House, hirings and firings of senior personnel. The latest twist: President Donald Trump's [decision to allow sales](#) of Nvidia H200 chips to China.

At the start of the year, it was possible to imagine export controls being dramatically tightened or loosened. On one hand, the early Trump administration was staffed with many long-standing China hawks who perceived an opportunity to use “America First” trade policies to ratchet up restrictions on technology transfer to China. On the other, the business-friendly president had promised to help tech firms export by cutting Biden-era regulations, including the AI diffusion rule that limited sales of AI chips to more than 150 countries.

Inside the Trump administration, moreover, a significant policy debate has broken out over the fundamentals of export controls. Trump's AI and crypto czar David Sacks and his colleagues have argued that, rather than limiting AI chip sales to China, [U.S. interests are better served](#) by allowing maximal chip sales to help American companies like Nvidia retain a share of the Chinese market. They argue this will limit advances by Chinese competitors such as Huawei by keeping Chinese customers “[addicted](#)” to U.S. chips. In addition to these policy debates, Nvidia's CEO Jensen Huang — one of America's most successful and charismatic tech leaders — has argued

that [exporting AI chips](#) is critical to growing his company's market share and therefore U.S. technological leadership.

The administration's internal debate on export controls has catalyzed Congress to raise its voice. Most controls on tech transfer in recent years have come from executive action, not legislation. Recent movement in Congress could change that. The House Select Committee on the Chinese Communist Party recently [released a report](#) on sales of chipmaking tools to China, pointing out the ways that Japanese and European export controls on China are weaker than America's, giving China access to advanced technology while simultaneously undermining U.S. firms. Correcting this imbalance would fit squarely into Trump's "America First" agenda.

More immediately, Congress is considering multiple pieces of legislation codifying AI chip controls. In the must-pass National Defense Authorization Act, Congress nearly included a provision called the Gain AI Act, which would have required the Commerce Department to provide 30 days notice before approving sales of any high-end AI chips to China, and given Congress the right to block sales.

The Senate version of the provision was introduced by Sen. Jim Banks (Indiana), a MAGA legislator close to the president, and [later passed](#) as a part of the upper chamber's version of the NDAA. As Banks explained recently on Steve Bannon's "War Room" podcast, "The Gain AI Act is simply an America First amendment." A coalition of influential voices on the right, from think tank leader Oren Cass to former deputy national security adviser Matt Pottinger, [urged Congress](#) to pass the legislation. It's assembled an ideologically broad coalition in Congress, winning support from left-wing senators like Sen. Elizabeth Warren (Massachusetts), too.

The White House lobbied against the bill, defeating the current iteration. Yet it could easily rise again. In addition, Sen. Pete Ricketts (R-Nebraska) and Sen. Chris Coons (D-Delaware) [have introduced a new bill](#), the Safe Chips Act, which would also codify chip controls into law.

These congressional efforts have made more progress than expected because they have attracted surprising support from heavy hitters in the industry. Hardly any companies publicly backed prior waves of export controls. Even companies that

benefited from having Chinese competitors lose access to technology stood on the sidelines. Big tech firms like [Microsoft](#) and [Oracle](#) as well as [tech lobby groups](#) vocally opposed the Biden administration's AI diffusion rule.

Now, after several years of chip shortages — and with the Trump administration appearing ready to allow large scale transfers of advanced chips to China — some industry players have changed their tune. It wasn't a surprise to see Anthropic CEO Dario Amodei [publicly back export controls](#), as he has for several years. But [Microsoft and Amazon](#) (Amazon was founded by Jeff Bezos, who owns The Post) supported the Gain AI Act. The prospect of letting Chinese cloud computing firms like AliCloud and Huawei Cloud access America's most advanced semiconductors — and thus potentially compete with U.S. cloud leaders in international markets — has convinced some big tech firms to switch sides on export controls.

The tech industry's divisions raise a core question in the debate: What's the optimal part of the "tech stack" to control? Limits on exports of chipmaking equipment hurt makers of these tools but help chip producers by slowing their Chinese competition. Limits on chip sales hurt U.S. chip design firms, but help cloud computing champions by hampering Chinese data center firms' ability to offer AI services.

Trump has justified chip sales by highlighting the 25 percent fee he plans to charge on the export of AI chips. However, big tech firms often charge even higher margins when they sell cloud-based AI services. The more business Chinese cloud and AI firms win while deploying American chips, the lower the profits of the rest of America's tech ecosystem.

America's leading chip firms want looser rules, but U.S. AI giants, who benefit from weaker Chinese competitors, have powerful political voices, too. On top of a bipartisan congressional consensus, now a significant share of America's AI industry is coming to realize that selling advanced chips to China threatens not only national security, but also their business.