

TIM SCOTT, SOUTH CAROLINA, CHAIRMAN
ELIZABETH WARREN, MASSACHUSETTS, RANKING MEMBER

MIKE CRAPO, IDAHO
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
JOHN KENNEDY, LOUISIANA
BILL HAGERTY, TENNESSEE
CYNTHIA LUMMIS, WYOMING
KATIE BOYD BRITT, ALABAMA
PETE RICKETTS, NEBRASKA
JIM BANKS, INDIANA
KEVIN CRAMER, NORTH DAKOTA
BERNIE MORENO, OHIO
DAVID MCCORMICK, PENNSYLVANIA

JACK REED, RHODE ISLAND
MARK R. WARNER, VIRGINIA
CHRIS VAN HOLLEN, MARYLAND
CATHERINE CORTEZ MASTO, NEVADA
TINA SMITH, MINNESOTA
RAPHAEL G. WARNOCK, GEORGIA
ANDY KIM, NEW JERSEY
RUBEN GALLEGO, ARIZONA
LISA BLUNT ROCHESTER, DELAWARE
ANGELA D. ALSOBROOKS, MARYLAND

CATHERINE FUCHS, STAFF DIRECTOR
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

April 15, 2025

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

Dear Secretary Lutnick,

I write with great concern regarding reports that the Commerce Department has paused its plan to restrict the export of powerful advanced AI chips like Nvidia's H20 to the People's Republic of China (PRC).¹ I am particularly concerned that this decision was made during a \$1-million-a-head dinner, where Nvidia CEO Jensen Huang promised President Donald Trump that his company would build more data centers in the United States. In reality, the company's continued export of the H20 will result in the opposite outcome: more data centers for the PRC, less for the United States. Indeed, Nvidia appears to be prioritizing business with PRC national champions, many of which have ties to the military, at the expense of U.S. startups and small businesses. I urge you to take swift action to address this critical risk to our national security.

The H20 and similarly capable AI inference chips will power the next generation of AI models and powerfully shape the balance of military power in the Pacific. A bipartisan group of legislators previously urged you to prohibit Nvidia's H20 and similarly capable AI inference chips, following revelations that DeepSeek exploited loopholes in U.S. export controls to train its powerful AI models.² Since then, PRC national champions have scrambled to stockpile H20s.

Technology evolves quickly, and we must continuously update our export controls to keep pace. DeepSeek's R1 is part of a new class of "reasoning" models that have increased demand for the H20 and other powerful inference chips. While the performance of previous generations of AI models relied on powerful "training" chips, the performance of these new models scales during deployment phase and thus relies on bespoke inference chips like the H20, which are optimized for rapid, efficient execution of these reasoning models.

¹ National Public Radio, "Trump administration backs off Nvidia's 'H20' chip crackdown after Mar-a-Lago dinner," Emily Feng and Bobby Allyn, <https://www.npr.org/2025/04/09/nx-s1-5356480/nvidia-china-ai-h20-chips-trump>

² Letter from Senator Elizabeth Warren and Josh Hawley to Commerce Secretary Nominee Howard Lutnick, February 3, 2025, https://www.banking.senate.gov/imo/media/doc/ai_warren_hawley.pdf; and Letter from Chairman Moolenaar and Ranking Member Krishnamoorthi, to National Security Advisor Mike Waltz, January 30, 2025, <https://selectcommitteeontheccp.house.gov/media/press-releases/moolenaar-krishnamoorthi-call-tightening-export-controls-chips-critical-chinas>.

Recognizing the importance of these chips, the Biden Administration barred the export of high-bandwidth memory—an essential component in inference chips like the H20—to the PRC last December.³ However, the administration did not finish the job: It left the H20—and other chips like it—unrestricted. Recent industry reporting suggested that PRC tech giants like Tencent, Alibaba, and ByteDance, some of which have well-documented ties to the PRC military,⁴ have placed at least \$16 billion in orders for Nvidia’s H20. These orders translate into over a million chips, far more than the limited number of indigenous AI chips that the PRC is capable of manufacturing domestically. Nvidia has also rushed to prepare a more powerful version of the H20—the “B20”—to ship to PRC customers in the next few months.⁵

These developments are concerning in their own right. However, Nvidia is not only selling to PRC national champions; it is doing so at the expense of U.S. startups and small businesses. We currently have a shortage of AI chips in the United States. OpenAI CEO Sam Altman has stated that his company cannot get hold of enough advanced chips.⁶ Less well-resourced players including startups are almost certainly in a worse position, and Nvidia has warned that the company’s latest Blackwell processor is backlogged until the end of 2025.⁷ Amid this shortage, industry observers rightfully worry that Nvidia is allocating capacity away from U.S. customers to fulfill the gigantic purchases of H20s from PRC national champions, many of which have ties to the PRC military.⁸ Contrary to Nvidia’s promise to the President, the company appears poised to help build more cutting-edge data centers in the PRC—not in the United States.

The Commerce Department cannot further delay undertaking necessary and urgent action on the H20 to protect U.S. national security. I urge you to act quickly.

Sincerely,

3 Bureau of Industry and Security, “Foreign-Produced Direct Product Rule Additions, and Refinements to Controls for Advanced Computing and Semiconductor Manufacturing Items,” 89 FR 96790, Dec. 5, 2024, <https://www.federalregister.gov/documents/2024/12/05/2024-28270/foreign-produced-direct-product-rule-additions-and-refinements-to-controls-for-advanced-computing>.

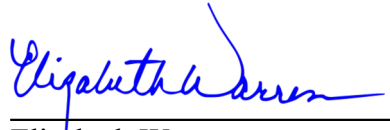
4 Department of the Defense, “Entities Identified as Chinese Military Companies Operating in the United States in Accordance with Section 1260H of the William M. Thornberry National Defense Authorization Act for Fiscal Year 2021,” Jan. 7, 2025, <https://www.defense.gov/News/Releases/Release/Article/4023145/dod-releases-list-of-chinese-military-companies-in-accordance-with-section-1260/>.

5 Reuters, “Nvidia preparing version of new flagship AI chip for Chinese market,” Fanny Potkin, July 22, 2024, <https://www.reuters.com/technology/nvidia-preparing-version-new-flagship-ai-chip-chinese-market-sources-say-2024-07-22/>.

6 Tech Crunch, “OpenAI CEO Sam Altman says the company is ‘out of GPUs,’” Kyle Wiggers, February 27, 2025, <https://techcrunch.com/2025/02/27/openai-ceo-sam-altman-says-the-company-is-out-of-gpus/>.

7 Eweek, “NVIDIA Blackwell AI Chip Shortage: Sold Out for Next 12 Months Due to Skyrocketing Demand,” Drew Robb, October 25, 2024, <https://www.eweek.com/news/nvidia-blackwell-ai-chip-shortage/>.

8 See e.g., NetworkWorld, “Potential Nvidia chip shortage looms as Chinese customers rush to beat U.S. sales ban,” Taryn Plumb, Apr. 2, 2025, <https://www.networkworld.com/article/3952994/potential-nvidia-chip-shortage-looms-as-chinese-customers-rush-to-beat-us-sales-ban.html>.



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs