

# United States Senate

July 8, 2024

COMMITTEES  
APPROPRIATIONS  
BANKING, HOUSING, AND  
URBAN AFFAIRS  
BUDGET  
JUDICIARY  
SMALL BUSINESS AND  
ENTREPRENEURSHIP

The Honorable Gina Raimondo  
U.S. Secretary of Commerce  
1401 Constitution Avenue NW  
Suite 71014  
Washington, DC 20230

Dear Secretary Raimondo:

I write in response to recent reporting about China's continued access to advanced microchips despite U.S. export controls.

Nvidia, a U.S.-based company, "makes microchips that power most artificial intelligence applications."<sup>1</sup> Nvidia's advanced microchips are "highly coveted" around the world "for their ability to handle the massive computations needed to train AI systems."<sup>2</sup>

In recent years, the United States has imposed export controls on shipments of advanced microchips (also known as semiconductors) made by Nvidia and other companies to countries such as China.<sup>3</sup> Among other things, these export controls were designed to "address" China's efforts to obtain "high-end advanced computing semiconductors necessary to enable the development and production of technologies such as artificial intelligence (AI) used in military applications."<sup>4</sup> In Chinese hands, these microchips "could aid the country's military in tasks like guiding hypersonic missiles, setting up advanced surveillance systems or cracking top-secret U.S. codes."<sup>5</sup>

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<sup>1</sup> D. Clark, *Nvidia, Powered by A.I. Boom, Reports Soaring Revenue and Profits*, The New York Times (May 22, 2024), <https://www.nytimes.com/2024/05/22/technology/nvidia-quarterly-earnings-results.html>.

<sup>2</sup> R. Huang, *The Underground Network Sneaking Nvidia Chips Into China*, The Wall Street Journal (July 2, 2024), <https://www.wsj.com/tech/the-underground-network-sneaking-nvidia-chips-into-china-f733aaa6>.

<sup>3</sup> See, e.g., M. Toh & K. Tausche, *US escalates tech battle by cutting China off from AI chips*, CNN (Oct. 18, 2023), <https://www.cnn.com/2023/10/18/tech/us-china-chip-export-curbs-intl-hnk/index.html>.

<sup>4</sup> *Commerce Strengthens Restrictions on Advanced Computing Semiconductors, Semiconductor Manufacturing Equipment, and Supercomputing Items to Countries of Concern*, Bureau of Indus. & Sec., U.S. Dep't of Comm. (Oct. 17, 2023), <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3355-2023-10-17-bis-press-release-ac-s-and-sme-rules-final-js/file>.

<sup>5</sup> A. Swanson, *U.S. Tightens China's Access to Advanced Chips for Artificial Intelligence*, The New York Times (Oct. 17, 2023), <https://www.nytimes.com/2023/10/17/business/economy/ai-chips-china-restrictions.html>.

Despite these export controls, recent reporting has uncovered a “barely concealed network of buyers, sellers and couriers bypassing the Biden administration’s restrictions aimed at denying China access to Nvidia’s advanced AI chips.”<sup>6</sup> According to this report, “[m]ore than 70 distributors are openly advertising online what they purport to be Nvidia’s restricted chips” and many of these Chinese sellers claim to “have supplies amounting to dozens of the high-end Nvidia chips each month.”<sup>7</sup> Their supply is “so steady” that they are “able to take preorders and promise delivery in weeks.”<sup>8</sup> This is unacceptable.

You have previously acknowledged that China’s access to these advanced microchips poses a national security threat.<sup>9</sup> But despite the Commerce Department’s efforts to keep advanced microchips out of Chinese hands, it appears that the steady flow of advanced microchips into China continues. That flow must stop. To that end, I ask that you give this matter your full and prompt attention. And I request an update on the Commerce Department’s efforts to combat this ongoing threat to America’s national security interests by August 8, 2024.

Thank you for your attention to this important matter.

Sincerely,



John Kennedy  
United States Senator

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<sup>6</sup> R. Huang, *The Underground Network Sneaking Nvidia Chips Into China*, The Wall Street Journal (July 2, 2024), <https://www.wsj.com/tech/the-underground-network-sneaking-nvidia-chips-into-china-f733aaa6>.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Commerce Strengthens Restrictions on Advanced Computing Semiconductors, Semiconductor Manufacturing Equipment, and Supercomputing Items to Countries of Concern*, Bureau of Indus. & Sec., U.S. Dep’t of Comm. (Oct. 17, 2023), <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3355-2023-10-17-bis-press-release-acis-and-sme-rules-final-js/file>.