

July 28, 2025

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

Dear Secretary Lutnick:

We write to express our deep concern over the recent decision to resume exports of Nvidia's H20 chips to China. As policymakers and professionals with a background in national security policy, we believe this move represents a strategic misstep that endangers the United States' economic and military edge in artificial intelligence (AI)—an area increasingly seen as decisive in 21st-century global leadership.

**H20s are an advanced chip critical to China's AI ambitions.**

The H20 is a potent accelerator of China's frontier AI capabilities, not an outdated AI chip. Designed specifically to work around export control thresholds, the H20 is optimized for inference, the process responsible for the dramatic capabilities gains made by the latest generation of frontier AI reasoning models. For inference tasks, the H20 outperforms even the H100, an AI chip this administration has restricted access to due to its advanced capabilities.<sup>1</sup>

Both U.S. and Chinese AI labs are betting that further investment in inference compute will be critical to the next leap in frontier AI capabilities. On the heels of DeepSeek's breakthrough model release earlier this year, Chinese AI labs began bulk-ordering H20 chips to develop even more advanced AI models. If the U.S. backs off of export controls to China, we believe that China's next generation of frontier AI will be built on the backs of the H20.

**More chips for China means fewer chips for the U.S.**

The AI chip industry is supply-constrained, creating a bottleneck for AI developers globally. Research suggests that projected data center demand from the U.S. power market would require 90% of global chip supply through 2030, an unlikely scenario even without China joining the rush to buy advanced AI chips.<sup>2</sup> Nvidia's latest line of AI chips, the "Blackwell" series, is reportedly sold out until Q4 of 2025 due to unprecedented demand from U.S. hyperscalers.<sup>3</sup>

---

<sup>1</sup>Tao Burga, Arushi Gupta, and Tim Fist. [The H20 Problem: Inference Supercomputers and US Export Control Gaps](#). Institute for Progress. April 15, 2025.

<sup>2</sup>Walten, Robert. [There aren't enough AI chips to support data center projections, report says](#). Utility Dive. July 9, 2025.

<sup>3</sup>[NVIDIA "Blackwell" GPUs are Sold Out for 12 Months, Customers Ordering in 100K GPU Quantities](#). Tech Power Up. October 11, 2024.

This year, Chinese firms have bulk-ordered H20 chips, further straining global supplies. China's biggest tech firms, including Tencent, ByteDance, and Alibaba, have collectively placed orders worth \$16 billion for Nvidia's H20 GPUs.<sup>4</sup> These chips contain many of the same advanced components and use many of the same semiconductor production and packaging facilities that are necessary for producing the Blackwell chips that U.S. companies are desperate to buy.

Every H20 chip shipped to China requires scarce resources that could have been allocated to producing AI chips for U.S. developers. At a time when chips are in critically short supply, we should be prioritizing American innovation, not allowing a strategic competitor to drive up costs.

### **H20s will support China's military.**

While the biggest buyers of Nvidia's H20 chip are nominally civilian companies in China, we fully expect the H20 and the AI models it supports to be deployed by China's People's Liberation Army.

Under Beijing's "Military-Civil Fusion" strategy, cutting-edge tools developed for commercial use—like Nvidia's H20 chips—are swiftly adapted for military purposes.<sup>5</sup> According to the U.S. State Department, China's leading AI lab, DeepSeek, "willingly provided and likely will continue to provide support to China's military and intelligence operations."<sup>6</sup>

Chips optimized for AI inference will not simply power consumer products or factory logistics; they will enable autonomous weapons systems, intelligence surveillance platforms, and rapid advances in battlefield decision-making. By supplying China with these chips, we are fueling the very infrastructure that will be used to modernize and expand the Chinese military. The line between optimizing an online marketplace and optimizing military logistics does not exist in the Chinese system—and we should not pretend otherwise.

### **Loosening restrictions weakens export controls generally.**

In addition to the specific impacts that loosening H20 export restrictions might have for competition with China, such a policy is likely to generally weaken export controls as an effective foreign policy tool for the United States. This policy reversal is likely to create confusion among both allies and competitors, and may even be interpreted as a weakening of U.S. resolve on other key issues in which trade and national security may be in tension with one another.

---

<sup>4</sup>Priyanka.G and Harshita Mary Varghese. [Chinese firms place \\$16 billion in order for new Nvidia chips, the Information reports](#). Reuters. April 2.

<sup>5</sup>Allen, Gregory. [Choking off China's Access to the Future of AI](#). Center for Strategic & International Studies. October 11, 2022.

<sup>6</sup>Michael Martina and Stephen Nellis. Exclusive: [DeepSeek aids China's military and evaded export controls, US official says](#). Reuters. June 23, 2025.

Similarly, this relaxation of restrictions may embolden China to seek additional access concessions, or create similar dynamics for any one of the other 24 countries that currently require export licenses to obtain similar access to advanced H20 chips.

**We urge you to reverse course.**

The decision to ban H20 exports earlier this year was the right one. We ask you to stand by that principle and continue blocking the sale of advanced AI chips to China as America works to maintain its technological edge.

This is not a question of trade. It is a question of national security.

Sincerely,

Brad Carson, *Americans for Responsible Innovation*

Oren Cass, *American Compass*

Stewart Baker, *Former Assistant Secretary of Homeland Security, Former General Counsel for the National Security Agency*

Diana Banks Thompson, *Former Deputy Assistant Secretary of Defense*

Kyle Bass, *Hayman Capital Management*

Michael A. Brown, *Information Technology and Innovation Foundation*

David Feith, *Former National Security Council, Former Deputy Assistant Secretary of State*

Tim Fist, *Institute for Progress*

Samuel Hammond, *Foundation for American Innovation*

Julius Krein, *American Affairs*

Peter Mattis, *Former Congressional-Executive Commission on China*

Rear Admiral (Ret.) Mark Montgomery, *Foundation For Defense of Democracies*

James Mulvenon, *Pamir Consulting*

Morgan Plummer, *Former Department of Defense National Security Technology Accelerator Program*

Matt Pottinger, *Former Deputy National Security Advisor*

Craig Singleton, *Foundation For Defense of Democracies*

Michael Sobolik, *Hudson Institute*

Satya Thallam, *Former Office of Management and Budget, Former Senate Committee on Homeland Security & Governmental Affairs*

Lloyd Thrall, *Former Deputy Assistant Secretary of Defense*

Liza Tobin, *Center for a New American Security, Former National Security Council*