Congress of the United States
House of Representatives
SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY

July 18, 2025

The Honorable Howard W. Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Avenue
NW Washington, DC 20230

Dear Secretary Lutnick,

I am writing in response to Nvidia's recent announcement that it will begin filing applications to resume sales of the H20 graphics processing unit (GPU) to China.[1] During your confirmation hearing you stated that the U.S. must stop China from "using our tools to compete with us."[2] I could not agree more, which is why I strongly supported the administration's ban on H20 sales—we must not allow U.S. companies to sell these vital artificial intelligence (AI) assets to Chinese entities.

The H20 chip significantly outperforms anything Chinese chipmakers like Huawei can currently produce, particularly in high-bandwidth memory—a critical factor for AI inference workloads. As the Select Committee's April 2025 DeepSeek report detailed, H20 chips directly enabled the development of DeepSeek's inference-heavy reasoning model R1.[3] Beyond their use by DeepSeek, there is growing evidence that Nvidia's H20 chips are being used by PRC AI companies to build supercomputers in violation of the Supercomputer End Use Rule (15 CFR § 744.23). Tencent reportedly used H20s to train its Hunyuan-Large model—a project that almost certainly used one or more computing clusters requiring over 200 PFLOPs of computing power (roughly 4,550 H20 GPUs), which meets the U.S. definition of a "supercomputer."[4]

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[1] "NVIDIA CEO Jensen Huang Promotes AI in Washington, DC and China, NVIDIA, July 14, 2025, www.blogs.nvidia.com/blog/nvidia-ceo-promotes-ai-in-dc-and-china/.
[2] **"**Nomination Hearing – U.S. Secretary of Commerce." *Senate Committee on Commerce, Science, & Transportation*, hearing, 29 Jan. 2025, Senate Russell Office Building 253, Washington, D.C. Witness: Howard Lutnick. *U.S. Senate Committee on Commerce, Science, & Transportation*, 2025.
[3] House Select Committee on the Chinese Communist Party**.** *DeepSeek Unmasked: Exposing the CCP's Latest Tool for Spying, Stealing, and Subverting U.S. Export Control Restrictions.* 16 Apr. 2025, Select Committee on the CCP, U.S. House of Representatives, www.selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/DeepSeek%20Final.pdf.
[4] Burga, Tao, Arushi Gupta, and Tim Fist. "The H20 Problem: Inference, Supercomputers, and US Export Control Gaps." *Institute for Progress*, April 15, 2025. https://ifp.org/the-h20-problem/

Nvidia can produce these chips at a scale that their Chinese competitors cannot rival, making it unlikely that restricting H20 exports to China would simply shift demand to domestic Chinese alternatives. In a June congressional hearing, Under Secretary Kessler estimated that Huawei can make about 200,000 advanced chips in 2025.[5] In contrast, U.S. AI companies are expected to deploy over 14 million AI chips in 2025[6]. Today, xAI's Colossus AI datacenter alone contains an excess of 200,000 GPUs with a future target of 1,000,000 GPUs[7]. In the past several days, discussion around the H20—which was designed exclusively for the Chinese market—has largely centered on how it compares to other advanced U.S. chips. This is the wrong comparison. U.S. export controls are designed to prevent the People's Liberation Army (PLA) from developing advanced AI for military purposes and dominating the key AI-powered technologies of the future. Therefore, the relevant comparison is not between the H20 and other chips available in the U.S. market, but **between the H20 and chips domestically available at a relevant scale in the *Chinese market*.** The H20, which is a cost-effective and powerful AI inference chip, far surpasses China's indigenous capability and would therefore provide a substantial increase to China's AI development.

As the Trump administration has repeatedly stated, the U.S. must ensure that American rather than Chinese tech companies build the global AI infrastructure. At the same time, however, we must also ensure that the world does not adopt Chinese AI models trained on U.S. technology. Approving the sale of large volumes of H20s could give China the compute power it needs to develop powerful AI models that are open to users free of charge as DeepSeek has done with R1. As China has done in so many other industries, this is a deliberate strategy to capture market share and become the global standard. Rather than using U.S. capability as the benchmark for chip export controls, the Commerce Department should set a floating technical benchmark pegged to a slight technical improvement over current Chinese chip capability.

In light of these developments, I request a briefing as soon as possible, but no later than August 08, 2025, on how the Department of Commerce plans to evaluate license applications for the H20 and similar chips. The briefing should cover the following topics:

1. The licensing policy (including any different policies applied based on end-user or end-use) governing H20 chip exports to China (e.g., presumption of denial, case-by-case review, etc.).
2. The estimated number of H20 units to be exported to China and to whom.
3. The rationale for this policy change (including an assessment of what has changed since the decision to ban H20s).

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[5] Lucey, Catherine, and Debby Wu. "US Says Export Controls to Keep Huawei AI Output Limited in 2025." *Bloomberg*, 12 June 2025, www.bloomberg.com/news/articles/2025-06-12/us-says-huawei-s-2025-output-is-no-more-than-200-000-ai-chips.

[6] Martínez, Margarita Konaev, and Gregory C. Allen. *AI Diffusion Framework: Securing U.S. AI Leadership While Preempting Strategic Drift*. Center for Strategic and International Studies (CSIS), 17 July 2024, www.csis.org/analysis/ai-diffusion-framework-securing-us-ai-leadership-while-preempting-strategic-drift.

[7] Anton Shilov. "Elon Musk Confirms xAI Is Buying an Overseas Power Plant and Shipping It to the U.S. to Power Its New Data Center — 1 Million AI GPUs and Up to 2 Gigawatts of Power Under One Roof, Equivalent to Powering 1.9 Million Homes." *Tom's Hardware*, 4 July 2025, www.tomshardware.com/tech-industry/artificial-intelligence/elon-musk-xai-power-plant-overseas-to-power-1-million-gpus

4. Measures to prevent PLA-affiliated entities or other unauthorized end-users from benefitting from the H20s sold to China.
5. The potential improvement to PLA AI capability if the H20s were to be diverted from the approved licensee.
6. Risk mitigation steps Nvidia and BIS are taking to monitor and enforce compliance.
7. Any license applications that Commerce is reviewing for export to China of technology, goods, or services that support or enable the training or operation of advanced AI models.
8. Any further changes to export control policies for advanced AI or related technology, goods, or services (e.g., changes to entity listings, licensing policies, alignment of foreign partner controls, or semiconductor manufacturing equipment controls).

Thank you for your attention to this critical national security matter. I stand ready to work with you to accelerate the development of American AI leadership while preventing those capabilities from fueling the CCP's techno-authoritarian vision.

Sincerely,

John Moolenaar
Chairman