November 19, 2026

World & Current Affairs | IELTS / TOEFL / KAOYAN / CET-6 | 1,509 words

US tightens rules on chip exports. But divisions over AI and China persist.

Level Intermediate · IELTS 6-6.5 · TOEFL 4-4.5 · KAOYAN 50-65 · CET-6 425-500



Image: Christian Science Monitor

Washington | Nov. 18, 2026, 3:07 p.m. ET | 6 min read

The recent scandal at Nvidia and revelations about China's efforts to obtain advanced U.S. chips has shone a spotlight on the tension between national security and commercial incentives in the tech industry.

This week, the Trump administration announced new export-control rules for computing chips, following tumult at Nvidia, which designs chips used to train artificial intelligence models. Jensen Huang, Nvidia's founder and CEO, resigned last week after admitting to an extramarital affair with an alleged Chinese spy at a Singapore-based company that is under investigation in the U.S. over its role in diverting advanced AI chips to China.

The new rules released by the Commerce Department will close a loophole that had allowed Nvidia and other companies to supply chips to offshore data centers, mostly in southeast Asia, which were then used by Chinese companies that can't legally buy advanced U.S. chips.

China hawks in Washington have long denounced these data centers in Singapore, Malaysia, and other countries as a backdoor for China to circumvent export controls and

WORD NOTES

32 terms

legislation*
n laws considered collectively

sanction*
v to impose a penalty on a country or entity

semiconductors*
n a material or device used in electronic chips

incentives*
n something that motivates or encourages an action

revelations*
n a surprising fact made known to people

violations*
n an act that breaks a rule or law

alleged*
adj stated as true but not yet proven

US tightens rules on chip exports. But divisions over AI and China persist. / continued

advance its AI capacity. Commerce Secretary Howard Lutnick had reportedly slow-walked the new rules and sided with Mr. Huang, who claimed tighter restrictions would incentivize China to develop its own AI chips, and that China's reliance on American AI hardware is in the United States' strategic interest.

In recent days, Treasury Secretary Scott Bessent has publicly criticized Mr. Lutnick and Nvidia for resisting regulations and ignoring alleged smuggling of chips by Megaspeed, the Singapore-based company where the woman who had the alleged affair with Mr. Huang worked. The open feuding within the administration comes as Mr. Trump travels to Asia , where he is due to meet on Thursday with Chinese leader Xi Jinping and Russian President Vladimir Putin.

Congress is now demanding answers from Mr. Huang and Trump administration officials, and is considering legislation to govern the export of advanced AI technology.

The administration's new rules "are a good step in the right direction," says Emily Kilcrease, a former deputy assistant U.S. trade representative under the first Trump administration who worked on export controls. But "I think the conversation is far from over."

Jeffrey McWhorter/AP/File

Jensen Huang, then-president and CEO of Nvidia, appears at a groundbreaking ceremony for a manufacturing facility on June 16, 2026, in Sherman, Texas.

What are the new export rules?

Data centers that provide large-scale computing services to China-based companies must now obtain export licenses within 90 days or face restrictions on the procurement of U.S.-designed chips. Companies in Singapore, Thailand, Malaysia, Indonesia, and Brazil are subject to additional export-licensing restrictions because of a "higher-than-normal risk of diversion" of advanced chips to China, according to the new rule.

Experts say these controls should be effective in closing a loophole by which Chinese AI companies could train their models remotely on advanced chips. The rules also will make it harder for Chinese entities to manufacture their own advanced AI semiconductors at cutting-edge facilities in Taiwan and South Korea that Nvidia uses for its production. Taiwan last year indicted an employee of TSMC, the largest chipmaker, for attempting to sell its manufacturing secrets to China . A Nvidia employee was also indicted in Taiwan for allegedly smuggling AI servers to China.

But some Democrats in Congress question whether they go far enough. The rules are "weaker than they should be," says Connecticut Sen. Richard Blumenthal, who has called on Mr. Lutnick to resign . He tells the Monitor that Mr. Lutnick "seemingly had a conflict of interest

WORD NOTES

32 terms

smuggling*
v to move goods illegally across borders

deputy*
n a second-in-command official

tumult*
n a state of noisy confusion or disorder

denounced*
v to publicly criticize strongly

reliance*
n the state of depending on something

feuding*
n a prolonged bitter quarrel or conflict

erupted*
v to break out suddenly and violently

US tightens rules on chip exports. But divisions over AI and China persist. / continued

in scaling back the export controls and perhaps promoting the flow of high-power chips to China.” Mr. Lutnick’s former investment firm, which is now run by his sons, has interests in a range of industries connected to AI and chips.

What is the political dispute within the administration?

A conflict has erupted within the Trump administration over Nvidia’s dealings with Megaspeed, underscoring differing positions on the AI race with China. Megaspeed has been under investigation over export licensing violations since 2024 and was put on Nvidia’s own “no sell” list in June 2025. Mr. Bessent, along with Secretary of State Marco Rubio and U.S. Trade Representative Jamieson Greer, had reportedly pushed to close the data centers loophole and blamed Mr. Lutnick for resisting tighter restrictions and failing to sanction Megaspeed. Other departments wanted to blacklist the Singaporean company, Mr. Bessent told CNBC last Friday. But the Commerce Department “has the pen” and ultimate authority over export rules.

Ann Wang/Reuters/File

Nvidia CEO Jensen Huang (right) shakes hands with a supporter while Alice Huang, an executive at a Singaporean company, looks on in Taipei, Taiwan, June 2, 2024. Mr. Huang resigned in the wake of news reports that he and Ms. Huang, who is alleged to be a Chinese spy, had had an extramarital affair.

The new rules on chip exports were released by the Commerce Department, but expressly say they were “written by and at the direction” of the Department of the Treasury and the National Security Council. This is unprecedented, noted Chris McGuire, a senior fellow at the Council on Foreign Relations. “That implies that Commerce was dragged kicking and screaming over the finish line by the White House and Treasury,” he wrote on X .

Asked by reporters about Mr. Bessent and Mr. Lutnick, both of whom are traveling with him to Asia, Mr. Trump on Monday framed the rift as a policy disagreement. “One wants to be friendly with China,” he said, referring to Mr. Lutnick, “and one wants to have a blowup with China.”

The president has built a personal relationship with Mr. Huang, whom he defended last week. He has repeatedly praised Nvidia, in which he owns millions of dollars in stock as part of a portfolio the White House says he doesn’t manage.

In May 2025 , Mr. Trump reversed Biden-era restrictions on which chips Nvidia could export to China, a move Mr. Huang welcomed. Last December, the president announced plans to allow approved Chinese companies to buy a newer, more powerful chip , while keeping restrictions on Nvidia’s most cutting-edge technology. Nvidia is among the largest donors to Mr. Trump’s White House ballroom

WORD NOTES

32 terms

unprecedented*

adj never having happened before

testify*

v to give evidence formally in a legal or official setting

compliance*

n the act of obeying rules or regulations

authorize*

v to give official permission or power

appropriations*

n money officially allocated for a specific purpose

circumvent*

v to find a way around a rule or restriction

underscoring*

v to emphasize or make more evident

US tightens rules on chip exports. But divisions over AI and China persist. / continued

renovation project, contributing $25 million, The Washington Post reported last month . The company also donated to his inauguration fund.

What is Congress doing on this issue?

There is broad support on both sides of the aisle in Congress for investigations into Nvidia and for tightening regulations. “I think export controls, especially not selling high-end manufacturing equipment to communist China, has got broad bipartisan support,” GOP Sen. Pete Ricketts of Nebraska told reporters on Tuesday.

Republican Sen. John Kennedy of Louisiana struck an even more critical note. “It’s clear to me that the Department of Commerce has been allowing China to circumvent our export controls, and I want to know why, and I want to know how, and I want to know what we’re going to do to stop it,” he told reporters.

Democrats are expected to step up congressional investigations after they take control in January. Some are starting to look at Nvidia-related conflicts of interest in the Trump administration and Mr. Trump’s close ties with Mr. Huang.

Mr. Lutnick is due to appear before the Senate Banking Committee on Dec. 10. His deputy, Jeffrey Kessler, who oversees export controls, has also been asked to testify. The Senate Banking Committee is one of several in the House and Senate that have requested briefings from Mr. Huang and Nvidia’s general counsel. (Nvidia announced Monday that it had set up a committee to oversee compliance with national security and export control regulations.)

Several bills related to export controls on AI equipment and semiconductors have already been introduced in Congress. Some Democrats want to attach them to a must-pass defense appropriations bill as a way to pressure the White House.

Deepen your worldview with Monitor Highlights.

Politics with respect Get political stories with respectful analysis.

There‘s a world of new ideas in every Books newsletter .

There‘s more to life, enrich yours with Culture & Learning weekly.

Follow humanity‘s discoveries with Science & Nature stories in your inbox.

Gain a spiritual perspective from the stories in your inbox.

Want to understand the deeper impact of critical events? Learn the Monitor‘s insight .

Already a subscriber? Log in to hide ads .

It’s important that Congress authorize “the strongest litigation-proof authority as possible” for regulators, says Ms. Kilcrease, who directs the energy,

WORD NOTES

32 terms

rift*
n a serious break in relations

inauguration
n the ceremony of formally taking office

extramarital
adj occurring outside marriage

loophole
n a gap in rules that allows evasion of restrictions

indicted
v to formally charge someone with a crime

export-control
n government restrictions on exporting certain goods or technology

procurement
n the process of obtaining supplies or equipment

US tightens rules on chip exports. But divisions over AI and China persist. / continued

economics, and security program at the Center for a New American Security, a think tank in Washington. She adds, “I’m not sure how much I trust the administration on export controls right now.”

Simon Montlake reported from Boston and Victoria Hoffmann reported from Washington.

ALREADY A SUBSCRIBER? Login

Real news can be honest, hopeful, credible, constructive.

The Christian Science Monitor was founded in 1908 to lift the standard of journalism and uplift humanity. We aim to “speak the truth in love.” Our goal is not to tell you what to think, but to give you the essential knowledge and understanding to come to your own intelligent conclusions. Join us in this mission by subscribing.

WORD NOTES

32 terms

blacklist

v to put on a list of banned or untrusted entities

bipartisan

adj supported by both political parties

regulators

n an official body that supervises an industry

humanity

n. all human beings