

US lawmakers were angry when Huawei introduced laptops with new Intel AI chips

Republican US lawmakers on April 12 criticized the Biden administration after Chinese telecommunications equipment giant Huawei introduced a laptop equipped with a new Intel AI chip.

The US placed Huawei on its trade blacklist (entity list) in 2019 for violating Iran-related sanctions, part of a broader effort to hinder China's technological advances. This means companies in the US must apply for a special license from the government before shipping goods to Huawei.

One such license, issued by the Trump administration, has allowed Intel to ship central processing units (CPUs) to Huawei for use in laptops starting in 2020.

Many China hawks have called on the Biden administration to revoke that license, but it is known that it will expire at the end of 2024 and not be renewed.

On April 11, Huawei launched its first artificial intelligence (AI)-powered laptop called MateBook X Pro, equipped with a new Intel Core Ultra 9 processor. This shocked and angered many US lawmakers, angry because he learned that the Department of Commerce had approved new Intel chip shipments to Huawei.

Elise Stefanik (Republican congressman) wrote in a post on social network X that the laptop "clearly shows" that the US Department of Commerce has given the green light to new chip shipments to Huawei.

Elise Stefanik stated: 'It is unacceptable that the Biden administration is actively working to undermine US national security by allowing our greatest strategic adversary access to advanced US technology '.

The US Department of Commerce declined to comment. Huawei and Intel did not immediately respond when Reuters asked for comment on this topic.

Michael McCaul, another Republican congressman, echoed Elise Stefanik's comments in an emailed statement to Reuters. He wrote: 'These approvals must stop. Two years ago, I was informed that licensing to Huawei would be stopped. To date, it seems this policy has not changed.'



According to a Reuters source familiar with the matter, the Intel AI chip is shipped under an existing license. They are not affected by widespread new restrictions on AI chip shipments to China, the source and another person said.

In mid-March, Reuter reported that Intel was still allowed to sell CPUs worth millions of dollars to Huawei.

US President Joe Biden has long been under pressure to revoke the license issued by the Trump administration, allowing Intel to sell advanced CPUs to Huawei for use in laptops.

Pressure comes from Intel's rival AMD and anti-China US lawmakers who are seeking to stop all sales to companies in this Asian powerhouse. AMD argued that it was unfair that it did not receive a license to sell similar CPUs to Huawei.

Intel's ability to retain a license to sell CPUs, while AMD is unable to obtain similar powers, highlights the uneven and uncertain situation companies face as the US seeks to limit China's access to technology. advanced technology.

That allows Huawei to maintain a small but growing share of the global laptop market, while AMD is deprived of hundreds of millions of dollars in sales to the Chinese telecommunications giant.

Emma Xu, an analyst at technology market research firm Canalys, said: 'The majority of CPUs used in Huawei laptops are still from Intel, so any further restrictions from the US will make Huawei's laptop production difficult. becomes quite difficult'.

The Chinese Embassy in Washington described the restrictions on Huawei as "economic bullying", and called on the US to "stop overexaggerating the concept of national security to suppress Chinese companies".

Huawei, a symbol of the years-long technology war between the US and China, was placed on a trade blacklist by the Trump administration in 2019. American suppliers are often prevented by the government from selling anything What for companies on the trade blacklist? But at the end of 2020, right before Mr. Trump left the position of US President, the Department of Commerce granted US companies, including Intel, special rights to sell some products to Huawei.

A source said AMD applied for a license to sell similar CPUs in early 2021 after President Joe Biden took office but never received a response to its application.

Reuters could not determine why Intel was granted a license and AMD was not. However, the impact on Huawei laptop sales was immediate. Sales of Huawei laptops containing AMD chips decreased from 47.1% in 2020 to 9.3% in the first half of 2023, according to AMD's internal presentation with data taken from NPD and GfK.

According to the presentation, the market share of Huawei laptops containing Intel chips jumped during this period from 52.9% to 90.7%. That leaves the two US companies with an "estimated revenue gap" of up to \$512 million by early 2023.

Circana (formed last year from the merger of NPD and IRI) and GfK (now owned by NIQ) declined to comment on the matter.

According to Reuters, the effort to revoke Intel's license seemed to have results in 2023 when a US government official said that the licensing policy for Huawei was being reviewed and the US Department of Commerce would fix the inconsistency. But by the end of 2023, the US Department of Commerce shelved the plan to revoke the license without giving a reason, and emphasized that the plan could be revived at a later time.

Reuters does not know why the US Department of Commerce abandoned its plan to revoke Intel's license. However, this action comes as the US is trying to re-establish relations with China, including resuming military talks, after a Chinese reconnaissance balloon was discovered in American airspace last winter worsened relations between the two superpowers.

Sources from Reuters said Intel's license is expected to expire at the end of 2024 and is unlikely to be renewed. Meanwhile, Huawei continues to rely heavily on Intel chips for its laptops.

Huawei's laptop market share has increased from 2.2% in 2018 to 9.7% in 2023 as it replaces Dell as China's third largest laptop manufacturer, according to market research firm Canalys.

In early March, AMD received another bad news from the Biden administration. More specifically, US officials informed AMD that the AI chip it designed specifically for the Chinese market was still too powerful to be sold without a license.

Previously, AMD had hoped to get the green light from the US Department of Commerce to sell AI chips to Chinese customers because it was modified to have lower performance than products the company sold in other countries. However, US officials said that AMD still needs to apply for a license from the Department of Industry and Security of the US Department of Commerce to sell AI chips to China.

Nvidia, AMD's rival, has also continuously downgraded its powerful AI chips for sale to China in an effort to overcome increasingly tight US restrictions on semiconductors.

The United States is trying to limit China's access to advanced semiconductors that can develop AI models and the equipment to produce those chips out of concern that the Asian power will gain a military advantage.

The Joe Biden administration announced an initial package of export controls in 2022 and further tightened them in October 2023.

On March 29, the Biden administration revised the sweeping export controls it implemented in October 2023, making it harder for China to access advanced AI chips, semiconductor manufacturing equipment and even laptops integrate those chips. The revised regulations will take effect from April 4.

According to Gina Raimondo - US Secretary of Commerce, this limited update is intended to fill gaps in previous measures and prevent China's development of AI for military purposes.

China opposes the revised US export control measures announced on March 29, and criticizes the Biden administration for arbitrarily changing the rules and harming the interests of even Chinese companies. and America.

A representative of China's Ministry of Commerce said: 'It not only creates additional obstacles for Chinese and American companies in carrying out normal economic and trade cooperation, but also imposes a heavier compliance burden. but also harms the global semiconductor industry'.

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