Press Release

Trump’s Political Tax on Nvidia Chips to China

ALLIE WATSON | AUGUST 12, 2025

In late July, the Trump Administration announced a reversal of its own policy banning the sale of Nvidia H20 chips to China, originally justified for national security reasons, in return for a 15-percent share of the sales revenue. In a new insight, Director of Technology and Innovation Policy Jeffrey Westling discusses the concerning implications of the administration’s actions.

Key points:

> - *The Trump Administration’s deal with Nvidia on its H20 chips, which were designed to comply with previous export restrictions, overrides the administration’s own export controls put in place due to national security concerns.*
> - *While reversing course on export controls could be justified as a policy matter, the impetus for the change instead appears to be an agreement for Nvidia to pay the U.S. government 15 percent of its revenue from chips sales in China, casting doubt onto the national security justifications of the action.*
> - *If the Trump Administration continues to leverage U.S. national security for its own benefit, policymakers could inadvertently ignore legitimate national security risks under the assumption that the claimed risks are again just leverage for the administration.*

Read the analysis.