Outgoing Biden administration announces sweeping AI controls

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The outgoing Biden administration has announced a series of regulations aimed at trying to control the global development and use of advanced computer chips employed in the development of artificial intelligence.

The new regulations, announced by the Commerce Department on Monday, are aimed at establishing a three-tier system for the export of AI-related chips. For the top tier, which comprises the G7 countries and a series of those deemed to be US allies, including Australia, New Zealand, South Korea and Taiwan, no restrictions will be imposed.

For the third tier, which comprises China, Iran, Russia and North Korea, there will be a total ban on exports.

For the second tier, numbering around 120 countries, the US will set limits on how many AI-related chips they are able to receive through a licensing system. According to the Commerce Department statement, licence applications will be reviewed "under the presumption of approval" until the total number of chips exported or re-exported reaches a certain allocation. Once that happens, applications will be reviewed "under a policy of denial."

The new measures are specifically targeted at China, reflecting the overriding fear in US political and, above all, military and intelligence circles that its development of AI, regarded as the economic and technological wave of the future, will undermine US global hegemony and constitute an existential threat that must be countered at all costs.

But they do not stop at China. As the Wall Street Journal noted, "a broad category of more than 120 other countries, including US allies in the Middle East and Asia, are set to face new hurdles in setting up huge AI computing facilities."

Without being directly named, China was at the forefront of official statements accompanying the new regulations.

Commerce Secretary Gina Raimondo said they would "allow us to protect against the national security risks associated with AI" and took into account the evolution of AI technology and "the capabilities of our adversaries."

One of the aims of the new measures is to close avenues by which China is able to bypass the already existing restrictions on its acquisition of chips by obtaining them from other countries.

National Security Advisor Jake Sullivan said the new regulations provided "greater clarity to our international partners and counter the serious circumvention and related national security risks posed by countries of concern and malicious actors who may seek to use the advanced technologies against us."

The new measures have brought a storm of opposition from high-tech AI companies on the grounds that, rather than constricting China's development, they may even enhance it and will weaken the position of US companies in the global battle for markets.

Summing up their outlook, the Wall Street Journal reported: "Industry officials say if US companies had to go through red tape in Washington every time they tried to sell an advanced chip or server overseas, customers would get fed up and opt for more stable and reliable Chinese alternatives, even if inferior.

"That," they said, "would give the Chinese industry the foothold it needs to catch up and dominate the AI business globally, replicating Chinese companies' lead in high-tech areas such as electric vehicles and solar panels."

The opposition goes across the board.

Jason Oxman, the head of the Information Technology Industry Council, which represents many AI and software companies, said the controls threatened to "fragment global supply chains and discourage the use of US technology."

He said the measures paid little attention to their "impact on US competitiveness and global alliances" and called on the incoming Trump administration to withdraw them and "engage with industry" to address national security concerns.

Ned Finkle, vice president of government affairs at Nvidia, widely regarded as having the leading place in the development of AI technology, said the rules were "cloaked in the guise of an 'anti-China' measure'" but would "do nothing to enhance US security."

"The new rules would control technology worldwide, including technology that is already widely available in

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mainstream gaming PCs and consumer hardware. Rather than mitigate any threat, the new Biden rules would only weaken America's global competitiveness, undermining the innovation that has kept the US ahead."

John Neuffer, head of the Semiconductor Industry Association, said: "The new rule risks causing unintended and lasting damage to America's economy and global competitiveness by ceding strategic markets to our competitors."

Oracle executive vice president Ken Glueck said the new rules were the "mother of all regulations" and did "more to achieve extreme regulatory overreach than protect US interests."

The measures have attracted support from those who insist that nothing must be allowed to stand in the way of the drive to maintain US hegemony against what they regard as the "China threat."

The sense of urgency with which they have been introduced was indicated in remarks by an unnamed "US official" cited by the Financial Times. Asked to comment on what the Trump administration would do, the official said that "time is really of the essence."

"We're in a critical window right now, particularly vis-à-vis China. If you think about where our models are today relative to the People's Republic of China models, the estimates range from being six to 18 months ahead right now, and so every minute counts."

Jimmy Goodrich, a senior adviser on technology to the Rand Corporation, which has served the US military for many decades, told the WSJ the rules were critical for US tech leadership and national security.

"It comes down to whether you think supercomputers capable of training the most advanced AI systems or modeling nuclear weapons should be in the US and close allied nations or not," he said.

The new rules appear to have led to differences within the Republican Party. Last week, as a draft was circulating in Washington, the WSJ reported that "a Republican-led House committee urged the administration to go through with the tough curbs, calling it a 'once-in-a-generation moment' to block Beijing's ambitions."

However, at the same time, Texas Republican and incoming chair of the Senate commerce committee Ted Cruz said the rules would "crush American semiconductor leadership." They had been drafted in secrecy without input from Congress or American companies, and he would be prepared to take action to have them overturned.

Raimondo is reported to have spoken to Trump's nominee to succeed her, Howard Lutnick, on the lead-up to announcing the new rules.

They will not go into effect immediately but will be subject to a 120-day comment period that will be conducted under the Trump administration. How the incoming administration attempts to square its ferocious anti-China policies with the opposition from its high-tech backers to them remains to be seen.

But however it plays out, the bringing forward of these measures has deep significance. It is an expression of the insistence by the military establishment, with which the Biden administration has been closely aligned, that whatever the objections of tech companies to measures that may hit their bottom line, the crushing of China's high-tech capacity is a strategic necessity.

This drive is rooted in the contradiction between the global development of the economy and its productive forces, including AI, and the nation-state system which US imperialism seeks to resolve by ensuring that it dominates the world economy using all means it considers necessary.

The fact that attempts by the US to impose rules and regulations in its interest come into headlong conflict with globalized production, including the international development of AI, does not mean it will cease and desist.

On the contrary, the more its efforts are frustrated on one front, the more it will develop other, more violent methods, including war, to achieve its objectives.

In his statement on the new rules, Sullivan said the US had a "national security" responsibility to preserve and extend American AI leadership so that it could "benefit people around the world."

In fact, the two are in violent opposition to each other. The vast benefits to be derived from AI can only be developed for the benefit of the people of the world through a socialist economy, established through the overthrow of capitalism and the imperialist system that arises from it.

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