

# **US Continues to Use Microchips as Economic Blackmail**



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2 min read

Just before Biden left office, the U.S. released its “Framework for Artificial Intelligence Diffusion”— a policy that set the stage for greater U.S. control over strategic technologies.

Details. The policy aims to introduce a global licensing regime for high-end chips used in artificial intelligence development. These chips are specifically engineered to handle massive parallel computations required for training large neural networks.

- ▶ The framework originally proposed a three-tier access system: Tier 1 allies like Taiwan would receive full access to advanced AI chips; Tier 2 countries would get limited access; Tier 3 states—China, Russia, Iran, North Korea—would be fully barred. This system is now being set aside in favour of state-to-state licensing agreements, with Trump's admin calling Biden's system “overly bureaucratic” and a hindrance to “innovation.”
- ▶ On May 15th, U.S. lawmakers passed a bill that demanded Nvidia and other AI chip producers disclose the locations of their exported microchips, citing concerns over smuggling to “nefarious actors.”

Context. The latest U.S. framework builds on earlier tech warfare efforts to isolate Chinese industry from key technologies. In 2022, Washington restricted companies like Nvidia from exporting their most advanced chips to China, a move that triggered outrage in Beijing and reciprocal bans on critical minerals like gallium and germanium — used in military optics and electronics.

- ▶ That same year, Biden signed the CHIPS Act (Creating Helpful Incentives to Produce Semiconductors), allocating \$280 billion—including \$39 billion in subsidies and major tax breaks—to boost domestic chip production and support U.S. monopolies.
- ▶ Despite these sanctions, Chinese developers made significant advances by using larger numbers of weaker “outdated” chips with more efficient architectures, demonstrated by systems like DeepSeek. This exposed the limits of hardware restrictions alone and led to calls to broaden control to include software, data and other elements of AI development.

Important to know. Microchips now underpin critical military, surveillance, industrial, and transport systems—making control over their production and flow a strategic priority. As a result, imperialist powers have turned “chip wars” into a central front in their broader struggle for global economic dominance.

- ▶ This new state-to-state strategy opens space for negotiation with third-party states and Chinese allies such as Iran or Russia. Countries once forced to pick sides may now be offered limited access in exchange for deeper alignment with U.S. trade, military, or political goals.