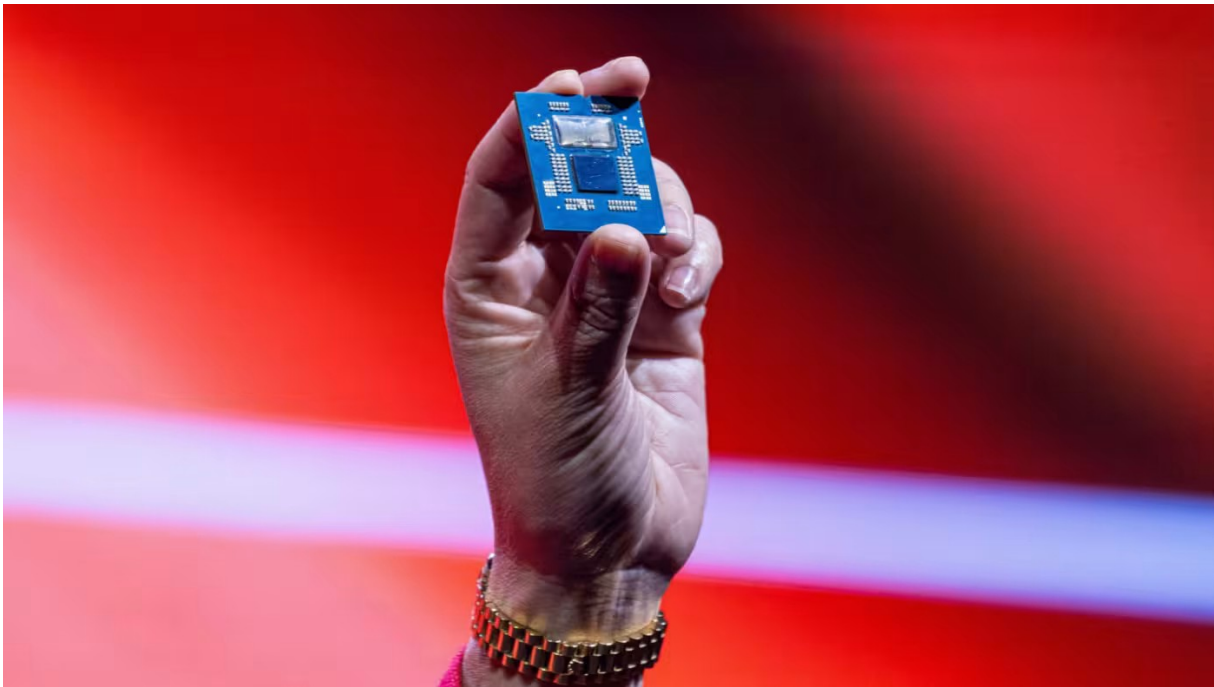


## US-China relations

### Nvidia and AMD to pay 15% of China chip sale revenues to US government

Chipmakers agree to unusual arrangement to secure export licences from Trump administration



Lisa Su, AMD chief, holds an artificial intelligence processor during the Computex conference in Taiwan last year © Bloomberg

**Demetri Sevastopulo** in Washington and **Michael Acton** in San Francisco

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Nvidia and AMD have agreed to give the US government 15 per cent of the revenues from chip sales in China, as part of an unusual arrangement with the Trump administration to obtain export licences for the semiconductors.

The two chipmakers agreed to the financial arrangement as a condition for obtaining export licences for the Chinese market that were granted last week, according to people familiar with the situation, including a US official.

The US official said Nvidia agreed to share 15 per cent of the revenues from H20 chip sales in China and AMD will provide the same percentage from MI308 chip revenues. Two people familiar with the arrangement said the Trump administration had not yet determined how to use the money.

The Financial Times reported on Friday that the commerce department started issuing H20 export licences on Friday, two days after [Nvidia chief executive Jensen](#)

[Huang met President Donald Trump](#). The US official said the administration had also started issuing licences for AMD's China chip.

The quid pro quo arrangement is unprecedented. According to export control experts, no US company has ever agreed to pay a portion of their revenues to obtain export licences. But the deal [fits a pattern](#) in the Trump administration where the president urges companies to take measures, such as domestic investments, for example, to prevent the imposition of tariffs in an effort to bring in jobs and revenue to America.

AMD did not respond to a request for comment. Nvidia did not deny that it had agreed to the arrangement. It said: "We follow rules the US government sets for our participation in worldwide markets".

Bernstein analysts estimate that, based on Nvidia's guidance before the controls kicked in earlier this year, it would have sold around 1.5mn H20 chips to China in 2025, generating around \$23bn in revenue.

The move follows controversy over the H20 chip. Nvidia tailored the H20 for the Chinese market after President Joe Biden imposed tough export controls on more advanced chips used for artificial intelligence.

In April, the Trump administration said it would ban H20 exports to China. However, Trump reversed course in June after meeting Huang at the White House. Over the following weeks, Nvidia become concerned because the Bureau of Industry and Security [BIS], the arm of the commerce department that runs export controls, had not issued any licences.

Huang raised the issue with Trump on Wednesday, according to people familiar with the exchange, and BIS [started issuing licences](#) on Friday.

The H20 revenue deal comes as Nvidia and the Trump administration face criticism over the decision to sell the chip to China. US security experts say the H20 will help the Chinese military and undermine US strength in artificial intelligence.

"Beijing must be gloating to see Washington turn export licences into revenue

streams,” Liza Tobin, a China expert who served on the National Security Council in the first Trump administration, now at the Jamestown Foundation.

“What’s next — letting Lockheed Martin sell F-35s to China for a 15% commission?”

Some BIS officials have also expressed concern about the reversal, according to people familiar with the situation.

In a recent letter to commerce secretary Howard Lutnick, Matt Pottinger, a China expert who was deputy national security adviser in Trump’s first term, and 19 other security experts urged the US not to grant H2O licences.

They said the H2O was a “potent accelerator of China’s frontier AI capabilities” and would ultimately be used by the Chinese military. Nvidia said the claims were “misguided” and rejected the notion that China could use the H2O for military purposes.

On Saturday, Nvidia said: “While we haven’t shipped H2O to China for months, we hope export control rules will let America compete in China and worldwide. America cannot repeat 5G and lose telecommunication leadership. America’s AI tech stack can be the world’s standard if we race.”

The debate in Washington over export controls policy for chips comes as the [US and China](#) are holding trade talks that Trump hopes will pave the way to a summit with China’s President Xi Jinping. The FT previously reported that the commerce department has been told to freeze new export controls on China to avoid antagonising Beijing.

Concerns that Trump may ease controls to please China come as [Beijing pushes for](#) relaxing controls on high-bandwidth memory (HBM) chips, a critical component for manufacturing advanced AI chips.

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