

Nvidia Faces \$5.5 Billion Loss from New US Chip Export Rules to China

Description

Nvidia, the prominent microchip manufacturer, has disclosed a projected financial setback of \$5.5 billion (£4.2 billion) following the recent tightening of export regulations to China by the United States government. This adjustment is poised to have significant ramifications for Nvidia, a company integral to the burgeoning artificial intelligence (AI) sector, as it will now necessitate licenses for the export of its highly sought-after H20 AI chip to China.

The new regulations emerge amid a deepening trade conflict between the US and China, with both nations imposing substantial tariffs on a wide array of goods. In the wake of this announcement, Nvidia's stock plummeted nearly 6% during after-hours trading.

On Tuesday, Nvidia stated that the US government informed the company that a permit would now be required for the sale of the H20 chip to China, inclusive of Hong Kong. Federal officials informed the company that this licensing requirement would remain "in effect for the indefinite future." Nvidia underscored that the government indicated this measure addresses the risk of the technology being misappropriated for use in supercomputers within China.

Marc Einstein from Counterpoint Research affirmed that Nvidia's \$5.5 billion estimate aligns with his own projections, suggesting that while the financial burden is considerable, Nvidia possesses the capacity to endure such a loss. He speculated that these developments might serve as leverage in negotiations, anticipating potential exemptions or modifications in tariff policies soon.

Chips have emerged as a critical battleground in the ongoing US-China competition for technological dominance. President Trump is eager to catalyze a manufacturing process that has historically taken other regions decades to refine. Nvidia's AI chips have become a focal point of US export restrictions, a pivot that underscores the company's transition since its founding in 1993, originally as a purveyor of graphics processing chips predominantly for gaming. Over the years, Nvidia has adeptly integrated features that bolster machine learning capabilities, positioning itself as a pivotal player in the rapid proliferation of AI technologies across various sectors.



Vocabulary List:

1. **Disclosed** /dɪs'kloʊzd/ (verb): Made (something) known or revealed.
2. **Projected** /prə'dʒɛk.tɪd/ (adjective): Estimated or forecasted based on current trends.
3. **Regulations** /,rɛg.jə'leɪ.fənz/ (noun): Rules or directives made and maintained by an authority.
4. **Significant** /sɪg'nɪfɪkənt/ (adjective): Important and deserving of attention.
5. **Ramifications** /,ræməfɪ'keɪʃənz/ (noun): Consequences or outcomes that result from an action or decision.
6. **Proliferation** /prə,lɪf.ə'reɪ.ʃən/ (noun): Rapid increase or spread.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is the term used to describe discussions held to reach an agreement?
Option: Advancements
Option: Negotiations
Option: Rejuvenate
Option: Skepticism
2. Which term means to surrender or give in to pressure?
Option: Capitulate
Option: Levying
Option: Ameliorate
Option: Malaise
3. Which term refers to a general feeling of discomfort unease or depression?
Option: Prosperity
Option: Volatility
Option: Malaise
Option: Impeding
4. What is the term for the process of making something stable or steady?
Option: Escalated
Option: Strain
Option: Stabilization
Option: Industriousness
5. Which term means to make something or someone look or feel younger fresher or more lively?



- Option: Ramifications
- Option: Rejuvenate
- Option: Preeminence
- Option: Contingent

6. What term means superiority over others in status or position?

- Option: Disclosed
- Option: Projected
- Option: Preeminence
- Option: Regulations

7. Which term describes measures that are excessively harsh or severe?

- Option: Levying
- Option: Draconian
- Option: Contingent
- Option: Significant

8. Which term means a rapid increase in numbers or widespread existence?

- Option: Negotiations
- Option: Proliferation
- Option: Escalated
- Option: Embark

9. What term is used to describe something that has increased in intensity or extent?

- Option: Trepidation
- Option: Impeding
- Option: Ameliorate
- Option: Escalated

10. What are the consequences or implications of an action or event?

- Option: Emboldened
- Option: Ramifications
- Option: Prosperity
- Option: Stabilization

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The success of the project was largely due to the _____ of the team members.

12. She approached the interview with a sense of _____ unsure of what to expect.

13. Investing in the stock market comes with a high level of _____ due to rapid price



changes.

14. The decision to cut costs had unforeseen _____ on employee morale.
15. The government announced that it would be _____ new taxes on imported goods.
16. The company _____ details of the merger in a press release.
17. Based on current trends the analysts _____ a decrease in sales for the next quarter.
18. Compliance with industry _____ is essential to avoid penalties.
19. The discovery of a new treatment for the disease is a _____ breakthrough in medical science.
20. Efforts are underway to _____ the living conditions in the poverty-stricken region.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The research team's efforts led to significant technological breakthroughs and in the field.
22. There was widespread among the public regarding the effectiveness of the new government policies.
23. After years of preparation the explorers were finally ready to on their journey to the unknown.
24. The constant pressure and workload started to take a toll on his health leading to increased .
25. The lack of funding was progress on the construction project.
26. A sense of lingered over the company following the announcement of layoffs.
27. The economic reforms resulted in a period of unprecedented growth and for the nation.
28. The success of the event was on favorable weather conditions.
29. The charity's mission is to the suffering of impoverished communities around the world.
30. The remarkable progress made by the team was a testament to their dedication and .



Answer

Multiple Choice: 1. Negotiations 2. Capitulate 3. Malaise 4. Stabilization 5. Rejuvenate 6. Preeminence
7. Draconian 8. Proliferation 9. Escalated 10. Ramifications

Gap-Fill: 11. Industriousness 12. Trepidation 13. Volatility 14. Repercussions 15. Levying 16. Disclosed
17. Projected 18. Regulations 19. Significant 20. Ameliorate

Matching sentence: 1. Advancements 2. Skepticism 3. Embark 4. Strain 5. Impeding 6. Malaise 7. Prosperity
8. Contingent 9. Ameliorate 10. Industriousness

CATEGORY

1. Business - LEVEL6

Date Created

2025/04/17

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