



Nvidia Shares Drop \$5.5B Due to China Export Restrictions

Description

Shares in Nvidia took a significant dive on Wednesday after the computer chip powerhouse announced it would incur \$5.5 billion (£4.2 billion) in costs due to tightened US export restrictions on technology going to China.

Nvidia, a key player in the artificial intelligence (AI) boom, has been informed that it will now need licenses to export its popular H20 AI chip to China, including Hong Kong.

These regulations are a part of an escalating trade conflict between the US and China, with both nations imposing heavy tariffs on a variety of goods.

Consequently, Nvidia's shares fell close to 7% on Wednesday, while the Nasdaq exchange, where it is listed, ended the day down by 3.1%.

On Tuesday, the company revealed that federal officials had communicated last week that a permit is required for selling the H20 chip to China.

Nvidia stated that this license mandate "will be in effect for the indefinite future" and serves to mitigate risks concerning the potential use of their products in Chinese supercomputers.

When approached for further comment by the BBC, the company remained tight-lipped.

Industry expert Marc Einstein noted that the estimated \$5.5 billion impact aligns with his projections, but emphasized that Nvidia is likely in a position to absorb this financial burden.

He also remarked that this situation could merely be a strategic negotiating maneuver, suggesting the possibility of future exemptions to tariff policies, as these restrictions affect not just Nvidia, but the entire US semiconductor landscape.

Vocabulary List:

1. **Significant** /sɪɡ'nɪfɪkənt/ (adjective): Of considerable importance size or worth.
2. **Incurs** /ɪn'kɜːr/ (verb): To bring upon oneself; to become liable to.
3. **Regulations** /ˌrɛɡjʊ'leɪʃənz/ (noun): Rules or directives made and maintained by an authority.
4. **Mitigate** /'mɪtɪɡeɪt/ (verb): To make less severe serious or painful.
5. **Burden** /'bɜː.dən/ (noun): A load typically a heavy one; a source of stress or worry.
6. **Tariffs** /'tærɪfs/ (noun): Taxes imposed by a government on imported goods.



Comprehension Questions

Multiple Choice

1. What caused shares in Nvidia to drop significantly on Wednesday?
Option: Tightened US export restrictions on technology going to China
Option: Decrease in demand for AI chips
Option: Natural disaster affecting production facilities
Option: Management reshuffle within the company
2. Why does Nvidia now need licenses to export its H20 AI chip to China?
Option: To satisfy new legal regulations
Option: To restrict its market presence in China
Option: To comply with environmental standards
Option: To increase the chip's exclusivity
3. What was the impact on Nvidia's shares after the announcements?
Option: Fell close to 7%
Option: Increased by 10%
Option: Remained unchanged
Option: Dropped by 2%
4. Which exchange saw a decrease of 3.1% due to Nvidia's situation?
Option: Nasdaq
Option: New York Stock Exchange
Option: London Stock Exchange
Option: Tokyo Stock Exchange
5. Why did Nvidia state that a license for the H20 chip would be required indefinitely?
Option: To prevent misuse in Chinese supercomputers
Option: To limit competition from other chip manufacturers
Option: To increase production costs
Option: To comply with consumer demands
6. What did industry expert Marc Einstein suggest as a possibility regarding the situation?
Option: Future exemptions to tariff policies



- Option: Permanent trade restrictions
- Option: Company bankruptcy
- Option: Global acceptance of the new regulations

True-False

7. Nvidia incurred \$5.5 billion in costs due to loosened US export restrictions.
8. The license mandate for exporting H20 chips to China will not have a time limit.
9. The BBC received detailed comments from Nvidia regarding the situation.
10. Marc Einstein predicted that Nvidia will struggle to cope with the financial impact.
11. The US semiconductor landscape is unaffected by the new restrictions.
12. The situation with China is the sole reason for Nvidia's share drop.

Gap-Fill

13. Nvidia announced it would incur \$5.5 billion in costs due to tightened US export restrictions on technology going to _____.
14. Federal officials communicated that a permit is required for selling the H20 chip to _____.
15. Industry expert Marc Einstein noted that Nvidia is likely in a position to absorb this financial burden of \$5.5 billion due to their solid _____.
16. The license mandate for exporting H20 chips serves to mitigate risks concerning the potential use of their products in Chinese _____.
17. Marc Einstein suggested the possibility of future exemptions to tariff policies, as these restrictions



affect not just Nvidia, but the entire US semiconductor _____.

18. Nvidia's shares fell close to 7% on Wednesday, while the Nasdaq exchange, where it is listed, ended the day down by _____.

Answer

Multiple Choice: 1. Tightened US export restrictions on technology going to China 2. To satisfy new legal regulations 3. Fell close to 7% 4. Nasdaq 5. To prevent misuse in Chinese supercomputers 6. Future exemptions to tariff policies

True-False: 7. False 8. True 9. False 10. False 11. False 12. False

Gap-Fill: 13. China 15. financials 16. supercomputers 17. landscape 18. 3.1%

Vocabulary quizzes

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

1. Which word describes something of great importance or significance?

- Option: Staggering
- Option: Landmark
- Option: Victory
- Option: Monumental

2. What is the term for discussions aimed at reaching agreements or settlements?

- Option: Acknowledged
- Option: Skeptical
- Option: Negotiations
- Option: Confusion

3. What is the action of ensuring compliance with laws rules or regulations?

- Option: Influx
- Option: Loophole
- Option: Enforcement
- Option: Mitigate

4. Which word describes actions taken in response to harm or provocation?

- Option: Reprieve
- Option: Frustration



Option: Retaliatory

Option: Optimism

5. What term describes the act of sending or transporting goods?

Option: Customs

Option: Shipment

Option: Regulations

Option: Enforcement

6. Which word describes working together with others towards a common goal?

Option: Influx

Option: Loophole

Option: Collaborating

Option: Mitigate

7. Which word conveys hopefulness and confidence about the future?

Option: Negotiations

Option: Tariffs

Option: Optimism

Option: Apparent

8. What term refers to the official department that administers and collects duties on imported goods?

Option: Incurs

Option: Regulations

Option: Mitigate

Option: Customs

9. Which word means clearly visible or understood?

Option: Reprieve

Option: Frustration

Option: Acknowledged

Option: Apparent

10. What term refers to rules or directives made and maintained by an authority?

Option: Loophole

Option: Significant

Option: Tariffs

Option: Regulations

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



11. The impact of the new policy on the economy was _____.
12. Complying with the additional regulations placed a heavy _____ on small businesses.
13. Failure to follow the guidelines may result in the company _____ penalties.
14. Announcing the decision _____ caused confusion among the team.
15. The sudden _____ of orders overwhelmed the production team.
16. Efforts were made to _____ the impact of the new regulations on consumers.
17. The government decided to increase _____ on imported goods.
18. The sudden change in policy led to widespread _____ among the citizens.
19. The clever lawyer found a _____ in the regulations that allowed her to win the case.
20. The repeated delays caused a lot of _____ among the customers waiting for their orders.

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

21. The company publicly the mistake and promised to rectify it.
22. The financial report revealed a increase in profits compared to last year.
23. The team celebrated their hard-earned in the final match of the season.
24. The extension granted a temporary from the impending deadline.
25. Despite the promising results some investors remained about the long-term prospects.
26. The presentation skillfully the importance of customer feedback in product development.
27. It was that more resources were needed to complete the project on time.
28. The top seed secured another in the tennis tournament maintaining an unbeaten record.
29. The groundbreaking discovery was considered a scientific in the field of medicine.



30. The constant technical issues led to growing among the software users.

Answer

Multiple Choice: 1. Monumental 2. Negotiations 3. Enforcement 4. Retaliatory 5. Shipment 6. Collaborating 7. Optimism 8. Customs 9. Apparent 10. Regulations

Gap-Fill: 11. significant 12. burden 13. incurring 14. prematurely 15. influx 16. mitigate 17. tariffs 18. confusion 19. loophole 20. frustration

Matching sentence: 1. Acknowledged 2. Staggering 3. Victory 4. Reprieve 5. Skeptical 6. Emphasizes 7. Apparent 8. Victory 9. Landmark 10. Frustration

CATEGORY

1. Business - LEVEL4

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