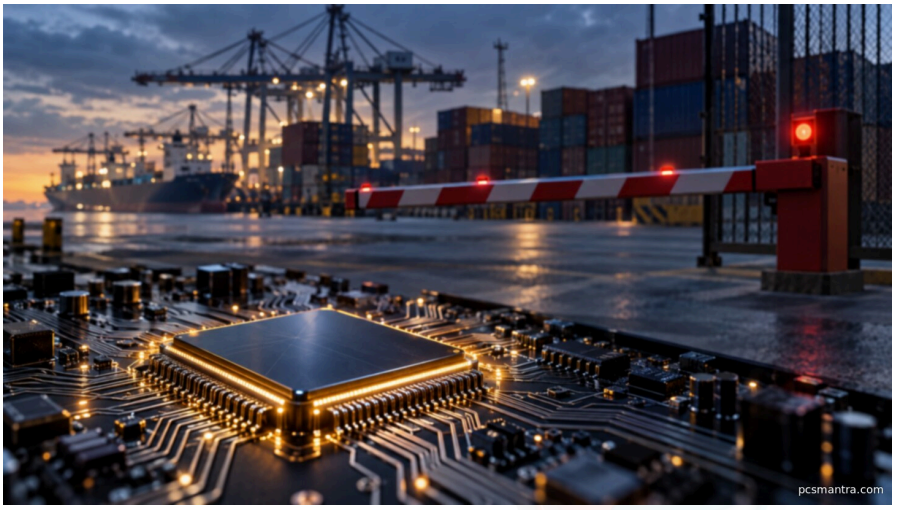
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US AI chip curbs: the new remote-access rule, China's objection and what it means

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Prelims: BIS, export controls, semiconductors, AI Diffusion Rule



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Why in the news?

On 16 November 2026 the Bureau of Industry and Security (BIS) of the US Commerce Department released an interim final rule titled "Addressing Remote Access to Advanced Semiconductors". According to the official BIS release, the rule is designed to ensure that existing restrictions on sensitive American technology cannot be circumvented through remote computing arrangements involving data centres in third countries. The release says the rule was written by and at the direction of the Department of the Treasury and the National Security Council.

China condemned the rule on 17 November. Foreign ministry spokesman Guo Jiakun called it "economic coercion" and "long-arm jurisdiction", saying the US was repeatedly overstretching the concept of national security and abusing export controls. China's commerce ministry expressed "firm opposition" and warned of countermeasures if the US persists.

What does the new rule say?

Based on the BIS release and news reports, the main points are:

- Section 744.24 of the official public-inspection text sets an end-use licence control for covered chip exports, reexports and in-country transfers where there is knowledge that a data centre will provide **more than 12,000,000 aggregate TPP**, at one or linked data centres, to or for a company headquartered in Macau or Country Group D:5, or with an ultimate parent headquartered there.

- Covered advanced chips destined for Indonesia, Malaysia, Singapore, Thailand or Brazil face a new destination-based licence requirement. An exclusion applies to US-headquartered recipients or those with a US-headquartered ultimate parent when specified reporting requirements are met.
- The text formally rescinds regulations implementing the AI Diffusion Rule. Data centres already providing the relevant compute access before publication must obtain a licence within 90 days of the effective date to continue it. This is not a general 90-day exemption for all transactions. The public-inspection page schedules publication for 19 November 2026; the text ties effectiveness to publication.

The rule is not a blanket ban on chip sales; it is licence-based control over "remote access" and indirect reach through third countries.

Export controls and long-arm jurisdiction: the concepts

Export control means a country imposing licences and conditions on the export of its sensitive technology, products or software. In the US this is done by BIS under the Export Administration Regulations (EAR). The distinctive feature of the US system is that its rules can reach transactions outside US soil where US-origin technology is involved - critics call this extraterritorial reach "long-arm jurisdiction".

TPP (total processing performance) is the metric of a chip's computing capacity used to decide which chips fall under control. Country Group D:5 is the US list of destinations under US arms embargoes.

Related reading: India-Japan Relations: Economic Security and the Challenge of Projects

What it means for India

India is not one of the five newly named destinations, but end-use controls and indirect effects are separate questions. One, Indian data centres and cloud firms serving companies headquartered in restricted countries may face licence requirements. Two, uncertainty in the global semiconductor supply chain can affect the cost planning of India's AI and electronics programmes. Three, Chinese countermeasures can unsettle trade in rare minerals and equipment linked to chipmaking.

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For India the balanced path is to speed up domestic semiconductor capability (the India Semiconductor Mission), keep technology cooperation with the US going, and support multilateral dialogue on international rules.

Mains analysis

The rule shows technology rivalry being run through export policy. China's objection shows that global supply chains are no longer separable from security policy. In the exam, read this on three axes: technology governance (who decides where AI capacity goes), the trade order (pressure on multilateral rules), and India's strategic autonomy (domestic capability versus alliance-based access).

Mains practice question

"The new US rule on AI chips shows that technology rivalry now runs through export policy." Evaluate this statement and bring out its implications for India. (250 words)

Answer outline

Introduction:

The BIS rule of 16 November 2026: licence control over remote access and third-country data-centre services; China's objection.

Main body:

Technology governance: the race to control AI capacity; technical metrics like TPP becoming policy tools.

Trade order: pressure on multilateral rules and supply chains; the possibility of countermeasures.

India: outside the restricted list but exposed indirectly; the role of the India Semiconductor Mission and technology partnerships.

Conclusion:

For India the balance lies in domestic capability, legitimate cooperation and support for multilateral dialogue.

Frequently Asked Questions (FAQ)

Is the new rule a complete ban on selling chips to China?

No. It is licence-based control. According to BIS, the aim is to stop existing restrictions being circumvented through data centres in third countries.

How did China respond?

China's foreign ministry called the rule "economic coercion" and "long-arm jurisdiction". The commerce ministry expressed "firm opposition" and spoke of countermeasures if needed.

What is BIS?

BIS, the Bureau of Industry and Security, is part of the US Commerce Department and enforces export controls (EAR) on sensitive technology.

How can the rule affect India?

India is not on the restricted list, but Indian data centres serving companies from restricted countries may face licence requirements, and supply-chain uncertainty can raise costs. Sources: BIS (official) - BIS Issues Rule Addressing Remote Access to American Super Intelligence Technology (16 November 2026) - https://www.bis.gov/press-release/bis-issues-rule-addressing-remote-access-american-super-intelligence-technology CNA/Reuters - China slams new US chip curbs, vows 'necessary measures' (17 November 2026) - https://www.channelnewsasia.com/world/china-slams-new-us-chip-curbs-vows-necessary-measures-6559376 Lianhe Zaobao - China says tighter US AI chip export controls undermine international trade order (17-18 November 2026) - https://www.zaobao.com.sg/en/news/china/china-says-tighter-us-ai-chip-export-controls-undermine-international-trade-order Official rule text: https://www.bis.gov/media/documents/rin-0694-ak50.pdf Public inspection: https://www.federalregister.gov/public-inspection/2026-23529/addressing-remote-access-to-advanced-semiconductors

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