# ByteDance plans $7 billion investment in Nvidia chips to bypass US export restrictions



ByteDance, the parent company of TikTok, is reportedly planning a significant investment of $7 billion to secure access to Nvidia chips through facilities located outside of China by the year 2025. This decision, as reported by The Information, marks a strategic effort by the company to navigate the ongoing US export restrictions that limit access to advanced semiconductor technology.

The discussions surrounding this investment involve ByteDance co-founder Zhang Yiming, who has been engaging with data centre operators throughout Southeast Asia in an effort to acquire the anticipated Blackwell chips from Nvidia upon their release. This latest development follows a noticeable trend among Chinese technology firms seeking alternatives to high-performance semiconductor technology amid tightening US export controls.

In June 2024, it was revealed that ByteDance had previously circumvented these restrictions by renting high-performance Nvidia chips from Oracle for its AI computing operations. Such tactics illustrate the adaptability and resourcefulness of companies in the sector as they aim to maintain their competitive edges in an increasingly regulated environment.

The planned investment underscores ByteDance’s ambition to position itself as a major global customer for Nvidia, potentially elevating it to one of the company’s most significant clients. Reports suggest that ByteDance has informed some data centre suppliers of an even larger potential budget exceeding $20 billion in 2025, encompassing not only AI chip acquisitions but also investments in data centres and supporting infrastructure, including undersea cabling.

The overarching strategy concerning semiconductor access is particularly relevant in light of heightened restrictions imposed by the US government, which has actively worked to limit advanced chip availability to Chinese entities. The Biden administration has enacted export bans on Nvidia and AMD’s cutting-edge graphics processing units (GPUs) to various Middle Eastern nations due to concerns that these countries may act as conduits for restricted technology.

As ByteDance expands its data centre capabilities, it aims to meet the rising demand for computational resources while also addressing government concerns regarding data sovereignty. The company’s approach to secure overseas chip access highlights the complex dynamics that Chinese technology firms must navigate, balancing the need for technological growth with adherence to international regulations.

This situation raises pertinent questions about the effectiveness of export control measures and their implications for the global semiconductor sector as well as international trade relations. Although renting advanced GPUs in the US currently remains compliant with existing sanctions, the evolving regulatory landscape may necessitate further adaptations concerning how companies access critical AI computing resources.

As Chinese companies continue to push the boundaries of sophisticated AI applications, consistent access to advanced semiconductors is essential for them to maintain their competitive standing. ByteDance’s ambitious investment plans illustrate the high stakes involved and the lengths that businesses are prepared to go to in order to secure cutting-edge technologies.

This development also invites scrutiny regarding international technology supply chains, as companies increasingly explore innovative avenues to acquire necessary resources. Policymakers now face the intricate task of reconciling proclaimed national security interests with the realities of the global marketplace.

Source: [Noah Wire Services](https://www.noahwire.com)

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