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TRADE LENS

Focus on investment.

LENS INSIGHT / No.16

U.S. export controls · Overseas data centers · Economics of permitted compute

The New Target of U.S. AI Chip Controls

Can AI Compute Be Restricted Without Shipping Chips?

Remote compute licensing and profitability across cloud services and Korea’s supply chain

Chip destination

Where the hardware is installed

Compute user

Who uses the capacity, and for what purpose

The chips can stay while the terms change.
Value depends on compute sold to permitted customers.

Separate the effective rule’s scope and exceptions, then assess contracts, replacement customers and cash collection.

Analysis date 22 Nov 2026

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Industry structure · Value chains · Unit economics

01 / RESEARCH VIEW

The value lies in compute that can be sold

TradeLens view | Controls restrict certain users; profitability depends on the ability to resell the affected capacity.

U.S. licensing now reaches beyond shipping chips to restricted destinations: it also addresses overseas data centers supplying substantial compute to certain companies. Effective 19 November, the rule combines item, end user, compute scale and end use. The answer to the title's question is therefore yes, but this is not a blanket ban on cloud and AI services. [1] [2]

Layer	Key question	Economic meaning
Legal access	Can compute be supplied to this user for this purpose?	Licenses, exceptions and existing controls define what capacity can be sold.
Commercial sales	Who can replace restricted demand, and how quickly?	Time to resell and realized prices affect recovery of fixed costs.
Cash collection	Can contracted payments actually be collected?	Contract continuity, credit quality, capital spending and debt service all matter.

Base case: differences in profitability across operators

A facility can remain in place while a narrower permitted customer base weakens its revenue potential. If other users fill the capacity at existing prices and terms, the impact may be small. TradeLens prioritizes customer mix, contract terms and resale speed over installed GPU counts. For Korean chip suppliers, the question is whether these changes reach future server orders.

> **What would change this view?**
>
> Licenses and exceptions that preserve service, together with replacement demand without price cuts, would limit pressure. Service interruptions, slow contracting and continuing commitments would increase collection risk for the same assets. Neither outcome justifies treating one company's exposure as an industry-wide loss estimate.

02 / RULE & TIMELINE

Announcement, effectiveness and transition differ

Reported facts | The interim final rule invites comments but has been effective since 19 November.

Addressing Remote Access to Advanced Semiconductors formalizes the rescission of the 2025 AI Diffusion Rule while adding remote compute controls and destination requirements for five countries. It is not simply a tighter version of the previous worldwide allocation framework. [2]

Date	Confirmed provision	Boundary
16 Nov 2026	BIS announces the policy and rule. [1]	Separate the announcement from legal effectiveness.
19 Nov 2026	Federal Register publication and effective date. [2]	Not merely a proposal or a general implementation delay.
Within 90 days of effectiveness	License provision for existing covered compute services. [3]	Not a 90-day grace period for all new transactions.
21 Dec 2026	Deadline under the savings clause for eligible shipments. [2]	Conditions include being in transit on 19 November under actual orders.
19 Jan 2027	Deadline for comments on changes and additions. [2]	The comment period does not suspend effectiveness.

Tighter controls and relief coexist

Remote access controls become more specific, while the AI Diffusion Rule's worldwide Regional Stability licensing requirement and related framework are rescinded. The economics are also mixed: some procedures simplify; other transactions require evidence about customers and end uses. Identify the conditions that changed for each transaction. [2]

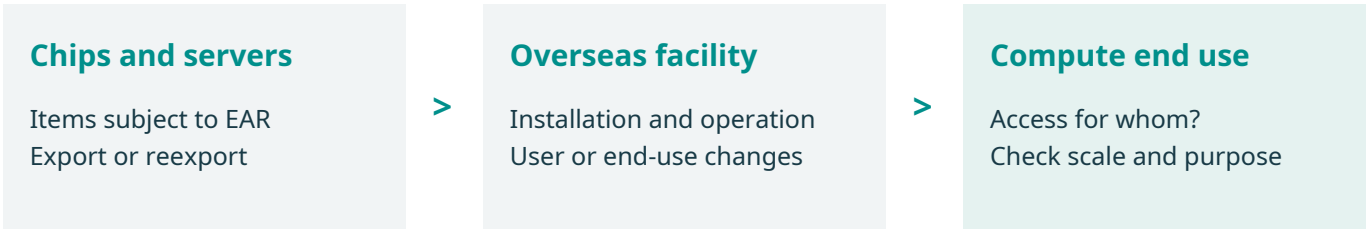
> **TradeLens interpretation**
>
> A map of eligible destinations is insufficient. Within one country or facility, customer and ultimate-parent headquarters, compute purpose and existing contracts may lead to different approval and revenue-conversion timelines.

03 / CONTROL MECHANISM

End use can change without a new shipment

Mechanism | Physical movement, compute services and changes in end use are distinct.

Under the EAR, an in-country transfer includes a change in an item's end user or end use within the same foreign country. New §744.24(e) links notification and authorization to subsequent changes into controlled end uses. Equipment already installed in a third country can therefore face scrutiny without being newly shipped to China. [7] [3]



Conceptual diagram · Equipment supply and compute use are separate flows. A change in end user or end use within the same foreign country is another review point. [7]

Visible information	Further information needed	Analytical implication
Server location	End customer and ultimate parent	The installation country alone does not establish permission.
Direct counterparty	Training or supplying a model for another company	The named counterparty may differ from the economic demand source. [2]
Initial export approval	Later user or end-use changes; approval conditions	An initial approval does not authorize every subsequent use.

Conditions must be managed throughout the relationship

Transaction risk does not end when equipment is sold. Customer information, end-use evidence and change notifications must flow among suppliers, resellers and operators. This can affect approval time and operating costs; customers' alternatives influence how much cost can be passed into prices.

Scope: overseas facilities and the supply or in-country transfer of EAR items. This does not mean every API call is an export or that remote power-off functions are mandated.

04 / THRESHOLD & KNOWLEDGE

12 million TPP is not a GPU count

Facts and analysis | Read the conditions together; one numerical threshold does not establish exemption.

Condition	Rule	How to interpret it
Items	Listed advanced computing items, related software and technology. [3]	Do not extend the scope to every chip or service.
Companies	The company or its ultimate parent is headquartered in Macau or D:5. [3]	Distinguish an intermediary from the ultimate demand source.
Compute scale	More than 12,000,000 aggregate TPP. [3]	The threshold is “more than,” not “at least.”
Aggregation	One facility or linked data centers. [3]	Digital links pooling resources count alongside physical links.
Knowledge	Includes awareness of high probability and deliberate avoidance. [6]	A formal customer statement alone does not resolve red flags. [8]
License review	Case-by-case review under §744.24. [3]	A license requirement is neither automatic denial nor approval.

Define the metric before comparing it

Aggregate TPP sums the regulatory TPP values of relevant integrated circuits or commodities. TPP reflects factors including operation bit length and theoretical processing performance. It differs from GPU numbers, hours used, training compute and power in MW. Converting it into a GPU count without the applicable product calculations would misstate the threshold. [6] [9]

> **Below the threshold is not outside the EAR**
>
> Existing §744.23 and other end-user or end-use controls may still apply. The Federal Register explains that previous controls addressed structures with D:5 or Macau companies as purchasers or primary remote users. The new threshold is not an EAR-wide safe harbor. [2] [3]

D:5 is an EAR country group. Headquarters location and ownership or control due diligence are related but distinct tests. [3] [6]

05 / DESTINATION & OWNERSHIP

One Singapore facility, different conditions

Reported facts | The five-country destination requirement and end-user controls are separate layers.

The new destination requirement covers exports, reexports and in-country transfers of relevant items to or within Indonesia, Malaysia, Singapore, Brazil and Thailand. A conditional exclusion applies to ultimate consignees or end users headquartered in the United States, or whose ultimate parent is headquartered there, subject to reporting requirements. [4] [5]

Facility or transaction	New five-country requirement	What remains to assess
U.S.-based end user in Singapore	Exclusion may apply if U.S. headquarters or ultimate-parent and reporting conditions are met.	Remote-user and end-use controls, including §744.24, remain separate.
Korea-based end user in Singapore	The exclusion for U.S.-based entities does not apply automatically.	Licensing, other applicable rules and the actual transaction structure.
Data center in Korea	Korea is outside the new five-country list.	Compute supplied for D:5 or Macau companies still requires separate analysis.
Other overseas facility outside the five	Only its absence from this new list is established.	Other destination, end-user and end-use controls are not thereby waived.

The conditional exclusion carries reporting duties

§743.10 requires information including parties, ultimate parents, destination, classification, product, TPP, quantity and transaction date. Monthly reports are due by the first business day of the following month. The exclusion changes licensing and reporting procedures under specified conditions; it does not eliminate regulatory risk. [5] [10]

> **TradeLens: trace the actual transaction**
>
> Within one country, corporate structure and end customers can produce different transaction friction. That does not establish higher profits for U.S. clouds or lost Korean orders. Approvals, prices, customer switching and actual orders determine the outcome.

06 / EXCEPTIONS & CONTINUITY

A recommendation feature is not enough

Boundaries | Separate dedicated recommender systems, generative functions and transitional provisions.

§744.24 provides a conditional exception for compute supplied solely to commercial recommender systems, subject to information requirements. Dedicated design and use matter, not merely having a recommendation feature. Systems that generate new text, images, audio, video or software, or incorporate such models, are excluded from this definition. [3]

Service	Assessment under the new section	Economic implication
Dedicated ranking, filtering or recommendation	Consider the §744.24 exception subject to required reporting and other conditions.	Some commercial compute has a path to continuity.
Recommendations with generative functions	A recommendation feature alone does not establish the dedicated-system exception.	The actual model and functions matter more than the service name.
Other model training or execution	Combine item, user, scale, end use and licensing.	An AI label alone establishes neither prohibition nor permission.

The 90-day clause is not a grace period for new business

Facilities already supplying the covered compute before publication face a license provision within 90 days of effectiveness. It does not remove other controls, including existing §744.23. Read the Federal Register's transition treatment of existing recommender services alongside the distinct context of the new §744.24 exception. [2] [3]

> **Assess continuity and its conditions**
>
> Assuming all revenue vanishes immediately ignores licenses, exceptions and contracts. Assuming perpetual continuity for existing customers ignores approval and end-use risks. Analyze service continuity and renewal terms separately.

BIS guidance separates reporting for the U.S.-based destination exclusion from recommender-system reporting. Filing under one route does not satisfy every other licensing or exclusion requirement. [10]

07 / VALUE CAPTURE

Customer replacement determines cost recovery

TradeLens analysis | Permitted demand and contract stability change the economics of otherwise identical assets.

Saleable capacity
Permitted users, uses and scale

>

Contracts and price
Retention, changes and resale

>

Cash and investment
Cost recovery and new orders

Participant	First variable to change	Condition for preserving returns
Cloud operator	Customer approval, billable capacity and realized price	Connect permitted replacement demand quickly and reduce idle time.
Landlord or power supplier	Tenant contract continuity and payment	Cost pass-through, commitments and ability to relet.
GPU or server supplier	Order approval, delivery, purchase commitments and mix	Other customer orders absorb reductions or delays.
Memory or component supplier	Customers' equipment orders and production plans	Determine whether final-demand changes reach component orders.

Replacing a customer is different from moving hardware

Replacing customers at the same site mainly brings acquisition time, discounts and software or service migration costs. Moving equipment or facilities adds transport, installation, network configuration and downtime. Relocation alone does not remove end-user or end-use controls. [3] [7]

What becomes scarce?

In affected transactions, securing GPUs is only part of the capability required. Identifying customers and keeping approved capacity sold also matter. This advantage can fade as diligence and approval processes standardize. Full pass-through of compliance costs is not assured.

These transmission channels are TradeLens analysis. No company-specific restricted revenue share, additional orders or margins are estimated.

08 / CONTRACT ECONOMICS

Usage, billable capacity and cash differ

Filings and analysis | Committed contracts prevent a direct inference from physical utilization to revenue losses.

CoreWeave reported that committed contracts generated 98% of Q3 2026 revenue. It distinguishes take-or-pay commitments from pay-as-you-go services. It also describes the risk of committing resources, including long-term power supply, before securing customers for new facilities. These disclosures establish contract structure, not damage from this rule. [13]

Revenue model	What drives revenue	Potential transmission channel
Pay-as-you-go compute	Billable hours × realized price	Paused or lost demand, slow resale and discounts.
Committed compute	Contracted capacity, consideration and revenue-recognition conditions	Service obligations, contract changes and customer payment.
Leasing or colocation	Lease or capacity agreements and pass-through clauses	Renewal, tenant credit and time to relet.
Equipment supply	Actual shipment, revenue recognition and subsequent orders	Approval or delivery delays, inventory and purchase commitments.

Contract protection does not guarantee cash

Commitments can cushion usage fluctuations but do not guarantee lawful service provision or customer solvency. Contract change, suspension and collection terms matter after a regulatory change. Conversely, if contracts remain intact, a lower instantaneous GPU usage rate does not establish an equal revenue decline.

> **The final step to cash flow**
>
> After variable operating and fixed cash costs, other cash demands remain: interest, taxes, working capital, capital spending and finance-lease principal. Depreciation is not a current cash outflow but reflects the need to recover asset costs. Operating metrics or EBITDA are not automatically cash available to invest.

09 / ILLUSTRATIVE MODEL

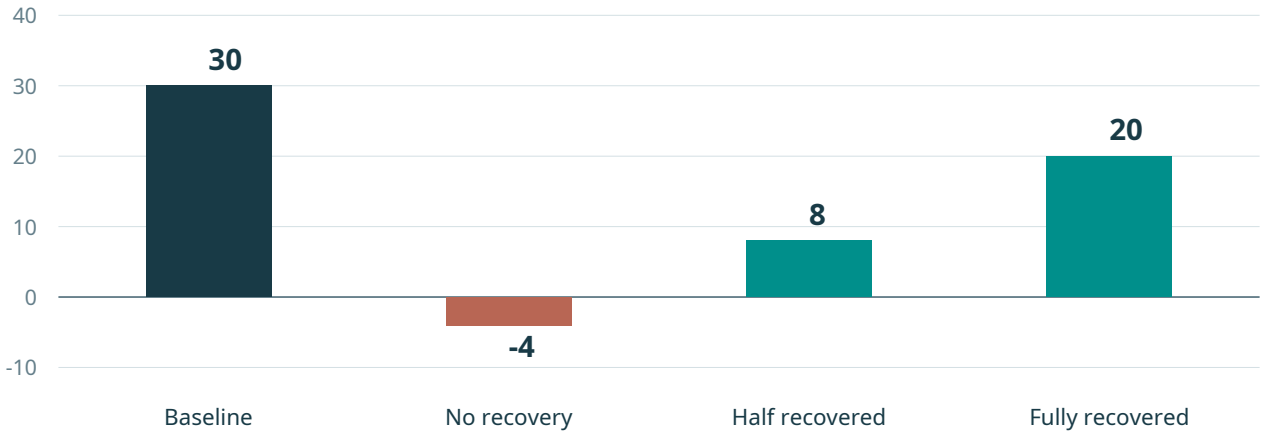
Recovered volume may still earn less

Illustrative assumptions | A pay-as-you-go model with unchanged capacity and period; not a company forecast.

Baseline revenue = 100; variable cash costs = 30; fixed cash costs = 40. Assume 40% of paid hours are affected. Replacement recovery is r; overall average price decline is d. Billable hours relative to baseline: q = 1 - 0.4 × (1 - r). Revenue = 100 × q × (1 - d). Residual = revenue - 30 × q - 40.

Case	Recovery r	Price fall d	Revenue	Variable cost	Residual
Baseline	N/A	0%	100	30	30
No recovery	0%	10%	54	18	-4
Half recovered	50%	10%	72	24	8
Fully recovered	100%	10%	90	30	20

Residual after variable and fixed cash costs / baseline revenue = 100



Recovery and price both matter

At a 10% lower price, full recovery cuts the residual from 30 to 20. Break-even requires q = 66.7% of baseline hours, or r of about 16.7% of affected hours. Both replacement speed and price matter.

TradeLens illustration. Fixed costs stay constant; variable costs track hours. The 40% exposure and 10% discount are assumptions. Residual is not operating profit, EBITDA or free cash flow. The model does not apply to all committed contracts.

10 / KOREA & SUPPLY CHAIN

Separate direct controls from order effects

Facts and TradeLens analysis | Korean sites, overseas operations and GPU or HBM supply have different exposures.

Area	Exposure to distinguish	Evidence needed
Data centers in Korea	Korea is outside the new five-country list; end-user and end-use controls remain separate. [3] [4]	Final customer and parent, license or exception conditions, billable contracted capacity.
Korean clouds abroad	Sites in the five countries require destination and corporate-structure analysis. [4]	Approvals and terms without assuming the U.S.-based exclusion applies.
HBM and memory	HBM under 3A090.c is excluded from the new §744.24 item list; other controls remain. [3] [9]	Direct item controls versus indirect effects from reduced or replacement GPU orders.
Servers, substrates, cooling and power equipment	Changes in existing facilities' customers and new equipment orders occur at different times.	Orders, delivery, cancellations and absorption by demand elsewhere.

Two boundaries illustrated by NVIDIA's disclosures

NVIDIA's FY2027 Q2 filing assigns geographic revenue by direct-customer headquarters; final customers and shipping locations can differ. The $4.5 billion H20 inventory and purchase-obligation charge illustrates cost transmission, but relates to FY2026 Q1, not losses from this rule. [11]

The 17 November outlook assumed no China Data Center compute revenue for the next quarter. This company assumption preceded the rule's effective date. It does not imply zero revenue from all Chinese business or zero indirect Chinese demand through overseas clouds. [12]

> **TradeLens view**
>
> Assess whether other orders absorb lower demand, changes in product mix and lags between shipments and cash collection. Reduced Chinese demand alone is insufficient. The evidence does not support quantifying demand relocating to Korea or HBM losses.

11 / SCENARIOS

Licenses, replacement demand and price decide

TradeLens scenarios | Observable conditions that change the conclusion, not probabilities or share-price forecasts.

Policy objectives do not establish realized industry losses. Enforcement, customer alternatives and operator contracts can produce different profitability paths under the same rules.

Path	Observable conditions	Business and supply-chain result
Base: selective adjustment	Some services continue under licenses or exceptions; affected capacity is gradually resold.	Diligence and approval costs, idle time and new order timing differ.
Greater pressure	Approval delays, interruptions, slow replacement, discounts and continuing commitments.	Weaker cash collection; more risk of delayed expansion and changed equipment orders.
Limited disruption	Lawful service continues or demand is quickly replaced; stable prices and payments.	Limited utilization and cash-flow effects; orders may shift between regions or customers.

Distinguish displaced demand from lost demand

Other demand may sustain aggregate shipments even if restricted users buy less U.S.-technology compute. Yet global AI growth cannot prevent idle capacity where networks, prices or terms do not suit new users. Market growth and individual asset returns need not move together.

Control for causes beyond policy

GPU transitions, power delays, interest rates and customer financing also affect orders, prices and usage. Deterioration after the rule takes effect does not prove causation. Disclosures must connect contract changes to their reasons and realized consequences.

> **What would overturn the assessment?**
>
> If permitted demand and long-term contracts sustain revenue and cash, the earnings impact may be smaller than feared. Conversely, even modest direct exposure can create wider margin pressure if replacement customers gain pricing power.

12 / EVIDENCE TO WATCH

Next quarter: watch contract quality

Updating the view | Rules, company plans and realized results are different kinds of evidence.

Indicator	Evidence of greater pressure	Evidence of less pressure
Licensing and enforcement	Approval delays or broader service restrictions.	Licenses and clear exceptions preserve service.
Customer replacement	Longer idle periods and few replacement contracts.	Other eligible customers quickly absorb capacity.
Price and contracts	Resale discounts, contract changes and weaker collection.	Stable prices, contracted payments and collections.
Cost rigidity	Power and lease obligations persist as revenue potential shrinks.	Pass-through or redeployment absorbs the burden.
Equipment and parts	Delayed expansion, cancellations and inventory burdens.	Other regions or customers replace lost orders.
Compliance capability	Wider gaps in customer checks and approval processing.	Standardized processes narrow operator differences.

On 20 November, the U.S. Commerce OIG initiated an evaluation of BIS controls over third-country diversion and remote access through overseas data centers. This begins an assessment; it does not establish violations or enforcement effectiveness. It offers a basis for monitoring how licensing and enforcement will be evaluated. [14]

Conclusion

U.S. controls extend beyond a chip's destination to who receives compute from overseas data centers and for what purpose. AI infrastructure value requires more than GPUs: it needs capacity that can be sold to permitted users, supporting contracts and actual cash collection.

TradeLens expects differences in operator profitability rather than a wholesale halt in AI investment. Start with licenses, customer replacement, pricing and contract quality, then test whether changes reach equipment orders. That sequence also helps assess Korea's supply chain.

13 / SOURCE REGISTER

Sources | Rules and their scope

Numbered citations, titles and source links open the same original material.

01. BIS | Rule addressing remote access to U.S. SI technology Open source

2026.11.16 · Official announcement · policy purpose and announcement date

02. Federal Register | Addressing Remote Access to Advanced Semiconductors Open source

2026.11.19 · Effective IFR · 91 FR 74970–74999; preamble, transition and amendments

03. BIS | EAR Part 744 · End-user and end-use controls Open source

As of 2026.11.20 · Current regulation · §§744.23–744.24; threshold, exceptions and end-use changes

04. BIS | EAR Part 742 · Destination-based licensing Open source

As of 2026.11.20 · Current regulation · §742.6(a)(6)(iii)(A); five destinations and conditional exclusion

05. BIS | EAR Part 743 · Special reporting and notification Open source

As of 2026.11.20 · Current regulation · §743.10; exclusion reporting and monthly deadline

06. BIS | EAR Part 772 · Definitions of terms Open source

As of 2026.11.20 · Current regulation · definitions of aggregate TPP and knowledge

07. BIS | EAR Part 734 · Scope and transfers within a country Open source

As of 2026.11.20 · Current regulation · §734.16; changes in end user or end use within a foreign country

Regulatory scope is assessed as of 22 November 2026. The amending rule, current provisions and policy announcements serve different roles. This report does not determine licensing for individual transactions.

14 / SOURCE REGISTER

Sources | Interpretation, filings and oversight

Numbered citations, titles and source links open the same original material.

08. BIS | EAR Part 732 · Know-your-customer guidance Open source
As of 2026.11.20 · Official guidance · Supplement No.3; red flags, inquiry and self-blinding

09. BIS | EAR Part 774 · Commerce Control List Open source
As of 2026.11.20 · Current regulation · ECCN 3A090; TPP technical notes and HBM under 3A090.c

10. BIS | Exclusion Note Submission Open source
As of 2026.11.22 · Official implementation guidance · separate reports under §§743.10 and 744.24(b)(2)

11. NVIDIA / SEC | FY2027 Q2 Form 10-Q Open source
2026.08.26 · Filing · quarter ended 26 Jul; p.23 geographic revenue; pp.29,37 H20 inventory and purchase obligations

12. NVIDIA | FY2027 Q3 results and next-quarter outlook Open source
2026.11.17 · Company results and outlook · China Data Center compute assumption; before the IFR took effect

13. CoreWeave | Q3 2026 Form 10-Q Open source
2026.11.12 · Filing · quarter ended 30 Sep; pp.19,80 committed revenue; p.62 advance power commitments

14. U.S. Commerce OIG | Evaluation of diversion and remote-access controls Open source
2026.11.20 · Evaluation announcement · No.2027-551; not findings or a determination of violations

Company disclosures and outlooks predate the rule’s effective date. They establish business structure, not losses from the new rule. Illustrative calculations use explicitly stated TradeLens assumptions.

15 / METHODOLOGY & USE

Methodology, disclaimer and permitted use

Reported facts, company plans, TradeLens analysis and illustrative assumptions are kept separate.

Item	Basis
Date and scope	22 Nov 2026. U.S. remote compute controls and economic effects on overseas data centers and Korea's supply chain.
Source status	Federal Register rules, BIS provisions, implementation guidance and company filings are distinguished. Outlooks are separate from results.
Regulatory scope	EAR items, destination, end user, purpose and scale are considered together. No determination of licensing for a specific contract.
Illustrations	Page 10: indexed pay-as-you-go model. Not estimates of actual exposure, costs, prices or losses; not applicable to all committed contracts.
Quantities	TPP differs from GPU counts, hours and MW. Geographic revenue, direct customers and ultimate demand are kept separate.

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