

Chinese Procurement of Restricted AI Chips

Background

AI systems and the chips that power them sit at the center of a strategic competition between the United States and the People's Republic of China (PRC). The PRC requires advanced AI chips for commercial, medical, and civilian use, as well as for military applications. Those chips also power an extensive surveillance apparatus targeting religious and ethnic minorities and political dissidents.¹

U.S. technology underpins the design of the most advanced AI chips globally, giving the United States significant leverage over chip access. Despite a shifting policy landscape, since 2022, the United States has required an export license for the highest-performance chips and denied those licenses for China-bound exports by default (barring an approved exception). Despite these restrictions, the PRC continues to obtain restricted chips through illicit channels, opaque vendor networks, and gaps in the current control regime – including unresolved screening requirements for overseas chip factories; non-Chinese, third-party resale pathways; and the absence of a permanent legal framework anchoring current export controls.

Key Findings

As part of a larger investigation, C4ADS analyzed Chinese procurement contracts from July 1, 2025, to January 15, 2026. The contracts indicate that PRC universities and research institutions serve as a key channel for obtaining restricted AI hardware. For example, a review of these contracts reveals that:

- In that period, Chinese universities and research institutions procured at least 56 restricted, U.S.-designed AI chips valued at 11,942,350 renminbi (or US\$1.7 million), using their academic status to justify imports and obscuring ties to intelligence and military entities;
- Restricted NVIDIA graphics processing units (GPUs) are often hidden inside large orders covering many products and vendors, making individual chip purchases harder for U.S. regulators to detect;
- Regional Chinese resellers with no established licenses for selling NVIDIA products often handle the transactions; and
- These purchases span universities across Beijing, Shanghai, Xiamen, Kunming, Changchun, and Nanjing, indicating a nationwide pattern.



Photo: West Gate of Peking University, Wikimedia Commons

Examples of Chinese university and research institution procurements of restricted U.S.-designed AI hardware found in Chinese government documents, July 2025–January 2026

INSTITUTION	HARDWARE / CHIPS	STATED PURPOSE	CONCERNS / NOTES
Peking University Health Science Centre ² (People's Hospital AI platform) (Contract awarded)	1 lot: NVIDIA Quantum-2 QM9700 + Dell ME5084 + Huawei FusionServer G5500 V7	Medical AI	Networking hardware is subject to U.S. export controls; it enables the high-speed connections between chips that multiply AI computing power. Peking University has indirect ties to China's defense industry. ³
China Academy of Information and Communications Technology (CAICT) ⁴ (Contract awarded)	4× NVIDIA A100 GPU	Refined communications management platform	The A100 has been restricted from export to China since October 2022. CAICT is a state-owned institute under China's Ministry of Industry and Information Technology. ⁵ Corporate records indicate that the supplier, Unigroup Guoxin, is a subsidiary of Tsinghua Unigroup ⁶ – a state-linked technology conglomerate – and as of June 24, 2026, was not an authorized NVIDIA distributor.
Shanghai Maritime University ⁷ (Tender document, not yet awarded)	2× A800 datacenter GPUs; 10× RTX 4090 gaming cards	Container terminal remote control	The university has served as a supplier for the Marine Design and Research Institute of China, which is ultimately owned by the China State Shipbuilding Corporation (CSSC), a state-owned defense manufacturer. ⁸
Minzu (Ethnic Minorities) University of China ⁹ (Contract awarded)	Facial recognition server	Smart classroom buildout	Particularly concerning given the CCP's record of using facial recognition technology to surveil and oppress ethnic minorities. ¹⁰

Recommendations

- Although U.S. Department of Commerce Bureau of Industry and Security (BIS) regulations require exporters to trace end-users down the supply chain and recent rules and guidance identify specific red flags for resellers and distributors, enforcement gaps remain. Closing the remaining diversion routes requires stronger, consistently enforced verification requirements for intermediaries;
- Advanced AI chip producers should verify that their products reach only authorized buyers and are not diverted to restricted end-users; and
- The BIS and trusted trade partner governments, particularly in Southeast Asia, should coordinate to identify and disrupt Chinese efforts to acquire restricted technology through third parties.

Notes

1. Mishel Kondi, "Hardwired Repression: Data Centers, Global Technology, and China's Surveillance Infrastructure in the Uyghur Region," C4ADS, May 27, 2026, <https://c4ads.org/reports/hardwired-repression/>.
2. C4ADS Data Holdings, available upon request.
3. Australian Strategic Policy Institute (ASPI), "Peking University," China Defence Universities Tracker, accessed June 24, 2026, <https://unitracker.aspi.org.au/universities/peking-university>.
4. C4ADS Data Holdings, available upon request.

5. Shijie Wang, "The PRC's Token Economy Takes Shape," *China Brief*, Jamestown, June 11, 2026, <https://jamestown.org/the-prcs-token-economy-takes-shape/>.
6. WireScreen.
7. C4ADS Data Holdings, available upon request.
8. WireScreen.
9. WireScreen.
10. See Kondi, "Hardwired Repression."