

U.S. models have the edge, but China has other advantages

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WASHINGTON>> There is no shortage of issues on the table for possible discussion as President Donald Trump prepares to welcome the Chinese leader, Xi Jinping, for a state visit beginning Wednesday evening, including the Iran war, Taiwan and tariffs.

But no topic has captured global fascination in recent weeks more than whether the two sides can reach any agreements around the pace of artificial intelligence development. The rapidly shifting debate about the risks of AI has so consumed Silicon Valley, Washington and, in recent days, the United Nations that some observers have likened the U.S.-China summit to a Cold War tête-à-tête during the nuclear arms race.

Although some see the stakes this week as nothing short of civilizational, the expectations for any serious accord remain low.

Here is a look at where the United States has the upper hand against China on AI and where it is lagging behind its top geopolitical rival.

Access to top-shelf computer chips is paramount

The United States has one undeniable advantage over China: computer chips. Most of the specialized chips used to build and operate AI technologies are designed by American companies. This includes the Silicon Valley chipmaker Nvidia, which is the world's most valuable company.

"The people who have made the fastest chips are here," said Andrew Feldman, CEO of Silicon Valley chipmaker Cerebras. "And they are not in China."

Over the past decade, three U.S. presidential administrations have imposed export controls that limited Chinese access to powerful chips. Even as China works to evade these controls, Chinese AI researchers often say that chip shortages are the biggest obstacle they face.

The leading Chinese companies have spent hundreds of millions of dollars to secure the chips they need. To bypass American export controls, they often buy remote access to data centers outside of China. Over the past year, this allowed China to shrink the performance gap between its systems and the leading American technologies.

At the same time, China is working to build its own chipmaking industry. But by its own admission, Huawei, the telecommunications and electronics company that leads this effort, is still years away from producing chips that perform as well as those offered by Nvidia today.

As Americans sour on AI, China faces fewer headwinds politically

Public polling in the United States shows that AI has become increasingly unpopular over the past year — so much so that it has now become a key issue in the midterm elections. Many Americans are worried about AI threatening their jobs, undermining education and, more recently, posing a threat to humanity. A Pew Research Center poll this week found that 60% of Americans were uncomfortable with a new local data center.

Although Trump has dismissed calls for an AI slowdown as a “hoax,” a growing number of Republican and Democratic lawmakers, governors and 2028 presidential hopefuls are scrambling to offer a wide range of proposals seeking to regulate the technology after disclosures about rogue AI agents hacking into other companies.

By nature of its centralized systems, China does not need to contend with a boisterous public debate about how or whether to rein in AI. And though polling in China can be dubious, surveys consistently point to more enthusiasm for its adoption.

The U.S. economy has so far been more resilient to huge investments in AI

Another advantage for the United States is that its economy has been more resilient during the AI boom. Stock indexes are near record highs, and worries of an AI bubble also have so far not materialized. Fears of job losses prompted by the technology proliferating throughout corporate America have yet to really appear in economic data.

There are some signs that AI is contributing to slower wage growth in jobs most exposed to the technology and fewer job openings, especially for young workers. And applying to jobs, especially for entry-level workers, has become even more daunting because of AI being used to either write resumes or screen applicants. But overall, the economic distress directly linked to AI has been far less than many economists predicted.

In China, the story is different. Its economic struggles, including high youth unemployment, consumer pullback on spending and a deflationary spiral, threaten to undercut Beijing's vast investments in AI. Chinese economists have recently issued warnings that the economy is vulnerable and potentially being made more precarious because of the country's AI-centered allocation of spending.

The nature of AI models in the U.S. and China are drastically different — *Note*

In the United States, the leading artificial intelligence companies, including OpenAI and Anthropic, maintain tight control over how their technologies are used. They build elaborate guardrails, hoping to prevent users from spreading disinformation or hacking into computer networks.

As concern mounts over the risks of AI, these companies are calling for federal regulations that would toughen this approach.

But the leading Chinese companies take a different stance. Companies including DeepSeek, Moonshot and Z.ai typically make their most powerful technologies “open source,” meaning anyone is free to use and modify these systems as they see fit.

If the best open-source systems come from China, many experts contend, developers around the world will build atop Chinese technologies. This is already starting to happen, even in Silicon Valley.

China could move ahead on electric power

Some believe that if China can build a viable chip industry, it could race ahead of the United States because of an advantage it has developed in another area: electrical power.

Packed into giant data centers by the thousands, the leading chips require enormous amounts of electricity. They need so much electrical power, the big U.S. companies cannot get what they need from the existing power grid. Increasingly, they are turning to wind power or nuclear or even gas turbines installed alongside their data centers.

Although the United States has a significant edge in terms of chips, Feldman said, he believes that China could pull ahead because it has spent years rebuilding its electrical grid. “That is going to be a huge asset,” he said. “Our grid is 1950s technology.”