

U.S. AI Export Controls and the Indo-U.S. Technology Relationship

Meeting Notes

Convened by:

The Dialogue and
Information Technology and
Innovation Foundation (ITIF)

Scope:

AI export controls |
Implications for the
Indo-U.S. technology relationship

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01 | Overview

Recent U.S. actions on Artificial Intelligence (AI) export controls have expanded beyond hardware restrictions on advanced semiconductors to include high-capability AI models. These measures have introduced new uncertainties into the Indo-U.S. technology corridor, affecting access to frontier AI systems, commercial deployment, and India's longer-term strategic planning. This primer outlines the developments, core challenges, points of divergence and convergence, and potential constructive approaches, drawing on the broader policy discussion without attributing specific views to individuals or organisations.

02 | Background and Recent Developments

U.S. export controls on AI have traditionally focused on chips and related hardware. In mid-2024, controls effectively extended to advanced AI models. One leading U.S. frontier laboratory was directed to restrict access to its most capable models for customers worldwide, while another limited its next-generation release to a small set of vetted government and approved partners on a case-by-case basis.

India ranks among the largest markets for these U.S. frontier models. The sudden restrictions raised concerns in New Delhi about the reliability of access with close partners and the implications for India's strategic technology interests. The episode highlighted how rapidly national-security-driven controls can interrupt commercial and developmental pathways.

Legal and administrative details add complexity. Some widely discussed restrictions primarily addressed exporting model weights to foreign persons and did not formally prohibit remote access. Broader authorities under longstanding catch-all provisions related to weapons of mass destruction could have been applied to remote access but were not fully invoked in the initial actions. Legislative efforts are underway to provide clearer statutory authority for regulating remote access globally. As long as frontier-model infrastructure remains dependent on U.S.-origin advanced chips, full technological sovereignty in this domain faces structural constraints.

03 | Key Challenges

Several structural issues have emerged:

- **Gap in expectations:** A noticeable gap exists between what Indian stakeholders hope to secure in durable access and what U.S. national-security considerations are likely to permit. Hosting frontier model weights in India is widely considered improbable. Guaranteed, perpetual access to the absolute cutting edge is also considered unrealistic, given post-deployment monitoring requirements and the need for residual U.S. flexibility.
- **Clarity of Indian objectives:** Questions remain about the precise goals of Indian AI and semiconductor strategies. Current targets, such as developing 28-nanometer chip capabilities by 2028, lag behind leading global production nodes.

- **Trust and process concerns:** Ad-hoc, bilateral, and sometimes opaque decision-making has generated friction. Verbal assurances without formal commitments have been noted as insufficient. The absence of a stable, transparent policy process in the United States has contributed to unpredictability.
- **Sovereignty realities:** Dependence on U.S.-controlled chips and models limits the feasibility of complete independent sovereignty in frontier AI.

04 | Areas of Convergence

Despite divergences, several points of broad agreement have surfaced:

- Ad-hoc bilateral approaches create problems for all parties by undermining long-term trust in the U.S. AI technology stack and complicating investment decisions.
- Predictability is often more valuable than maximum permissiveness. A clear, even if restrictive, framework is preferable to frequent, unpredictable shifts that hinder strategic planning.
- Frontier models represent only a portion of the AI landscape. Most available and commercially used U.S. AI models are not at the absolute frontier; many lower-cost, specialised models remain accessible and suitable for widespread deployment.

05 | Constructive Pathways

One structured approach proposed for a more durable U.S.-India AI arrangement includes four elements:

1. **Tiered, pre-negotiated access:** Establish clear, standing covenants designating India (and a limited set of other strategic democracies) as a trusted deployment zone, reducing reliance on case-by-case orders.
2. **Sovereignty-supporting architecture:** Combine licensed enterprise API access with options for India-based inference and collaborative fine-tuning that leverages Indian digital public infrastructure.
3. **Joint security and data mechanisms:** Create bilateral technical working groups for ongoing model evaluation, shared cyber-threat intelligence, and mutual audit rights.
4. **Incentives for integration:** Provide preferential access to next-generation chips and cloud capacity for validated joint ventures, rewarding collaboration over isolation.

The underlying principle emphasised is continuity: once access is granted under agreed terms, it should remain stable.

06 | Outlook

The current pattern of episodic restrictions and negotiations delivers short-term leverage for the United States but erodes the trust required for a durable allied AI ecosystem. For India, it yields temporary

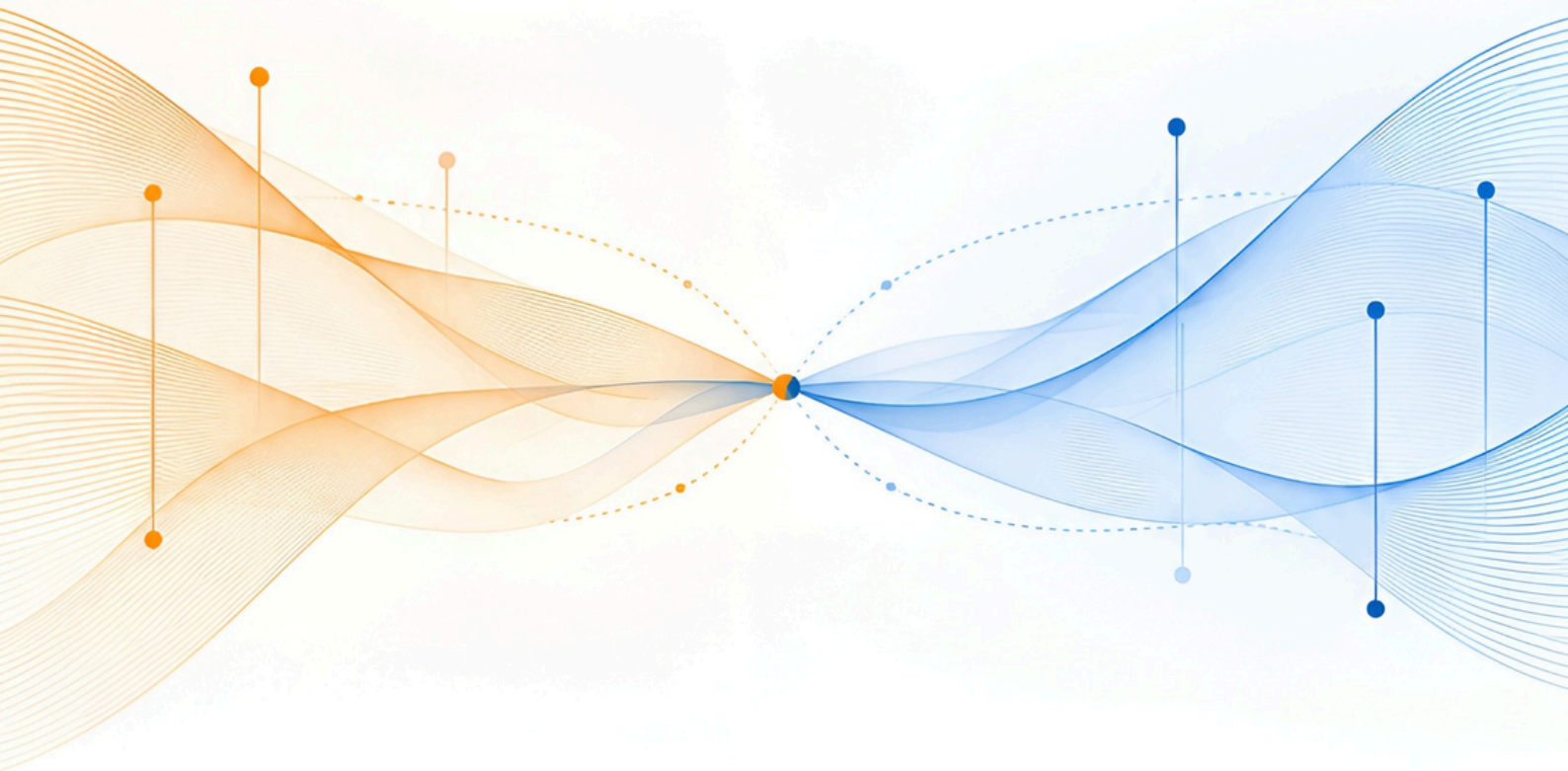
accommodations without a framework suitable for multi-year investment. Technology providers face commercial and diplomatic costs stemming from policy shifts they cannot control.

Future discussions are expected to address data-centre infrastructure and data sovereignty, the physical layer underlying model access. These issues are closely linked. How they are managed will shape whether the Indo-U.S. technology corridor develops into a stable partnership or fragments. A move toward clearer rules, greater predictability, and structured cooperation offers a more sustainable path than continued ad-hoc measures.

INDO-U.S. TECH POLICY WORKING GROUP



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