

U.S. AI CHIP EXPORT
POLICY SUSPENDED:

Why Global AI Infrastructure is Booming in Australia



N E X T D C

where AI lives™

U.S. Policy U-Turn Triggers Global AI Infrastructure Rethink

On May 12, 2025, the U.S. Department of Commerce officially rescinded the Biden Administration's Artificial Intelligence Diffusion Rule, just three days before it was set to take effect. The move marked a decisive shift in the global AI infrastructure landscape, eliminating what would have been the first formal export control framework for AI chips and models. With U.S. policy now in flux, infrastructure leaders are left facing short-term uncertainty while Australia emerges as a strategic safe haven defined by stability, clarity, and trust.

You can also explore the sections of this article most relevant to your interests:

→ **Shifting U.S. Trade Policy and AI Export Controls** 4

As the U.S. tightens and retracts its AI export policies, companies face mounting uncertainty. Australia offers a trusted and ready-made alternative for deploying high-performance AI infrastructure.

→ **Currency Tailwinds (USD vs AUD)** 8

The strong U.S. dollar means your investment goes further in Australia helping your organisation reduce costs without compromising quality.

→ **Geopolitical Stability and Regulatory Readiness** 9

Australia's stability and regulatory alignment give your organisation long-term confidence to scale AI infrastructure without geopolitical or compliance uncertainty.

→ **Performance, Latency and Market Reach** 11

Australia delivers the low-latency performance and regional reach your organisation needs to power real-time AI workloads across Asia-Pacific and beyond.

→ **Connectivity and Global Reach: Built to Scale Across Borders** 12

With direct access to subsea cable landing stations and global cloud on-ramps, Australia enables rapid scaling of AI workloads across borders — spanning Asia-Pacific and the Americas.

Global forces are aligning in Australia's favour, creating a rare and timely opportunity for AI infrastructure investment.

For hyperscalers, enterprise AI platforms, and fast-scaling GPU cloud providers, this moment represents a strategic inflection point. As markets like the U.S., Japan, and Taiwan contend with rising costs, regulatory complexity, and geopolitical risk, Australia is standing out as a stable, scalable, and globally connected launchpad for AI, particularly across the Indo-Pacific.

This briefing explores the macro trends reshaping AI infrastructure decisions, and why an increasing number of global technology leaders are choosing to build the future of AI in Australia.



What Was the AI Diffusion Rule?

Originally introduced by the Biden Administration, the AI Diffusion Rule aimed to control the export of high-performance AI chips and large-scale AI models. Countries were grouped into three tiers:



Tier 1

Trusted allies like Australia, Japan, South Korea, and EU nations — no restrictions.



Tier 2

Countries such as Mexico and Portugal — subject to new restrictions.



Tier 3

Countries including China and Russia — facing the tightest controls.

As a Tier 1 nation, Australia stood to benefit from streamlined export approvals and easier access to advanced AI chips like NVIDIA's H100s. The rule also aimed to cover 'large AI models' — powerful systems used in applications such as generative text, image, and video generation, self-driving vehicles, and predictive healthcare. These models require immense computing power and are increasingly viewed as strategically sensitive technologies subject to export controls. With the rule now revoked, most global markets face heightened uncertainty over access to U.S.-made AI chips. However, trusted markets like Australia continue to offer rare policy clarity and consistent access — reinforcing its appeal as a reliable hub for AI infrastructure deployment.



What counts as a "large-scale AI model"?

Think of models trained to generate text, video, or images, tools behind generative AI, self-driving cars, or predictive healthcare systems. Because they require huge computing power and can be used in sensitive applications, these models are now treated as strategically controlled technology.

Why the AI Diffusion Rule Was Pulled by the Trump Administration

The Trump Administration confirmed plans to scrap the Biden-era AI Diffusion Rule just days before it was set to be enforced. According to reporting from Axios and Bloomberg, the administration intends to replace it with a simpler framework in the coming months, potentially via executive order. Critics of the original rule, including U.S. chipmakers like NVIDIA, argued that it was overly complex and would have made it difficult for American firms to operate abroad. The pause marks a temporary win for the semiconductor industry, but also leaves companies with no short-term clarity on future controls. Meanwhile, Australia remains a rare zone of certainty for those deploying infrastructure at scale.

On May 12, 2025, the U.S. Department of Commerce officially announced the rescission of the AI Diffusion Rule, originally introduced under the Biden Administration in January 2025 and set to take effect on May 15. In its formal memo, the DOC stated the rule would have stifled American innovation and burdened companies with excessive regulation, while also straining diplomatic relations by downgrading dozens of allied countries to second-tier status.

The decision, directed by Under Secretary of Commerce for Industry and Security Jeffery Kessler, halts enforcement of the rule and commits to issuing a replacement policy through

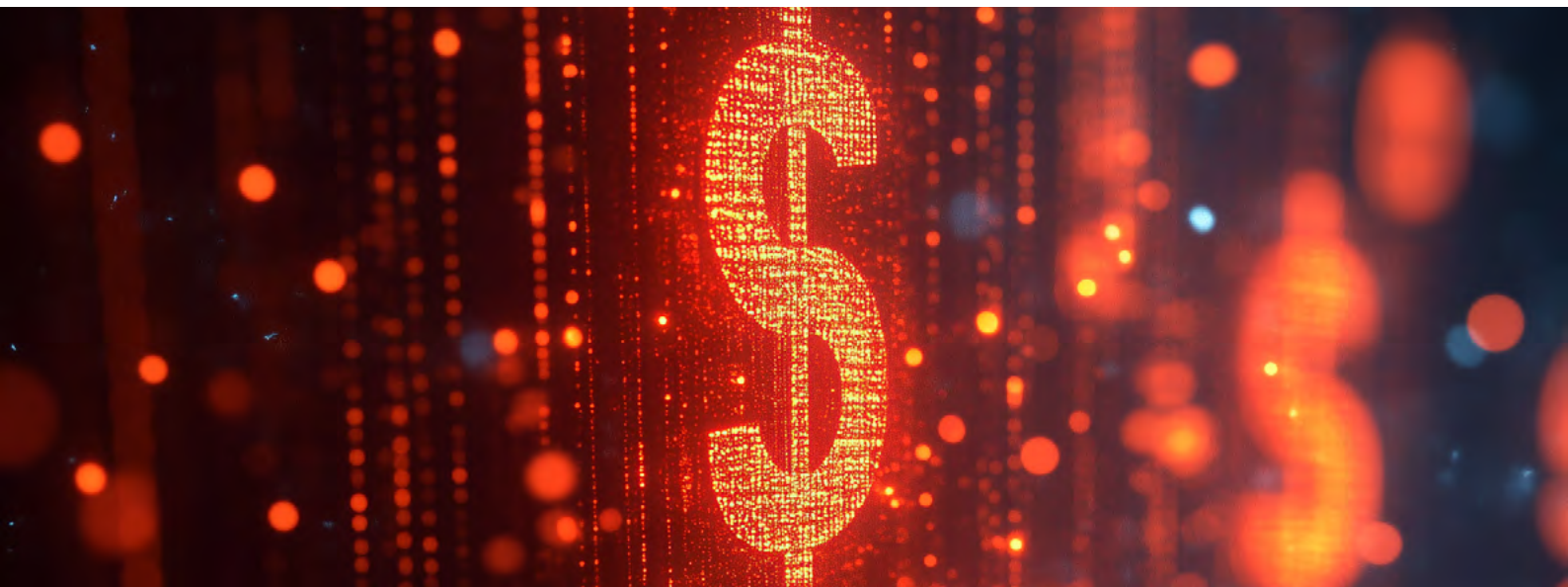
a Federal Register notice. Kessler emphasised that the Trump Administration aims to pursue a more inclusive, innovation-driven strategy for American AI, maintaining strong controls against adversarial misuse while supporting trusted partners.

In addition, the DOC's Bureau of Industry and Security (BIS) announced strengthened export control guidance, including:

- A global ban on the use of Huawei Ascend AI chips
- Warnings against allowing U.S. AI chips to support Chinese model training
- Supply chain protection measures for U.S. tech firms

These actions, the DOC said, ensure the United States will remain at the forefront of AI innovation and global leadership.

The DOC has since announced a pivot to case-by-case negotiations, stepping away from broad, tier-based rules. This move adds significant ambiguity for companies that depend on stable chip supply chains and consistent international policy. While interim guidance reinforced bans on Huawei Ascend chips and stressed the importance of preventing diversion of U.S.-trained AI models, a cohesive replacement policy has not yet been introduced.



Why Australia Remains the Number One Destination in Asia Pacific for AI Infrastructure Investment

Australia's enduring advantage

Despite the regulatory vacuum in the U.S., Australia continues to offer unmatched strategic advantages for AI infrastructure deployment:



Strategic alignment

As a key ally to the U.S. and member of QUAD, AUKUS, and Five Eyes, Australia remains geopolitically aligned with major democratic powers.



SOCI designation

Australia's data centres are classified as Systems of National Significance under its Security of Critical Infrastructure Act, reinforcing their national and strategic importance.



Built-in compliance

Hosting infrastructure in Australia helps global platforms maintain compliance with U.S. and allied export laws — with fewer exceptions or workarounds required.

What began as a regulatory convenience has evolved into a compelling strategic differentiator.



In May 2025, NEXTDC announced a historic increase in contracted utilisation across its national data centre network. The company's Victorian data centre ecosystem has benefited the most from this surge, including the largest AI deployments ever recorded in NEXTDC's portfolio. This milestone not only highlights growing customer demand, but also underscores the role Australia is playing as a preferred destination for scalable AI infrastructure.

Australia's data centre industry is booming fuelled by digitisation, cloud growth, and AI acceleration. A pivotal milestone was

Blackstone's \$24 billion acquisition of AirTrunk in 2024, which signalled significant investor confidence in the region's infrastructure capability.

Although the U.S. leads globally with 5,426 data centres, Australia's 314 facilities place it alongside much larger economies like France¹. This highlights the country's outsized influence and strategic relevance in the global digital infrastructure landscape.

The sudden policy reversal in the U.S. has created global uncertainty – but for NEXTDC customers, partners, and MSPs, it clarifies exactly where to build next.

Australia is no longer just a safe option – it's the leading choice for those needing trusted, scalable, and compliant AI infrastructure.



If you're a hyperscaler or GPUaaS provider, this is your green light to expand where U.S.-aligned policy remains intact.



If you're an MSP or strategic IT partner, it's your moment to lead clients confidently toward AI-ready infrastructure.



If you're navigating regulatory risk or supply chain ambiguity, Australia offers the clarity and stability no other region currently can.

**Australia isn't just ready – it's rising.
And NEXTDC is helping the world build here.**

Currency Tailwinds (USD vs AUD)

Beyond policy and supply chain advantages, one of the most practical – and powerful – reasons companies are eyeing Australia for AI infrastructure is currency.

Right now, the U.S. dollar (USD) is strong, while the Australian dollar (AUD) is comparatively weak. And that creates a huge opportunity for global investors, especially those pricing their budgets in USD².

What does that mean in simple terms?

Let's say you're a U.S.-based tech company. If 1 USD gets you 1.5 AUD, then every dollar you spend in Australia goes further. The same server room, network build, or engineering team might cost 20–30% less in Australia than it would in the U.S. just because of the exchange rate.

For businesses funding AI projects, like building a GPU cloud, scaling an AI Factory, or launching training clusters, that difference matters. It lowers both:

- **CAPEX (Capital Expenditure):** You save on upfront costs like land, construction, hardware, and setup.
- **OPEX (Operating Expenditure):** You also reduce ongoing expenses like electricity, maintenance, cooling, and staff.

A boost for export-led services

And it's not just about saving money, it's about winning business.

When Australia prices AI services (like GPU-as-a-Service, cloud hosting, or AI training workloads) in AUD, those services become more affordable for international customers. That makes Australia an attractive hub for exporting AI services globally, especially to fast-growing markets across Asia and beyond.

Why it matters

In short, the USD/AUD exchange rate acts as a financial tailwind for investors.

It improves Australia's cost profile. It makes high-performance AI infrastructure more affordable to build and run. And it helps digital platforms deliver competitively priced services to global customers, all from a region known for its stability and trust.

For organisations looking to scale quickly, stay cost-efficient, and protect their margins, this exchange rate advantage is more than a bonus, it's a strategic edge.

Geopolitical Stability and Regulatory Readiness

When investing in AI infrastructure, predictability is as crucial as performance. Beyond power, cooling, and costs, you need assurance that your infrastructure is future-proofed against geopolitical shocks and regulatory turbulence. This is where Australia sets itself apart.

A safe bet in an uncertain region

The Asia-Pacific region holds immense opportunity—but it's also home to complex geopolitical dynamics. From cross-strait tensions near Taiwan to evolving power shifts in Northeast Asia, long-term certainty is not guaranteed everywhere.

Australia, in contrast, is a beacon of stability. It boasts:

- A robust and independent legal system
- Transparent and consistent policy frameworks
- Strategic partnerships with key tech nations like the US, UK, Japan, and the EU
- Participation in global alliances like AUKUS and QUAD, reinforcing its role in digital security and regional trust

This makes Australia an attractive, low-risk destination for companies building mission-critical AI platforms whether that's hyperscale data centres, sovereign cloud zones, or GPU-as-a-Service (GPUaaS) workloads.

Compare that to some other regions:

- Taiwan, for example, faces increasing uncertainty due to cross-strait tensions with China.
- South Korea and Japan are both highly developed markets but are located in a geopolitically sensitive region.
- The U.S., while stable domestically, is often at the centre of global trade disputes, which can affect international tech flows and compliance obligations.



Regulatory alignment with the west

Australia doesn't just offer a stable operating environment—it aligns with how global tech leaders operate. It plays an active role in shaping digital governance, and its policy frameworks reflect the same values and principles as those in the U.S. and EU.

- **Data privacy and protection:**
Strong enforcement under its Privacy Act and SOCI legislation
- **Cybersecurity and critical infrastructure:**
Backed by national certifications and hosting frameworks
- **AI regulation readiness:**
In step with the EU AI Act and U.S. export controls via the Bureau of Industry and Security
- **Built to world-class specifications:**
Australian data centres are constructed to exceptionally high engineering and resilience standards, especially in capital cities where uptime, security, and sustainability are critical.

And among them, NEXTDC stands apart as:

- Australia's only nationwide data centre operator, with presence in every major capital city
- One of Australia's only operators to hold both NVIDIA DGX-Ready certification and Uptime Institute Tier certifications
- A proven provider of super high-density, liquid-cooled AI infrastructure, designed to meet the most demanding GPU workloads

Australia is also developing a national AI strategy to support sovereign infrastructure, innovation, and responsible regulation.

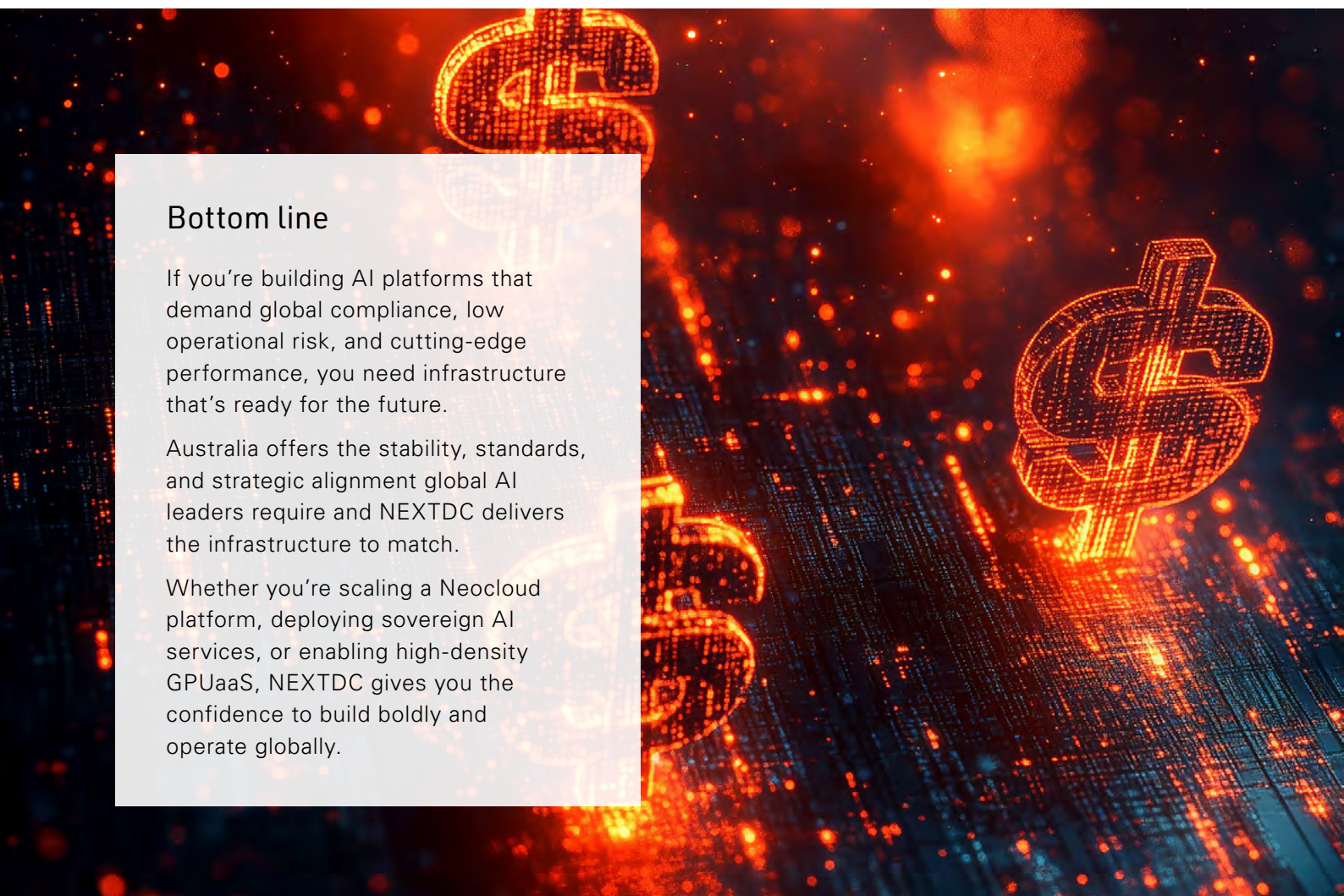
This combination of engineering excellence and regulatory alignment makes Australia and NEXTDC a trusted launchpad for global AI infrastructure.

Bottom line

If you're building AI platforms that demand global compliance, low operational risk, and cutting-edge performance, you need infrastructure that's ready for the future.

Australia offers the stability, standards, and strategic alignment global AI leaders require and NEXTDC delivers the infrastructure to match.

Whether you're scaling a Neocloud platform, deploying sovereign AI services, or enabling high-density GPUaaS, NEXTDC gives you the confidence to build boldly and operate globally.



Performance, Latency and Market Reach

For any AI infrastructure, especially when delivering real-time services like fraud detection, autonomous vehicles, or conversational AI, latency matters.

Latency is the time it takes for data to travel from one point to another. In the world of AI, milliseconds can make or break the experience. So, the question is: Can Australia deliver the speed and responsiveness modern AI applications need?

A well-connected digital hub

Yes, and increasingly so.

Australia is becoming one of the most digitally connected countries in the region and that's good news for anyone building AI infrastructure.

A growing number of high-capacity subsea cables link Australia directly to major global markets, including:

- Singapore and Southeast Asia via the Australia-Singapore Cable (ASC) and INDIGO system
- The U.S. West Coast through the Southern Cross and Hawaiki cables
- The Middle East and Europe via the Oman Australia Cable (OAC)

These cable systems provide fast, high-bandwidth connectivity between Australia and key regions. For organizations delivering AI workloads, it means data can travel quickly between continents supporting everything from real-time AI services to training and inference at global scale.

In short

Australia is no longer isolated; it's a powerful digital gateway between the East and West.

Regional proximity to high-growth markets

Australia sits just below the equator, giving it a unique geographic advantage. It's close enough to serve New Zealand, Indonesia, Singapore, and other parts of Southeast Asia, while also offering a neutral platform for companies that want to avoid hosting their AI infrastructure in more politically sensitive areas.

This makes Australia an ideal location for:

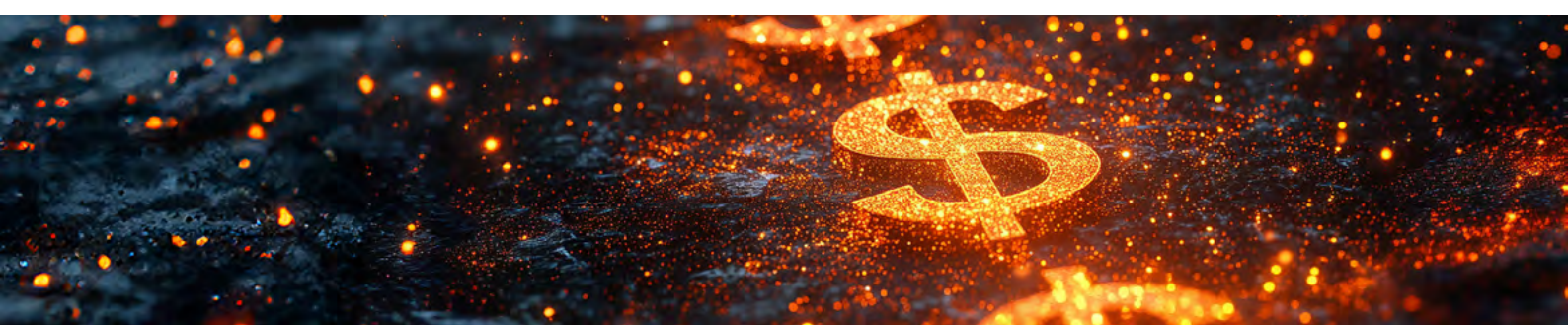
- Inference workloads serving users across Asia-Pacific
- AI training clusters that sync globally
- Sovereign AI deployments that require regional hosting

And for companies launching in Asia for the first time, Australia offers a safe, English-speaking base with legal certainty, before expanding into more complex jurisdictions.

Bottom line

Australia is not just fast, it's fast enough for high-performance AI, and uniquely placed to serve Asia-Pacific's next billion users.

It combines global-class connectivity with regional reach, offering a strategic balance between performance, neutrality, and compliance.



Connectivity and Global Reach: Built to Scale Across Borders

Key subsea routes already live:

- Southern Cross NEXT – connects Australia to the U.S. West Coast
- Australia-Singapore Cable (ASC) and INDIGO – links into Southeast Asia
- Oman Australia Cable (OAC) – a fast route from Perth to the Middle East and Europe

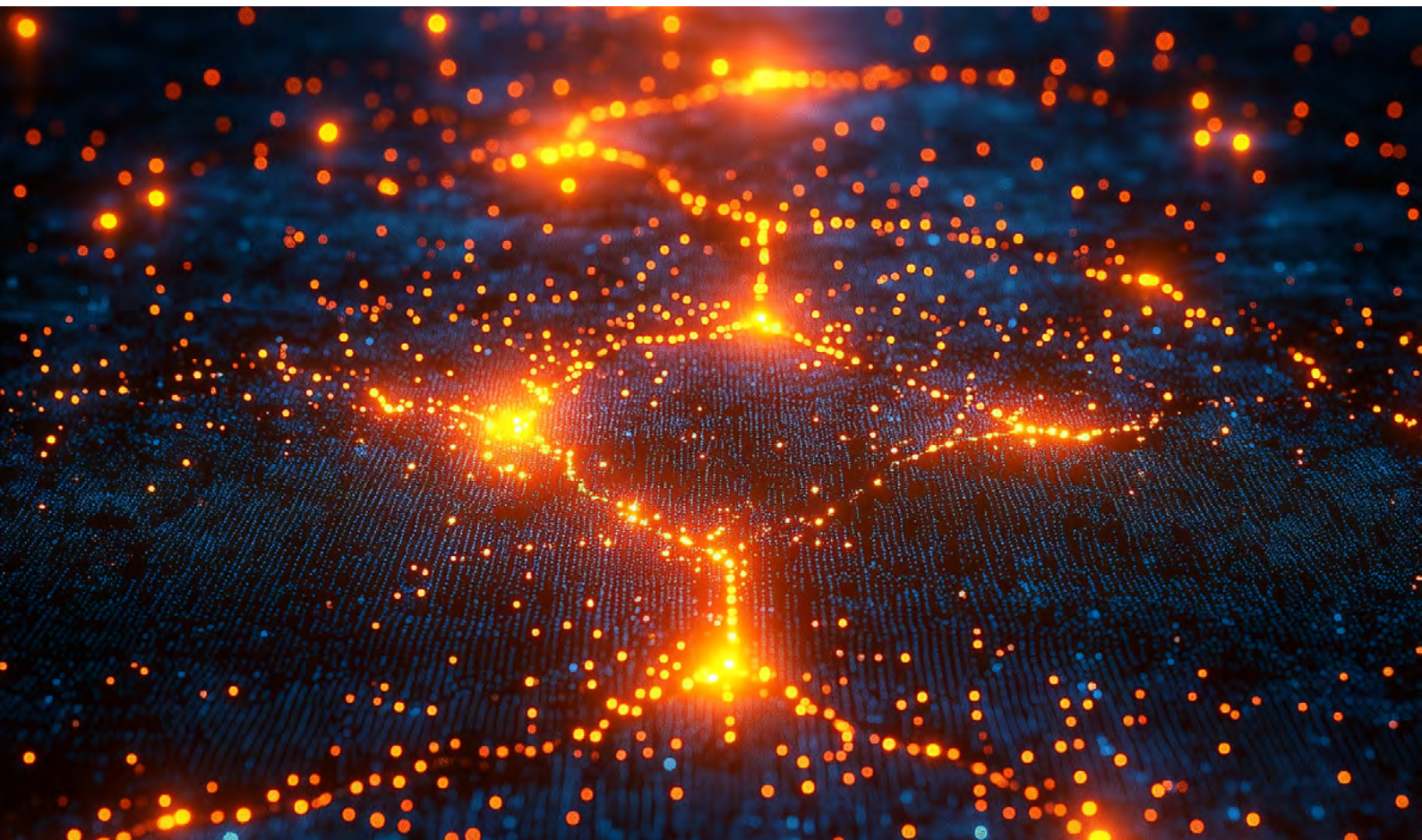
New cables coming online:

- SMAP (2026) – coastal cable enhancing domestic subsea coverage
- Google's Bosun & Interlink (2025–2026) – linking Darwin, Melbourne, and Perth to Asia
- Google's Tabua – connects Australia to Fiji and the U.S. via the Sunshine Coast
- Meta's Waterworth (by 2030) – planned to connect the U.S., Brazil, South Africa, India, and possibly Darwin

For hyperscalers and Neocloud platforms, this means not just faster connections — but strategic reach. Australia's infrastructure gives AI workloads the global reach they need, with the reliability and low latency today's real-time services demand.

For AI inference, GPU workloads, and cloud applications, this means fast, reliable performance for users not just in Australia, but across APAC and beyond.

Combined with the country's cloud-neutral data centre ecosystem and its close ties to the world's major cloud providers, Australia offers true global reach, with the agility to scale where your customers are.



CONCLUSION:

Why Australia – and why NEXTDC

The global race for AI infrastructure is accelerating – and Australia is now one of the world's most strategic destinations to build and host AI Factories and GPU-as-a-Service platforms.

Australia offers the stability, sustainability, and strategic edge needed to scale AI infrastructure. And with NEXTDC you're not just building data centres. You're building the future. Here's why:

National AI-ready platform

NEXTDC operates Tier III+ certified, 100% uptime SLA data centres in every major Australian capital city — including Sydney, Melbourne, Brisbane, Perth, Adelaide, Canberra and Darwin.

Expanding across Asia

With new sites launching in Tokyo and Kuala Lumpur, NEXTDC is building a consistent, high-performance infrastructure platform across Asia-Pacific, ideal for hyperscalers and Neocloud providers scaling GPU-as-a-Service globally.

Built for high-density AI compute

NEXTDC will be the first in Australia to host NVIDIA GB200 infrastructure, supported by our in-house engineering expertise. As a NVIDIA DGX-Certified provider, we deliver AI-ready environments with scalable power, advanced liquid cooling, and custom-built infrastructure designed to meet the evolving demands of GPU-intensive workloads.

Trusted by leaders Like SharonAI

Organisations like SharonAI rely on NEXTDC to deliver operational certainty, performance at scale, and seamless interconnectivity for mission-critical AI workloads.

Recognised and award winning

- PTC 2025 Innovation Award - Best Data Centre Platform
- Frost and Sullivan - Recognised for excellence in customer value, innovation and growth
- NVIDIA DGX-Certified infrastructure
- Uptime Institute Certified - Tier IV data centres across Australian capital cities.

Cloud-neutral with global reach

NEXTDC's platform supports interconnects up to 100Gbps, with access to all major cloud on-ramps and subsea landing stations giving you full flexibility to scale across borders.

References

- 1 Statista. Leading countries by number of data centres. Statista (March 2025).
<https://www.statista.com/statistics/1228433/data-centers-worldwide-by-country/>
- 2 Reserve Bank of Australia (RBA). Exchange Rates – Monthly Average Rates. Retrieved April 2025.
<https://www.rba.gov.au/statistics/frequency/exchange-rates.html>



Let's Talk AI Deployment

Ready to build or expand your
AI infrastructure footprint in
Australia or Asia?

Whether you're designing your
next AI Factory, scaling GPU
cloud capacity, or entering the
Australian or Asia market for
the first time, NEXTDC is ready
to help.

Contact the NEXTDC team to
discuss how we can design
your AI-ready deployment with
confidence, flexibility, and speed.



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