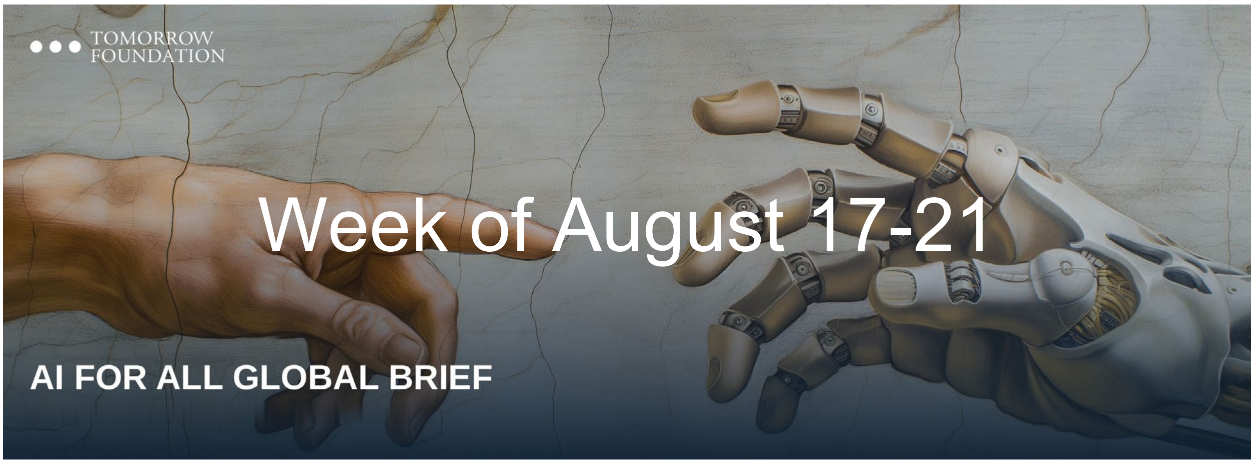

GLOBAL SIGNALS

The Chip Wall Has a Cloud-Shaped Hole in It

Multiple Chinese AI firms have been accessing Nvidia GB300 compute power not by importing chips but by renting time on data centers in Southeast Asia that legally hold the hardware. A White House official specifically accused Moonshot AI of using GB300 chips via a facility in Thailand in the weeks following the firm's July model release.

The legislative response — the Remote Access Security Act, which would extend export-control jurisdiction to cover remote cloud-based access of restricted hardware — passed the House in January 2026 and has not cleared the Senate. Until it does, the enforcement gap is not theoretical. It is operational.

> **Why it matters:** For the engineers and startups in Thailand, Malaysia, Indonesia, or Japan building on that same compute, the risk is that a compliance crackdown designed in Washington reshapes what infrastructure is available to them — regardless of their own national policy.

Source: CNBC

ALSO THIS WEEK

- FERC's 60-day interconnection deadline passed August 17, putting six major grid operators on record for the first time about AI power headroom — cost-allocation consequences for households in Virginia, Ohio, and Illinois. [source]

INFRASTRUCTURE

The Data Center Gold Rush Is Hitting Cape Town's Taps and Watts — and Residents Are Noticing

South Africa's data center industry is colliding with electricity and water shortages that already constrain daily life for millions. In Cape Town, activists have challenged the city's approval of a new Equinix facility, calling for community consultation that hasn't happened. A 200-megawatt data center draws power equivalent to roughly 200,000 households.

“It does feel like we're in this gold rush,” one advocate told Reuters. The industry's case — jobs, tax revenue, a digital economy — is real. So is the case that those gains are being distributed to corporate balance sheets while the grid and water costs are distributed to everyone else.

Why it matters: The pattern is not unique to South Africa. Kenya's stalled Microsoft-G42 project — halted in May 2026 after officials confirmed the grid could not support it — remains the clearest recent illustration of what happens when compute ambition outruns power infrastructure on the continent.

Source: CNBC Africa / Reuters

ALSO THIS WEEK

- India threads the needle: Microsoft's new South Central region goes live as the IndiaAI Mission deploys ~34,000 GPUs at ~65 rupees per GPU-hour — genuine public compute capacity, built entirely on chip supply chains a single export-control shift could disrupt. [source]

EDUCATION AND HUMAN CAPACITY

The Highest-Scoring Graduates Are Already Using AI Daily — and Their Universities Are Still Drafting Policies

The Digital Education Council's 2026 Global Survey — 45,398 responses across 35 countries — finds 88% of students now use AI, up 16 points from 2025, while just 31% of faculty feel meaningfully included in shaping their institution's AI policy.

US and Canadian faculty AI-adoption intent dropped 9 points this year, from 76% to 67% — the sharpest regional decline measured anywhere — while every other region kept increasing. The pattern: faculty pull back, students receive less guidance, and the skills erosion faculty worry about becomes more likely.

Why it matters: The students using AI most intensively are not the struggling ones — they're the highest-performing, most engaged students whose habits will define professional norms in five years. Institutions retreating rather than redesigning risk a self-reinforcing cycle.

Source: Digital Education Council | Forbes, July 7

ALSO THIS WEEK

- China-AfDB training cooperation from the mid-July World AI Conference — 50,000 training slots for African AI professionals — as the Global South counterweight to the US higher-ed debate. About five weeks old with no fresher hook; demoted from lead to alternate on staleness grounds. [source]

CREATIVE INDUSTRIES

Saudi Arabia's Bet on Arabic AI Just Got More Expensive Than the UAE's

On July 10, the US elevated the UAE to Country Group A:5 — its top export-control tier — giving G42 and Core42 license-free access to Nvidia's most advanced chips, no per-shipment approval required. Saudi Arabia got no such upgrade.

HUMAIN, the PIF-owned company building Allam — the first Arabic-language foundation model trained from scratch in the Kingdom, serving 350 million Arabic speakers — still operates under the same case-by-case authorization both countries received together in November 2025: a 35,000-accelerator cap requiring separate BIS approval for each shipment. Eight months ago the two Gulf AI champions were a matched pair, announced the same day. They aren't anymore.

> **Why it matters:** For the population Allam is built to serve, the model's pace of development is now tied to a chip-supply distinction that has nothing to do with Arabic-language AI and everything to do with how Washington scores each Gulf state's defense cooperation.

Source: Bureau of Industry and Security, official | Federal Register

ALSO THIS WEEK

- The Munich Regional Court ruled July 31 that Suno infringed copyright by training on GEMA-represented music without a license — and that German courts have jurisdiction even though the training happened in the US. Munich's second such ruling; the first was against OpenAI in November 2025. [source]

REGIONAL LENS

Brazil Just Split Its AI Bet Between Washington and Beijing — On Purpose

Brazil announced R$2.3 billion ($444 million) in AI infrastructure investment this week, and split it deliberately: R$1.3 billion for a Rio de Janeiro supercomputing project built with China's Huawei and iFlytek, and R$1 billion for a separate supercomputer — expected to rank among the world's 10 most powerful — that government officials expect Nvidia to supply.

“The strategy is not to depend on a single company, technology, or country,” Lula's administration said, explicitly framing the split as a sovereignty move. China is now Brazil's largest trading partner; the US remains its largest source of foreign investment despite recently imposed tariffs.

> **Why it matters:** Most countries end up dependent on one AI supply chain by default, not by choice. Brazil is trying to engineer non-alignment on purpose — deliberately keeping both superpowers invested in its AI buildout so neither can dictate terms.

Source: Al Jazeera / Reuters

ALSO THIS WEEK

- Washington's $26B Africa data center push — 37 transactions, $25.67B declared value, anchored by power-plus-compute deals in Lesotho and Gabon — read through a “who actually benefits” lens. Cross-referenced from Infrastructure, not duplicated. [source]

OPPORTUNITIES AND EVENTS

The UN Has Opened a Formal Global Dialogue on AI Governance — and the Global South Has a Seat, Not Just a Chair

The UN's Global Dialogue on AI Governance held its first formal session in Geneva July 6–7, 2026 — structurally different from prior multilateral AI forums because Global South governments and civil society have formal parity in the process, not observer status.

Dates for a continuation session tied to UNGA's September High-Level Week are not yet confirmed. The frameworks established here will interact with the EU AI Act's extraterritorial provisions and the US export-control architecture contested elsewhere in this issue.

> **Why it matters:** The countries with the most to gain or lose from AI governance outcomes — those with the least existing infrastructure leverage — are the ones most likely to be

> marginalized in fast-moving processes. This one is designed differently; whether it stays that way depends on sustained engagement.

Source: [UN, official]

ALSO THIS WEEK

- The Remote Access Security Act, stalled in the Senate since January, is now the most consequential pending AI legislation for non-US cloud operators — if it passes, compliance cost falls on the data center operator, not the chip manufacturer. [source]

ONE SIGNAL WE ARE WATCHING

Compute access is being decided everywhere except where it's used. This week, a Chinese firm reaches restricted Nvidia chips through a Thai data center it doesn't own. Saudi Arabia's Arabic-language AI ambitions move at a pace set by a Washington defense-cooperation scorecard, not by anything to do with Arabic. Cape Town residents absorb the water and power costs of a data center boom whose value flows to corporate balance sheets elsewhere. Brazil is the exception this week — the one government treating its AI supply chain as something to deliberately architect rather than passively inherit. That contrast, more than any single story, is this week's signal: sovereignty over AI infrastructure isn't a status countries have or lack. It's a decision some are making and most aren't.

AI for All Global Brief is a publication of Tomorrow Foundation.