

Client Alert

Special Matters & Government Investigations

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Trump Administration Early Executive Orders Signal Shift in AI Policy

Since returning to office, President Trump quickly issued two executive orders that mark a significant shift in the federal government's approach to artificial intelligence regulation and oversight ("Trump AI EOs"). These orders move away from the previous administration's focus on safety and security, instead prioritizing the reduction of regulatory barriers to accelerate AI development and strengthen U.S. leadership in this field.

The Trump AI EOs revoke President Biden's landmark directive – Executive Order 14110, Safe, Secure, and Trustworthy Artificial Intelligence ("Biden AI EO") – and instruct agency heads to identify and roll back Biden-era policies, directives, and actions that conflict with the Trump administration's new AI strategy of accelerating development.

The key provisions in the Trump AI EOs summarized below have significant implications for companies developing and deploying these quickly evolving technologies and it will be critical to continue to track AI developments in the new administration.

EXECUTIVE ORDER ON INITIAL RESCISSIONS OF HARMFUL EXECUTIVE ORDERS AND ACTIONS

On his first day in office, President Trump signed Executive Order 14148, Initial Rescissions of Harmful Executive Orders and Actions ("Trump Rescission EO"), which revokes numerous Biden administration executive orders and actions, including the Biden AI EO.

The order also directs the Director of the Domestic Policy Council and the Director of the National Economic Council to submit

within 45 days a list of additional Biden administration orders, memoranda, and proclamations recommended for rescission.

EXECUTIVE ORDER ON REMOVING BARRIERS TO AMERICAN LEADERSHIP IN ARTIFICIAL INTELLIGENCE

On January 23, 2025, President Trump signed Executive Order 14179, Removing Barriers to American Leadership in Artificial Intelligence (“Trump AI EO”), which aims to roll back Biden-era AI policies and establish a new framework for U.S. AI leadership. This EO declares that U.S. policy is to “sustain and enhance America’s global AI dominance in order to promote human flourishing, economic competitiveness, and national security.”ⁱ Its stated purpose is to “revoke certain existing AI policies and directives that act as barriers to American AI innovation, clearing a path for the United States to act decisively to retain global leadership in artificial intelligence.”ⁱⁱ

The Trump AI EO establishes two key directives to implement its policy objectives:

- 1. Suspend, Revise, or Rescind Biden-Era Policies:** Building on the Trump Recission EO, the Trump AI EO mandates a comprehensive review of Biden administration AI policies. Three senior officials—the Assistant to the President for Science and Technology (“APST”), the Special Adviser for AI and Crypto, and the Assistant to the President for National Security Affairs (“APNSA”)—must assess, in coordination with the relevant agency heads, all actions taken under the Biden AI EO that are deemed “inconsistent with, or present obstacles to” the new administration's AI policy.ⁱⁱⁱ Agency heads are then directed to suspend, revise or rescind such actions or recommend appropriate modifications.

The order also directs the Director of the Office of Management and Budget (“OMB”) to align two key OMB Memoranda issued under the Biden AI EO:

- **M-24-10:** Establishes AI governance measures, including designating chief AI officers, developing enterprise AI strategies, and applying minimum risk management practices for AI applications with potential rights and safety implications.
 - **M-24-18:** Expands upon M-24-10 by strengthening AI acquisition policies, ensuring interoperability, and preventing vendor lock-in for federal AI procurement.
- 2. Develop a Trump Administration AI Action Plan:** The Trump AI EO further requires the APST, the Special Adviser for AI and Crypto, and the APNSA, in coordination with the Assistant to the President for Economic Policy, the Assistant to the President for Domestic Policy, the OMB Director, and other relevant agency heads, to develop and submit an AI Action Plan within 180 days that aims at defining priority policy actions to maintain AI leadership while minimizing regulatory hurdles. Some federal agencies have already started taking steps to fulfill this directive. For instance, on February 6, the National Science Foundation’s Networking and Information Technology Research and Development National Coordination

Office issued a request for information, seeking public comment on key priorities for the AI Action Plan. The request covers a broad range of AI policy topics, including cybersecurity, research and development, export controls, and technical safety standards.

KEY TAKEAWAYS

Early actions by the Trump administration signal notable shifts in AI policy and regulation:

1. **Shift in AI Policy Priorities:** The Trump AI EOs represent a rollback of Biden-era AI policies but not complete deregulation of the sector. Instead, they suggest a shift in priorities, emphasizing AI innovation and global dominance by the U.S. over risk management.

While the Biden AI EO focused on developing guidelines for responsible AI development, including safety testing for high-risk AI systems, accountability measures, and reporting requirements for foundational models, the Trump AI EOs prioritize reducing regulatory barriers to accelerate AI growth. Requiring an AI Action Plan, however, suggests that additional regulatory guidance could still emerge under the Trump administration, potentially in areas such as national security-related AI applications or AI-driven disinformation, where even industry-led innovation may necessitate some level of government oversight.

2. **Review of Remaining Biden-Era AI Executive Orders:** The Biden AI EO may not be the only Biden-era AI executive order that comes under scrutiny. In Biden's last days in office, he issued two additional AI-related executive orders:

- EO 14144, Strengthening and Promoting Innovation in the Nation's Cybersecurity
- EO 14141, Advancing United States Leadership in Artificial Intelligence Infrastructure

Both promote AI adoption in cybersecurity and infrastructure—areas generally aligned with President Trump's policy objectives. However, EO14141's clean power initiative for AI data centers may face scrutiny, given President Trump's historical stance on clean energy mandates.

3. **Reduced Federal Compliance Burdens:** The Trump administration's focus on removing regulatory barriers suggests a shift away from Biden-era risk management protocols, potentially easing compliance burdens for AI developers. Companies developing AI technologies likely will experience fewer federal reporting, documentation, and compliance requirements, particularly concerning the potential risks of AI systems, such as unintended biases, misuse, or reliability in high-stakes applications.
4. **Continued or Increased State Regulation:** Despite a federal shift, state-level AI regulation is likely to continue or expand. Many states have already introduced or enacted AI laws, particularly in the areas of

automated decision-making and consumer protection. A perceived gap in federal oversight could accelerate state legislative and regulatory action, leading to a more fragmented regulatory landscape in the U.S.

5. **Congressional Outlook:** Congress has shown sustained interest in AI policy, as reflected in the December 2024 House Bipartisan Task Force on Artificial Intelligence Report. With a Republican-controlled government, federal legislation is likely to align with the Trump AI EO's deregulatory approach—but it remains uncertain whether comprehensive AI legislation will pass. In a recent confirmation hearing, Senate Majority Leader Sen. John Thune (R-SD), for instance, noted his support for “a legislative framework that provides basic accountability for high-risk AI models without onerous regulations.”
6. **No Change to China Export Controls:** While the Trump administration eases AI regulations domestically, it has not relaxed AI-related export restrictions, particularly on semiconductor technology. Recent concerns over DeepSeek, a Chinese-developed large language model capable of rivaling top U.S. AI systems despite export restrictions on advanced AI chips, may push the administration to consider additional export controls to maintain U.S. leadership in AI.
7. **Tension Between U.S. and Global AI Regulations:** Companies operating globally are likely to face increased friction between U.S. and international AI regulations, particularly the EU AI Act. For example:
 - The EU AI Act imposes compliance obligations on AI providers, deployers, importers, and distributors linked to the EU market. For example, Article 4 requires providers and deployers of AI systems to ensure “a sufficient level of AI literacy” amongst their staff.^{iv}
 - President Trump has expressed opposition to foreign AI regulations affecting U.S. businesses, framing them as barriers to innovation and economic growth.^v Similarly, Vice President Vance, speaking at the global AI Summit in Paris on February 11, 2025, warned that excessive regulation, particularly from foreign governments, could stifle AI innovation.^{vi}
 - The EU AI Act's first provisions, including bans on “unacceptable risk” AI applications, took effect on February 2, 2025, with full enforcement mechanisms to take effect by August 2, 2025.^{vii}

In addition, the Trump administration's "free speech" agenda presents a specific challenge in AI governance. President Trump has positioned himself as an advocate for removing content restrictions on AI platforms, and Vice President Vance has simultaneously emphasized the need to “ensure that AI systems developed in America are free from ideological bias and never restrict our citizens' right to free speech.”^{viii} This contrasts sharply with the EU's push to regulate AI-driven misinformation and disinformation, creating further regulatory divergence between the two jurisdictions and significant challenges for U.S. companies.

This growing divide may complicate compliance and increase risks for U.S. AI companies operating in both markets, as they navigate conflicting expectations regarding content moderation, algorithmic transparency, and misinformation controls. This underscores the importance for companies to carefully consider these competing regulatory regimes in their AI deployment strategies, evaluate which global standards to adopt, and determine whether different approaches are required based on the specific region.

8. Infrastructure Investments Remain a Priority: Despite the noted policy shifts, federal AI infrastructure investments remain intact. The Trump administration has signaled continued support for AI infrastructure funding, creating opportunities for companies engaged in AI research, development, and deployment. Additionally, private-sector AI investment is expected to expand, including:

- Stargate Initiative – a \$500 billion AI infrastructure project backed by OpenAI, Oracle, MGX, and SoftBank, aimed at accelerated U.S. AI capabilities.^x
- Government AI initiatives – reports indicate that Elon Musk’s Department of Government Efficiency (DOGE) is developing an AI chatbot for federal government use.^x

LOOKING AHEAD

As the Trump administration continues to reshape AI policy, we anticipate further actions from the executive branch, Congress, and state governments and regulators impacting both the policy landscape and companies directly. We will continue to monitor key industry developments and regulatory impacts throughout 2025 and beyond. With significant opportunities emerging, but on shifting regulatory sands, it is crucial for companies to stay abreast of evolving policies and develop a global framework for managing regulatory risks. This approach will be essential to confidently moving forward with investments and deal opportunities in an increasingly complex environment.

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ⁱ Exec. Order No. 14,179, 90 Fed. Reg. 8741, § 2 (Jan. 23, 2025).

ⁱⁱ Exec. Order No. 14,179, 90 Fed. Reg. 8741, § 1 (Jan. 23, 2025).

ⁱⁱⁱ The Trump AI EO does not identify specific “relevant agency heads,” but requires the APST and APNSA to determine which agencies are relevant.

^{iv} European Union Artificial Intelligence Act, 2024 Q.J. (L. 2024/1689) art. 4.

^v See Barbara Moens, Henry Foy, and Melissa Heikkilä, *EU pushes ahead with enforcing AI Act despite Donald Trump warnings*, FIN. TIMES (Feb. 4, 2025), available at <https://www.ft.com/content/b4e10389-1a66-4c3e-922e-a4d74b616ec6>.

^{vi} See Aamer Madhani and Thomas Adamson, *JD Vance rails against ‘excessive’ AI regulation in a rebuke to Europe at the Paris AI summit*, APNEWS (Feb. 11, 2025), available at <https://apnews.com/article/paris-ai-summit-vance-1d7826affdcdb76c580c0558af8d68d2>.

^{vii} European Union Artificial Intelligence Act, 2024 Q.J. (L. 2024/1689) art. 4, 5.

^{viii} See Michael Dorgan, *Vance tells world leaders AI must be ‘free from ideological bias,’ American tech won’t be censorship tool*, FOXBUSINESS (Feb. 12, 2025), available at <https://www.foxbusiness.com/politics/vance-tells-world-leaders-ai-must-free-from-ideological-bias-american-tech-wont-censorship-tool>.

^{ix} See Josh Boak and Zeke Miller, *Trump highlights partnership investing \$500 billion in AI*, APNEWS (Jan. 22, 2025), available at <https://apnews.com/article/trump-ai-openai-oracle-softbank-son-altman-ellison-be261f8a8ee07a0623d4170397348c41>.

^x See Paresh Dave, Zoe Schiffer, and Makena Kelly, *Elon Musk’s DOGE is Working on a Custom Chatbot Called GSAi* WIRED (Feb. 6, 2025), available at <https://www.wired.com/story/doge-chatbot-ai-first-agenda/>.

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