

Biden issues order aimed at curbing Chinese investment in US tech companies

Article

The news: President Biden issued an executive order to limit foreign investment in US tech companies.

- The order clarifies duties of the **Committee on Foreign Investments in the United States (CFIUS)**, which was created over 50 years ago to block foreign acquisitions of US firms with **national security interests**, [per](#) The New York Times.
- The order, in part, directs the committee to **consider whether a pending purchase deal could result in a foreign government accessing and exploiting private data** on Americans and cybersecurity lapses.
- Instead of looking at the size of a given investment, the order directs the CFIUS to focus on companies working on technologies “critical to American economic growth” including **microelectronics, AI, biotechnology, biomanufacturing, quantum computing, advanced clean energy, and climate adaptation tech**.

Worried about China: Although the order doesn't specifically mention China, the listed technologies are part of **President Xi Jinping's** “Made in China 2025” initiative and are also areas getting more US federal investment. It's the latest evidence of mounting concern about the US' position in its [tech race](#) with China.

- The White House order comes on the heels of a [report](#) issued by former **Google CEO Eric Schmidt's** think tank **Special Competitive Studies Project (SCSP)** that warns the US could lose the tech war with China, leaving the US economy and military vulnerable.
- **The federal government recently [targeted](#) Beijing with its ban of AI supercomputer chips sales to China and Russia.**

The order also coincides with growing [concern](#) about US residents' use of the Chinese-owned social media platform **TikTok**.

There's evidence that TikTok employees in China obtained data about US users. While there's no evidence the data was delivered to Beijing, China's national security laws could force the disclosure.

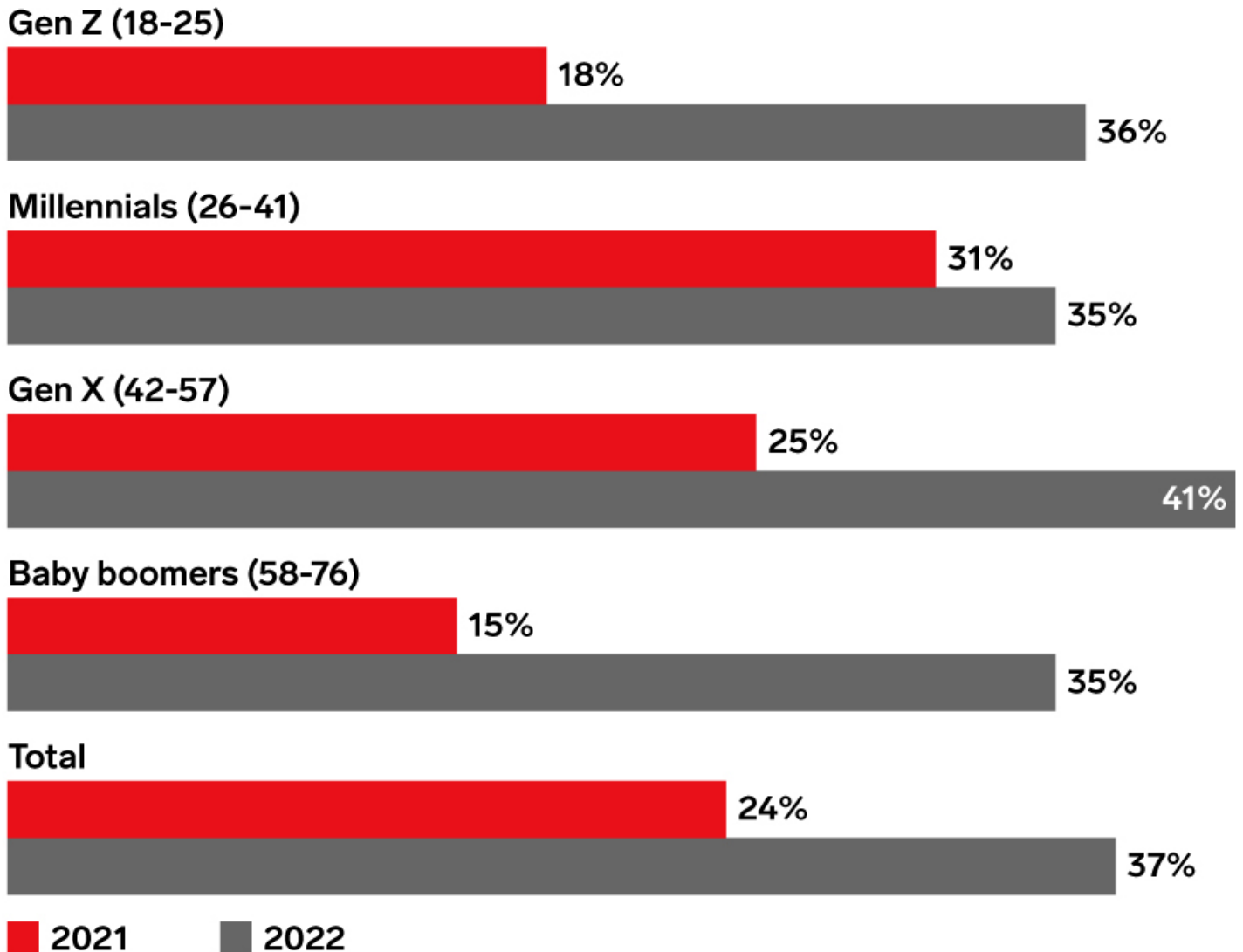
The bigger picture: The order will likely contribute to an already [inflammatory](#) relationship with China.

- The reach of revolutionary technologies like microelectronics, AI, and quantum computing will likely transcend national and corporate boundaries, making it imperative that the US and other countries discuss how to achieve international cooperation about their regulation and peaceful use.

- Beyond directives, **the US government could also encourage more collaboration between Big Tech, academic institutions, and its own research arms.** A siloed approach is less likely to benefit national security.
- China is doubling down on its own tech investments and working to create international tech partnerships beyond Russia. This could push the US toward collaborating more closely with the EU on tech regulation and innovation.

US Social Media Users Who Feel That TikTok Protects Their Privacy/Data, by Generation, 2021 & 2022

% of respondents in each group



Note: among respondents who used the platform in the past 12 months and agree/strongly agree, based on a 7-level agreement, with the statement, "I am confident that this social platform protects my privacy and data"

Source: Insider Intelligence, "US Digital Trust Benchmark 2022," Sep 2022

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