

# Biden's executive order targets Chinese tech investments

Article

**The news:** President Biden signed an executive order capping US investments in Chinese tech firms. It's the latest escalation in the ongoing tech cold war.

**Zooming in:** The crux of the latest executive order is mergers and acquisitions through US venture capital and private equity in an effort to curb investments into Chinese companies

with intelligence and military applications.

The US is not alone, the [Five Eyes partnership](#), which is composed of **Canada, the UK, the US, Australia, and New Zealand**, banned Chinese-made telecom equipment seen as security risks.

**Clamping down on China's emerging tech:** The focus of the executive order is on semiconductors, microelectronics, quantum computing, networking, and AI-powered software.

- Biden [signed an executive order in September](#) focused on curbing Chinese investments in US tech firms that work with AI, biotechnology, biomanufacturing, quantum computing, advanced clean energy, and climate adaptation.
- China has held back approval for acquisitions that involve US tech companies [in retaliation against sanctions](#).
- Caught in the middle of feuding superpowers, Chinese firms have been stockpiling chips and supplies. Meanwhile, US chip makers have been clocking down processor speeds [to dodge US-China sanctions](#).
- More recently, Chinese tech companies have scrambled to order [\\$5 billion in processors from Nvidia](#) for fear of losing access to critical components.

**Beijing's response:** The Chinese Ministry of Commerce responded in a statement early Thursday that it has “serious concern” about the order and “reserves the right to take measures.”

**Key takeaway:** Expect heightened political tensions to take a toll on technology and business investments while tech companies and producers find ways around embargoes. Chinese stockpiling could also lead to supply chain shortages for the rest of the world.