

DeepSeek's Rise Creates Urgency and Uncertainty for President Trump's AI Agenda — AI: The Washington Report

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- The breakthrough of the Chinese company DeepSeek's AI model, which rivals leading US AI models but costs a fraction to develop, changes the equation for the Trump administration and calls into question its initial inclination to take a deregulatory, hands-off approach to AI federal policy.
- President Trump has aimed to secure US AI dominance through deregulating US AI — as exemplified by his first week repeal of Biden's AI Executive Order (AI EO) and order of a review and possible suspension of actions taken under the Biden AI EO.
- But Trump has called DeepSeek's breakthrough a "wake-up call," and he has since threatened to impose tariffs on chip imports from Taiwan. DeepSeek's breakthrough has ignited calls from both lawmakers and companies for the Trump administration to tighten chip export controls and add clarity to federal AI standards.

The breakthrough of the Chinese company DeepSeek's AI model, which rivals leading US AI models but costs a fraction to develop, changes the equation for the Trump administration and calls into question its initial inclination to take a deregulatory and hands-off approach to AI federal policy. On Monday, Trump called DeepSeek's rise a "wake-up call" to be "laser-focused on competing to win" the AI race against China, and he threatened to impose tariffs on chip imports from Taiwan. DeepSeek's breakthrough has since ignited calls from lawmakers and technology companies alike for the Trump administration to strengthen chip export controls, impose tariffs on chip imports, and add clarity to federal AI standards.

As the Trump administration is currently developing an AI action plan for the federal government, pursuant to last week's AI **executive order**, DeepSeek's rise creates both urgency for the administration to act on AI and uncertainty about whether the administration will stick to its anticipated deregulatory, hands-off approach to AI or play a more involved role in federal AI policy.

Trump's Reaction to DeepSeek

On Monday, President Trump reacted to DeepSeek's breakthrough, calling the Chinese AI model's release "a wake-up call for our industries that we need to be laser-focused on competing to win" to the AI race against China. The comments came just days after the new president signed an executive order stating that it is the policy of the US to "enhance America's global AI dominance," as **we covered**.

Yet, DeepSeek's breakthrough has ignited a larger debate about what the Trump administration should do to ensure that the US does not cede AI dominance to China. The president and his AI and technology advisors have largely advocated for a deregulatory approach to promoting AI innovation, arguing that existing regulations get in the way of and stifle innovation, as **we've written about**. But others in Trump's camp, including the president at times, have taken a hard line against China and have expressed support for protectionist measures and regulations to prevent China from benefiting from US AI advancements. DeepSeek's breakthrough provides ammunition for those in the White House who believe that regulations, including export controls on American technology companies, are necessary to win the AI race against China.

On Monday, President Trump provided a first reaction to where he stands when he threatened to impose tariffs on chip imports from Taiwan, where many chips that are used by leading AI companies are manufactured. The tariffs would aim to pressure the leading chipmaker there to move to the US, but they would also make it more expensive for companies in the US that rely on the chipmaker to develop AI models and infrastructure. But it is far from certain whether President Trump will follow through on the tariff threats, which could potentially be out of step with Trump's other efforts, including a \$500 billion private investment in US AI infrastructure, to stimulate US AI innovation.

DeepSeek's innovation may also lead President Trump to tighten, loosen, or keep in place Biden-era export controls on chips. DeepSeek relied on loopholes in Biden's chip export controls, which [we've written about](#), to acquire chips needed to develop its model, according to [reporting](#). While US AI companies and chipmakers had previously argued that export controls on their chips stifle innovation and free trade, following DeepSeek's breakthrough, some leading US AI companies came out in support of tightening the export controls.

But DeepSeek's breakthrough also highlights the potential ineffectiveness of chip export controls and may provide support for companies that want them to be removed. Despite the controls, DeepSeek was still able to acquire the necessary chips through loopholes and also relied on other technological advantages in China to build its model which were unaffected by the controls. It remains to be seen what, if anything, President Trump does to the chip export controls currently in place.

Reaction from Congress

In Congress, the reaction from many members across the aisle has been for the new administration to take action on AI and create certainty and clarity for US AI companies. Members of Congress from both sides have also advocated for a more aggressive approach to limiting China's ability to benefit from US AI advancements.

- "Companies need clarity as soon as possible," said Rep. Jay Obernolte (R-CA), Chairman of the House AI Task Force. As [we covered](#), Trump's Executive Order on AI directs his AI and technology advisors to develop an AI Action Plan within 6 months, but DeepSeek's breakthrough may put pressure on the administration to expedite its plan. Trump has not yet addressed the future of the AI Safety Institute, which creates standards for companies.
- John Moolenaar (R-MI), who chairs the House Select Committee on China, called on the US to strengthen its export controls. "The US cannot allow CCP models such as DeepSeek to risk our national security and leverage our technology to advance their AI ambitions. We must work to swiftly place stronger export controls on technologies critical to DeepSeek's AI infrastructure."
- On Monday, House Speaker Mike Johnson (R-LA) called China a "terrible trading partner." "They abuse the system. They steal our intellectual property. They're now trying to get a leg up on us on AI, as you've seen the last day or so," the Speaker said. "It's a serious threat to us and to our economy and our security in every way. So, the president takes that seriously, and I think that he will deal with that [in an] appropriate manner."
- On Tuesday, Senate Minority Leader Chuck Schumer (D-NY) said, "And DeepSeek's announcement makes it all but official: China is catching up with the US on AI. It is a wakeup call that Congress desperately needs. If America falls behind China on AI, we will fall behind everywhere: economically, militarily, scientifically, educationally, everywhere."

While members of Congress are vocal about AI, all eyes are on President Trump and his closest AI advisors, who will ultimately decide how the administration will respond to DeepSeek's breakthrough and the shifting balance in the AI race against China.

Despite these statements, there has been no suggestion that the new Congress will focus on or accelerate new AI-related legislation.

We will continue to monitor, analyze, and issue reports on developments about the Trump administration's approach to and policies for AI.

Authors

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