ML STRATEGIES

White House Pushes Back on Microchip Export Restrictions, and AI Leads White House R&D Budget Priorities — AI: The Washington Report

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VIEWPOINT TOPICS

- Artificial Intelligence
- AI: The Washington Report

- David Sacks, the White House's lead advisor on AI and crypto, is urging Senate lawmakers to remove a provision from the Senate's version of the National Defense Authorization Act (NDAA) that would impose new restrictions on US microchip exports. The provision, known as the **GAIN AI Act**, would require chipmakers to prioritize domestic customers before selling advanced semiconductors abroad. These chips are fundamental to the AI industry.
- While Congress seeks tighter controls on chip exports to China, the Trump administration is focused on deregulation and expanding US tech exports.
- A new White House memo on FY2027 research and development priorities places artificial intelligence and quantum computing at the center of federal research investments, emphasizing innovation, national security, and global tech leadership.
- The memo serves as a budgetary roadmap, guiding federal agencies to invest in foundational and applied research across AI, quantum computing, nuclear energy, and space technologies. These investments reflect the administration's long-term objective to secure American dominance in the global AI race.

White House Pushes Back on Microchip Export Restrictions

David Sacks, the White House's lead advisor on AI and crypto, is urging Senate lawmakers to remove a provision from the Senate's version of the National Defense Authorization Act (NDAA) that would impose new restrictions on US microchip exports. The provision, known as the **GAIN AI Act**, would require chipmakers to prioritize domestic customers before selling advanced semiconductors abroad. This measure is backed by Senators Jim Banks (R-IN), Roger Wicker (R-MS), and Jack Reed (D-RI), and reflects growing congressional concern over China's access to advanced AI chips, as we've **previously written**. These chips are fundamental to the AI industry.

A key component of Senator Banks' proposal involves amending the Export Control Reform Act of 2018 to mandate chipmakers certifying that US buyers are given a "right of first refusal" to advanced semiconductors before the chips can be sold internationally. The Trump administration argues that such a requirement would create regulatory burdens for foreign buyers and risk driving them toward alternative suppliers, particularly China, the world's largest consumer of semiconductors. This concern is especially relevant given the administration's recent decision to resume certain chip sales to China in exchange for profit-sharing agreements with US firms.

Senator Tom Cotton (R-AR) was the first Republican to publicly endorse the GAIN AI Act, emphasizing that American companies and consumers should be prioritized when it comes to access to advanced AI chips, especially over geopolitical rivals like China. Meanwhile, Senate Majority Leader John Thune (R-SD) is pushing to advance the Senate's version of the National Defense Authorization Act (NDAA). If the GAIN AI Act remains on the bill, it will move to a conference committee for reconciliation with the House version, which passed on September 10. The Senate FY26 NDAA has stalled on the floor, and only 17 amendments are being considered as part of a deal for the bill to progress.

This debate is unfolding amid negotiations involving US chipmakers and foreign governments, including a multibillion-dollar deal to supply US-made chips to the United Arab Emirates. That deal has faced internal scrutiny over fears that the technology could be diverted to China, highlighting the complex trade-offs between national security and economic strategy. The administration's recent and unprecedented equity stake in a major US chipmaker further signals its intent to bolster American leadership in semiconductor innovation.

Adding to the ongoing tension of the White House and David Sacks pushing back against legislative efforts to restrict chip exports to China, Sen. Elizabeth Warren (D-MA) and other lawmakers are investigating whether David Sacks has exceeded the legal time limit for serving as a Special Government Employee (SGE), a temporary role capped at 130 workdays per year to prevent conflicts of interest with private-sector positions. In a **letter** dated September 17, Senator Warren and seven other members of Congress raised concerns about Sacks' compliance with federal ethics rules as Sacks continues to lead AI priorities in the White House.

AI Leads White House Research and Development Budget Priorities

On September 23, the White House released a **memorandum** outlining the Trump administration's priorities on research and development for FY2027. Directed to federal agency heads, the memo, jointly issued by Office of Management and Budget Director Russell Vought and Office of Science and Technology Policy (OSTP) Director Michael Kratsios, places AI and quantum computing at the center of the administration's science and technology agenda. It serves as a budgetary roadmap, guiding federal agencies to invest in foundational and applied research across AI, quantum computing, nuclear energy, and space technologies. These investments reflect the administration's long-term objective to secure American dominance in the global AI race and ensure that the US remains the world's leading innovator in critical and emerging technologies.

The memo warns that American technological dominance "is not guaranteed and our adversaries pursue whole-of-nation approaches" to tech competition, and reiterates that investing in AI and quantum computing are critical to "ensuring US leadership in sectors critical to … national security." A key theme highlighted is collaboration across government, academia, industry, and nonprofit research institutions, with the private sector noted as a driving force in maintaining US supremacy in emerging technologies.

AI was featured prominently throughout the memo, with special emphasis on its potential as "a new frontier of exploration and application promises breakthroughs across a range of scientific disciplines and industrial sectors." Specific priorities include federal support for novel AI paradigms, computing architectures, and development of an "AI-ready" workforce equipped to navigate the rapidly evolving technological landscape.

The memo also ties into the administration's broader **AI Action Plan**, which promotes innovation through deregulation, global market expansion, and strategic infrastructure development. Moreover, it also complements recent executive actions, such as the July Executive Order (EO) from the Trump administration on **Promoting the Export of the American AI Technology Stack** to accelerate American leadership in AI and "decrease international dependence on AI technologies developed by our adversaries by supporting the global deployment of United States–origin AI technologies."

This policy directive on budget priorities for FY2027 also aligns with **remarks** delivered by OSTP Director Kratsios at the United Nations Security Council on September 24.

"We are resolved that AI technologies used in national security applications are consistent with the highest standards of privacy, civil liberties, transparency, and protections found in the laws of the United States," Director Kratsisos said.

His speech expands on the themes laid out in the White House memo and highlights the administration's belief that overregulation or ideological constraints could stifle innovation and empower authoritarian regimes.

Together with the administration's opposition to the GAIN AI Act, the White House memo serves as a strategic blueprint that reinforces the Trump administration's deregulatory approach to AI and semiconductor policy.

We will continue to monitor, analyze, and issue reports on these developments. Please feel free to contact us if you have questions as to current practices or how to proceed.

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