

## Trump administration signals support for domestic AI development

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In the first week of his administration, President Trump reinforced the importance of domestic AI development for economic and geopolitical advancement.

### Repeal of Biden-era AI guardrails

Among President Trump's Day One activities was the revocation of former President Biden's Executive Order 14110 ([Safe, Secure, and Trustworthy Development and Use of AI](#)) from October 2023. Although EO 14110 was intended to support innovation and competition, it did so within certain guardrails designed to ensure the safety and security of AI technology, support workers, and protect privacy and civil liberties. By the end of the week, President Trump issued his own AI executive order ([Removing Barriers to American Leadership in AI](#)), establishing that it is U.S. policy "to sustain and enhance America's global AI dominance in order to promote human flourishing, economic competitiveness, and national security." The accompanying [fact sheet](#) explained that the revocation of EO 14110 was necessary to eliminate "unnecessarily burdensome requirements for companies developing and deploying AI" and to promote "American development of AI systems ... free from ideological bias or engineered social agendas."

Among other things, President Trump's AI executive order directs White House staff, including the Special Advisor for AI and Crypto, the Assistant to the President for Science and Technology (APST), and the Assistant to the President for National Security Affairs (APNSA), in coordination with relevant agencies, to (i) develop an AI action plan within 180 days to achieve the U.S. policy goal; and (ii) identify all actions taken pursuant to the revoked EO 14110 that may be inconsistent with, or present obstacles to, the policy goal, and to suspend, revise, or rescind such actions, as appropriate and consistent with applicable law. The latter directive may jeopardize certain recommendations in the various [reports](#) developed in response to EO 14110's requirement for government agencies to study AI's impact on areas including cybersecurity, bioengineering, education, and civil rights. The repeal of EO 14110 also nullifies EO 14110's requirement for AI developers to report red teaming or safety testing results to the U.S. government.

### Elevation of AI industry experts

Prior to his inauguration, Trump announced David Sacks as the Special Advisor for AI & Crypto (or Czar) and co-chair with the APST of the [President's Council of Advisors on Science and Technology](#) (PCAST). Sacks is a Silicon Valley venture capitalist, co-founder of PayPal, and co-hosts a podcast called "All-In." He co-wrote *The Diversity Myth: Multiculturalism and Political Intolerance on Campus* with Peter Thiel. This past year, he launched Glue, an AI-powered work chat app intended to streamline workplace communication.

Michael Kratsios will serve as APST and Director of the White House Office of Science and Technology. Kratsios is a managing director of Scale AI, an AI startup that manages a contract workforce that labels data, particularly useful for large language models as they are trained on labeled datasets. During President Trump's first term, Kratsios served as the chief technology officer within the White House Office of Science and Tech and later as acting undersecretary of defense for research and engineering.

# Stargate Project

On January 21, President Trump [announced](#) the Stargate Project, a consortium including Softbank, OpenAI, Oracle, and investment firm MGX with a goal to invest \$500 billion in data centers and other AI infrastructure, such as electricity generation, in the U.S. over the next four years. The Stargate Project will begin deploying \$100 billion immediately. Stargate has started building one campus in Texas and is currently evaluating other sites across the country to build out the infrastructure.

## Potential congressional alignment

Senator Ted Cruz, Chair of the Committee on Commerce, Science, and Transportation, whose jurisdiction includes potential AI and data privacy legislation, appears to share President Trump's pro-growth view of AI technology. In a March 2024 [op-ed](#) ("Biden wants to Put AI on a Leash"), Senator Cruz and former Senator Phil Gramm asserted that the Biden administration's "aggressive regulation" of AI "could deny America global leadership in AI and the prosperity that leadership would bring." Similarly, in a recent [episode](#) of his podcast, Senator Cruz indicated that one goal as incoming chair of the commerce committee would be "maintain[ing] a very light touch regulatory environment, where innovation is driven from the private sector."

## Key takeaways

The flurry of activity in the first week of the Trump administration, together with earlier announcements, offer several key takeaways:

- Although the full impact of the new AI order remains to be seen, it underscores President Trump's support for domestic AI development in the context of a broader economic and technological geopolitical competition and portends a more flexible regulatory environment at the federal level.
- Existing laws, however, including those relating to discrimination, labor and employment, and consumer protection, remain applicable to AI. For example, as we have previously [noted](#), the FTC has targeted deceptive AI practices for potential enforcement under Section 5 of the FTC Act. Similarly, law enforcement at both the federal and state level will continue to pursue crimes committed through or with the assistance of AI.
- As with comprehensive data privacy legislation, the absence of AI legislation at the federal level is likely to contribute to the proliferation of state legislation. To date, Colorado, California, and Utah have passed AI legislation, and more than 30 other AI bills applying to private sector organizations were introduced in state legislatures during 2024.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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