Mr. Robot Goes To Washington: The Shifting Federal AI Landscape Under the Second Trump Administration

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President Trump's inauguration on January 20, 2025, has already resulted in significant changes to federal artificial intelligence (AI) policy, marking a departure from the regulatory frameworks established during the Biden administration. This shift promises to reshape how businesses approach AI development, deployment, governance, and compliance in the United States.

Historical Context and Initial Actions

The first Trump administration (2017–2021) prioritized maintaining US leadership in AI through executive actions, including the 2019 Executive Order (EO) on Maintaining American Leadership in Artificial Intelligence and the establishment of the National Artificial Intelligence Initiative Office. This approach emphasized US technological preeminence, particularly in relation to global competition.

For its part, the Biden administration's approach to AI development emphasized "responsible diffusion" — allowing AI advances and deployment while maintaining strategic control over frontier capabilities.

In a swift and significant move, President Trump revoked President Biden's October 2023 Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence on his first day in office. This action signals a clear pivot toward prioritizing innovation and private sector growth and development over regulatory oversight and AI safety (or at least a move away from government mandates and toward market-driven safety measures).

Emerging Policy Priorities

Several key priorities have emerged that will likely shape AI development under the second Trump administration:

1. **Focus on National Security:** The Trump administration EO framed AI development as a matter of national security, particularly with respect to competition with China. This is an area where the administration is likely to enjoy bipartisan support.

2. **Energy Infrastructure:** The Trump administration's [declaration of a national energy emergency](#) on his first day in office highlights the administration's recognition of AI's [substantial computational and energy demands](#). And on his second day in office, President Trump followed the declaration with the announcement of a [private-sector $500 billion investment in AI infrastructure](#) assets code-named "Project Stargate," with the first of the project's data centers already under construction in Texas.
3. **Defense Integration:** Increased [military spending on AI capabilities](#) and the administration's focus on military might indicate an emphasis on accelerated development of defense-related AI applications.

Regulatory Shifts and Business Impacts

The new administration's approach signals several potential changes to the AI regulatory landscape:

- **Federal Agency Realignment:** Key agencies like the Federal Trade Commission may relax their focus on consumer protection to allow more free market competition and innovation.
- **Preemption Considerations:** The administration might pursue federal legislation to create uniform standards that preempt the current patchwork of state and local AI laws and regulations.
- **International Engagement:** Restrictions on international AI collaboration and technology sharing, particularly regarding semiconductor exports used for AI (which had already been [tightened under the Biden administration](#)), are likely to be enhanced.

Strategic Planning Considerations

The AI policy shift creates new imperatives for business leaders, including:

1. **Multi-jurisdictional Compliance:** Despite potential reduced federal oversight, businesses must maintain compliance with any applicable federal, state, and local regulations and international requirements, including the [EU AI Act](#) for those organizations doing business in EU countries.
2. **Investment Strategy:** Changes in federal policy and potential international trade restrictions could transform AI development costs, investment patterns, and technology budgets.
3. **Risk Management:** Businesses should maintain robust internal governance frameworks regardless of regulatory requirements, particularly considering the ongoing operational and reputational risks.

Looking Ahead

While specific policy developments remain in flux, the Trump administration's emphasis on technological leadership and reduced regulatory oversight suggests a significant departure from previous approaches. The continued integration of AI into critical business functions, however, necessitates continued attention to responsible development and deployment practices, even as the regulatory landscape evolves.

Businesses should stay informed of policy developments while maintaining robust AI governance and compliance frameworks that can adapt to changing federal priorities while ensuring compliance with any applicable legal and regulatory obligations and standards.

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