



Office of Public Policy

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Trump administration executive action alert

America First Investment Policy | 21 February 2025

Presidential memorandum on [America First Investment Policy](#); [White House fact sheet](#)

Key highlights

- On 21 February, President Trump signed a National Security Presidential Memorandum (NSPM) outlining an “**America First Investment Policy**” aimed at promoting an open investment environment while restricting investments to and from certain countries to ensure national security.
- The NSPM emphasizes that “economic security is national security” and that the policies are intended “to help ensure that artificial intelligence and other emerging technologies of the future are built, created, and grown right here in the United States.”
- Many of the specified actions expand on policies and regulations of the first Trump and Biden administrations that tightened inbound and outbound investment with China and other “foreign adversary countries” to protect US economic security.
- The memorandum defines foreign adversaries to include the People’s Republic of China (PRC), including the Hong Kong Special Administrative Region and the Macau Special Administrative Region; the Republic of Cuba; the Islamic Republic of Iran; the Democratic People’s Republic of Korea; the Russian Federation; and the regime of Venezuelan politician Nicolás Maduro.
- **Timing:** The impact of several of the actions outlined in the NSPM may be delayed due to the need for rulemaking or consultations with Congress.
- **Key elements of the memorandum:**

Inbound investment

- **Promoting foreign investment**
 - The memorandum lists actions the administration will take to **promote and facilitate foreign investment**, including investments from “allied countries and partner sources,” and for artificial intelligence (AI) and emerging technologies, including:
 - **Fast-track investment review:** Creating an expedited “fast-track” process to facilitate greater investments from “from specified allied and partner sources” (yet to be defined) in US advanced technology and other important areas. Notably, security provisions will include requirements that such investors “avoid partnering with United States foreign adversaries.”

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- **Proportional restrictions:** Restrictions on foreign investors in certain sensitive areas will ease in proportion to their “verifiable distance and independence” from China.
 - Expediting environmental reviews for any inbound investment over \$1 billion
- **Restricting investment of foreign adversaries, primarily in the PRC, to protect US economic interests, including:**
 - **Enhanced inbound investment restrictions:**
 - For PRC-affiliated persons, the memo specifies restrictions on investments in US technology, critical infrastructure, health care, agriculture, energy, raw materials or other strategic sectors.
 - The administration will seek, including in consultation with Congress, to expand the authority of the Committee on Foreign Investments in the US (CFIUS) to cover **greenfield investments**, restrict **foreign adversary access to US talent and operations** in sensitive technologies, and expand the remit of “emerging and foundational technology” addressable by CFIUS. CFIUS is an interagency committee that currently reviews M&A transactions involving foreign persons to determine their effect on US national security.
 - **Reducing the burden of CFIUS mitigation agreements:** The memo calls for ceasing the use of overly complex, open-ended “mitigation” agreements for US investments from foreign adversary countries. The memorandum indicates a preference for mitigation agreements with “concrete actions that companies can complete within a specific time.”
 - **Supporting passive investment from all foreign persons:** In contrast to the restrictive provisions, the memorandum includes a policy of welcoming and encouraging **purely passive investments** from “all foreign persons.”

Outbound investment

- **Deterring US investment in the PRC military-industrial sector:** The memorandum states that the administration will “use all necessary legal instruments” to deter US persons from investing in the PRC’s military-industrial sector. It suggests the administration will expand its reviews underway under the America First Trade Policy memorandum to consider:
 - The imposition of blocking sanctions
 - Adding biotechnology, hypersonics and “other areas implicated by the PRC’s national Military-Civil Fusion strategy” to the sectors that will face new or expanded investment restrictions, alongside existing sectors such as semiconductors, artificial intelligence, quantum, aerospace, advanced manufacturing and directed energy
 - Broader application of investment restrictions to types of investment including private equity, venture capital, greenfield and publicly traded securities, as well as limited partner investors such as pension funds and university endowments
 - Reviewing whether to suspend or terminate the 1984 US-PRC Income Tax Convention
- **Enhancing protections for US investors, including:**
 - Determining if adequate financial auditing standards are upheld for companies covered by the Holding Foreign Companies Accountable Act (HFCAA)
 - Reviewing the variable interest entity (VIE) and subsidiary structures used by foreign-adversary companies to trade on US capital markets exchanges
 - Restoring the highest fiduciary standards as required by the Employee Retirement Income Security Act of 1974

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Additional

■ What's next

- Most of the policies proposed likely can be achieved with existing executive authorities. The Departments of Treasury, State, Commerce and Defense, along with the US Trade Representative (USTR) and other agencies are tasked with implementing these actions, including through rulemaking.
- Treasury is tasked with reviewing whether adequate auditing standards are upheld for companies covered by the HFCAA, engaging "as appropriate with the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB)."
- The attorney general, in coordination with the director of the Federal Bureau of Investigation, is tasked with the review of VIEs to make a recommendation on the "risk posed to United States investors based on the auditability, corporate oversight, and evidence of criminal or civil fraudulent behavior for all foreign adversary companies currently listed on domestic exchanges."
- The proposed expansion of CFIUS authorities would require legislation.

■ Reactions

- Chinese officials have called the measures discriminatory with a Foreign Ministry spokesperson indicating¹ that "China will take necessary means to resolutely safeguard its legitimate rights and interests."

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¹ "China says America First Investment Policy discriminatory," [chinadaily.com, www.chinadaily.com.cn/a/202502/24/WS67bc611ba310c240449d6f6d.html](https://chinadaily.com.cn/a/202502/24/WS67bc611ba310c240449d6f6d.html)