

Biden Administration Finalizes Project to Restrict U.S. Investments in China's Sensitive Technologies

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The Biden administration has finalized regulations restricting U.S. investments in sensitive high-tech sectors in China, citing national security concerns.

The Treasury Department announced Monday that these new rules, set to take effect on January 2, 2024, will prevent U.S.-based firms, citizens, and permanent residents from investing in advanced technology areas such as semiconductors, artificial intelligence (AI), and quantum computing within China.

The regulations, derived from an executive order issued by President Biden in August, aim to prevent American capital and expertise from advancing technologies that could potentially be used against U.S. security interests. Under the rules, investors will also be required to notify the Treasury of investments in certain lower-level technologies, which may still pose potential risks to national security, such as legacy semiconductor technologies.

"Artificial intelligence, semiconductors, and quantum technologies are essential for developing next-generation military, intelligence, surveillance, and cybersecurity applications," stated Paul Rosen, Treasury Assistant Secretary for Investment Security. "This final rule is a targeted approach to ensure U.S. investments are not leveraged to advance key technologies that could be used to threaten our national security."

China's Ministry of Foreign Affairs responded critically to the finalized rules, condemning the regulations as a move toward "anti-globalization" and "de-sinicization." Beijing voiced strong dissatisfaction and reserved

the right to protect its own interests.

The Biden administration's decision marks a strategic step in U.S. policy to curtail the export of sensitive technological expertise and investment to countries perceived as potential threats to national security. The latest investment restrictions reflect ongoing efforts by the administration to address the challenges of U.S.-China relations in the realm of high-tech and emerging technologies.