

# White House evaluates effect of China AI app DeepSeek on national security

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The deepseek logo, a keyboard, and robot hands are seen in this illustration taken January 27, 2025. REUTERS/Dado Ruvic/Illustration/File Photo [Purchase Licensing Rights, opens new tab](#)

- Summary
- Companies
- Trump's crypto czar says intellectual property theft may be at play
- US officials looking at national security implications of DeepSeek
- Trump had said DeepSeek should be wake-up call for US firms

WASHINGTON, Jan 28 (Reuters) - U.S. officials are looking at the national security implications of the Chinese artificial intelligence app DeepSeek, White House press secretary Karoline Leavitt said on Tuesday, while President [Donald Trump's](#) crypto czar said it was possible that intellectual property theft could have been at play.

The National Security Council is reviewing the app's implications, Leavitt said. "This is a wake-up call to the American AI industry," she added, echoing Trump's comments from a day earlier while also saying the White House was working to "ensure American AI dominance."

Investors [sold technology stocks across the globe](#) on Monday over concerns the emergence of a low-cost Chinese AI model would threaten market dominance of U.S.-based AI leaders such as OpenAI and Alphabet's

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Google.

White House artificial intelligence and crypto czar David Sacks was asked on Fox News if there was intellectual property theft involved in the rise of DeepSeek.

"Well, it's possible. There's a technique in AI called distillation, which you're going to hear a lot about, and it's when one model learns from another model," Sacks said in the interview.

"I think one of the things you're going to see over the next few months is our leading AI companies taking steps to try and prevent distillation ... That would definitely slow down some of these copycat models," he added.

During his administration, former President Joe Biden placed [a wide range of export restrictions](#) on AI chips and the equipment used to make them, hoping to hamper AI development in China.

Trump said on Monday the Chinese app should act as a spur for American companies and added it was good that companies in China have come up with a cheaper, faster method of artificial intelligence.

"The release of DeepSeek AI from a Chinese company should be a wake-up call for our industries that we need to be laser-focused on competing to win," Trump said.

Sacks told Fox News on Tuesday that American AI companies had "got a little distracted" and "maybe got a little bit complacent."

Trump said Chinese leaders had told him the U.S. had the world's most brilliant scientists, and he indicated that if Chinese industry could come up with cheaper AI technology, U.S. companies would follow.

"We always have the ideas. We're always first. So I would say that's a positive that could be very much a positive development. So instead of spending billions and billions, you'll spend less, and you'll come up with, hopefully, the same solution," Trump said.

Efforts to stop the flow of AI chips to China from U.S. companies such as Nvidia

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and Advanced Micro Devices

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were spearheaded by the Commerce Department. Trump's choice to lead that agency, Wall Street banker Howard Lutnick, is scheduled to appear in his nomination hearing on Wednesday.

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