

**Private equity**

## China pulls back from US private equity investments

Industry executives report change of approach as Beijing bears brunt of Trump's tariffs



The US has imposed new tariffs of up to 145% on Chinese exports and Beijing has retaliated with 125% tariffs © Pedro Pardo/ AFP/Getty Images

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Chinese state-backed funds are cutting off new investment in US private equity, according to several people familiar with the situation, in the latest salvo against President Donald Trump's trade war.

State-backed funds have been pulling back from investing in the funds of US-headquartered private capital firms in recent weeks, according to seven private equity executives with knowledge of the matter.

The moves come in response to pressure from the Chinese government, three of the people said.

Some of the Chinese funds are also seeking to be excluded from [private equity](#) investments in US companies, even if those investments are made by buyout groups based elsewhere, some of the executives added.

The change in approach to the US comes as [China](#) has borne the brunt of US tariffs announced in the past three weeks that threaten to significantly curtail trade between the world's two biggest economies.

Trump has imposed new tariffs of up to 145 per cent on Chinese exports and Beijing has retaliated with 125 per cent tariffs.

Multiple buyout executives said Chinese investors have changed their approach to US private equity since the trade war began. They will no longer make new fund commitments to US firms, the people said.

One added that some are backing out of allocations they had been planning to make, in cases where they had not yet made a final commitment.

China Investment Corporation is among the state-backed funds that are pulling back, according to two people familiar with the details. Other Chinese funds had also retreated, the people said.

In recent decades, Chinese sovereign wealth funds have poured billions of dollars into many of the largest US private capital groups including Blackstone, TPG and Carlyle Group.

There had already been a slowdown in CIC's private equity investments in the US in recent years, according to industry executives. The Chinese group has set up investment partnerships through which it deploys cash in countries such as the UK, Saudi Arabia, France, Japan and Italy, as it seeks to diversify its portfolio.

Other investors that have historically been big backers of US private equity, including pension funds in Canada and Europe, are also [rethinking their commitments](#), the Financial Times reported this month.

Top industry executives told the FT that the geopolitical environment, particularly the fallout from Trump's trade war, is prompting some evaluation of where to invest.

"There definitely are questions from global investors and clients about what's happening here," Blackstone president Jonathan Gray said on an [earnings call on Thursday](#).

In the past three decades, Chinese state-backed investors such as CIC and the State Administration of Foreign Exchange have poured money into US private equity funds, helping to propel the sector from a niche corner of financial services to a dominant industry managing \$4.7tn. CIC used to own a stake in Blackstone, which it [sold in 2018](#).

These Chinese funds are among the world's biggest investors in alternative assets.

In 2023, CIC and Safe each had about a quarter of their respective \$1.35tn and \$1tn of assets invested in alternatives, according to data provider and consultancy firm Global SWF.

As western governments and regulators have taken steps to stop Chinese state funds from investing directly in companies and infrastructure, indirect investments via private equity funds have allowed Beijing to [deploy hundreds of billions of dollars](#) into western companies and economies.

According to people familiar with the details, and an analysis of regulatory filings, US firms that have received backing from Chinese state-backed investors include many of the biggest names in the buyout industry: Global Infrastructure Partners, which was bought by BlackRock last year, Thoma Bravo, Vista Equity Partners, Carlyle and Blackstone.

During Trump's first term as president, CIC set up a private equity "[partnership fund](#)" with Goldman Sachs, which bought stakes in companies in the US and UK.

China's sovereign wealth funds, specifically CIC, have also invested directly in companies alongside private equity managers, including Blackstone.

CIC and Vista did not respond to a request for comment. Blackstone, Carlyle, TPG, GIP, and Bravo declined to comment.

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