

United States Senate

WASHINGTON, DC 20510

July 29, 2026

The Honorable Howard Lutnick
Secretary
Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

The Honorable Jeffrey Kessler
Under Secretary for Industry and Security
Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Lutnick and Under Secretary Kessler:

As the Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs, and to inform the Committee's oversight of the Export Control Reform Act (ECRA)'s implementation, I write to request information regarding reports that the Bureau of Industry and Security (BIS), under your leadership, is failing to carry out its economic and national security mission. In recent months, BIS has reportedly stopped issuing timely export control licenses; failed to meaningfully update the Entity List; and rescinded or failed to enforce key regulations – creating dangerous loopholes for foreign adversaries to exploit.¹ These reports raise serious concerns about BIS's ability to advance U.S. national and economic security and require immediate attention.²

BIS is charged with advancing “U.S. national security, foreign policy, and economic objectives” through administering an effective export control system and “promoting continued U.S. strategic technology leadership.”³ BIS's role in export administration includes developing new

¹ Export Compliance Daily, “BIS Hampered by Dysfunction, Little Productivity, Low Morale, Sources Say,” Ian Scott, June 17, 2026, https://exportcompliancedaily.com/article/2026/06/17/bis-hampered-by-dysfunction-little-productivity-low-morale-sources-say-2606160005?BC=bc_6a3bab770cd97; Politico, “‘A massive screw-up’: China hardliners take aim at Commerce Department Official,” Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>; 50 U.S.C. 4824; Letter from Senator Warren to Commerce Under Secretary Jeffrey Kessler, July 23, 2026, <https://www.banking.senate.gov/newsroom/minority/warren-invokes-power-under-statute-to-require-the-trump-administration-to-turn-over-information-on-its-failure-to-enforce-export-controls-for-ai-chips-to-china-exposing-national-security-risks>.

² U.S. Government Accountability Office, “Federal Workforce: Executive Actions Reshaped Probationary Employment Rules and Reduced Staff Levels at Selected Agencies,” June 9, 2026, pp. 13, <https://www.gao.gov/assets/gao-26-108557.pdf>; Bloomberg, “Trump's AI Chip Export Push Stymied by Bureaucratic Bottleneck,” Maggie Eastland, April 20, 2026, <https://www.bloomberg.com/news/articles/2026-04-10/trump-s-ai-chip-export-push-stymied-by-bureaucratic-bottleneck>.

³ U.S. Department of Commerce, Bureau of Industry and Security, <https://www.bis.gov/about-bis>

export control regulations, conducting routine export licensing, and updating the Commerce Department's Entity List. The Entity List is composed of foreign companies banned from doing business with the United States due to their involvement in activities that harm U.S. national security or foreign policy.⁴ Because companies often seek to evade export controls using shell companies, the Entity List requires constant updates to ensure sensitive U.S. technology is protected.⁵ BIS also plays a critical role in ensuring that advanced U.S. technologies, including advanced AI chips and semiconductor manufacturing equipment, do not flow to the militaries of U.S. adversaries.

Despite the critical importance of BIS to our nation's national security, the agency's activities appear to have ground to a halt under your leadership. The Department of Commerce has lost roughly 20% of its staff – contributing to major delays in standard BIS activities.⁶ BIS, for example, has slowed its review and approval of export control license applications to a trickle. Applications “have piled up for so long that American companies have lost business waiting for approvals.”⁷ Specifically, there are reports that export license applications from American companies conducting routine business are being held indefinitely despite statutory requirements to resolve or refer applications to the President within 90 days.⁸ The average processing time for export license applications in 2025 was 62 days, a stark increase from the 38 day average in 2023.⁹ BIS also processed 20% fewer export license applications in 2025 compared to the five

⁴ U.S. Department of Commerce, “Entity List FAQs,” October 21, 2016, updated November 10, 2025, <https://www.bis.gov/media/documents/entity-list-faqs-11.10.25-readded>

⁵ Institute for Financial Integrity, “Shell Companies as an Enabler of Export Control Violations,” January 8, 2025, <https://finintegrity.org/shell-companies-as-an-enabler-of-export-control-violations/>; New York Times, “The Illicit Flow of Technology to Russia Goes Through this Hong Kong Address,” Aaron Krolik and Paul Mozur, July 25, 2024, <https://www.nytimes.com/2024/07/25/technology/russia-sanctions-chips.html>.

⁶ U.S. Government Accountability Office, “Federal Workforce: Executive Actions Reshaped Probationary Employment Rules and Reduced Staff Levels at Selected Agencies,” June 9, 2026, pp. 13, <https://www.gao.gov/assets/gao-26-108557.pdf>

⁷ Politico, “‘A Massive Screw-Up’: China Hardliners Take Aim at Commerce Department Official,” Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>; Export Compliance Daily, “Sources: BIS Export Licensing Pause Back in Place,” Ian Cohen, April 3, 2025, https://exportcompliancedaily.com/article/2025/04/03/sources-bis-export-licensing-pause-back-in-place-2504020051?BC=bc_67ee7550332ca;

Export Compliance Daily, “BIS Hampered by Dysfunction, Little Productivity, Low Morale, Sources Say,” Ian Scott, June 17, 2026, https://exportcompliancedaily.com/article/2026/06/17/bis-hampered-by-dysfunction-little-productivity-low-morale-sources-say-2606160005?BC=bc_6a3bab770cd97

⁸ Politico, “‘A Massive Screw-Up’: China Hardliners Take Aim at Commerce Department Official,” Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>; 15 CFR 750.4; Export Compliance Daily, “BIS Bombarded with Questions, Export Licensing Backlog Amid Policy Review,” Ian Cohen, February 20, 2025, https://exportcompliancedaily.com/article/2025/02/20/bis-bombarded-with-questions-export-licensing-backlog-amid-policy-review-2502190018?BC=bc_67b6c6ce941ee; Washington Tariff and Trade Letter, “Licensing Turmoil Persists,” May 22, 2026, <https://www.wttlonline.com/stories/bis-licensing-backlog-drives-new-scrutiny-of-kessler.15165>.

⁹ Politico, “‘A Massive Screw-Up’: China Hardliners Take Aim at Commerce Department Official,” Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>; U.S. Department of Commerce, Bureau of Industry and Security, “Annual Report to Congress, Fiscal Year 2023” pp. 7, <https://www.bis.gov/media/documents/bis-fiscal-year-2023-annual-report.pdf>; U.S. Department of Commerce, Bureau of Industry and Security, “Annual Report to Congress, Fiscal Year 2022” pp. 10, <https://www.bis.gov/media/documents/2022-annual-report.pdf>

year average from 2019-2023.¹⁰ BIS receives upwards of tens of thousands of license applications per year, but reports indicate that Under Secretary Kessler may be directly contributing to these delays by stalling license applications to review copious amounts of documents related to them.¹¹ This stands in stark contrast to Under Secretary Kessler's commitment to Congress during his confirmation process: "If confirmed, I will seek to fully utilize the tools that Congress has given BIS - including both to administer and enforce export controls. We need strong enforcement to deter noncompliance and to ensure the rules accomplish their intended purpose."¹²

Furthermore, BIS has drastically reduced its standard updates to the Entity List. There have been no additions to the Entity List since October 9, 2025, and BIS has only issued four federal register updates in 2026 – the lowest ever in the last 24 years.¹³ There are concerning reports that BIS refused to add over 100 companies flagged as national security risks to the Entity List.¹⁴ By contrast, BIS added 465 entries to the Entity List in 2023, and added 463 entities in 2022.¹⁵ The lack of updates to the Entity List in over nine months raise serious questions about whether critical U.S. technology may be being diverted to those seeking to harm the United States.

BIS has also suspended and rescinded export control regulations, jeopardizing our national security. BIS suspended the "Affiliates Rule" that would have prevented companies named on the Entity List from evading export controls through partial ownership of third party companies.¹⁶ BIS also "rescinded" the Biden Administration's AI Diffusion Rule but has yet to issue a

¹⁰ U.S. Department of Commerce, Bureau of Industry and Security, "Annual Report to Congress, Fiscal Year 2025," pp. 5, <https://www.bis.gov/media/documents/fy2025-bis-annual-report.pdf>; U.S. Department of Commerce, Bureau of Industry and Security, "Annual Report to Congress, Fiscal Year 2023" pp. 7-8, <https://www.bis.gov/media/documents/bis-fiscal-year-2023-annual-report.pdf>.

¹¹ Politico, "'A Massive Screw-Up': China Hardliners Take Aim at Commerce Department Official," Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>; U.S. Department of Commerce, Bureau of Industry and Security, "Annual Report to Congress, Fiscal Year 2023" pp. 7-8, <https://www.bis.gov/media/documents/bis-fiscal-year-2023-annual-report.pdf>.

¹² Senate Committee on Banking, Housing, and Urban Affairs, "Prepared Statement of Jeffrey I. Kessler, Nominee to be Under Secretary of Commerce for Industry and Security," February 27, 2025, [kessler_testimony_2-27-25.pdf](https://www.bis.gov/media/documents/kessler_testimony_2-27-25.pdf).

¹³ U.S. Department of Commerce, Bureau of Industry and Security, "Federal Register Notices," <https://www.bis.gov/regulations/federal-register-notices?years=2026%2C2025&categories=Proposed+rules%2CInterim+and+final+rules%2CExport+Administration+Regulations%2CNational+Security+Industrial+Base+Regulations%2CInformation+and+Communication+Technology+and+Services+Regulations%2CChemical+Weapons+Convention+Regulations%2CAdditional+Protocol+Regulations>; Politico, "'A Massive Screw-Up': China Hardliners Take Aim at Commerce Department Official," Ari Hakins and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>.

¹⁴ Reuters, "U.S. holds off blacklisting China's DeepSeek, more than 100 firms deemed security risks, sources say," Karen Freifeld, June 16, 2026, <https://www.reuters.com/world/china/us-holds-off-blacklisting-chinas-deepseek-more-than-100-firms-deemed-security-2026-06-17/>.

¹⁵ U.S. Department of Commerce, Bureau of Industry and Security, "Annual Report to Congress, Fiscal Year 2023," pp. 7, <https://www.bis.gov/media/documents/bis-fiscal-year-2023-annual-report.pdf>; U.S. Department of Commerce, Bureau of Industry and Security, "Annual Report to Congress, Fiscal Year 2022," pp. 9, <https://www.bis.gov/media/documents/2022-annual-report.pdf>.

¹⁶ U.S. Department of Commerce, Federal Register Notice, "One Year Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities," November 12, 2025, <https://www.federalregister.gov/documents/2025/11/12/2025-19846/one-year-suspension-of-expansion-of-end-user-controls-for-affiliates-of-certain-listed-entities>.

replacement, creating loopholes that recent reporting suggests “may be allowing an unknown number of high-end semiconductors to reach Beijing.”¹⁷

Even as BIS standard operations slow to a crawl, BIS has taken several actions that directly benefit foreign adversaries at the expense of our national security. BIS recently changed the status of the UAE under the Export Administration Regulation giving “G42 license-free access to advanced AI chips” despite reported concerns about the diversion of sensitive technology to China.¹⁸ This comes after “UAE officials and entities invested hundreds of millions in Trump family crypto ventures,” “despite serious economic and national security concerns.”¹⁹ In addition, reports suggest that “Beijing may have mistakenly accessed thousands of high-end U.S. computer chips due to an oversight,” and that the Trump Administration “blocked BIS from adding more than a hundred foreign companies flagged as potential national security risks to its trade blacklist.”²⁰

As the Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs, and to inform the Committee’s oversight of the Export Control Reform Act (ECRA)’s implementation, I request that BIS make the following information available no later than August 12, 2026:

1. How many employees have separated from BIS since January 20, 2025?
 - a. How many of these positions are being permanently eliminated, and how many have already been backfilled?
 - b. Please provide a detailed description of BIS’s ability to comply with statutory mandates given reduced staffing levels.
2. The Annual Report to Congress notes that BIS processed 30,500 licenses in 2025, a 20% decrease in the average annual number of export licenses processed from 2019-2023.²¹
 - a. Please provide an explanation for the decrease in export license applications processed and describe the overall impact to the U.S. economy and national security.
 - b. What is the total number of license applications received in the Simplified Network Application Process Redesign (SNAP-R) compared to the total number of license applications processed?²²

¹⁷ Politico Pro, “Commerce nixed tighter China guidance for chipmakers,” Ari Hawkins, June 23, 2026, <https://subscriber.politicopro.com/article/2026/06/commerce-nixes-tighter-china-guidance-for-chipmakers-00972160>

¹⁸ Senator Elizabeth Warren, “Senator Warren Statement on Trump Administration’s Removing Export Controls on AI Chips to UAE,” July 10, 2026, <https://www.banking.senate.gov/newsroom/minority/senator-warren-statement-on-trump-administrations-removing-export-controls-on-ai-chips-to-uae>.

¹⁹ Senator Elizabeth Warren, “Warren Releases New Report: American National Security for Sale,” June 23, 2026, <https://www.banking.senate.gov/newsroom/minority/warren-releases-new-report-american-national-security-for-sale>

²⁰ Politico, “‘A Massive Screw-Up’: China Hardliners Take Aim at Commerce Department Official,” Ari Hakens and Ben Johansen, July 8, 2026, <https://www.politico.com/news/2026/07/08/trump-ai-tech-chips-exports-00989167>.

²¹ U.S. Department of Commerce, Bureau of Industry and Security, “Annual Report to Congress, Fiscal Year 2025,” pp. 3, <https://www.bis.gov/media/documents/fy2025-bis-annual-report.pdf>; U.S. Department of Commerce, Bureau of Industry and Security, “Annual Report to Congress, Fiscal Year 2023” pp. 7-8, <https://www.bis.gov/media/documents/bis-fiscal-year-2023-annual-report.pdf>.

²² U.S. Department of Commerce, Bureau of Industry and Security, “Welcome to SNAP-R,” <https://snapr.bis.gov/>

- c. Please provide the 2024 Annual Report to Congress as required by the Export Control Review Act of 2018.²³
- 3. Why is the processing time for license applications averaging 62 days?
 - a. Is BIS refusing to process certain license applications, and are you personally reviewing license applications? If so, under what circumstances are you doing so?
 - b. Is reduced staffing the reason export licensing times have substantially increased?
 - c. Is BIS regularly holding the Operating Review Committee and the Advisory Committee on Export Policy meetings to adjudicate export licenses through the dispute resolution process? If not, please explain why?
- 4. Why have there only been four additions to the Entity List in 2026?
 - a. Under your leadership, has BIS refused to add over 100 companies to the Entity List? And if so, please provide an explanation?
 - b. Is the End-User Review Committee meeting regularly to consider and propose additions to the Entity List?
- 5. Is BIS sending Commerce representatives to the multilateral export control regimes including the Wassenaar Arrangement, Nuclear Suppliers Group, Missile Technology Control Regime, and the Australia Group?
 - a. If no, is it due to reduced staffing or a policy determination by BIS? Please provide a detailed assessment of any updated foreign policy goals regarding the multilateral export control regimes.
 - b. Are BIS employees restricted from engaging in routine export control discussions with key trading partners? If yes, please provide an explanation as to how this enhances BIS's core mission of "advancing national security through technology leadership and vigilant export controls?"

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs

²³ 50 U.S.C. 4824