

U.S. Government Signals Intent to Increase Enforcement of U.S. Export Controls

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Earlier this month, the U.S. Department of Commerce (Commerce), Bureau of Industry and Security (BIS) held its annual Update Conference on Export Controls and Policy (the Conference). During the Conference, key government officials signaled an intent to ramp up enforcement of the Export Administration Regulations (EAR) going forward. For example, in opening remarks to Conference attendees, U.S. Secretary of Commerce Howard Lutnick said there would be a “dramatic” increase in enforcement by BIS under the Trump administration, including increased fines and penalties for parties that violate the EAR.

We expect that such enhanced enforcement efforts will focus on U.S. export controls targeting so-called countries of concern, including China, and export-related activity involving products and technology with defense and military applications, including artificial intelligence (AI), semiconductors, and supercomputing. These sectors have been targeted by BIS with evolving, complex restrictions under the EAR over the last few years under the Biden administration.

The [most recent enforcement action](#) from BIS was coordinated through the [Disruptive Technology Strike Force](#), an interagency team co-led by the Departments of Justice (DOJ) and Commerce designed to “protect advanced technology from being unlawfully acquired by foreign adversaries.” The matter, publicly announced on February 28, 2025, involved a U.S. company’s attempted export of accelerometers to China without a license, in violation of the EAR. Accelerometers can be used for certain defense applications, particularly related to missiles, such as

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structural testing, monitoring, flight control, and navigation systems. Violating the EAR can result in, among other potential administrative actions, civil penalties of up to the greater of \$374,474 or twice the value of the underlying transaction per violation and criminal fines and penalties for willful violations, up to and including imprisonment. Although investigation of this enforcement matter is ongoing, the owner of the U.S. company involved in the attempted exports has pleaded guilty, and faces a maximum penalty of up to 20 years in prison at sentencing.

Following the Conference, BIS also issued two rounds of designations and modifications to the Entity List, adding names of more than 80 new entities, the majority of which are located in China. These entities were placed on the list for engaging in activities contrary to U.S. national security or foreign policy interests, including related to AI, semiconductors, and quantum computing. Exports of items subject to the EAR to parties designated on the Entity List generally require a license from BIS, and applications for such licenses generally are subject to a policy of denial.

Cleary's Foreign Investment & National Security and Enforcement teams are continuing to monitor these developments. Please contact these teams if you have any questions.

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