



PROBLEMS WITH EXPORT CONTROLS

The U.S. government can use export controls to stop critical technologies from going to bad actors and adversarial countries. To date, the Bureau of Industry and Security (BIS), which oversees export controls for the Executive Branch, has failed to use this tool to address national security and foreign policy threats from the People's Republic of China (PRC).

I. The Process for Restricting the Export of Technology to Specific Bad Actors (i.e. Entity Listings) Is Too Slow And the List of Companies is Incomplete To Address the Chinese Communist Party's (CCP) Military-Civil Fusion

- ▶ The Georgetown Center for Security and Emerging Technology found that of 273 People's Liberation Army artificial intelligence (AI) equipment suppliers identified in its study, just 8 percent were named in U.S. export control and sanctions regimes.
- ▶ Huawei sold its Honor 5G business to the PRC government to avoid export controls; however, BIS refuses to put Honor on the Entity List.
- ▶ Roughly half of the companies on the Department of Defense's Congressionally mandated Chinese Military Company list are not on the Entity List.

II. Licenses to Export U.S. Technology to the CCP Dangerously Impacts America's National Security

- ▶ Nearly all controlled technology exports to China (97.9%) went without a license.
- ▶ Despite being on the Entity List, Huawei and SMIC—the PRC's champion semiconductor manufacturer and military company—were denied less than 1 percent of licenses over a recent six-month period.
- ▶ The CCP built its hypersonic missile program on advanced U.S. chip technology.
- ▶ Chinese police in Xinjiang were reportedly able to buy hundreds of thousands of dollars' worth of American DNA equipment, even though Xinjiang police were on the entity list despite export controls.
- ▶ A CCP military company evaded export control to acquire foundational computer-chip technology, which helped the CCP company build one of the world's fastest supercomputers.

III. BIS is not Fully Following or Enforcing Export Control Law

- ▶ Despite a Congressional mandate, BIS has identified zero foundational technologies, which are building blocks for future innovations in areas such as AI, blockchain technology, and autonomous vehicles.
- ▶ BIS refuses to follow existing law and provide licensing data to Congress.
- ▶ Several high-tech CCP semiconductor companies, including Seagate, YMTC, Cadence, and Synopsis, have all been alleged to have violated export control law, but BIS has taken no action.
- ▶ BIS appears to be abusing its position on the Operating Committee—an interagency body to resolve non-consensus views on whether to give a license to export a technology—to override licensing concerns from national security agencies.

1 [CSET -- Harnessed Lightning](#)

2 [McCaul, China Task Force Members Ask for Honor Device Co. to Be Added to the Entity List](#)

3 [CRS – U.S. Export Controls and China](#)

4 [McCaul Brings Transparency to Tech Transferred to Blacklisted Chinese Companies](#)

5 https://www.washingtonpost.com/national-security/china-hypersonic-missiles-american-technology/2021/04/07/37a6b9be-96fd-11eb-b28d-bfa7bb5cb2a5_story.html

6 <https://www.wsj.com/articles/u-s-tried-to-stop-china-acquiring-world-class-chips-china-got-them-anyway-11561646798>