

U.S. Bureaucratic Turmoil Freezes Thousands of Export License Approvals

August 2, 2025

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A leadership crisis within the U.S. Commerce Department’s Bureau of Industry and Security (BIS) has brought export licenses for high-value technology goods, including Nvidia AI chips bound for China, to a near halt, according to government and industry sources. The deadlock threatens billions in export revenue and diminishes U.S. competitiveness in critical tech sectors.

Industry representatives say that micromanagement by BIS Undersecretary Jeffrey Kessler, combined with widespread staff resignations and buyouts, has steepened a backlog of export license applications to its worst level in over 30 years. Despite public assurances that licenses for Nvidia's H20 AI chip will be approved, none have yet been granted, even though companies like Nvidia received confirmation that licenses were expected shortly.

Exporters report significant delays in approvals for semiconductor manufacturing equipment, sensors, radar systems, and defense related technology. One trade consultant confirmed that license applications submitted months ago remain unresolved, and approvals have come only sporadically. The backlog is forcing U.S. buyers to turn to foreign suppliers, threatening to erode U.S. market share, especially in China-focused sectors.

The Commerce Department defends the delays as necessary to preserve national security, insisting BIS will no longer "rubber-stamp" applications that raise serious concerns. Still, industry leaders, including Meghan Harris, a former National Security Council official, warn that regulatory delays create unnecessary uncertainty and place American firms at a disadvantage.

Kessler reportedly imposed strict controls on staff, limiting communication with external stakeholders, requiring detailed logging of meetings, and complicating coordination with other government agencies. Meanwhile, critical positions remain unfilled, and veteran officers, including the acting director of the BIS export enforcement office, recently departed.

Despite operational paralysis, BIS has not yet published long-promised regulatory reforms, including updates on export rules for AI chips and expanding controls to subsidiaries of restricted companies. Critical staffing gaps persist, and sources say no clear timeline exists for clearing the approval bottleneck.

Industry frustration is mounting. Sean Stein of the U.S. and China Business Council says entire sectors are stuck in limbo, stating, “The longer we have the delay, the more market share we are going to lose.” With processing times stretching far beyond historic norms, BIS averaged 38 days per license in FY 2023; the current disruption may irreversibly alter global trade dynamics.

Unless leadership issues are addressed and reforms move forward quickly, U.S. exporters risk prolonged uncertainty and diminishing global competitiveness in strategic technology markets.