

# Mixed messaging or mission pivot?

The Bureau of Industry and Security’s budget and mission are under discussion. Does mixed messaging foreshadow a mission pivot or additional cuts to the department?

The budget for the Commerce Department’s Bureau of Industry and Security (“BIS”) is not usually a hot topic for congressional committees. The bureau’s budget, one of the government’s smaller expenses, hasn’t been increased in nearly a decade. The Committee for Banking, Housing, and Urban Affairs, however, took up the question of BIS’ budget when the Office of Management and Budget’s (“OMB”) Director Russell Vought, an author of the conservative agenda called Project 2025, decided to freeze billions of dollars in emergency funding appropriated by Congress. In a 26 March letter to OMB’s Vought, the Committee requested that he explain the illegal blocking of funds appropriated by Congress and how BIS is expected to fulfill its goals of protecting national security when 12% of its budget – \$20 million – is blocked.

As of 21 April, Vought had not responded.

During a recent internal BIS meeting, new BIS Under Secretary Jeffrey Kessler is said to have communicated that BIS is not out of the woods on potential further personnel cuts, reported *Export Compliance Daily*. Most of its senior leadership had taken forced “early retirement” in the first two months of the Trump administration.

In contrast, increased enforcement and increases in fines for violating export controls have been touted by Commerce Secretary Lutnick as something companies and adversaries need to prepare for. He has called BIS “the intellectual frontline” in protecting US technological advances.

Are the mixed messages in support of BIS a precursor to another government agency being sidelined by staff and budget cuts? Or is it a pivot in department objectives?

“There is tension between two things: folks in the administration wanting aggressive enforcement and a real focus on cost containment and budget,” says Matthew Axelrod, BIS’ former Assistant Secretary of Export Enforcement, now a partner at law firm Gibson Dunn. Commenting on the possibility of additional staff cuts, he said: “Fewer agents and analysts generally means fewer enforcement activities.”

Among current government employees, a Treasury department

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employee described the atmosphere as “mildly unsettled”, noting that the lack of a strategy in restructuring, posture towards industry, and increasing opacity appeared to also be impacting department leadership who said that maintaining continuity of operations was “a bit of a black box.”

### Pivot on partnerships?

In the BIS internal meeting, Kessler also said that BIS could “pivot away from” the US-EU Trade and Technology Council, the Wassenaar Arrangement, and potentially other multilateral trade platforms. During the meeting Kessler said that the multilateral export control system is “less effective and less relevant,” and that “the U.S. will first determine what kind of export controls it wants allies to impose, and then we’re going to go and get



US Secretary of Commerce Howard Lutnick in National Statuary Hall at the US Capitol, 4 March 2025.

it. We’re going to have a plan for if they go along with us, and we’ll have a plan for if they don’t.”

Indeed, the Project 2025 policy agenda states that “BIS needs to move unilaterally while it works with allies to implement complementary export control policies. Waiting to act until allies are ready to move in lockstep is not an option while America’s national security is at risk.”

“Instead of allyships based on values, this White House seeks to extract beneficial partnerships based on a transactional calculus,” says

Thibault Denamiel, a fellow with the Economics Program and Scholl Chair in International Business at the Center for Strategic and International Studies. Denamiel does not think that the administration plans to pull out of all partnerships – particularly those that are key to national security objectives. He points out that the US – EU Trade and Technology Council was helpful in framing transatlantic conversations on a wide range of economic security issues, including “protection” measures such as export controls and outbound investment screenings. But even as early as April 2024, the TTC did not have a detailed plan about how to move forward despite support expressed in the Select Committee on Competition with the PRC December 2023 report.

Denamiel sees other multilateral partnerships as more important to national and technological security. He says the Department of State-facilitated group the Multilateral Action on Sensitive Technologies, a forum focused on discussions and coordination among like-minded countries on export controls, has become increasingly important given

its ability to deal with proliferation of advanced technology concerns on both the Russia and China front, which the Wassenaar Arrangement is unable to do given Russia is a member. “Leaving that kind of a dialogue behind would deal a blow to the United States’ ability to multilateralize controls, which is crucial given the global nature of advanced technologies’ supply chains,” he said.

A compliance manager at a global manufacturer told *Export Compliance Manager* that their concerns are about what the contempt for multilateralism could mean for companies. “It could create more risk for companies,” they said. “If the US and EU are not aligned that could mean situations where the EU would go after US companies for violations of their export regulations.” The compliance manager said they had also heard of the possibility of the regime making license applications a political tool, torpedoing any licenses for companies perceived as not supportive, or using voluntary self-disclosure information as leverage.

### Mission support

“There is widespread bi-partisan recognition about the importance of the BIS mission,” says Axelrod. If BIS’ mission pivots, then companies need to be very focused on what they are hearing from department leadership – and right now that is actions and fines and with a specific focus on China.

Axelrod advises that companies maintain their long-term compliance objectives while ensuring that trade compliance programs are “ready to meet the moment.” In fact, a department head in another agency told *Export Compliance Manager* that they are receiving more enquiries from the BIS Office of Export Enforcement seeking to confirm details of ongoing investigations.

Even with the BIS mission prioritized within the Department of Commerce, and an official letter from a congressional committee seeking to protect its budget, pivots on multilateralism and engagement with companies could increase risks for companies or be seen as a weakened mandate. ■