INDUSTRY SURVEY

Stagnated American export licensing regime eroding competitiveness with China

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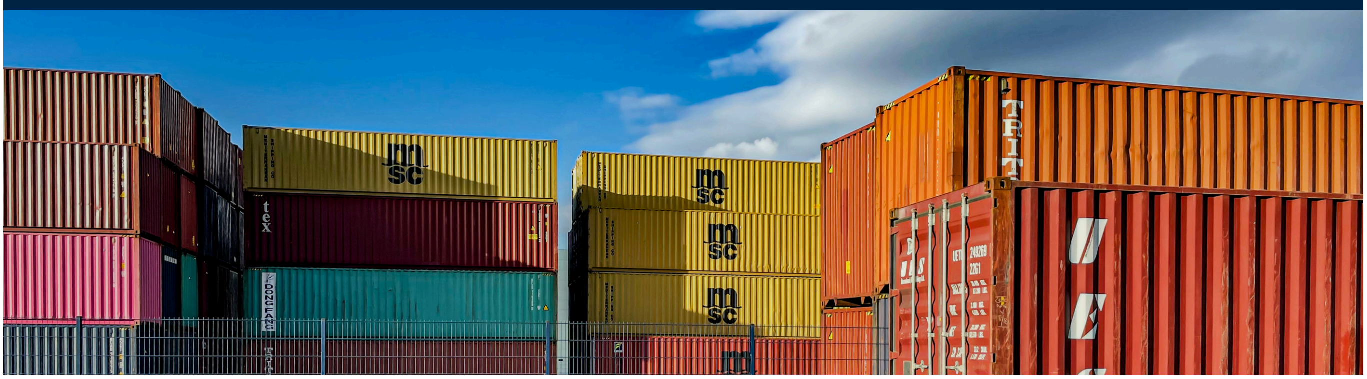


USCBC conducted a flash survey in July to gauge companies' experience navigating the US export licensing regime under the second Trump administration. The 31 respondents — primarily representing the technology, industrial and manufacturing, energy, and healthcare industries — painted a stark picture of licensing delays and unclear procedures, unwillingness of export control agencies to engage with industry, and unnecessarily burdensome policies and out-of-date regulations.

Key findings

- Regulations are falling behind international market realities exactly when speed matters most. Months-long license delays are costing the United States billions in exports and eroding American market share globally.

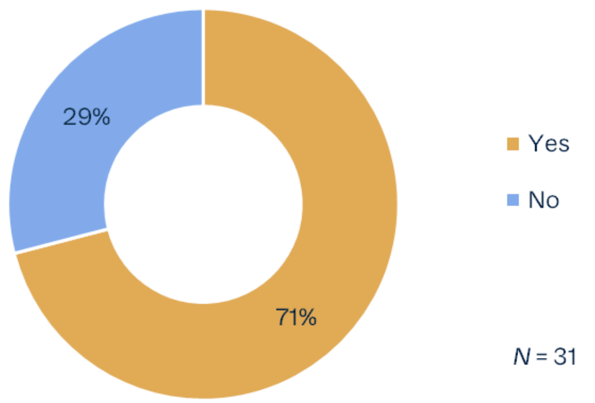
- Most pending export licenses are for items that are already available in China from Chinese or international suppliers — effectively sidelining American companies for no strategic gain.

- Poorly calibrated US export controls weaken American companies in China, ceding market share to foreign competitors while reducing the profits available for research and development. This diminishes America's ability to innovate and undermines US economic security.

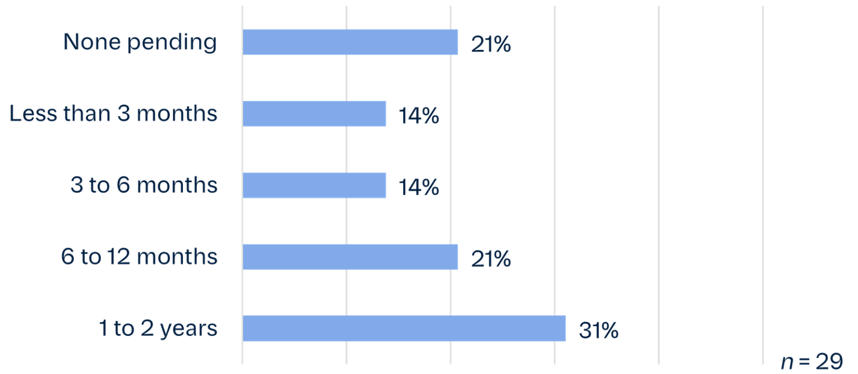
License delays

The most common challenge — identified by 95% of companies — is long license review times, with 71% experiencing delays in receiving a license to export items to China, specifically. Two thirds of companies (66%) have had licenses pending for at least three months, exceeding the Commerce Department's statutory requirements to process applications within 90 days, and 31% have had licenses pending for one to two years. The majority of companies (56%) say comparable export licenses to pending applications took one to three months for review prior to this administration.

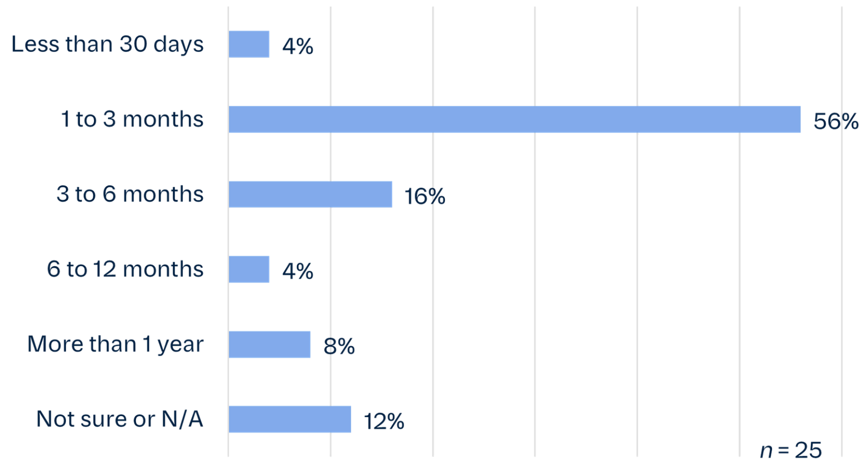
Has your company experienced delays in obtaining export licenses for items bound for Chinese customers within the last 18 months?



Average length of pending US export license applications to Commerce



Typical review timeline for comparable US export license applications to Commerce



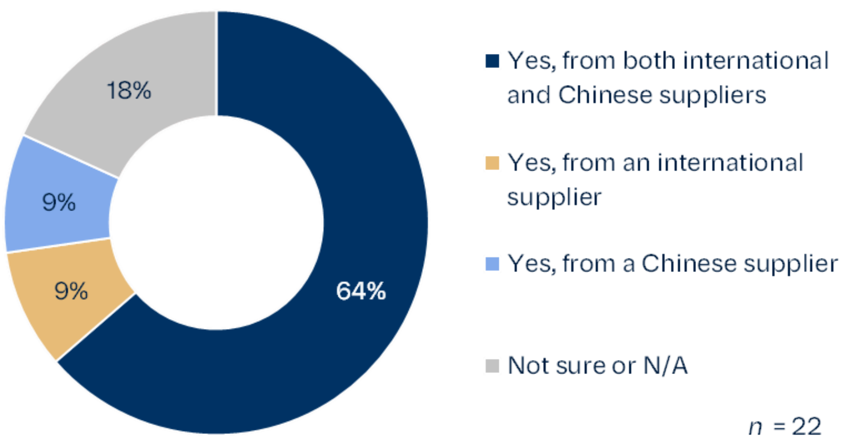
Prolonged delays are eroding the credibility of export control agencies. Only 30% of respondents believe Commerce Department's Bureau of Industry and Security (BIS) follows its established procedures and timelines to a great or moderate extent, compared to 47% who believe other export control agencies — such as the Defense Technology Security Administration and the Department of Energy — do so.

Official figures from BIS annual reports to Congress show that the average processing time for export licenses slowed to an average of 62 days in 2025, compared to 38 days in 2023. Similarly, the number of processed license applications in 2025 dropped by nearly 20% from 2023.

Undercutting US competitiveness

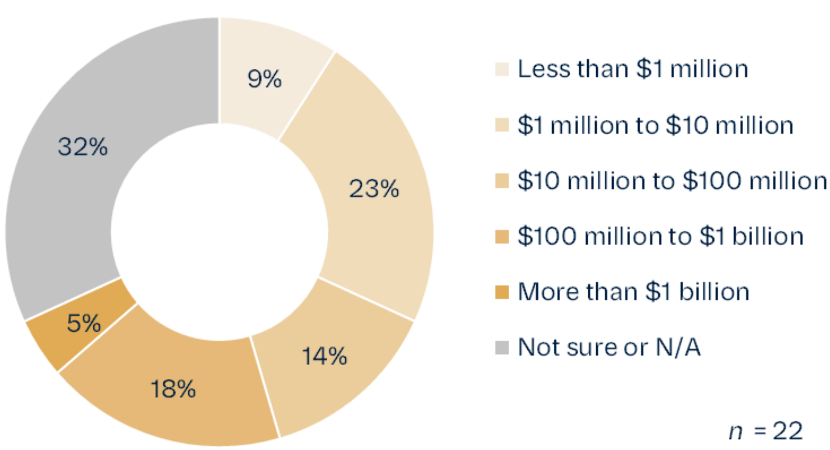
The facts are clear: delayed license approvals enable Chinese and international companies to backfill American products. Most companies' (82%) pending licenses cover items with comparable alternatives from non-US suppliers, with 9% citing foreign availability from an international supplier, 9% from a Chinese supplier, and 64% from both. By failing to account for foreign availability, regulators are handicapping America's most innovative companies and ceding ground to competitors without meaningfully advancing US national security.

Can Chinese customers source comparable items to those covered by your pending license(s) from other sources?

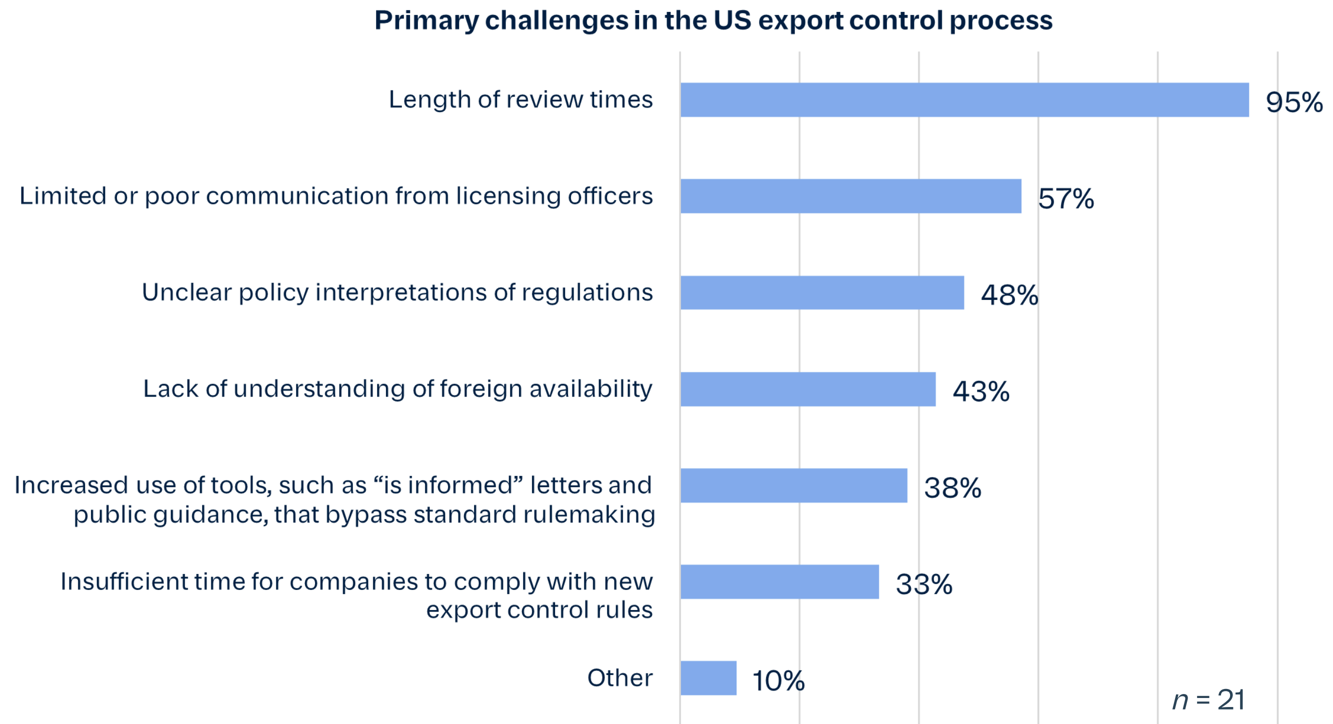


Backfilling by non-US competitors is clear from the losses incurred by American companies, which squeeze budgets needed for R&D and global growth. More than one third of companies (36%) have faced at least tens of millions of dollars in losses from delayed licenses, with multiple companies suffering hundreds of millions or even billions of dollars in losses.

Value of lost business due to license determination delays from Commerce



License delays led to lost sales to Chinese competitors (73%), lost sales to international competitors (55%), and lost market share in China (64%). Extended processing times also cast US companies as unreliable suppliers, with more than one quarter of respondents (27%) reporting corresponding retaliatory actions in their sector from the Chinese government, including in rare-earth approvals.



Other major export challenges include unreliable communication from licensing officers (57%), unclear policy interpretations (48%), and increased use of non-standard tools such as "is informed" letters (38%). Companies described being unable to reach licensing officers by phone, confusion over the scope of the Foreign Direct Product Rule, and ad hoc actions that bypass standard processes.

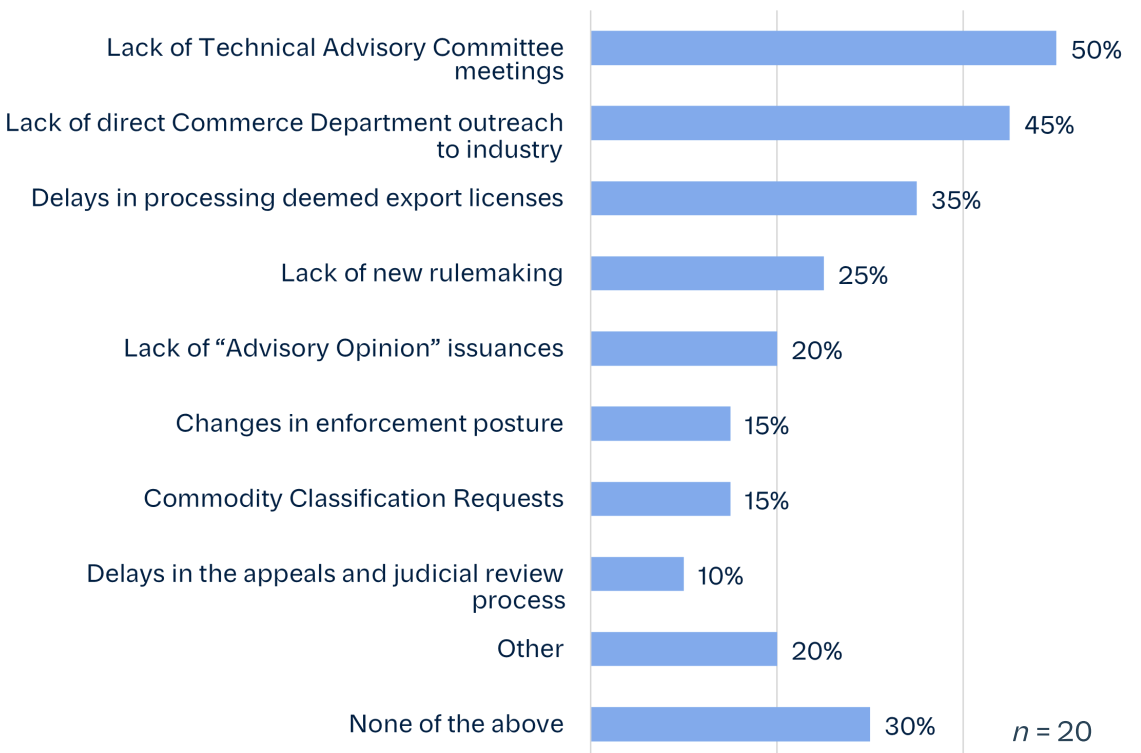
AFFILIATES RULE OVERHANG

One particularly concerning regulation is the Affiliates Rule, which extends export restrictions to parties at least 50% owned by entities on the Entity List or Military End-User List, was issued as an interim final rule in September 2025, taking immediate effect. The rule has since been suspended until this November, leaving companies in limbo and raising concerns about likely Chinese retaliation through rare-earth licenses. Most companies (85%) say reinstating the rule would have a severe or moderate impact on their businesses.

Lack of outreach and dialogue

The primary procedural challenge — cited by 50% of respondents — is the lack of Technical Advisory Committee (TAC) meetings. Engagement through the six TACs was historically a critical industry feedback route to calibrate regulations, understand regulatory roadmaps, and seek clarity on regulations. BIS has reportedly cut most of its TAC engagement since 2025, except for its Emerging Technology TAC. Half of companies (50%) say the business impact of reduced TAC engagement has been either severe or moderate.

Procedural challenges in US export control process



Companies are also frustrated by limited Commerce Department outreach (45%), including the postponement of the BIS Update Conference, which is usually held in March to offer companies face time with BIS leadership, regulatory updates, and specific compliance guidance. One third of companies (35%) cite delays in deemed export licenses, which are needed to transfer controlled technology or source code to foreign nationals in the United States. Companies described unjustified export license rejections, resulting difficulties in recruiting foreign nationals, and reduced ability to staff research or development projects.

With global competition so fierce, US companies need clear export policies and calibrated licensing processes. US export controls must align with market realities to ensure American companies can compete.