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Chairman Huizenga, Ranking Member Kamlager-Dove, and distinguished Members of the Subcommittee:

Thank you for the opportunity to testify about Export Enforcement on behalf of the U.S. Department of Commerce’s Bureau of Industry and Security (BIS). Among its many responsibilities, BIS is charged with civil and criminal enforcement of the nation’s dual-use export control laws. The stakes of this mission have never been higher. Our adversaries are determined to gain access to our best dual-use technologies to erase America’s economic and military preeminence. Export Enforcement (EE) stands at the forefront of protecting America’s technological edge.

Under President Trump’s and Secretary Howard Lutnick’s leadership, we are prepared to meet the challenge, and we are stepping up enforcement actions in all areas. The Trump Administration understands that at a time of great technological change, we cannot let up. This is why the 2026 President’s Budget called for increasing EE’s funding by 123 percent, a historic and transformative America First investment in safeguarding our Nation’s national security. Congress recently provided BIS with additional resources to expand our export enforcement work. We thank the Congress for this important show of support. To date, we have adapted by focusing on priority areas of enforcement that are likely to maximize deterrence. Nevertheless, our resources are spread thin. BIS will prioritize hiring more personnel, advanced analytics, international partnerships, and training programs to attack this evolving threat landscape. These critical reinforcements will enable more investigative leads, more outreach to the business community, more proactive investigations, better accountability of licensed trade abroad and, ultimately, stronger deterrence.

The Offices of Export Enforcement and Enforcement Analysis, both components of EE, are staffed with highly skilled professionals who are committed to defending this country and its citizens. Though small compared to our mission, EE punches well above its weight as evidenced by recent reporting about our work with the Department of Justice. I direct your attention to recent indictments and arrests in the Southern District of Texas and the Middle District of Florida

of individuals and entities engaged in smuggling and unlicensed exports of advanced AI chips and GPUs. Moreover, in the past 12 months, BIS has announced significant civil penalties against companies that have run afoul of the Export Administration Regulations. We imposed multiple penalties, including a \$95 million penalty against Cadence Design Systems for unlawfully exporting critical technology to companies on the Entity List and a \$1.5 million penalty against Exyte Management for failing to prevent in-country transfers to Entity Listed companies. Just two weeks ago, we announced a \$252 million settlement with Applied Materials for illegally exporting semiconductor manufacturing equipment to a company on the Entity List. This was a statutory maximum penalty and the second largest “stand-alone” penalty ever imposed by BIS. And, of course, we are not stopping there. As we look forward to the year ahead, this committee should expect more criminal and civil enforcement from EE along these lines. My message on enforcement is clear—follow the law or be prepared for the consequences.

What is also clear, however, is that the growing volume and complexity of malign uses of our dual-use technologies plainly outpace our current resources. Violators exploit our limited numbers by increasing their diversion activities and by employing increasingly complex international networks to disguise their unlawful activities. This is why we must also look into the deterrence structure we currently operate under. Currently, the maximum financial penalties allowed for violations of the Export Control Reform Act (ECRA) stand at twice the value of the unlawful transaction or approximately \$374,000, whichever is higher. Compare that to violations of the International Traffic in Arms Regulations (ITAR), where the Arms Export Control Act authorizes a penalty of up to approximately \$1.2 million per unlawful transaction. Simply put, ECRA’s financial penalties are not enough to punish and deter bad actors and to create a culture of compliance in companies. The Administration welcomes working with the committee to consider the right level of financial penalties under ECRA to incentivize investment in compliance and to impose meaningful costs on violators. This will play a significant role in creating the kind of deterrence necessary to address the seriousness of this threat.

In conclusion, the risks to our critical dual-use technologies have never been more serious. BIS and EE are up to the challenge as demonstrated by our recent success, and the bureau generates far more in fines, forfeiture, and restitution than it costs. For example, in Fiscal Year 2025, EE was funded \$87 million. During that period, we generated \$192 million in criminal and administrative penalties, more than \$81 million in criminal forfeitures, and \$5 million in restitution. With greater investment, we could be more successful bolstering economic security and national security simultaneously. This committee can enable our continued effectiveness by providing more resources and tougher penalties to impose on violators. I am confident that these actions will help BIS ensure that America maintains its technological edge in ways that safeguard our security.

Thank you, again, for having me before you today. I look forward to your questions.