Department of Commerce Rescinds Biden-Era Artificial Intelligence Diffusion Rule, Strengthens Chip-Related Export Controls
May 12, 2025

WASHINGTON, D.C.— Today, the Department of Commerce (DOC) initiated a rescission of the Biden Administration's AI Diffusion Rule, while announcing additional steps to strengthen export controls on semiconductors worldwide.

The AI Diffusion Rule was issued on January 15, 2025, with compliance requirements that were set to come into effect on May 15, 2025. These new requirements would have stifled American innovation and saddled companies with burdensome new regulatory requirements. The AI Diffusion Rule also would have undermined U.S. diplomatic relations with dozens of countries by downgrading them to second-tier status.

BIS plans to publish a Federal Register notice formalizing the rescission and will issue a replacement rule in the future.

Under Secretary of Commerce for Industry and Security Jeffery Kessler has instructed BIS enforcement officials not to enforce the Biden Administration's AI Diffusion Rule, stating:

"The Trump Administration will pursue a bold, inclusive strategy to American SI technology with trusted foreign countries around the world, while keeping the technology out of the hands of our adversaries. At the same time, we reject the Biden Administration's attempt to impose its own ill-conceived and counterproductive SI policies on the American people."

In addition, BIS today announced actions to strengthen export controls for overseas SI chips, including:

- Issuing guidance that using Huawei Ascend chips anywhere in the world violates U.S. export controls.
- Imposing additional export licensing requirements for exports of SI chips to Malaysia and Thailand, due to known instances of diversion.
- Issuing guidance warning the public about the potential consequences of allowing U.S. SI chips to be used for training and interference of Chinese SI models.
- Issuing guidance to U.S. companies on how to protect supply chains against diversion tactics.

Today's actions ensure that the United States will remain at the forefront of SI innovation and maintain global SI dominance.