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Contact: Erik Heilman  
Eugene Cotilli  
202-482-2721

## **Commerce Department Announces Updated Export Controls for China**

**WASHINGTON** – The Commerce Department's Bureau of Industry and Security (BIS) today announced significant changes to U.S. dual-use export licensing policy for certain high-technology exports to the People's Republic of China.

BIS will remove individual license requirements for certain authorized customers in China while imposing new licensing requirements on a targeted list of items that could contribute to China's military modernization.

"This new rule strikes the right balance in our complex relationship with China," said Commerce Secretary Carlos M. Gutierrez. "It is a common-sense approach that will make it easier for U.S. companies to sell to pre-screened civilian customers in China, while at the same time denying access to U.S. technology that would contribute to China's military. The steps we are taking today are good for national security, and for American exporters and jobs."

The rule creates the Validated End-User (VEU) program, an innovative way to facilitate exports to trusted customers in China. Companies in China that qualify for VEU will be authorized to receive certain U.S.-controlled items without individual export licenses. The Commerce Department expects to publish an initial list of approved Validated End-Users as early as next month. As the program expands and matures, it could facilitate millions of dollars of U.S. exports to China. Sectors likely to benefit from VEU include electronics, semiconductor equipment, and chemicals.

The updated regulations also impose new controls on a focused list of items if they are destined for military end-uses in China. The controls target items that could enhance China's military if incorporated into weapons systems, and are consistent with the longstanding U.S. embargo on arms exports to China.

The list of items covers 20 product categories and associated technologies and software, as described in 31 entries on the Commerce Control List. Items subject to the new military end-use control include aircraft and aircraft engines, avionics and inertial navigation systems, lasers, depleted uranium, underwater cameras and propulsion systems, certain composite materials, and some telecommunications equipment for space communications or air defense. This list was carefully developed by the Departments of Commerce, Defense and State to target militarily useful items not widely available on world markets.

### Background

The Commerce Department's Bureau of Industry and Security (BIS) is charged with the development, implementation, and enforcement of U.S. export control policy for dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction

have predominantly commercial uses, but also have conventional military and weapons of mass destruction applications.

Under the “Validated End-User” VEU Program, certain “trusted customers” in China, companies that qualify, with a track record of responsible civilian use of U.S.-controlled technology will be able to receive certain items without individual export licenses.

In July 2006, BIS published a Federal Register Notice and invited public comment. BIS received 57 comments totaling more than 1,000 pages. For more information, visit [www.bis.doc.gov](http://www.bis.doc.gov).

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