



BIS Annual Conference

September 2021

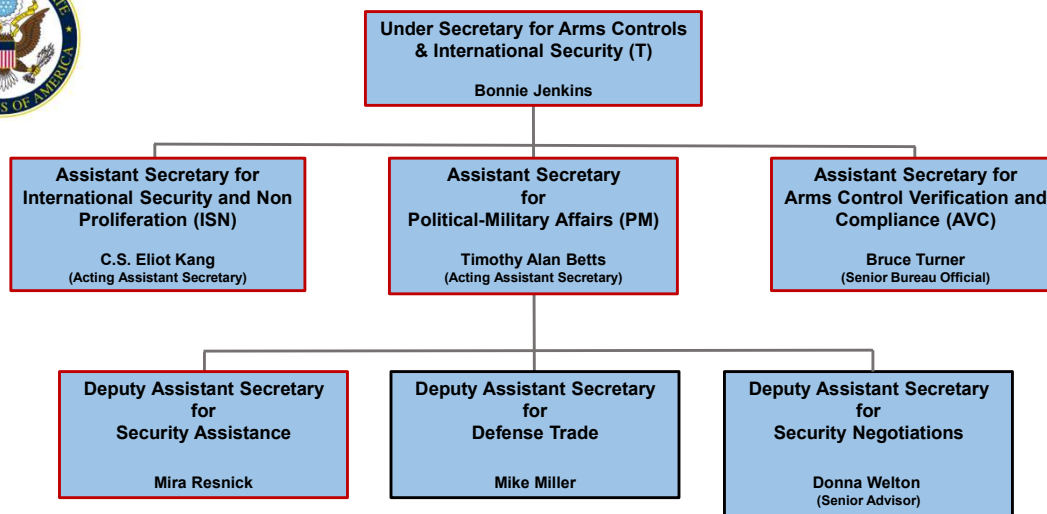
Directorate of Defense Trade Controls: An Update

Jae Shin, Director of Compliance



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Department of State

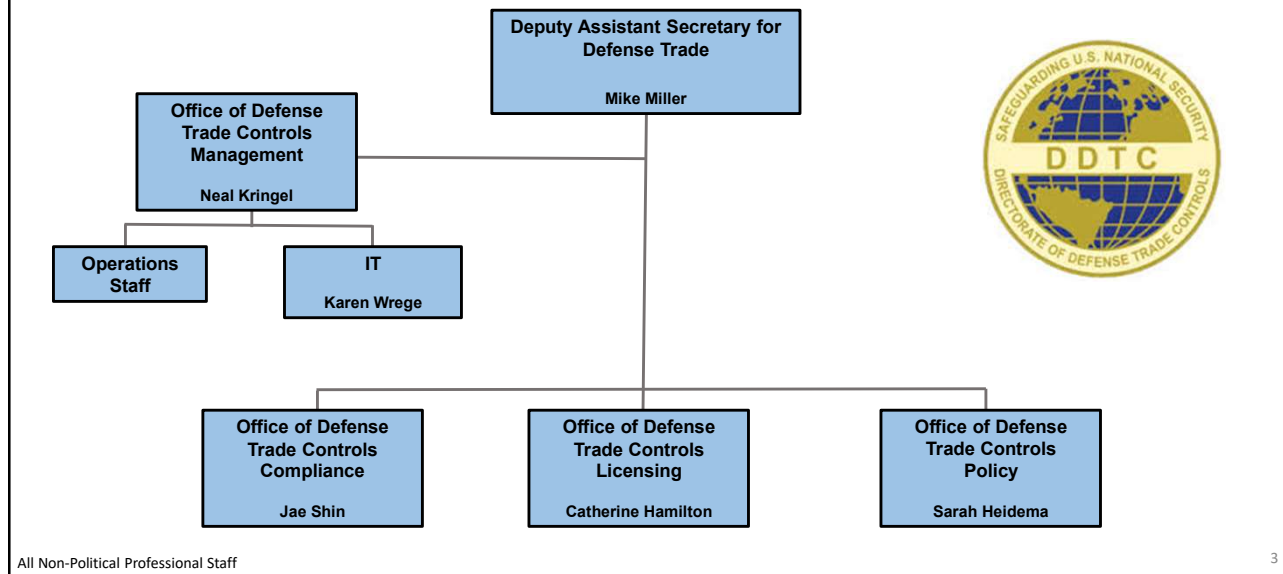


RED = political position

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DDTC Organization



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ITAR Reorganization: The Issue



- Principal regulatory efforts during ECR focused on revising the USML, but issues remain elsewhere.
- ITAR format/content require revalidation and adjustments due to years of narrowly scoped and topic-centric revisions.
- Need to review other ITAR content for inconsistencies, contradictions, gaps and overlaps that can result in unclear, ambiguous guidance.
- Issues like these slow new regulatory efforts when the ITAR needs to be checked and revised for ancillary issues or differing policy approaches or interpretations elsewhere in the regulations, many of which were last updated years ago (sometimes many years).

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Impact of Regulatory State of Play



- Industry – Feedback from outreach forums point to need to clarify ambiguities in regulations.
- Department – Disjointed construct (e.g. scattered definitions) poses unnecessary challenges in drafting regulations, achieving commonly understood terms, and providing consistent guidance that is relevant to all.
- Interagency – Opaque presentation in regulations can generate uncertainty about how the ITAR apply to U.S. government activities.
- Foreign Partners – Partner governments and foreign industry have a difficult time understanding their obligations under the ITAR.

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Way Forward



A series of rules published in a deliberate and specific order for an extended period designed to:

- Improve the structural logic and flow of the ITAR to make it more intuitive and linear.
- Resolve existing (while minimizing the potential for future) ITAR flaws, administrative and substantive.
- Achieve planned approach to review and revalidate content in the various parts of the ITAR.

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Individual Steps



- Initial rule to be direct-to-final
- Limited to formatting and movement of text—no major changes, focused on definitions
- “Substantive” rules published periodically afterwards
 - Exemptions migration
 - More linear articulation of licensing process and requirements (including agreements)
 - Update to Compliance elements – registration and violations provisions
 - Brokering update (finalizing the 2013 IFR...)

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Regular Employee - Covid-19 Response and Future



- DDTC Temporarily modified §120.39 to allow for **telework operations by regular employees.**
- DDTC extended this modification again in June, with indefinite application while a rulemaking is underway to make this change to § 120.39 permanent.

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Open General License Concept



- Exploring the possibility of a new type of authorization, executed initially as a pilot program, to allow for faster and more predictable defense trade and cooperation among allies without the need for individual licenses for each and every transfer
- Similar to systems implemented by our partners and allies
- Drafts under consideration would permit, e.g., qualifying transfers among trusted communities of recipients within close allies and partners; transfers in scenarios that present a low risk to our national security or foreign policy interests; or projects or end-item platforms that are developed and utilized on a multilateral basis

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Other Revisions Under Consideration



- Section 123.9 cleanup
 - Clarifying reexport/retransfer language, disaggregating destination control statement and NATO exemption
- Updates to 123.17 PPE exemption to modernize scope
- Section 120.54 expansion
 - Include additional scenarios to which ITAR jurisdiction does not extend



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USML Updates on the Horizon

- Standard remains the same: **critical military or intelligence advantage**
- Goal is to protect our national security and foreign policy objectives while supporting the health of the regulated community and its excellence in innovation and R&D.
- Active USML rulemaking coordination includes:
 - Targeted Revisions across the USML;
 - USML Category IV (launch vehicles, missiles, rockets, torpedoes, and bombs);
 - USML Category XV (spacecraft); and
 - Portions of USML Category XI (military electronics).
- More information at the Unified Agenda:
<https://www.reginfo.gov/public/do/eAgendaMain>



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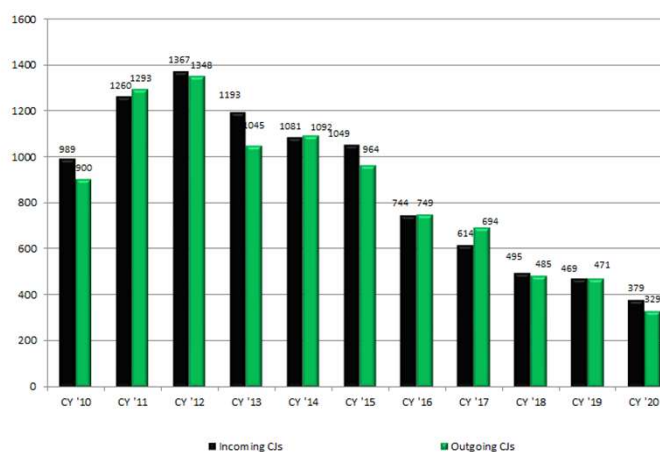
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Commodity Jurisdiction Determinations

CY 2010-2020

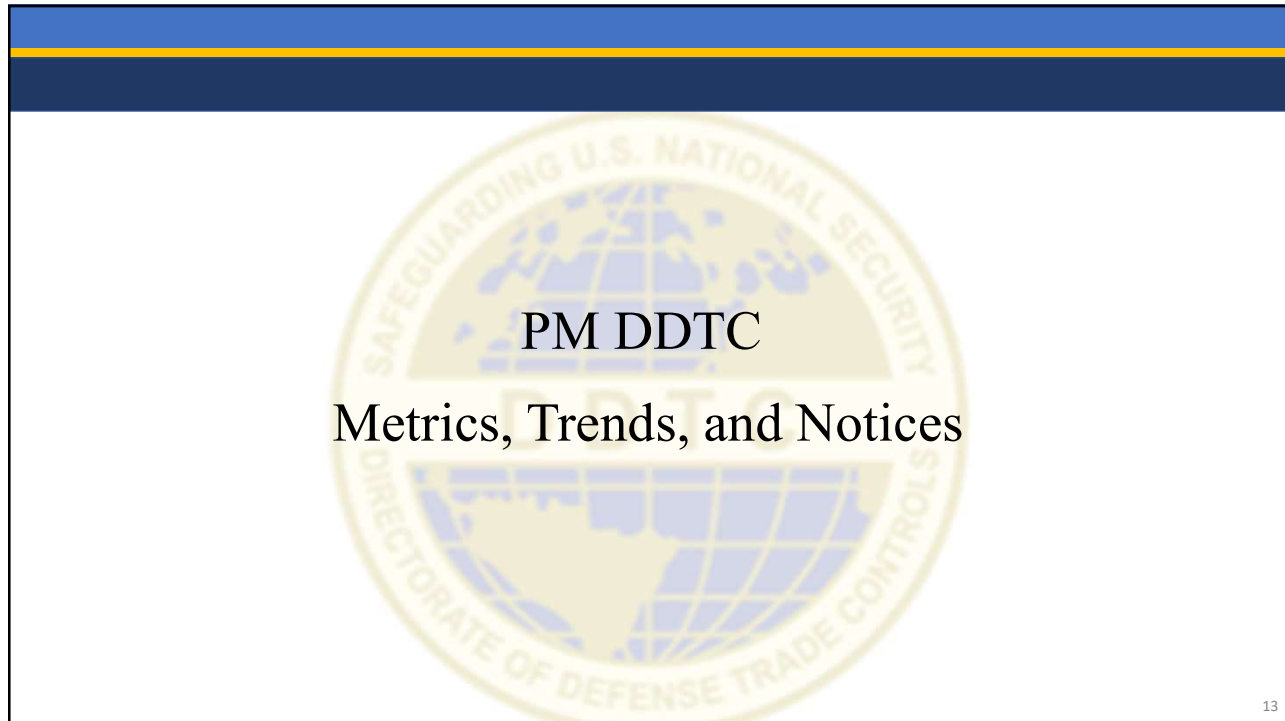
CJ processing has continued uninterrupted through the pandemic, albeit with some delays. CJ caseload is approaching pre-pandemic level.

- March 2020 – 132 Active CJs as operating postures shifted
- Aug 2020 – 211 Active CJs at the peak caseload
- July 2021 – 151 Active CJs and trending lower

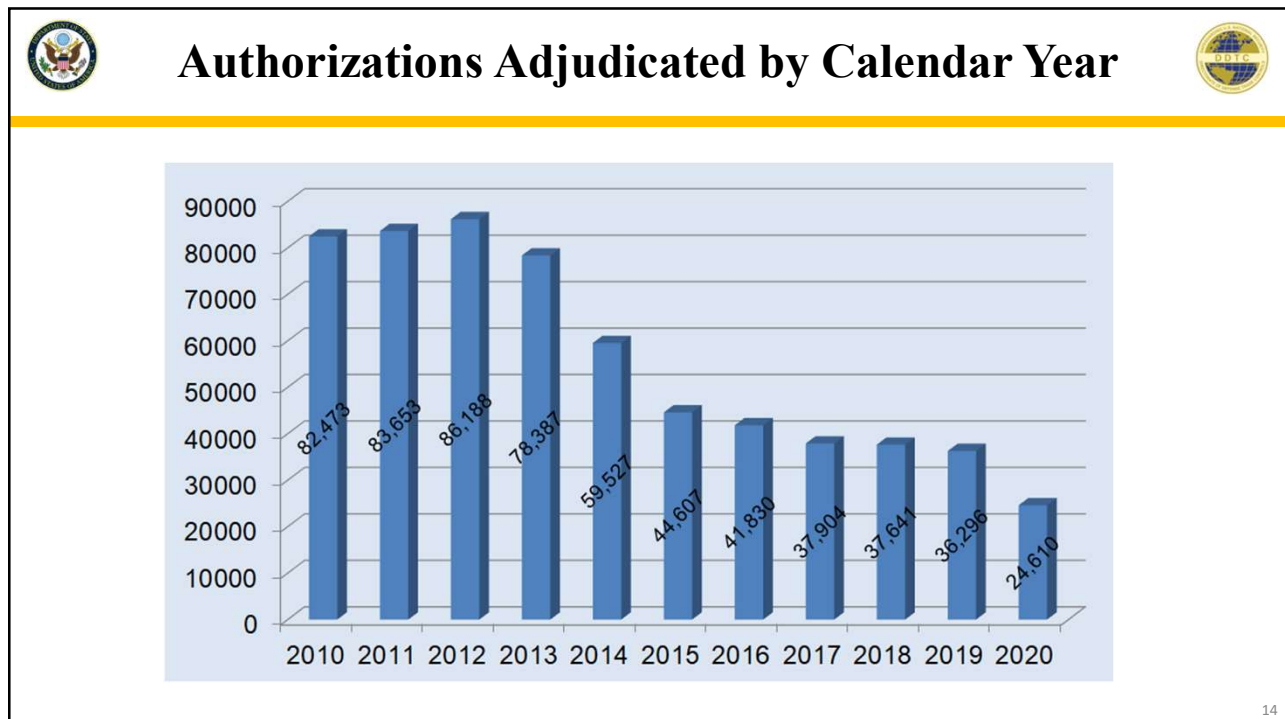


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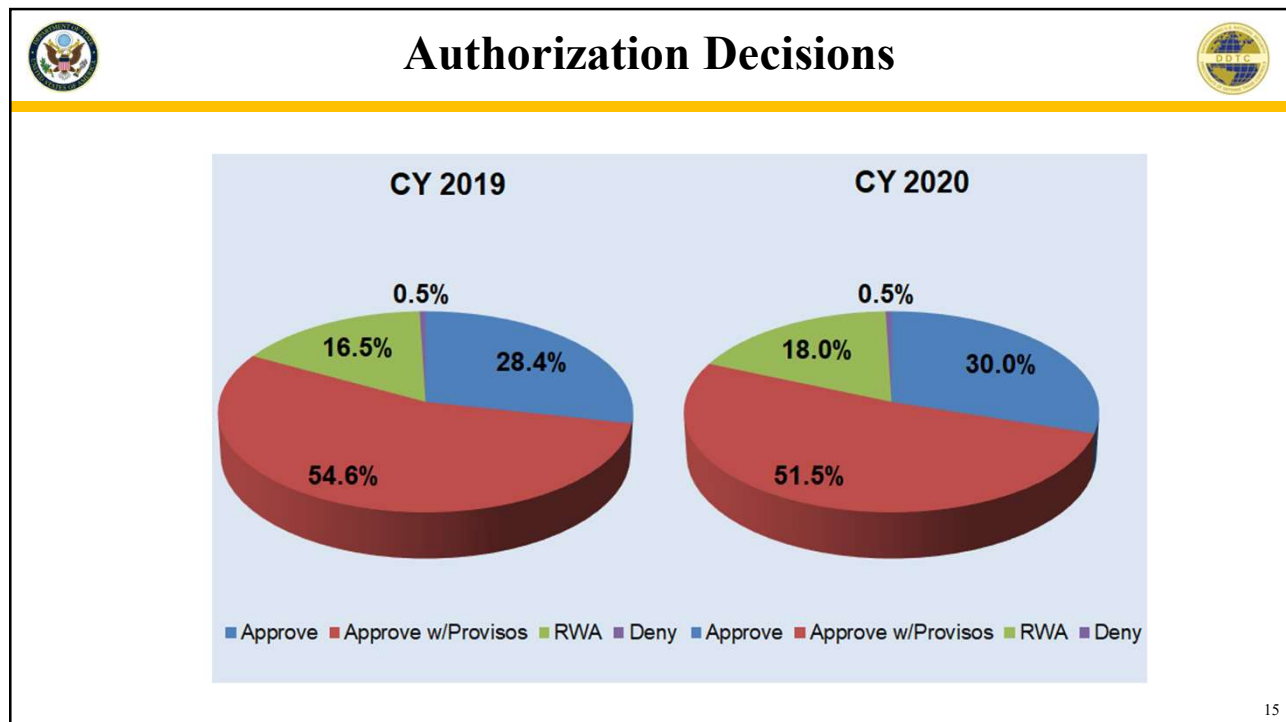
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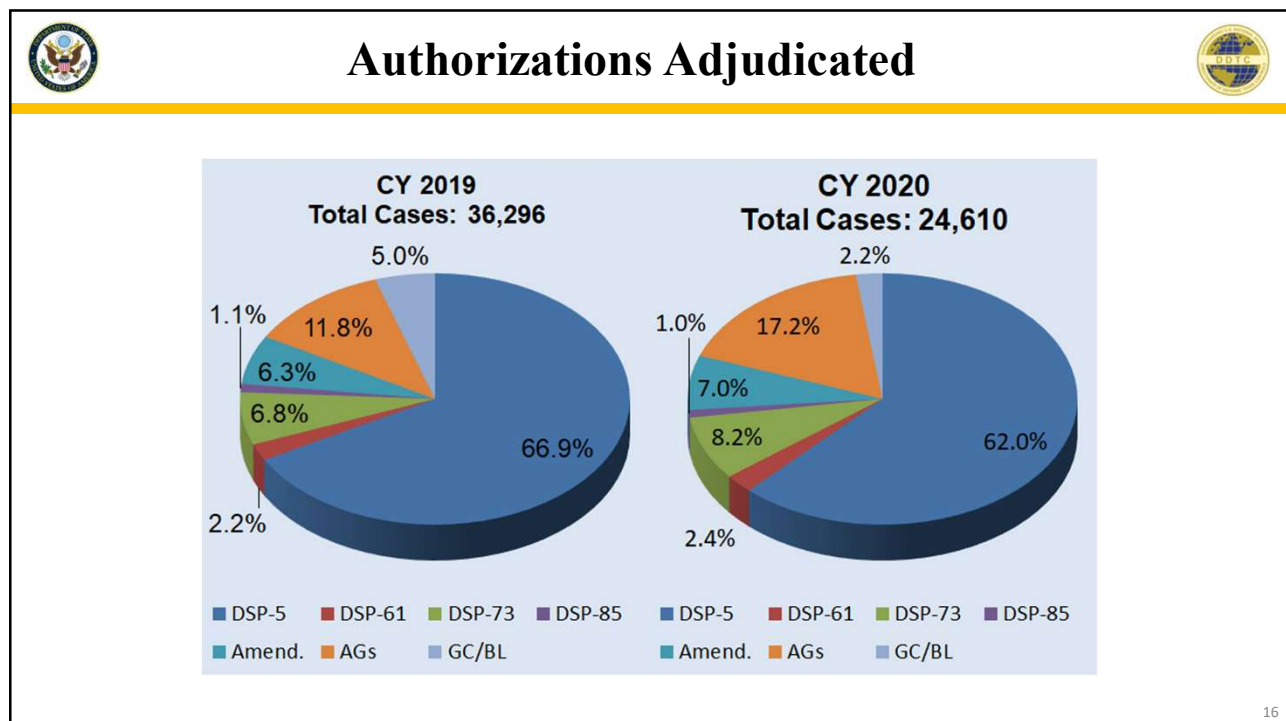
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RWA Statistics



Average Annual Stats (CY)

<u>YEAR</u>	<u>CASES</u>	<u>AVG AGE</u>	<u>AVG RWA</u>
2012	86,188	18.6	10.6%
2013	78,387	19.2	11.3%
2014	59,527	21.9	14.5%
2015	44,523	26.58	16.0%
2016	41,830	28.08	15.6%
2017	37,919	27.98	16.5%
2018	37,641	34.12	18.8%
2019	36,296	34.6	16.5%
2020	35,645	30.5	18.0%

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CY 2020 Registration Metrics



Total Registrants: **13,850**

- Manufacturers/Exporters: **12,534**

- Brokers: **1,316**

- Material Changes Reviewed: **1,031**

Mergers, Acquisitions, & Divestitures (MAD)

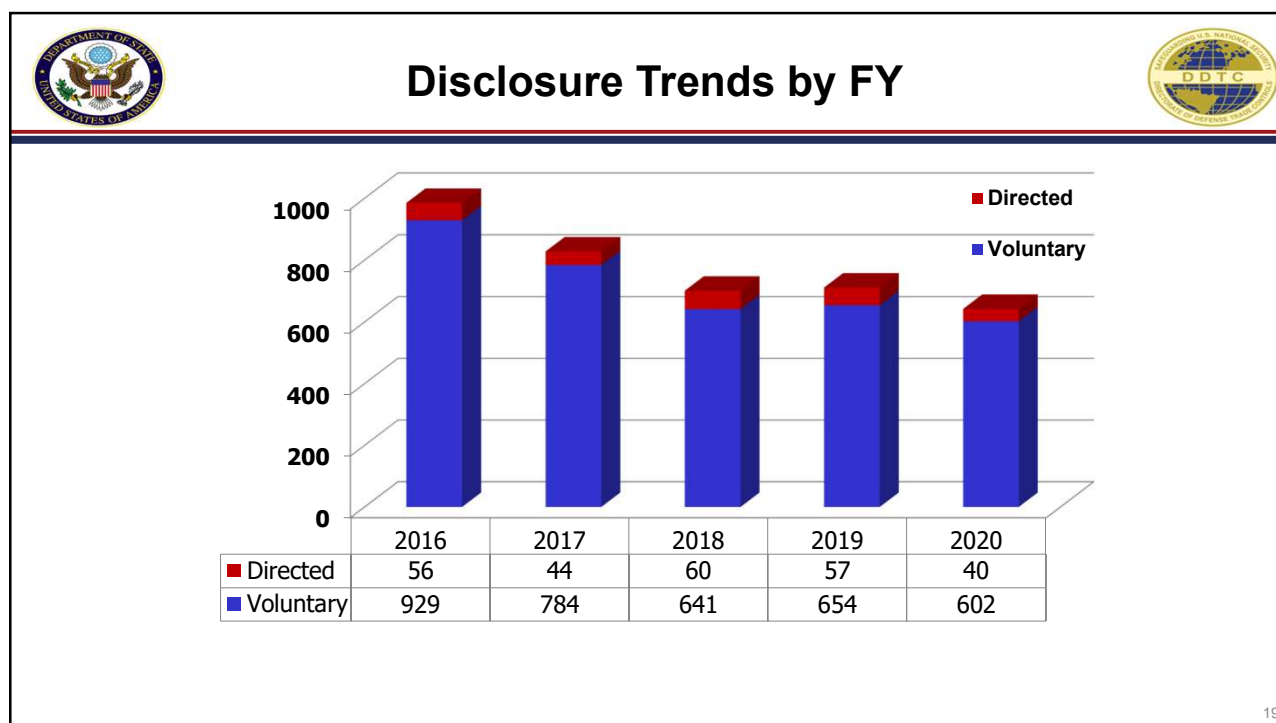
- US-to-US Reviewed: **368**

- US-to-Foreign Reviewed: **65**

- Transaction Reviewed under CFIUS: **43**

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Recent Civil Settlements – Consent Agreements

Company	Year	Penalty (USD)	# of Proposed Charges
Honeywell International, Inc.	2021	13,000,000 ⁺	34
Airbus SE	2020	10,000,000 ⁺	75
AeroVironment, Inc.	2019	1,000,000 ⁺	10
L3Harris Technologies, Inc.	2019	13,000,000 ⁺	131
Darling Industries, Inc.	2019	400,000 ⁺	6
FLIR Systems, Inc.	2018	30,000,000 ⁺	347

⁺ Suspended in whole or in part as provided in the Consent Agreement

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Recent Statutory Debarment Notice







On June 4, 2021, the U.S. Department of State published a Federal Register notice of seven persons statutorily debarred for having been convicted of violating, or conspiring to violate, the Arms Export Control Act (22 U.S.C. 2751, et seq.). This action, pursuant to section 127.7(b) of the International Traffic

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DTCC Trial Support



Date	Entity	Court	Sentencing	Charge	Destination
July 22, 2019	Maurice Taylor	Northern District of Mississippi	70 months	Scheming to illegally export defense articles	UK
July 31, 2019	Dmitrii Makarenko	Southern District of Florida	Probation	Conspiring to export defense articles	Russia
August 20, 2019	Rami Najm Asad Ghanem	Central District of California	30 years	Brokering and exporting an array of defense articles	multiple
October 18, 2019	Chris Rodriguez	Eastern District of Virginia	18 months	Trafficking firearms and ammunition	Honduras
November 20, 2019	Synergy Link Corp., Siriporn Domsa and Adison Umrarong	District of Columbia	1-year probation	Illegal export of firearm parts	Thailand
January 21, 2020	Jian Zhang	District Court of Arizona	A plea of guilty, awaiting sentencing	Conspiring to export firearms	China
January 27, 2020	Hany Veletanlic	Western District of Washington	85 months	Illegally exporting firearms and illegal possession of silencers	Sweden, France, Russia, Brazil
February 14, 2020	Wei Sun	U.S. District of Tucson	A plea of guilty, awaiting sentencing	Illegal export of missile-related tech data	China
July 20, 2020	Usama Darwich Hamade	District Court of Minnesota	42 months	Conspiring to export drone parts and technology	Lebanon (Hezbollah)

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Defense Export Control and Compliance System (DECCS)

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DECCS


The Directorate of Defense Trade Controls (DDTC) is undergoing a major IT Modernization effort to replace legacy systems with modern cloud technologies.

The new system, the **Defense Export Control and Compliance System (DECCS)** provides industry access to DDTC applications through a single, online portal.


DDTC worked with industry to build the system soliciting feedback and building **industry-prioritized features**.

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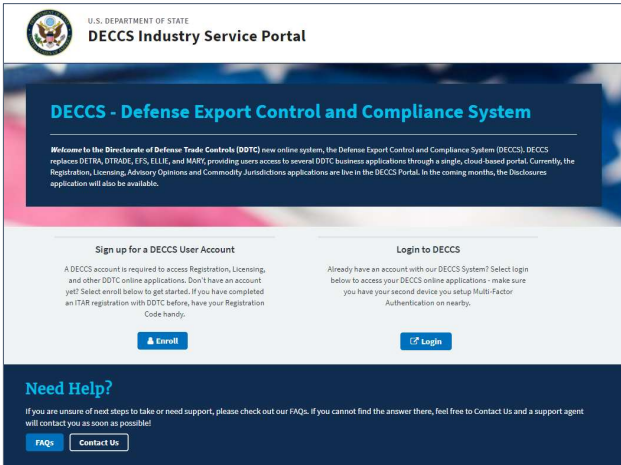


DECCS Industry Portal: Enroll/Log In




Navigate to the DECCS Portal

- Click “Enroll” to create a new DECCS account
- Click “Login” to access your DECCS account.
- You can access this page here:
<https://deccs.pmdtdc.state.gov/deccs>
- Enrolled users can access DECCS applications from the Industry Portal once they're logged in.




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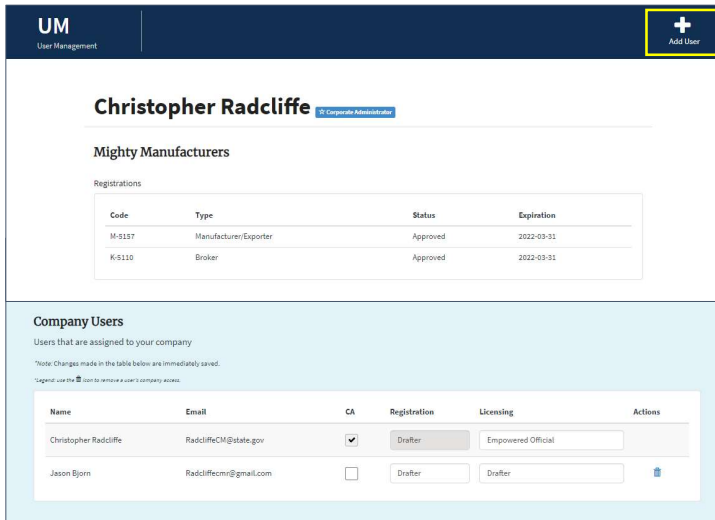


DECCS User Management




In the User Management application, Corporate Administrators can **manage their own user community** by:

- Sending invitations
- Approving user requests
- Modifying user permissions




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Advisory Opinions



DS-7786
Advisory Opinions Form
Exit Help

AO Request Launching Pad

Estimated Burden: 2 Hours

* PAPERWORK REDUCTION ACT STATEMENT: Public reporting burden for this collection of information is estimated to average 2 hours per response, including time required for searching existing data sources, gathering the necessary data, providing the information required, and reviewing the final collection. Send comments on the accuracy of this estimate of the burden and recommendations for reducing it to: Department of State (T/PM/DDTC) Washington, D.C. 20520.

OMB control number:
1405:0174


Expiration date:
7/31/2020

[Start a New AO Request](#)


The Advisory Opinions (AO) application is used by industry to request official DDTC opinion on matters related to the **interpretation of the ITAR** and for internal users to review submissions and respond to the requester.

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Commodity Jurisdictions



The Commodity Jurisdiction (CJ) application is used by industry to **request official DDTC opinion** on whether or not an item or service is USML and thereby regulated by DDTC.

DS-4076
Commodity Jurisdiction (CJ)
Exit Help

CJ Request Launching Pad

Estimated Burden: 4 Hours

* PAPERWORK REDUCTION ACT STATEMENT: Public reporting burden for this collection of information is estimated to average 2 hours per response, including time required for searching existing data sources, gathering the necessary data, providing the information required, and reviewing the final collection. Send comments on the accuracy of this estimate of the burden and recommendations for reducing it to: Department of State (T/PM/DDTC) Washington, D.C. 20520.

OMB control number:
1405-0163

Expiration date:
11/30/2022

PLEASE NOTE

The new collection format for Commodity Jurisdiction form DS-4076 version 3.0 is now live. For users with existing forms in 'Draft' status, please review your entire form before submitting, to verify accuracy of the request. For previously submitted requests, a PDF version of the original submission and any associated supporting documentation are available in the 'Your Legacy CJ Requests' section below.

To access the CJ User Guide, click [HERE](#)

[Start a New CJ Request](#)

Your Saved CJ Requests

Requests you have started but have not yet submitted can be selected to complete

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DECCS Registration





U.S. DEPARTMENT OF STATE

DECCS Registration

Jason Bjorn ▾

Industry Portal
Applications ▾
Learning Tools ▾
Search DECCS FAQs
My Support Cases ▾

Registration

Welcome to the DDTC Registration Application. Use this application to apply for and manage Registrations with DDTC.

Active Registration

Registration Code: M-5157, K-5110

Registration Type: Manufacturer, Broker (US Person)

Expires On: 03/31/2022

» Amend

The Registration application is used by industry to register with DDTC. They can create a New registration, Renew their registration, Amend their registration, and Pay for their registration in DECCS.

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DECCS Licensing





U.S. DEPARTMENT OF STATE

DECCS Licensing

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Industry Portal
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Licensing

Welcome to the DDTC Licensing Application. Create a new application from the list below or view your current applications.

☰ Track Status
☁ Batch Submissions
📍 ELISA

In-Progress Applications

New Licensing Form

The Licensing application is used by industry users to request licenses for regulated commodities.

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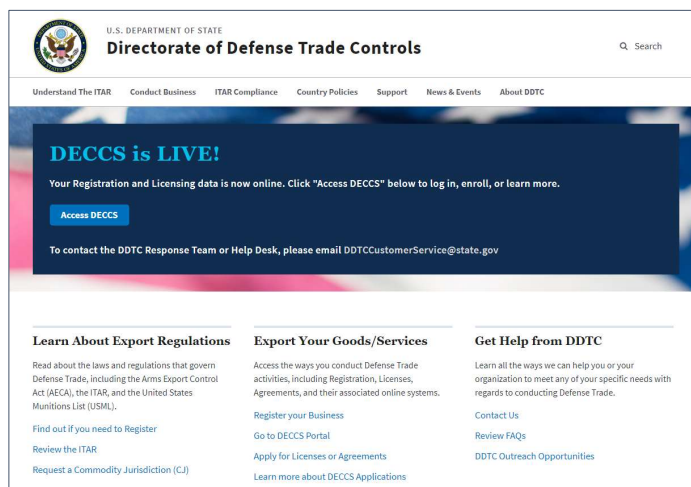
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For More DECCS Information...



Check out our website for FAQs, news & announcements, and helpful information:



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Contact Information



- DDTC's website: www.pmddtc.state.gov
- DDTC Response Team & DECCS Help Desk DDTCCustomerService@state.gov
- Case status: <http://elisa.dtsa.mil/>

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