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COMMERCE ISSUES RULES TO REFLECT EXPORT CONTROL COORDINATION WITH ALLIES AND PARTNERS AND FACILITATE SECURE TRADE

WASHINGTON, D.C. – Today, the Commerce Department's Bureau of Industry and Security (BIS) released three rules as part of a broad effort to ease several categories of export licensing requirements and expand the availability of export license exceptions for key allied and partner countries, as well as for members of certain multilateral export control regimes.

"These rules will more accurately reflect the current national security and foreign policy posture of the United States Government," **said Under Secretary of Commerce for Industry and Security Alan Estevez.** "They will create a stronger environment to facilitate cooperation by reducing the licensing burden for items destined to our closest allies and partners."

"These regulations are a result of our assessment of feedback from our allies and partners to harmonize controls and reduce licensing burdens," **said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler.** "They reflect the deep trust and close export control coordination that the United States has fostered with allies and partners for years, which has redoubled in response to Russia's aggression against Ukraine."

Summary of Rules:

The first rule changes licensing requirements for certain Australia Group (AG)-controlled pathogens and toxins (and their related technologies) so that no license is required to AG countries, unless the item is also subject to Chemical Weapons Convention controls. It also removes crime control licensing requirements for Austria, Finland, Ireland, Liechtenstein, South Korea, Sweden, and Switzerland. These countries are in the Global Export Controls Coalition (GECC) (countries listed in supplement 3 to part 746 of the Export Administration Regulations (EAR)) and maintain a commitment to protecting human rights. Rule text: <u>here</u>.

The second rule expands license exception eligibility to additional countries for certain missile technology items excluding any countries of concern for missile technology reasons or that are subject to a U.S. arms embargo (i.e., countries specified in Country Groups D:4 or D:5). For example, certain components used in or for the "production" of civil manned aircraft will now be eligible for an EAR license exception to countries that are in both Country Group A:2 and the GECC. The second rule also updates list-based controls to align with recent Missile Technology Control Regime (MTCR) control list changes. Rule text: <u>here</u>.

The third rule seeks public comment on ways to facilitate use of License Exception Strategic Trade Authorization (STA), including by clarifying which items are eligible for STA to certain

destinations, and proposing a number of changes intended to increase the usage of STA and reduce the burden on exporters, reexporters, and transferors, while at the same time still ensuring that U.S. national security and foreign policy interests are protected for items authored under STA. For example, the rule proposes to allow National Security (NS)-only reason for control items received under STA to be reexported between or among countries that are in <u>both A:5 and</u> the GECC with authorization from the competent authorities of those countries under license exception Additional Permissive Reexports (APR). Rule text: <u>here</u>.

Additional Background:

The United States relies on deep connections with its allies and partners to protect its vital national security and foreign policy interests and participates in four primary multilateral export control regimes. Generally, the four regimes are made up of the governments of countries and international organizations that are key suppliers of various items, depending on the regime. Additional information on the four primary multilateral regimes is available on BIS's website at: https://www.bis.doc.gov/index.php/policy-guidance/multilateral-export-control-regimes

In addition to the four primary regimes, following Russia's unjustifiable war against Ukraine and Belarus's complicity in that invasion, the United States led the formation of and continues to lead alignment within the GECC, now comprising the United States and 38 other global economies. BIS's export controls on Russia and Belarus have been successful because they have been imposed and maintained in coordination with U.S. allies and partners. This demonstrates that in the context of export controls, multilateral and plurilateral controls are typically the most effective path toward accomplishing our national security and foreign policy objectives.

Additional information on BIS's efforts to respond to Russia's war against Ukraine is available on BIS's website at: <u>https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus</u>.

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