



Export Control Reform:
Fulfilling the Promise
UPDATE
CONFERENCE ON EXPORT CONTROLS AND POLICY
JULY 23-25, 2013
U.S. DEPARTMENT OF COMMERCE • BUREAU OF INDUSTRY AND SECURITY

INTERAGENCY COLLABORATION AND
IMPACT OF COMPLETED REFORMS

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Update 2013

Interagency Collaboration Essential for Export Control System

- * Items Controlled
 - * Multilateral export control regimes
 - * US proposals
 - * Foreign proposals
- * Revisions to the Export Administration Regulations
 - * Licensing policy
 - * Commerce Control List
 - * Validated End Users
 - * Entity List



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Interagency Collaboration Essential for Export Control System

- * License applications
 - * 23,825 reviewed in 2012
- * Operating Committee
 - * 244 reviewed in 2012
- * Advisory Committee on Export Policy
 - * 35 reviewed in 2012
- * Commodity jurisdiction determinations
- * Bilateral relationships



Impact of Completed ECR Reforms Encryption

- * Encryption Export Controls: Revision of License Exception ENC and Mass Market Eligibility, Submission Procedures, Reporting Requirements, License Application Requirements, and Addition of Note 4 to Category 5, Part 2 (June 25, 2010; 75 Federal Register 36481)
- * Replaced 30 day technical review period and sales reports for most items eligible for License Exception ENC and mass market products with registration and self-classification report
- * Excluded certain items incorporating or using "cryptography" from control under Category 5, Part



IMPACT OF COMPLETED ECR REFORMS ENCRYPTION

- * 4,116 companies have registered
- * Classification requests reduced by about 30%
 - * 3,200 in FY 2010
 - * 2,100 in FY 2011
 - * 2,200 in FY 2012
 - * 1,100 in first half of FY13



Impact of Completed ECR Reforms Strategic Trade Authorization

- * *Export Control Reform Initiative: Strategic Trade Authorization License Exception (June 16, 2011; 76 Federal Register 35276)*
- * Authorizes export, reexport and transfer (in-country) of specified items that pose relatively low risk in specified destinations without individual license
- * Items can subsequently be reexported without a license to another STA country
- * Authorization required for other reexports



Impact of Completed ECR Reforms – Strategic Trade Authorization

* Strategic Trade Authorization

- * July 2011 through April 2013
- * 117 companies have exported under STA
- * \$165.7 million worth of exports under STA
- * 1,743 shipments under STA
 - * 37% (645) exports worth less than \$2,500



Impact of Completed ECR Reforms – Strategic Trade Authorization

* Top ECCNs Exported to 36 STA (c)(1) countries

- * 6A003
 - * 492 shipments by 19 exporters worth \$23,738,737
- * 0A018
 - * 24 shipments by 5 exporters worth \$13,289,302
- * 9A004
 - * 201 shipments by 7 exporters worth \$9,087,401
- * 0A987
 - * 623 shipments by 21 exporters worth \$2,237,957



Impact of Completed ECR Reforms – Strategic Trade Authorization

- * Compliance
 - * 98 of 117 STA users audited to date
 - * 87% compliance rate
- * Errors (13)
 - * Failure to notify consignee of ECCN or obtain required consignee statement prior to shipment (4)
 - * Failed to provide consignee statement prior to shipment (5)
 - * Ineligible Export Control Classification Number (2)
 - * Failure to answer BIS questions for support documents (2)



Export Control Reform Executive Order

- * The new Executive Order of March 8, 2013 makes the following changes:
 - * 1. Consolidation of All Brokering Responsibilities with the Department of State
 - * 2. Elimination of Possible “Double Licensing” Requirements
 - * 3. Congressional Notification Process
 - * 4. Other Administrative Updates
 - * 5. Changes to the U.S. Munitions List



CONCLUSION

- * Interagency collaboration will continue to be critical to ECR
- * STA now well established to be platform for ECR objectives
 - * Interoperability with Allies
 - * Enhance US defense industrial base
 - * Focus government and industry resources



Defense Technology Security Administration



Export Control Reform Challenges for a Dynamic System

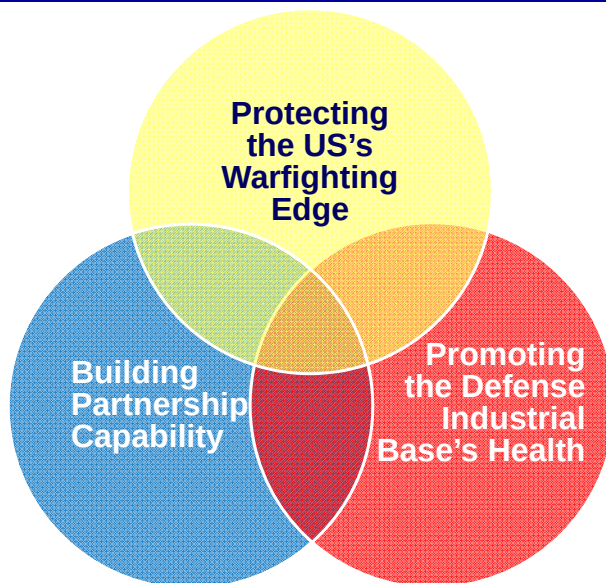
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DTSA  Ensuring the Edge



POLICY

Balancing National Security Goals



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