

Bureau of Industry and Security

BIS 2022

UPDATE CONFERENCE ON EXPORT CONTROLS & POLICY

BUILDING A NETWORK OF
GLOBAL COOPERATION

JUNE 29 - JULY 1



Bureau of Industry and Security

BIS 2022

**UPDATE CONFERENCE ON
EXPORT CONTROLS & POLICY**



Directorate of Defense Trade Controls

Sarah Heidema

Director of Policy



Bureau of Industry and Security

BIS 2022

**UPDATE CONFERENCE ON
EXPORT CONTROLS & POLICY**



DDTC 2022 UPDATE





DEPARTMENT OF STATE

Under Secretary for Arms Controls & International Security (T)

Amb. Bonnie Denise Jenkins

**Assistant Secretary for
International Security and
Non Proliferation (ISN)**

C.S. Eliot Kang

**Assistant Secretary for
Political-Military
Affairs (PM)**

Jessica Lewis

**Assistant Secretary for
Arms Control Verification and
Compliance (AVC)**

Mallory Stewart

**Deputy Assistant Secretary for
Security Assistance**

Mira Resnick

**Deputy Assistant Secretary for
Defense Trade**



Mike Miller

**Deputy Assistant Secretary for
Security Negotiations**

Donna Welton
(Senior Advisor)



Role of the PM Bureau

- The Bureau of Political-Military Affairs (PM) advises the Secretary and drives global security policy, integrates diplomacy and defense, and builds security cooperation
- Annual oversight:
 - \$170 billion in sensitive technology exports
 - Nearly \$7 billion in security assistance
 - \$9 billion in Title 10 security assistance
- Implements White House policy priorities to advance strategic sales and implement the President's Conventional Arms Transfer policy (CAT)



DIRECTORATE OF DEFENSE TRADE CONTROLS

Deputy Assistant Secretary for Defense Trade

DAS Advisor

Office Support

OFFICE OF DEFENSE TRADE CONTROLS

Policy

Regulatory and Multilateral Affairs
Country and End-User Analysis
Technology and Jurisdiction Analysis

OFFICE OF DEFENSE TRADE CONTROLS

Licensing

Plans, Personnel, Programs, and Procedures
Space, Missile, and Sensor Systems
Electronic and Training Systems
Sea, Land, and Air Systems
Light Weapons

OFFICE OF DEFENSE TRADE CONTROLS

Compliance

Compliance and Civil Enforcement
Law Enforcement Liaison
CFIUS and Mergers, Acquisitions, and Divestitures
Registration Compliance and Analysis

OFFICE OF DEFENSE TRADE CONTROLS

Management

Information Technology
Operations
Contract Management
Outreach



Mission & Structure of DDTC

- The Directorate of Defense Trade Controls (DDTC) is the regulatory agency within PM that governs the export of defense articles and services via direct commercial sales
- Supported by 215 staff (civil service employees, contractors, and military detailees)
- Three functional offices: **Licensing**, **Policy**, and **Compliance**
- A **Management** team runs DDTC's IT and internal operations
 - Over the past year, the Response Team and Help Desk addressed almost 30,000 inquiries, answering 1,400 phone calls monthly



Compliance Overview

- The Office of Defense Trade Controls Compliance (DTCC) supports civil enforcement of the AECA and the ITAR and coordinates with law enforcement on criminal violations
- Reviews voluntary disclosures and issues directed disclosure requests regarding potential ITAR violations
- Pursues settlements to resolve alleged civil violations of the ITAR (Consent Agreements)
- Maintains over 14,000 registrations
- Mitigates transactions submitted to the Committee on Foreign Investment in the United States





Licensing Overview

- The Office of Defense Trade Control Licensing (DTCL) furthers U.S. national security and foreign policy through implementation and adjudication of defense trade export requests
- Through the application of the CAT Policy, DTCL carefully considers the effect of each potential transfer
- Reviews all transfers on a case-by-case basis to ensure our foreign policy goals and national security objectives
- Identifies all legal, regulatory, and related procedural considerations before a decision is rendered
- In FY 2021, DTCL adjudicated 23,757 licenses worth \$103 billion



Policy Overview

- Our Policy Office (DTCP) maintains a modern and agile munitions export control system that is responsive to geopolitical developments
- Continuing USML list review; reviewing new and emerging technology
- Manages DDTC's end-use monitoring program to ensure appropriate use and transfer of defense articles abroad
- Working on various initiatives such as an Open General License Pilot Program, reviewing the scope of exemptions, reviewing definitions (e.g., defense service), implementing the ITAR reorganization rules



PM and DDTC in Action: Ukraine

- Since January 2022, DDTC has authorized nearly \$450 million in DCS exports and re-exports of hardware to Ukraine
- Since February 2022, DDTC has turned around at least two requests within 24 hours
- Through the Multinational Joint Commission (MJC), we work with Ukraine and our allies to identify military requirements and match funding streams
- The United States has provided over \$8.7 billion in security assistance and training to support Ukrainian defense capabilities since 2014





PM and DDTC in Action: Other Regional Efforts



- **Russia:** Supporting efforts to work with partners and allies to implement sanctions against Russia.
- **Taiwan:** \$18 billion in FMS to Taiwan since 2017, with additional DCS authorizations for end-use totaling more than \$2.3 billion. We are continuing to deepen our defense relationship in response to the threat we assess from the PRC.
- **AUKUS:** Activity between USG and partners is robust; working to deliver advanced defense and technology capabilities, including an Australian nuclear-powered submarine.
- **Gulf Partners:** U.S. support for Saudi-led Coalition operations in Yemen has ended, including relevant arms sales, though we remain committed to helping the Saudis through security cooperation and defense trade.



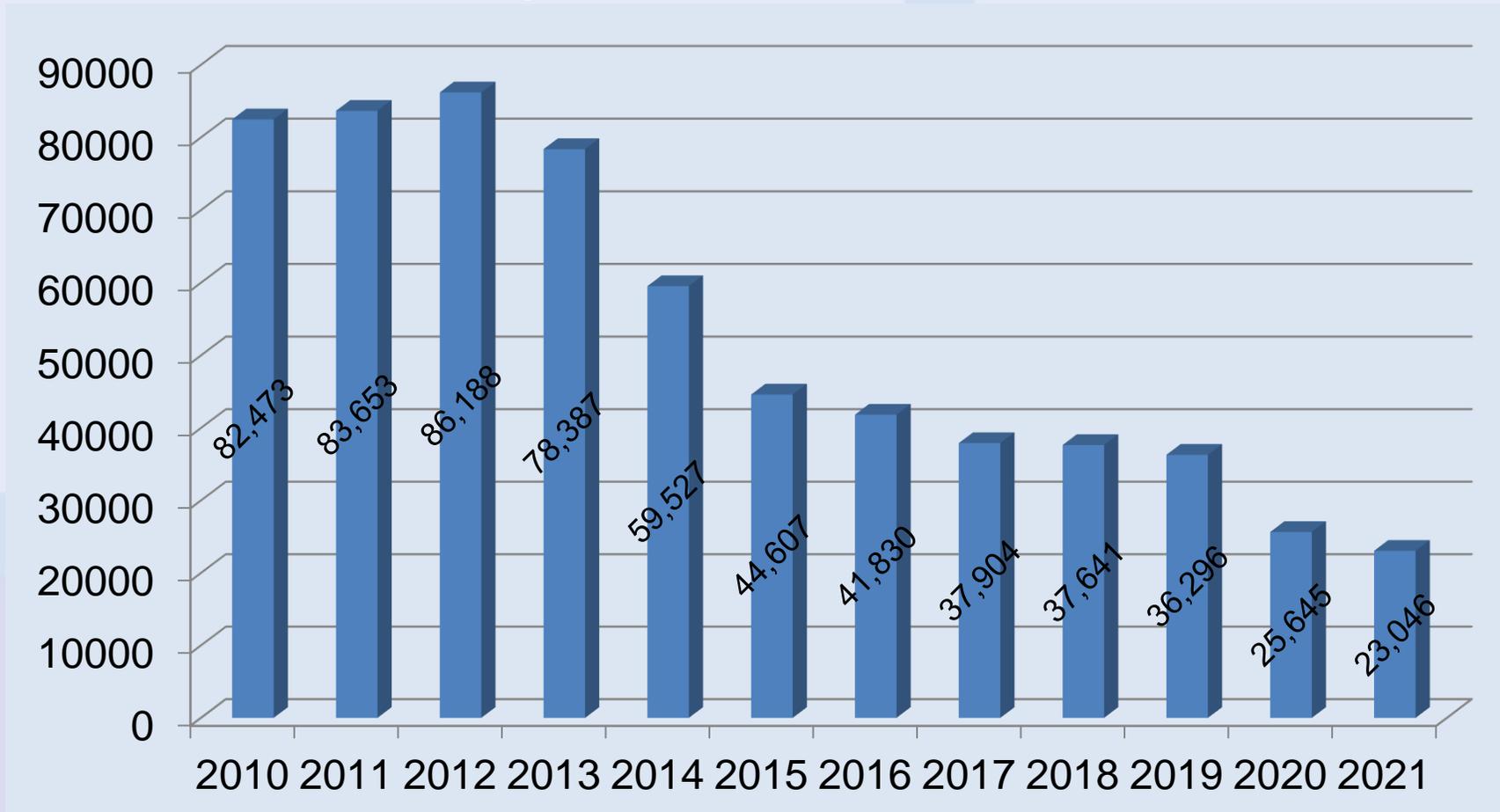
PM DDTC

Metrics, Trends, and Notices

The background of the slide features a large, faded seal of the Directorate of Defense Trade Controls (DDTC). The seal is circular and contains a globe in the center. The text around the globe reads "SAFEGUARDING U.S. NATIONAL SECURITY" at the top and "DIRECTORATE OF DEFENSE TRADE CONTROLS" at the bottom. The globe itself has "DDTC" written across it.



Authorizations Adjudicated by Calendar Year

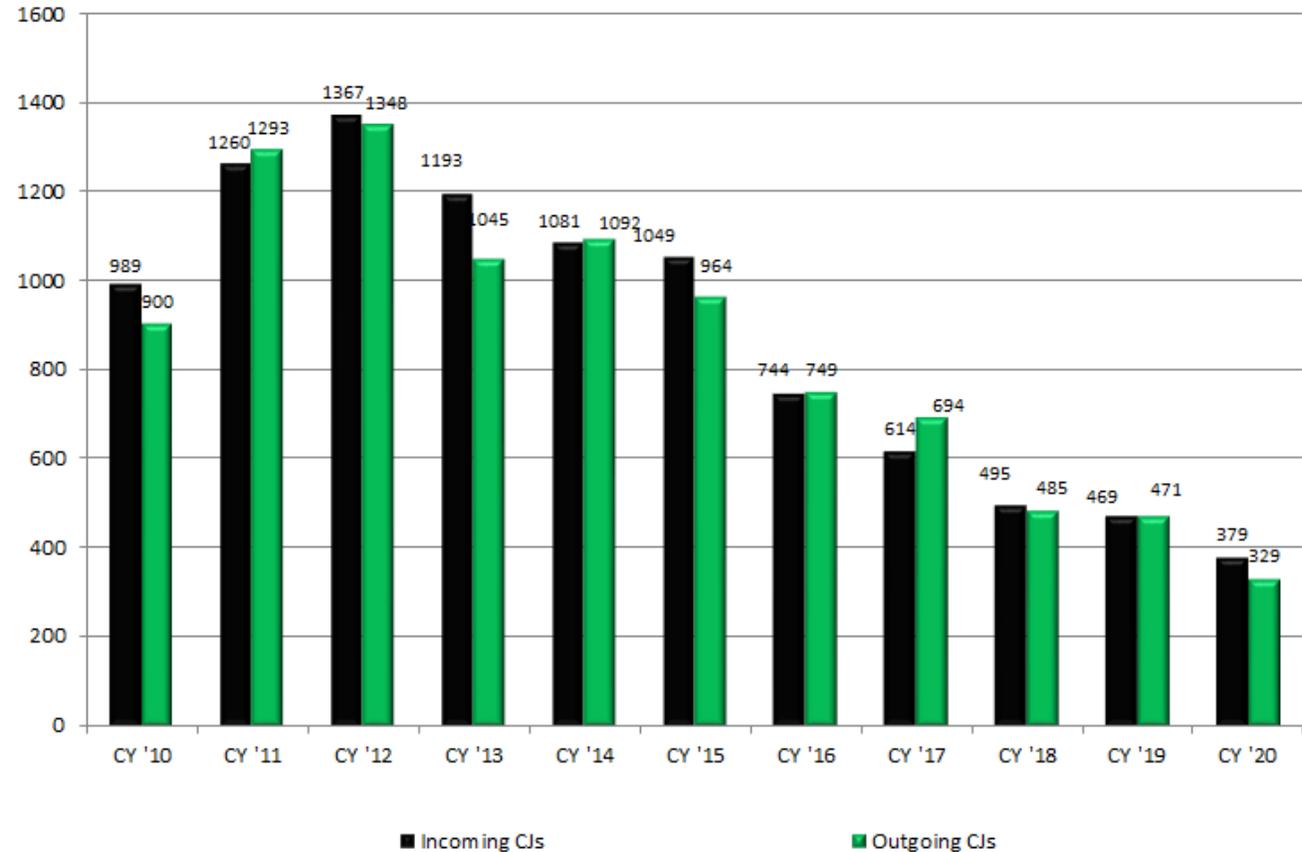




Commodity Jurisdiction Determinations CY 2010-2020

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

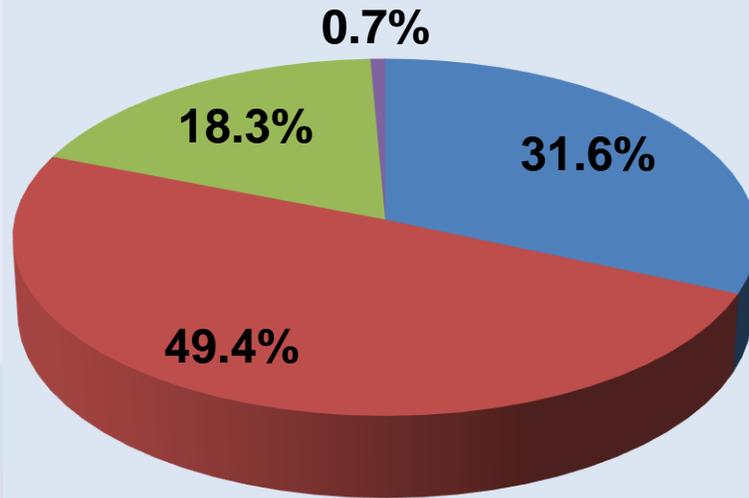
- March 2020 – 132 Active CJs as operating postures shifted
- Aug 2020 – 211 Active CJs at the peak caseload
- July 2021 – 151 Active CJs and trending lower



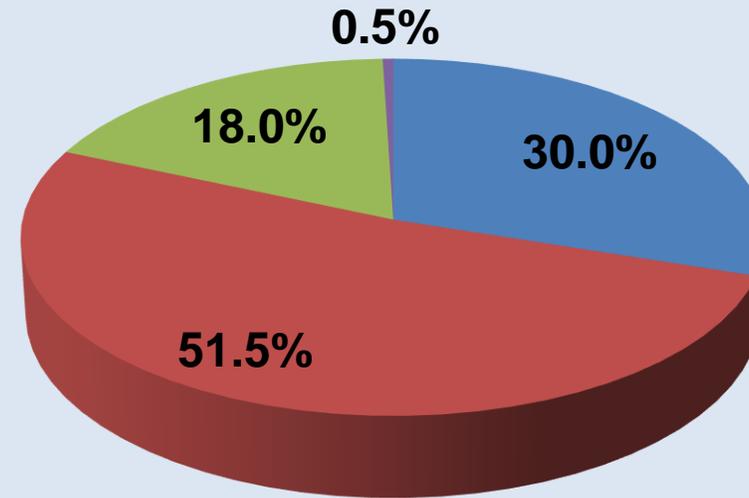


Authorization Decisions

CY 2021



CY 2020



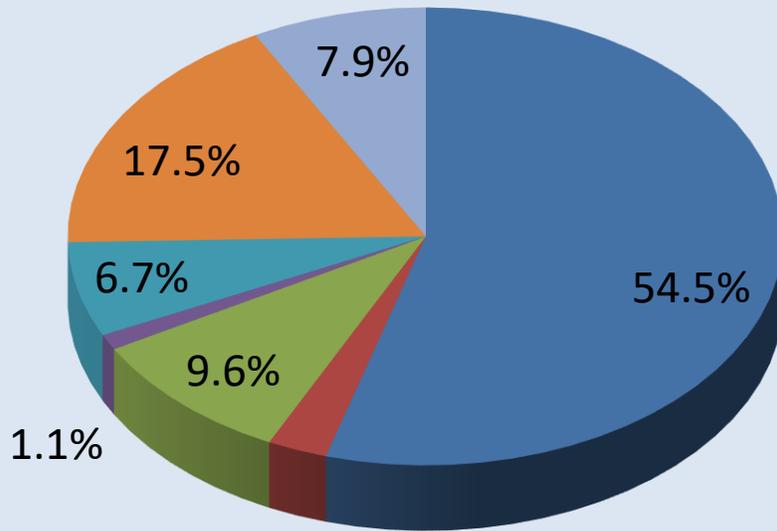
■ Approve ■ Approve w/Provisos ■ RWA ■ Deny ■ Approve ■ Approve w/Provisos ■ RWA ■ Deny





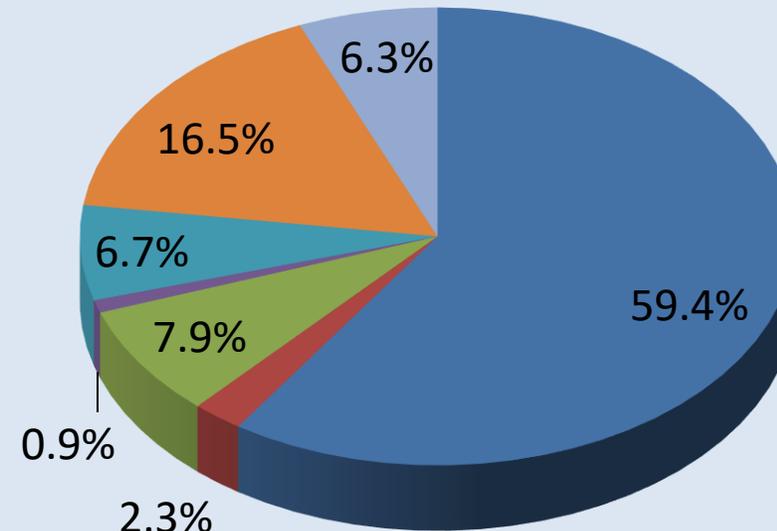
Authorizations Adjudicated

CY 2021
Total Cases: 23,046



■ DSP-5 ■ DSP-61 ■ DSP-73 ■ DSP-85
■ Amend. ■ AGs ■ GC/BL

CY 2020
Total Cases: 25,645



■ DSP-5 ■ DSP-61 ■ DSP-73 ■ DSP-85
■ Amend. ■ AGs ■ GC/BL





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	25,645	48.38	18.0%
2021	23,046	47.35	18.3%



CY 2021 Registration Metrics

Total Registrants: **13,881**

- Manufacturers/Exporters: **12,489**
- Brokers: **1,392**
- Material Changes Reviewed: **1,485**

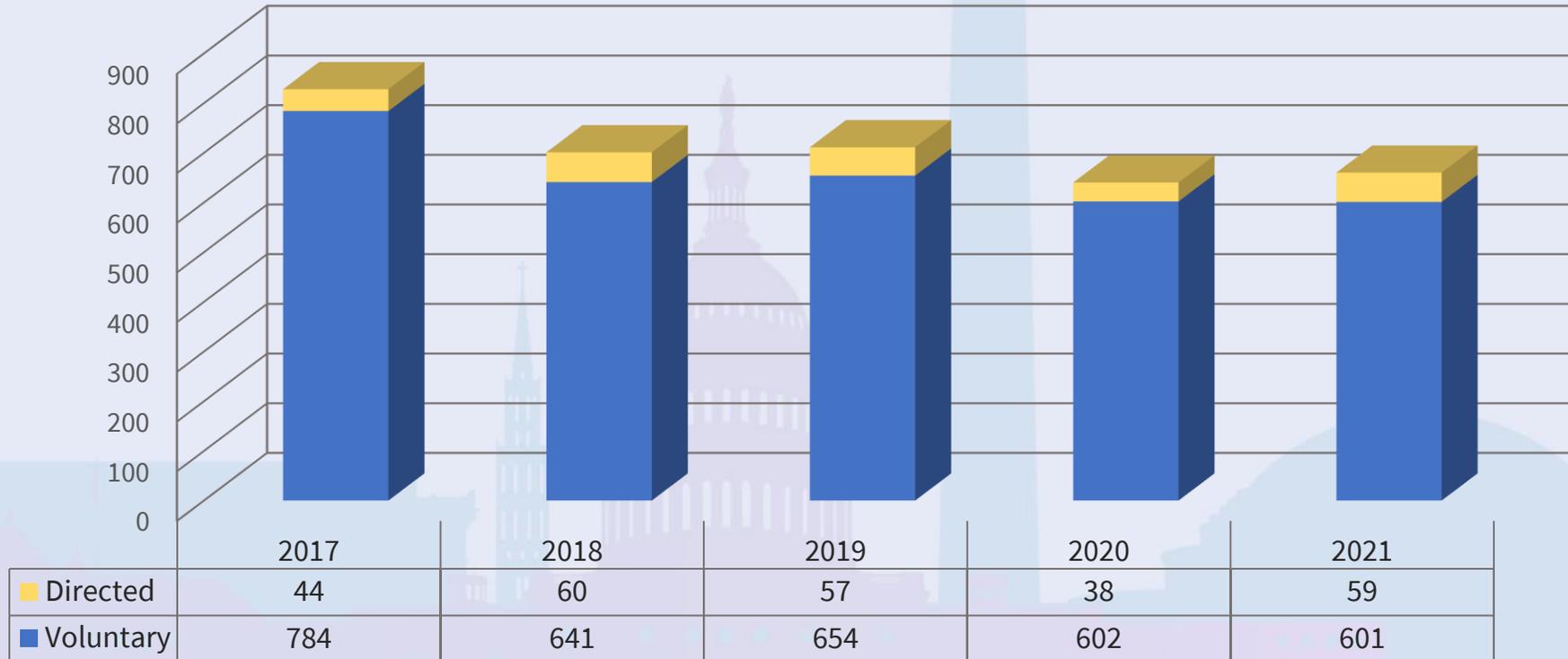
Mergers, Acquisitions, & Divestitures (MAD)

- US-to-US Reviewed: **654**
- US-to-Foreign Reviewed: **91**
- Transaction Reviewed under CFIUS: **63**





Disclosure Trends by FY





Recent Civil Settlements Consent Agreements

Company	Year	Penalty (USD)	# of Proposed Charges
Torrey Pines Logic, Inc/Dr. Volfson	2022	840,000+	5
Keysight Technologies, Inc.	2021	6,600,000+	24
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

More information available on DDTIC's website See ITAR Compliance Tab: <https://www.pmdtdc.state.gov/>



DTCC Trial Support

Date	Entity	Court	Sentencing	Charge	Destination
October 18, 2020	Chris Rodriguez	Eastern District of Virginia	18 months	Trafficking Firearms and ammunition	Honduras
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	District of Arizona	38 months	Illegal export of missile-related tech data	China
July 20, 2020	Usama Darwich Hamade	District of Minnesota	42 months	Conspiring to export drone parts and technology	Lebanon (Hezbollah)
June 10, 2021	Tian Zhong WU	Central District of California	52 months	Attempting to export military electronics and software	China
November 9, 2021	Andrew Scott Pierson, et al	Eastern District of Arkansas	12 Years	Trafficking in Firearms	Mexico
February 17, 2022	Thomas Rick Thompson	Southern District of California	Plea of Guilty, awaiting sentencing	Trafficking Firearms	Mexico
May 6, 2022	Wilson Nuyila Tita Eric Fru Nji Wilson Che Fonguh	District of Maryland	Awaiting sentencing	Trafficking firearms	Nigeria
May 6, 2022	John Milton Lee	District of Arizona	Awaiting sentencing	Trafficking firearms	Mexico

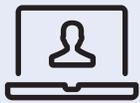


Defense Export Control and Compliance System (DECCS)



DDTC IT Modernization

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



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**.



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.

The screenshot shows the DECCS Industry Service Portal. At the top, it features the U.S. Department of State logo and the text "U.S. DEPARTMENT OF STATE DECCS Industry Service Portal". Below this is a blue banner with the heading "DECCS - Defense Export Control and Compliance System". A welcome message states: "Welcome to the Directorate of Defense Trade Controls (DDTC) new online system, the Defense Export Control and Compliance System (DECCS). DECCS replaces DETRA, DTRADE, EFS, ELLIE, and MARY, providing users access to several DDTC business applications through a single, cloud-based portal. Currently, the Registration, Licensing, Advisory Opinions and Commodity Jurisdictions applications are live in the DECCS Portal. In the coming months, the Disclosures application will also be available." Below the banner are two columns: "Sign up for a DECCS User Account" with an "Enroll" button, and "Login to DECCS" with a "Login" button. At the bottom, there is a "Need Help?" section with "FAQs" and "Contact Us" buttons.



DECCS User Management

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

- Sending invitations
- Approving user requests
- Modifying user permissions

UM
User Management
+
Add User

Jane Doe Corporate Administrator

Standard Company

Registrations

Code	Type	Status	Expiration
K-5114	Broker	Approved	2022-09-30
M-5171	Manufacturer/Exporter	Approved	2022-09-30

Company Users

Users that are assigned to your company

*Note: Changes made in the table below are immediately saved.
 *Legend: use the icon to remove a user's company access.

Name	Email	CA	Registration	Licensing	Last Login	Actions
Jane Doe	ddtcjanedoe@gmail.com	<input checked="" type="checkbox"/>	Drafter	Drafter	2022-06-23	
Michael Doe	ddtcmicaheldoe@gmail.com	<input type="checkbox"/>	Drafter	Empowered Official	2021-12-23	
Dan Doe	ddtcdandoe@gmail.com	<input type="checkbox"/>	Drafter	Drafter	2021-12-23	



Advisory Opinions

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



Use of the application is highly encouraged as a significantly faster alternative to mail-in correspondence, which requires manual data entry and can delay response times.

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](#)



Commodity Jurisdictions

The Commodity Jurisdiction (CJ) application is used by industry to **request official DDTC opinion** on whether an item or service is USML and thereby regulated by DDTC.

If you are unsure of the export jurisdiction of a commodity or service, after reviewing the USML and other relevant parts of the ITAR, you should request a CJ determination.

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



DECCS Registration

The **Registration Application** is used by industry to register with DDTIC. They can create a new registration, renew their registration, amend their registration, and pay for their registration in DECCS.

Industry Portal Applications Learning Tools Search DECCS FAQs My Support Cases

Registration

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

Active Registration
Registration Code: M-5171, K-5114
Registration Type: Manufacturer/Exporter, Broker (US Person) [Amend](#)
Expires On: 09/30/2022

Application History

DS-2032	#4757 - Amend	Manufacturer/Exporter, Broker (US Person)	M-5171, K-5114
Completed		Submitted: 05/20/2022	Processed: 05/20/2022
DS-2032	#3807 - New	Manufacturer/Exporter, Broker (US Person)	M-5171, K-5114
Completed		Submitted: 07/29/2021	Processed: 09/28/2021



DECCS Licensing

The **Licensing Application** is used by industry users to apply for licenses for regulated commodities.

Licensing Forms	
DS-2032	DS-4294
DSP-5	DSP-6
DSP-61	DSP-62
DSP-73	DSP-74
DSP-85	

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

DECCS Licensing

Welcome to the DECCS Licensing Application. Use this module to manage your license applications.

Track Status
 Batch Submissions
 Access Groups
 ELISA

In-Progress Applications

New Licensing Form

ID	Form	Case Number	Transaction Number	Status	Created On	Updated On ↓	
4753	DSP-5		Test Submission	Draft	05/19/2022	06/14/2022	



For More DECCS Information...

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

For assistance, navigate to the ‘Get Help from DDTC’ tile and access our available FAQ database and customer service contact methods.

The screenshot shows the homepage of the Directorate of Defense Trade Controls (DDTC). At the top, it features the U.S. Department of State logo and the text "U.S. DEPARTMENT OF STATE Directorate of Defense Trade Controls". A search bar is located in the top right corner. Below the header is a navigation menu with links: "Understand the ITAR", "Conduct Business", "ITAR Compliance", "Country Policies", "Support", "News & Events", and "About DDTC". The main content area has a background image of a building with stars. A central text block states: "The Directorate of Defense Trade Controls (DDTC) ensures commercial exports of defense articles and defense services advance U.S. national security and foreign policy objectives." Below this text are two blue buttons: "About DDTC" and "Access DECCS". There are three white content tiles with yellow borders. The first tile is titled "Learn About Export Regulations" and includes a paragraph about laws and regulations, followed by a list of links: "Find Out If You Need to Register", "Understand the ITAR", "Request a Commodity Jurisdiction (CJ)", and "Submit an Advisory Opinion (AO)". The second tile is titled "Export your Goods and Services Using DECCS" and includes a paragraph about registration and licenses, followed by a list of links: "Register your Business", "Visit the DECCS Portal", "Apply for Licenses or Agreements", and "Learn more about DECCS". The third tile is titled "Get Help from DDTC" and includes a paragraph about registration issues, followed by a list of links: "Contact Us", "Review FAQs", "DDTC Outreach Opportunities", and "News & Events".



Contact Information

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