



**UNITED STATES  
EXPORT CONTROL  
REFORM  
INITIATIVE**

**Overview**

On April 16, 2013, the U.S. Departments of Commerce and State published final rules describing the initial implementation of Export Control Reform (ECR). These final rules fundamentally reform the U.S. export control system by changing the jurisdiction of thousands of military items, mostly parts and components, that do not provide a critical military or intelligence capability. Such items will move from the International Traffic in Arms Regulations (ITAR), which are administered by the State Department, to the Export Administration Regulations (EAR), which are administered by the Commerce Department.

Items transferring from the ITAR's U.S. Munitions List (USML) to the EAR's Commerce Control List (CCL) are identified under new Export Control Classification Numbers (ECCNs), known as the **600 series**. The first category groups transitioned on October 15, 2013, and additional category groups will transition throughout 2014 and 2015. The items that have transitioned or are scheduled to transition are as follows:

Item Group	600 Series	Effective
<b>Aircraft</b>	9Y610	10/15/13
<b>Gas turbine engines</b>	9Y619	10/15/13
<b>Vessels</b>	8Y609	1/6/14

Item Group	600 Series	Effective
<b>Vehicles</b>	0Y606	1/6/14
<b>Materials/Misc.</b>	0Y617	1/6/14
<b>Submersibles</b>	8Y620	1/6/14
<b>Rad-hard ICs*</b>	9Y515	6/27/14
<b>Launch vehicles</b>	0Y604 9Y604	7/1/14
<b>Energetic materials</b>	1Y608	7/1/14
<b>Training equip.</b>	0Y614	7/1/14
<b>Protective equip.</b>	1Y613	7/1/14
<b>Satellites*</b>	9Y515	11/10/14
<b>Electronics</b>	3Y611 9Y620	12/30/14

*\*Items previously in USML Category XV are not 600 series items. Requirements for such items are generally similar to those for other dual-use items.*

**Impact**

***Reducing Jurisdiction and Classification Confusion***

Under ECR, military items meriting the strictest controls will be enumerated as specifically as possible on the USML by using performance characteristics or other specifications. When items cannot be specifically enumerated, they will be described as items "specially designed" for another military item. This construct will use a new definition for the term "specially designed," which uses a catch-and-release construct where one answers a series of yes or no questions to determine if an item is "specially designed." The same enumeration process and "specially designed" construct will be used for 600 series items on the CCL. By following this approach, ECR will allow reviewers to use more objective criteria rather than more subjective factors like design intent.

***Tailoring Controls: No More One-Size-Fits-All Approach***

Items subject to the ITAR are generally all subject to the same worldwide controls with little variation and few country-based exemptions. However, controls over items subject to the EAR can be tailored depending on the sensitivity of the item, country of destination, end use, and end user.

Most 600 series items will require a license to all countries except Canada, but many will be eligible for license exceptions. This will avoid the need for prior approval from the U.S. Government for transactions of less concern, such as trade with U.S. allies. By tailoring controls, ECR will allow for greater interoperability among the U.S., NATO countries, and other allied countries.

Some 600 series items are identified as ".y" items and only require a license to China, Cuba, Iran, North Korea, Russia, Sudan, Syria, and Venezuela. These items are extraordinarily low-level parts, such as windshield wipers specially designed for military aircraft. By focusing controls on items of greater sensitivity, the U.S. Government will be able to more efficiently direct its resources to reviewing items providing greater military utility or transactions of greater concern.

***Enhancing Interoperability and Cooperation with Allies***

Most 600 series items will be eligible for License Exception Strategic Trade Authorization (**STA**), which allows for license-free exports and reexports to 36

countries for ultimate end use by the country's armed forces, police, paramilitary, law enforcement, customs, correctional, fire, or search and rescue agency.

### **STA-Authorized Destinations**

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, and the United Kingdom

### **STA Checklist:**

- ✓ Determine ECCN, end use, and end user eligibility
- ✓ Confirm all foreign parties have been listed on a previously approved license or other approval issued by the Commerce or State Departments
- ✓ Provide ultimate consignee with the ECCN
- ✓ Obtain *Prior Consignee Statement* from ultimate consignee prior to export or reexport
- ✓ Notify consignee of STA shipment
- ✓ Keep records of STA shipment

### ***Providing Greater Predictability in Maintaining Customer Service***

Most 600 series parts and components may be exported under a license exception to replace defective or worn parts and components abroad, as well as to return items serviced in the U.S. to foreign customers. Also, U.S. companies may temporarily import 600 series items into the U.S. for servicing without

needing to obtain a license or use an exemption.

In addition, if a customer requests a sample 600 series commodity, it is possible for the U.S. company to export the sample without needing a license. Shipments of most 600 series items valued at \$1500 or below may be exported under a license exception to many destinations.

### ***Aiding the U.S. Defense Industrial Base***

Under the ITAR, military items incorporated into a foreign-made item will subject that item to ITAR control, even if the item is commercial. Thus, such foreign-made items would require reexport or retransfer authorization from the U.S. in addition to any local country requirements. Because of this "see-through" rule, foreign companies have an incentive to design out or avoid U.S. content, which potentially damages the U.S. defense industrial base.

Items subject to the EAR are generally not subject to this see-through rule. If 600 series items (excluding .y items) are incorporated into a foreign-made item, the foreign-made item will not be subject to U.S. jurisdiction under the EAR so long as: (1) the value of the controlled U.S. content comprises 25% or less of the total value of the item, and (2) the item will not be destined for a country subject to a U.S. arms embargo. If only 600 series .y items are incorporated into a foreign-made item, the foreign-made item will not be subject to U.S. jurisdiction under the EAR so long as the item will not be destined for China, Cuba, Iran, North Korea, Syria, or Sudan.

### ***Allowing for Flexibility in Obtaining Licenses or Other Approvals***

Organizations having State Department licenses or other approvals for 600 series items may be able to continue using such authorizations in accordance with the State Department's transition plan. In addition, for future transactions involving 600 series items that will be used in or with military items remaining on the ITAR, applicants may submit one license application to the State Department for the entire transaction. This will save applicants from having to submit a license application to the State Department for the ITAR items and a separate license application to the Commerce Department for the 600 series items.

### **Additional Information**

**Latest ECR Updates:** [www.export.gov/ecr](http://www.export.gov/ecr)

**U.S. Department of Commerce**

Agency website: [www.bis.doc.gov](http://www.bis.doc.gov)

Decision tools:

[www.bis.doc.gov/index.php/decision-tree-tools](http://www.bis.doc.gov/index.php/decision-tree-tools)

Export Administration Regulations: 15 C.F.R. Parts 730-774

**U.S. Department of State**

Agency website: [www.pmddtc.state.gov](http://www.pmddtc.state.gov)

International Traffic in Arms Regulations: 22 C.F.R. Parts 120-130