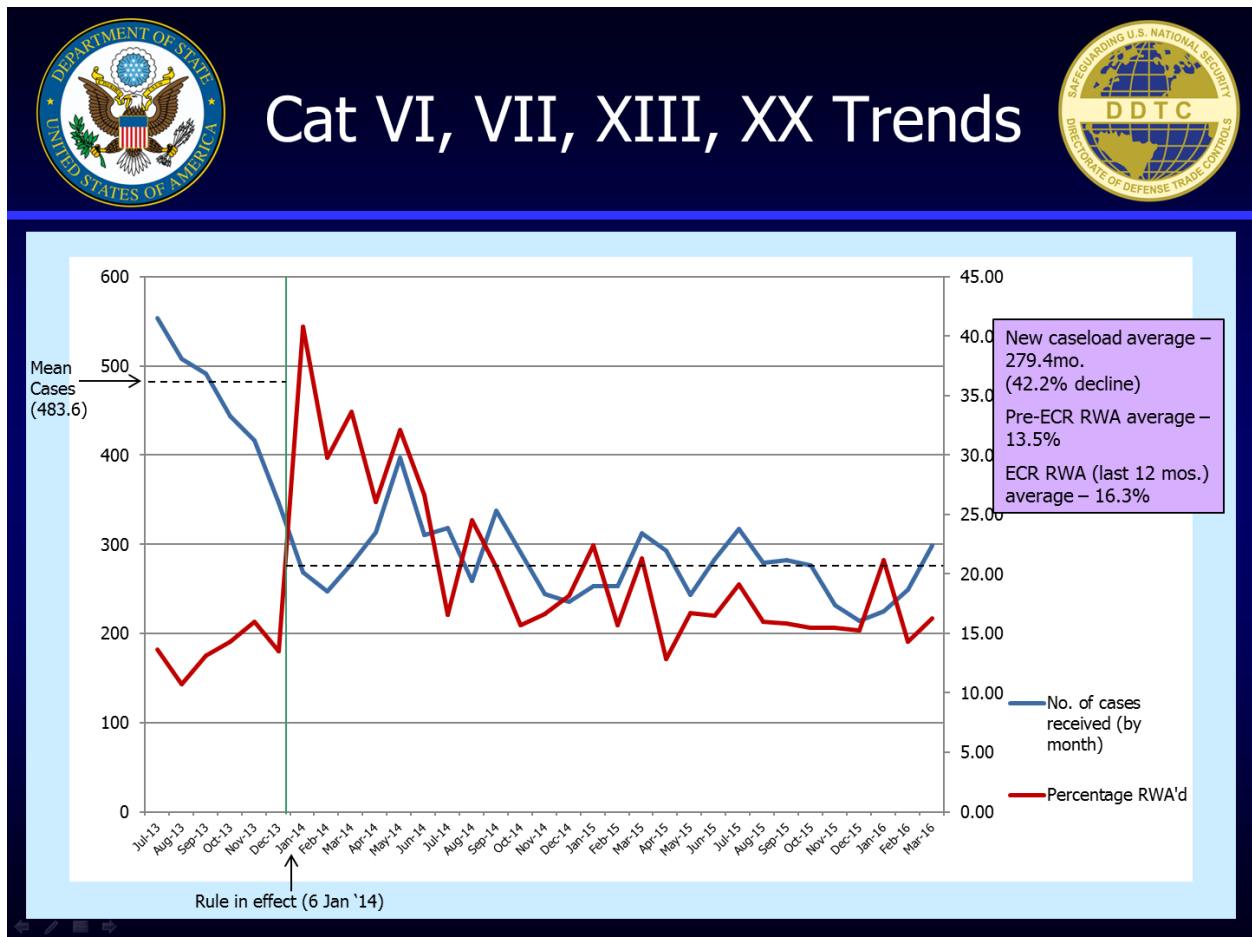


Export Control Reform

License Applications and U.S. Exports The Second Transition Rule Vehicles and Vessels

October 15, 2013 to March 31, 2016

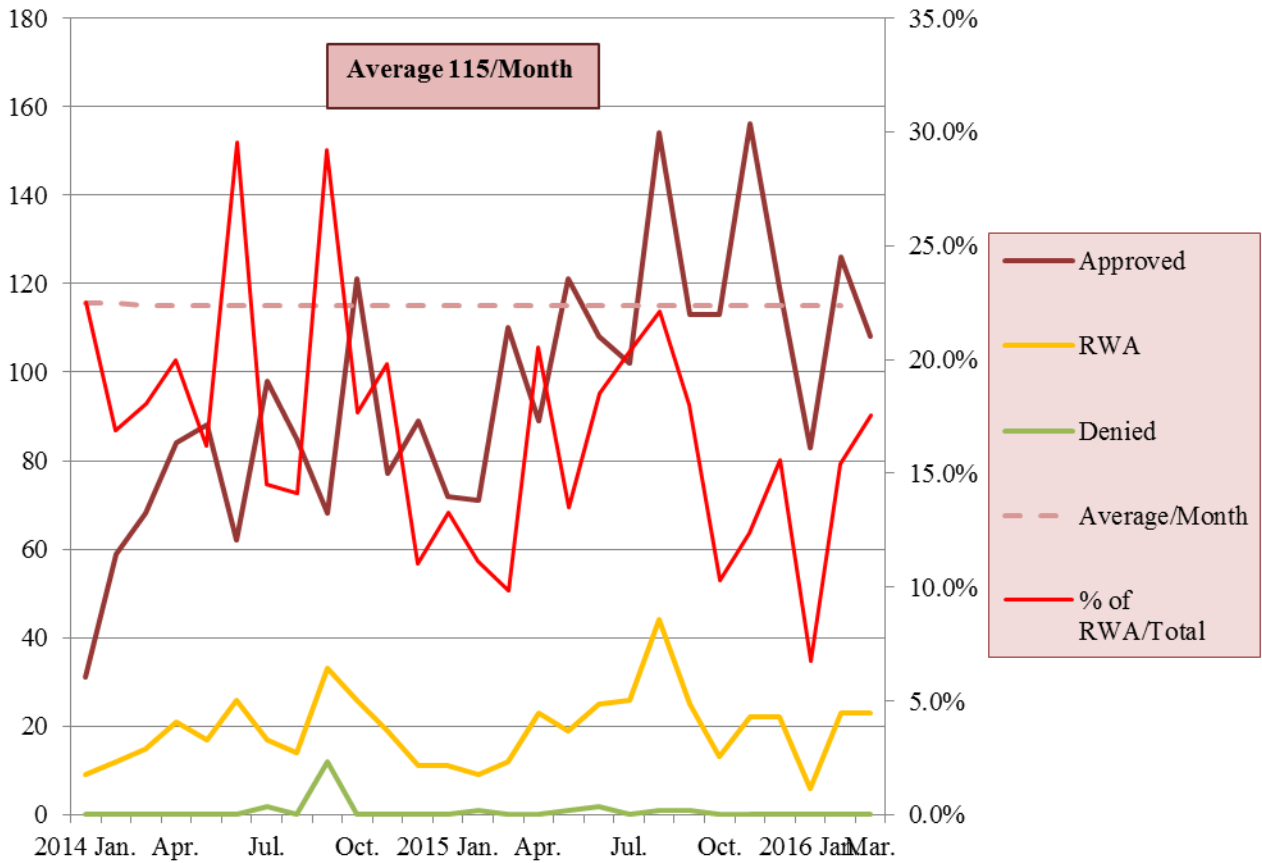
The license applications for items in categories VI (Vessels), VII (Vehicles), XIII (Auxiliary Military Equipment) and XX (Submersible Vessels) of the United States Munitions List (USML) have declined 42.2% from an average of 484 to 279 per month through March 31, 2016. The average monthly drop of 205 license applications is the result of certain items transitioning to the Commerce Control List (CCL) under Export Control Reform (ECR).



Source: The Directorate of Defense Trade Controls of the U.S. Department of State, April 2016

Since the Second ECR Transition Rule became effective on January 6, 2014, the average number of BIS license applications for the nineteen 600-Series items created by this rule is 115 per month through March 31, 2016. The approval rate is 82.6%.

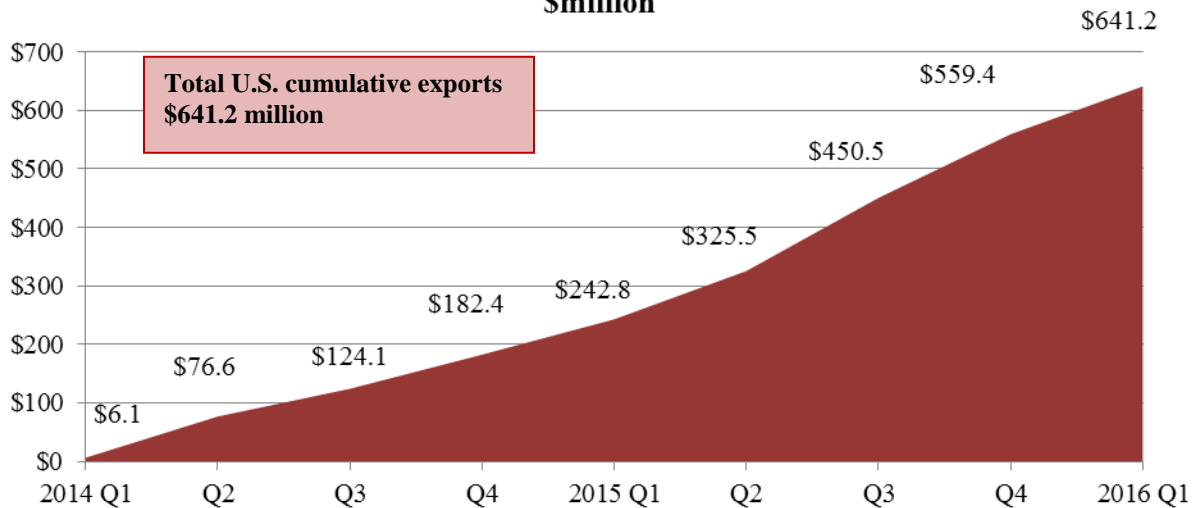
BIS License Applications for the Second ECR Transition Rule January 6, 2014 to March 31, 2016



Source: Commerce U.S. Exports Exporter Support System, April 2016

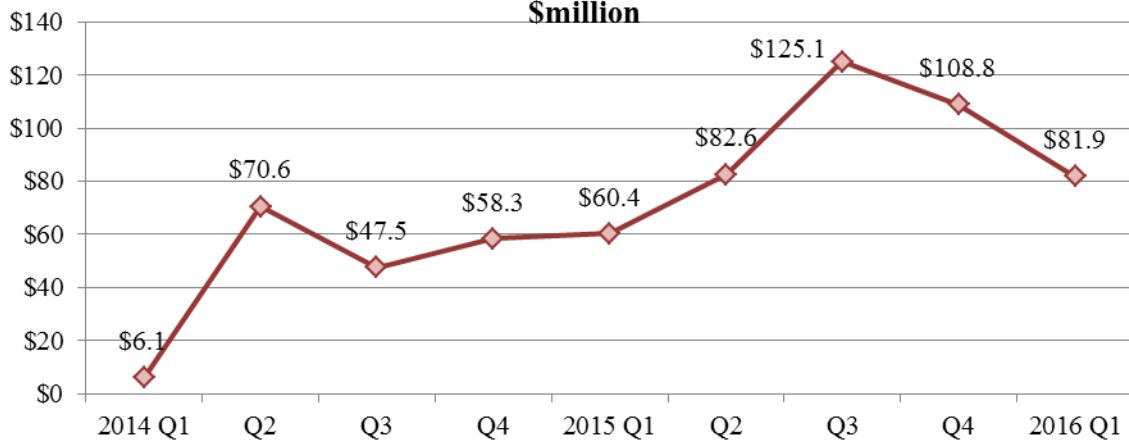
From January 6, 2014 to March 31, 2016, U.S. exports of items under the Second ECR transition Rule – Vehicles and Vessels items (0y606, 8y609, 8y620 and 0y617) under BIS jurisdiction totaled 17,519 shipments¹ for \$641.2 million.

**The U.S. Cumulative Exports of the Second ECR Transition Rule
Items under BIS Jurisdiction
January 6, 2014 to March 31, 2015
Smillion**



Source: Automated Export System, April 2016

**The U.S. Quarterly Exports of the Second ECR Transition Rule Items
under BIS Jurisdiction
January 6, 2014 to March 31, 2015
Smillion**

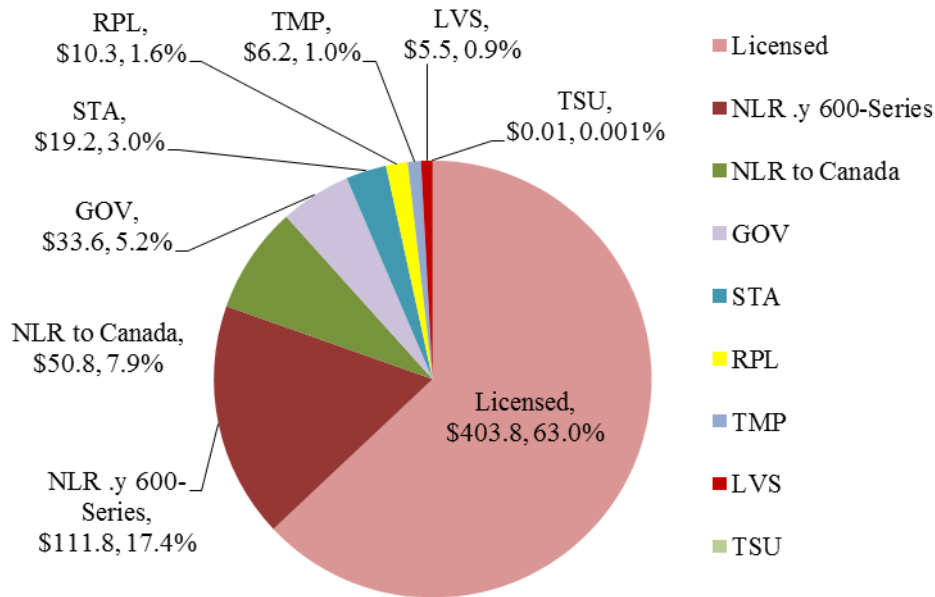


Source: Automated Export System, April 2016

¹ Shipments are defined as exports being sent from one order party to one consignee located in a single country of destination on a single conveyance on the same day.

Of the \$641.2 million in exports of 600-series items in the Second ECR transition rule under BIS jurisdiction, licensed exports totaled 403.8 million (63.0% of the total); No License Required (NLR) for .y 600-series items totaled \$111.8 million (17.4%); and NLR for 600-series items to Canada totaled 50.8 million (7.9%).

**The U.S. Exports of the Second ECR
Transition Rule Items
by BIS License Type
January 6, 2014 to March 31, 2016
Smillion**



Source: Automated Export System, April 2016

BIS License Exceptions:

NLR: No License Required

GOV: Governments, international organizations, international inspections under the Chemical Weapons Convention, and the International Space Station

STA: Strategic Trade Authorization

RPL: Servicing and replacement of parts and equipment

TMP: Temporary imports, exports, reexports, and transfers (in-country)

LVS: Shipments of limited value

TSU: Technology and software-unrestricted