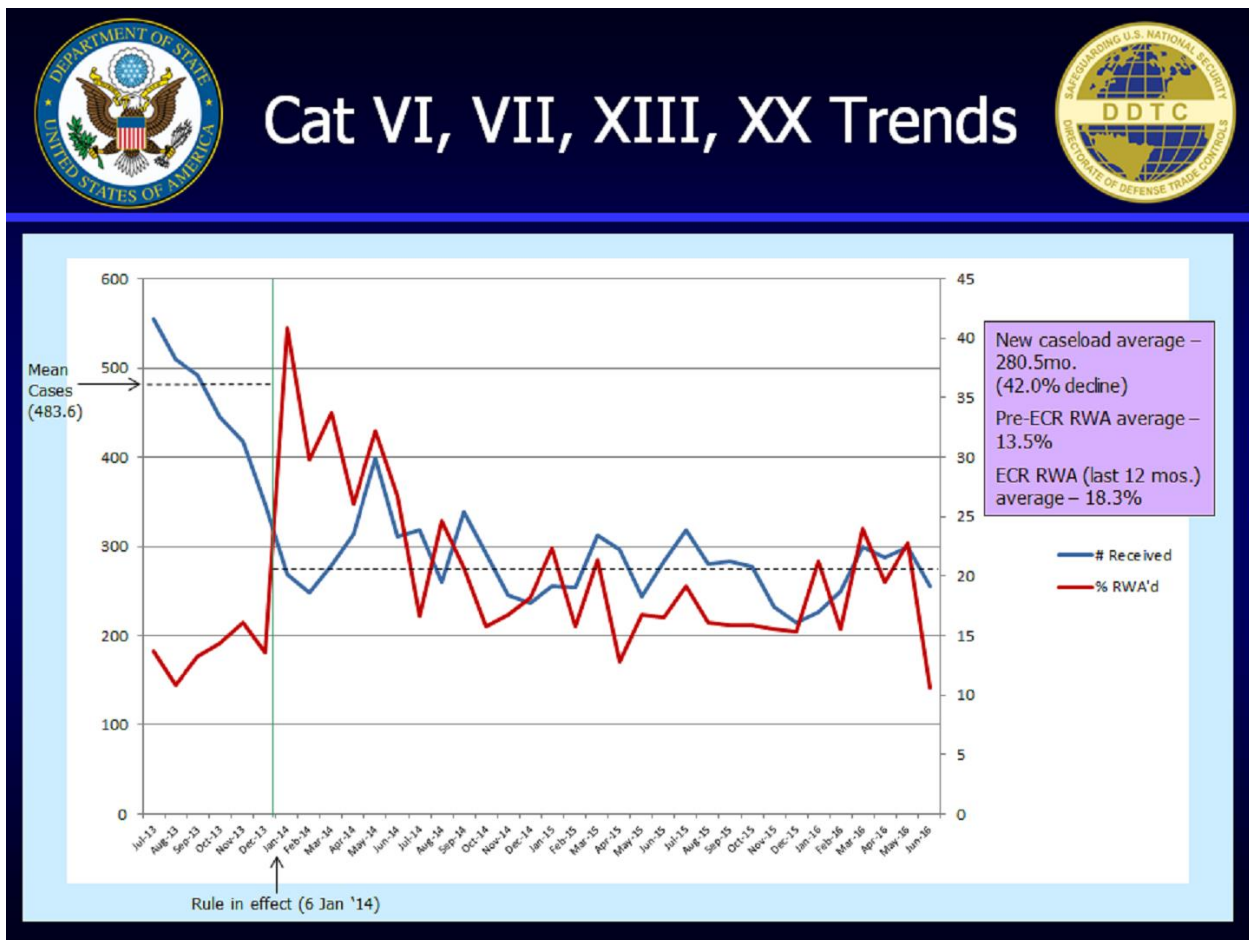


Export Control Reform

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

January 6, 2014 to June 30, 2016

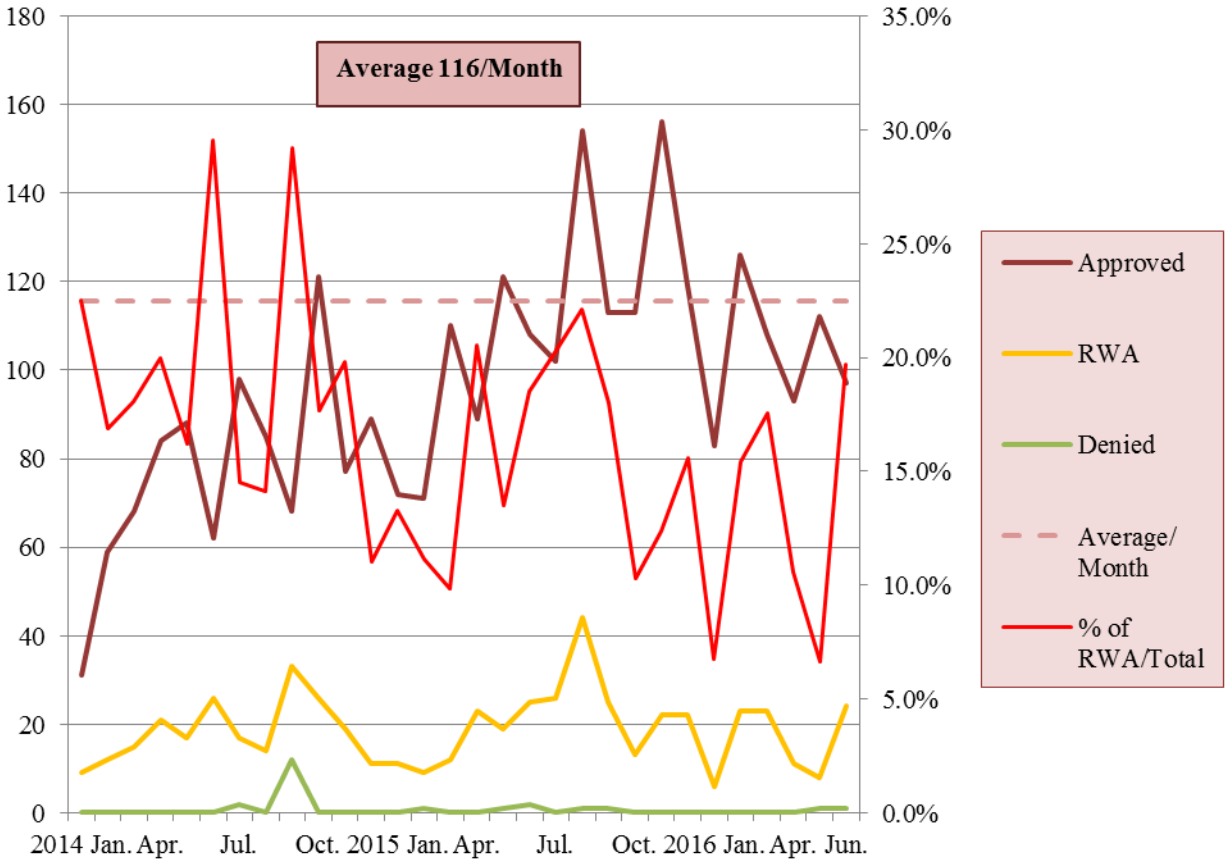
The license applications for items in categories VI (Vessels), VII (Vehicles), XIII (Auxiliary Military Equipment) and XX (Submersible Vessels) of the United States Munitions List (USML) have declined 42.0% from an average of 484 to 281 per month through June 30, 2016. The average monthly drop of 203 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, July 2016

Since the Second ECR Transition Rule became effective on January 6, 2014, the average number of Bureau of Industry and Security (BIS) license applications for the nineteen 600-Series items created by this rule is 116 per month through June 30, 2016. The approval rate is 83.0%.

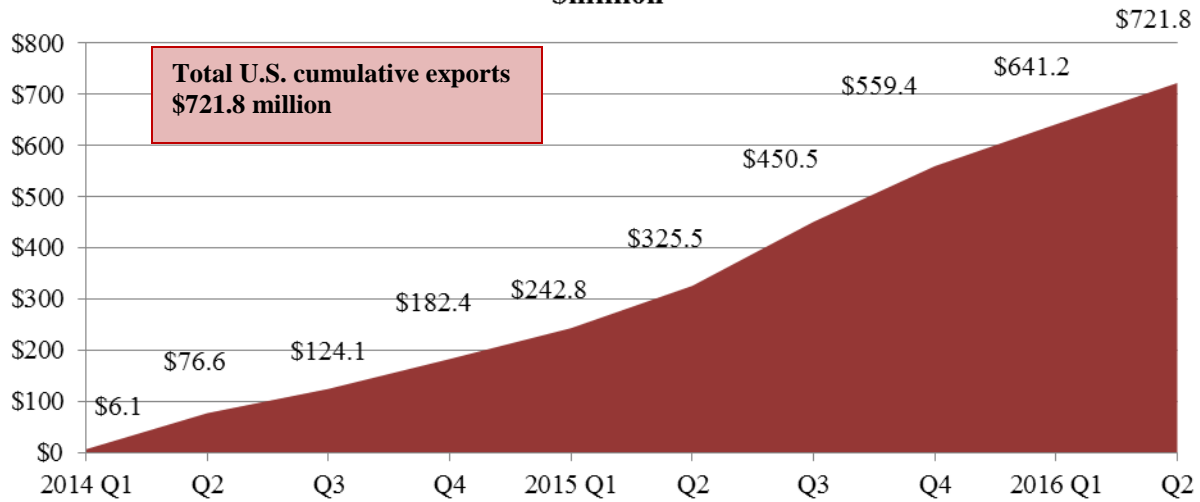
**BIS License Applications for the Second ECR Transition Rule
January 6, 2014 to June 30, 2016**



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

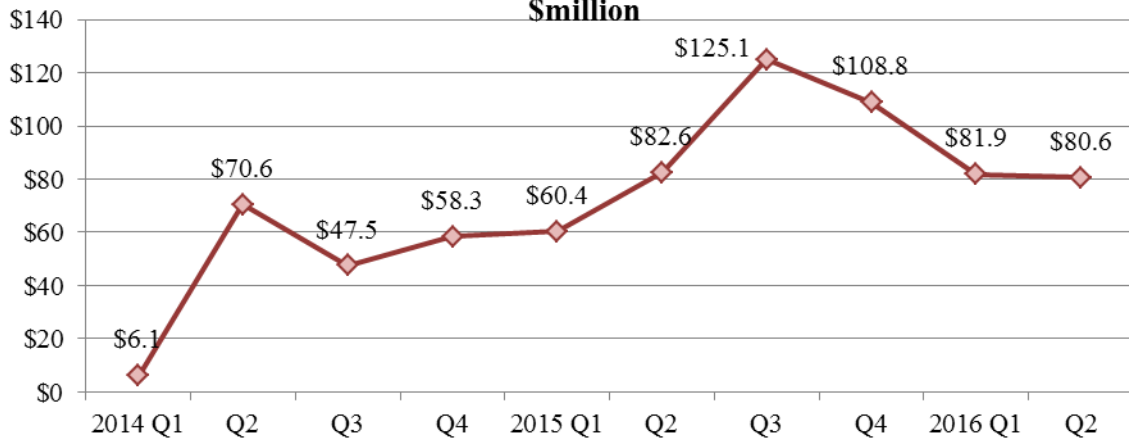
From January 6, 2014 to the second quarter of 2016, the U.S. exports of items under the Second ECR transition Rule – Vehicles and Vessels items (0y606, 8y609, 8y620 and 0y617) under BIS jurisdiction totaled 20,051 shipments for \$721.8 million.

**The U.S. Cumulative Exports of the Second ECR Transition Rule Items
under BIS Jurisdiction
January 6, 2014 to June 30, 2016
Smillion**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 2016

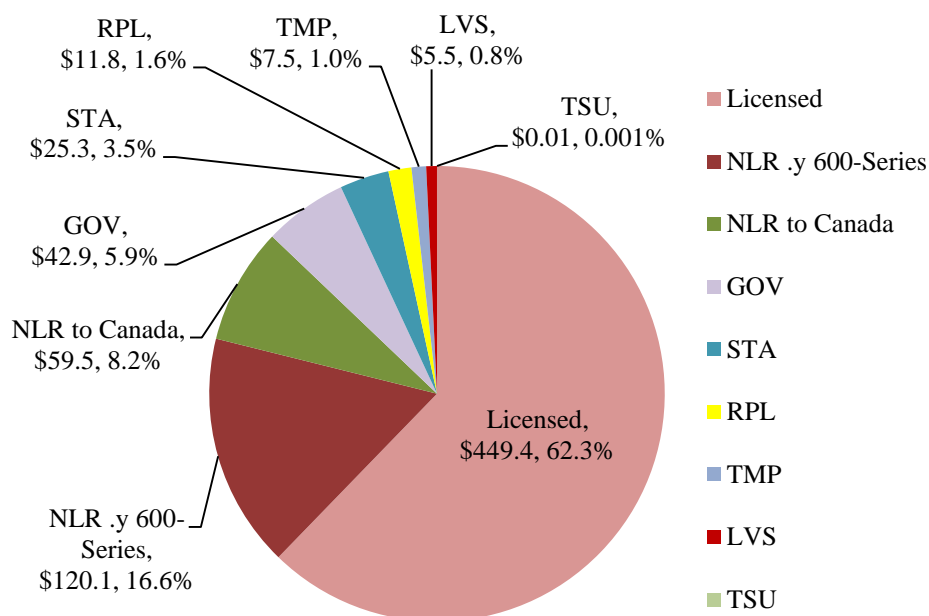
**The U.S. Quarterly Exports of the Second ECR Transition Rule Items
under BIS Jurisdiction
January 6, 2014 to June 30, 2016
Smillion**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 2016

Of \$721.8 million in exports of 600-series items in the Second ECR transition rule under BIS jurisdiction, licensed exports totaled 449.4 million (62.3% of the total); No License Required (NLR) for .y 600-series items totaled \$120.1 million (16.6%); and NLR for 600-series items to Canada totaled 59.5 million (8.2%).

**U.S. Exports of the Second ECR Transition Rule Items
by BIS License Type
January 6, 2014 to June 30, 2016
\$million**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 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