

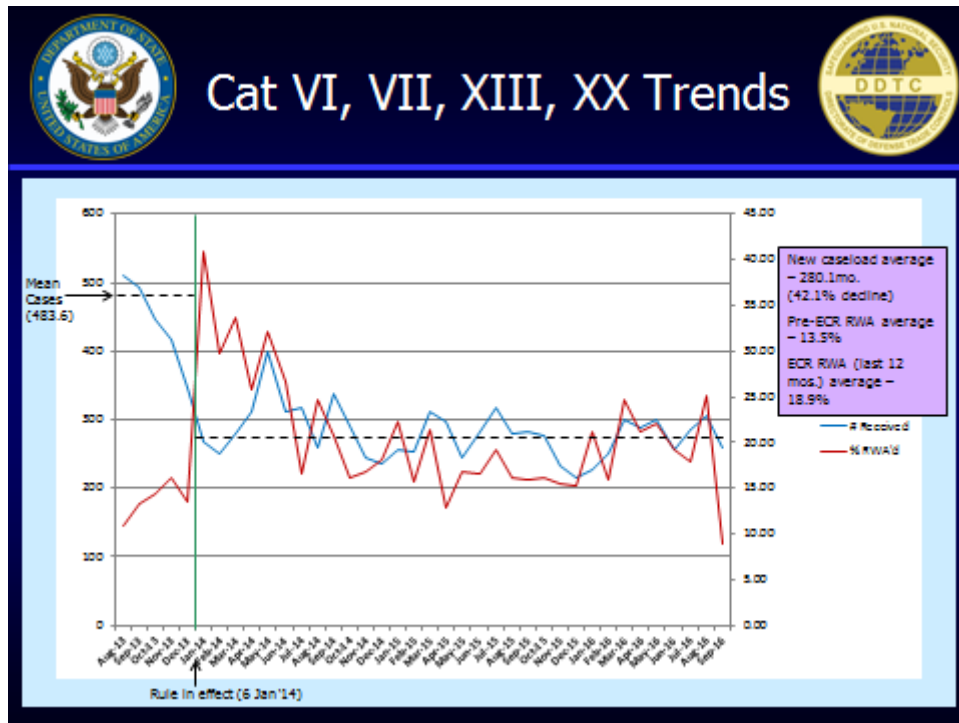
## Export Control Reform

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

#### Vehicles and Vessels

January 6, 2014 to September 30, 2016

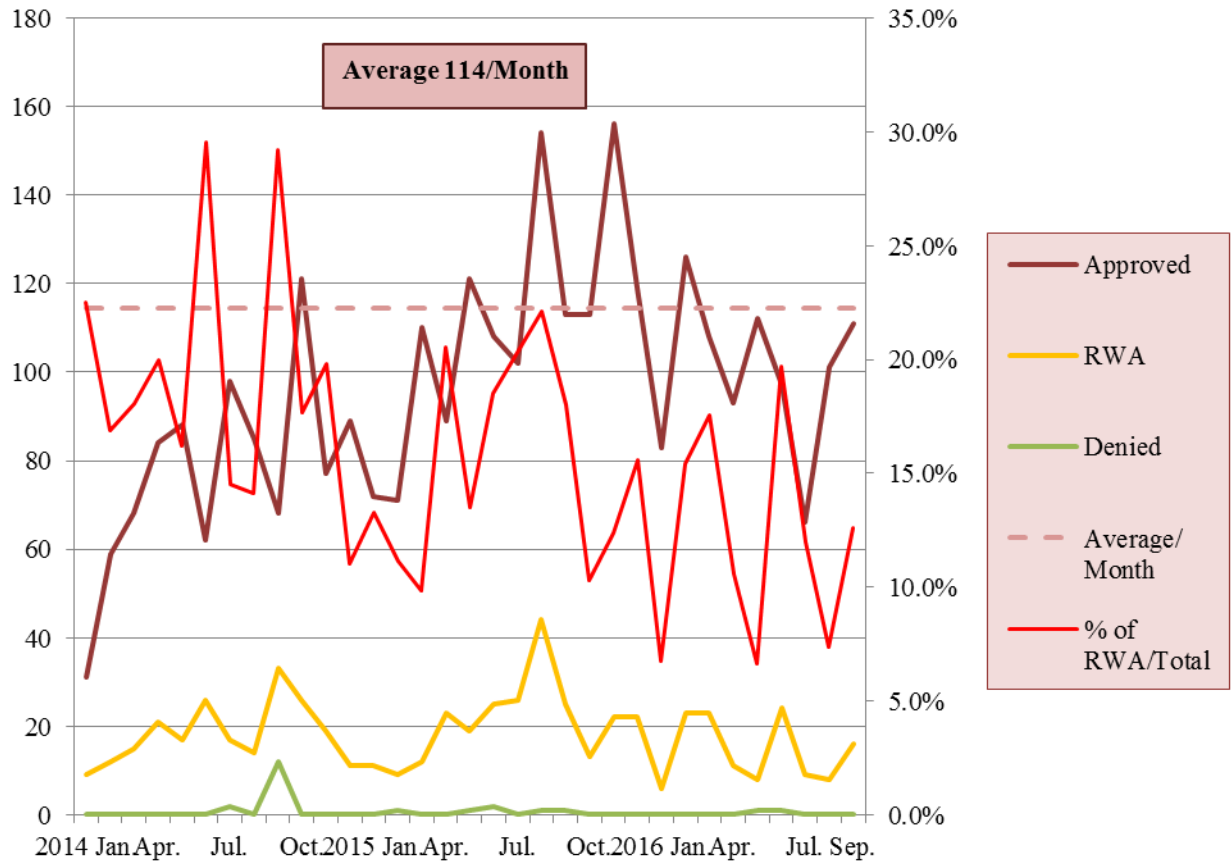
The license applications for items in categories VI (Vessels), VII (Vehicles), XIII (Auxiliary Military Equipment) and XX (Submersible Vessels) of the United States Munitions List (USML) have declined 42.1% from an average of 484 to 280 per month through September 30, 2016. The average monthly drop of 204 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, October 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 114 per month through September 30, 2016. The approval rate is 83.6%.

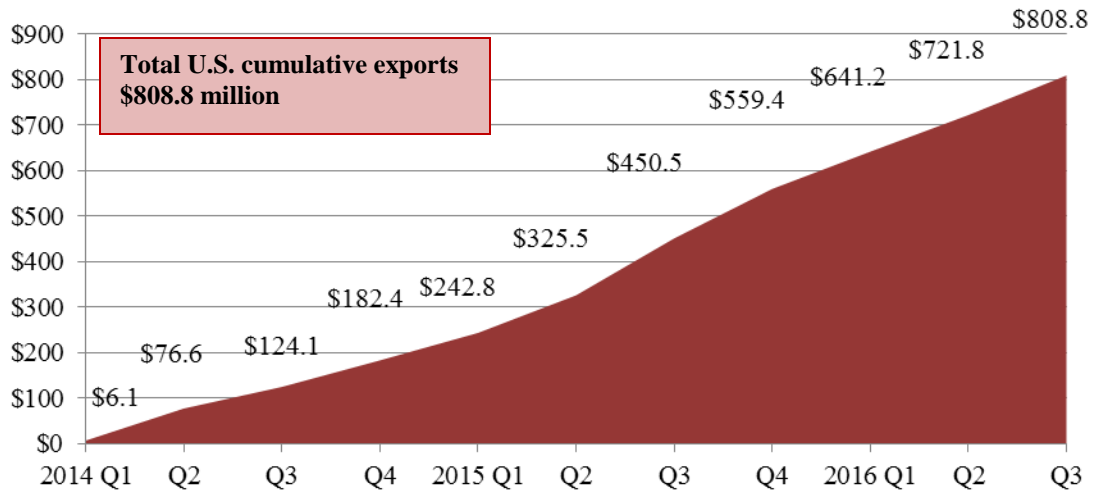
### BIS License Processing for the Second ECR Transition Rule January 6, 2014 to September 30, 2016



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

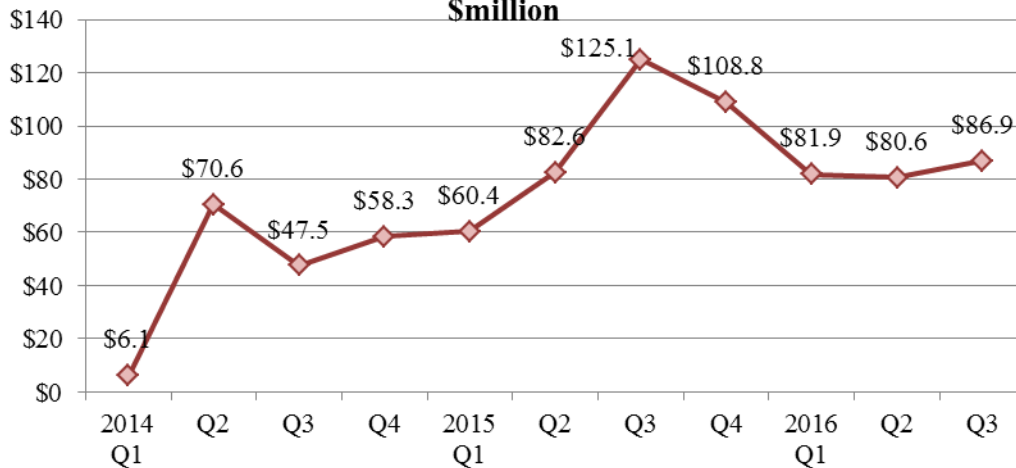
From January 6, 2014 to the third quarter of 2016, the U.S. exports of items under the Second ECR transition Rule – Vehicles and Vessels items (0y606, 8y609, 8y620 and 0y617) under BIS jurisdiction totaled 22,142 shipments for \$808.8 million.

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



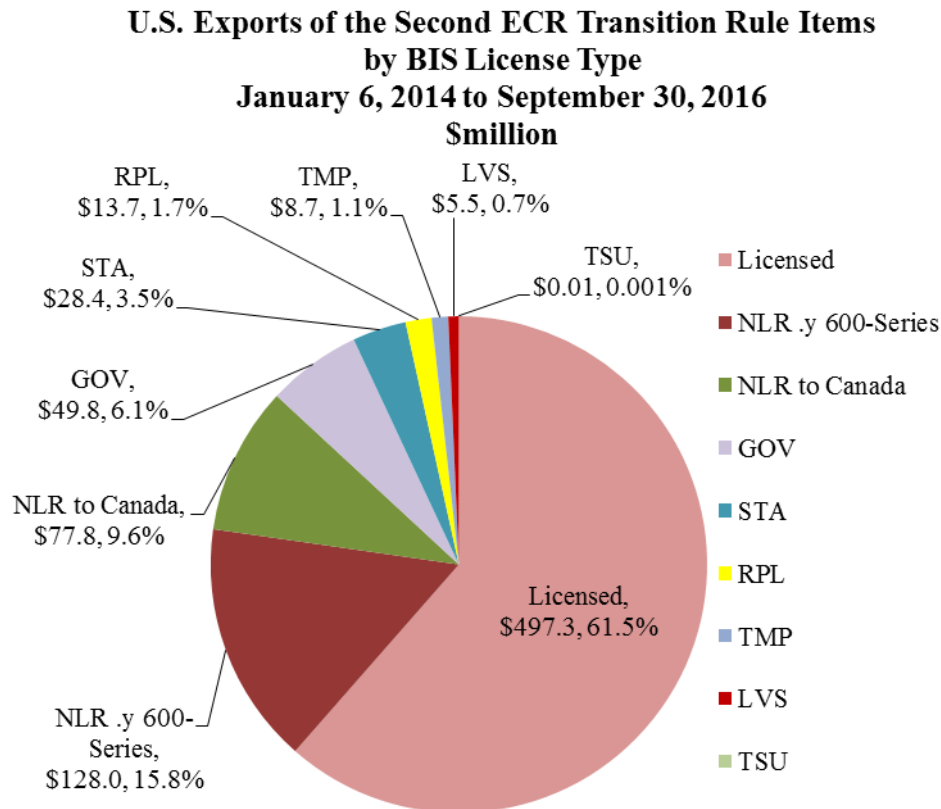
Source: Automated Export System (AES), October 2016

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



Source: Automated Export System (AES), October 2016

Of \$808.8 million in exports of 600-series items in the Second ECR transition rule under BIS jurisdiction, licensed exports totaled 497.3 million (61.5% of the total); No License Required (NLR) for 600-series items totaled \$128.0 million (15.8%); and NLR for 600-series items to Canada totaled 77.8 million (9.6%).



Source: Automated Export System (AES), October 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