

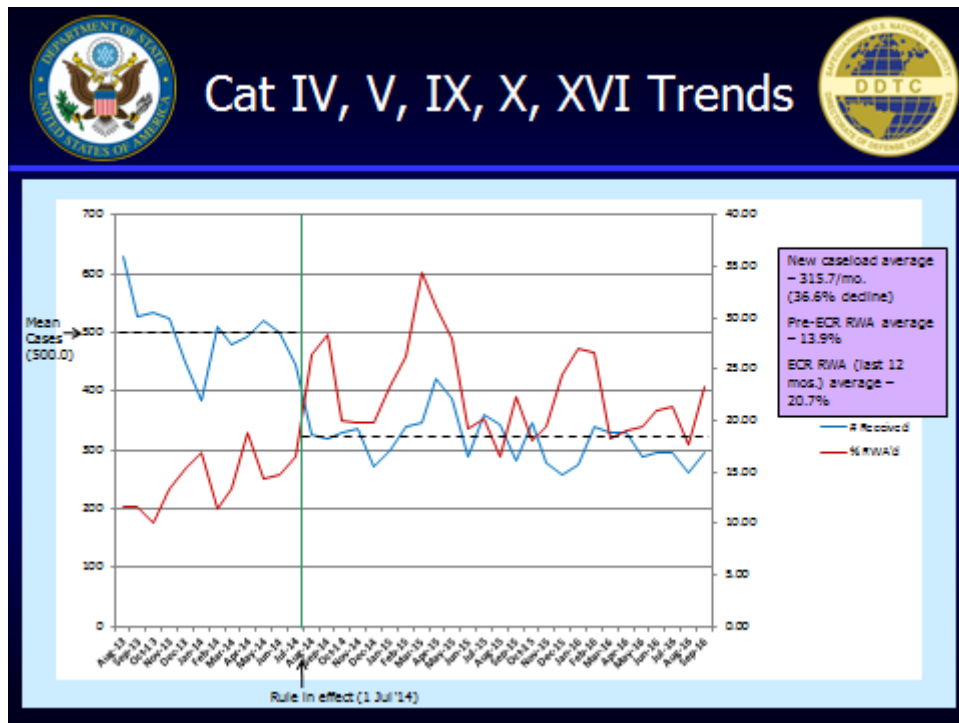
Export Control Reform

License Applications and the U.S. Exports The Third Transition Rule

Missiles and Explosives

July 1, 2014 to September 30, 2016

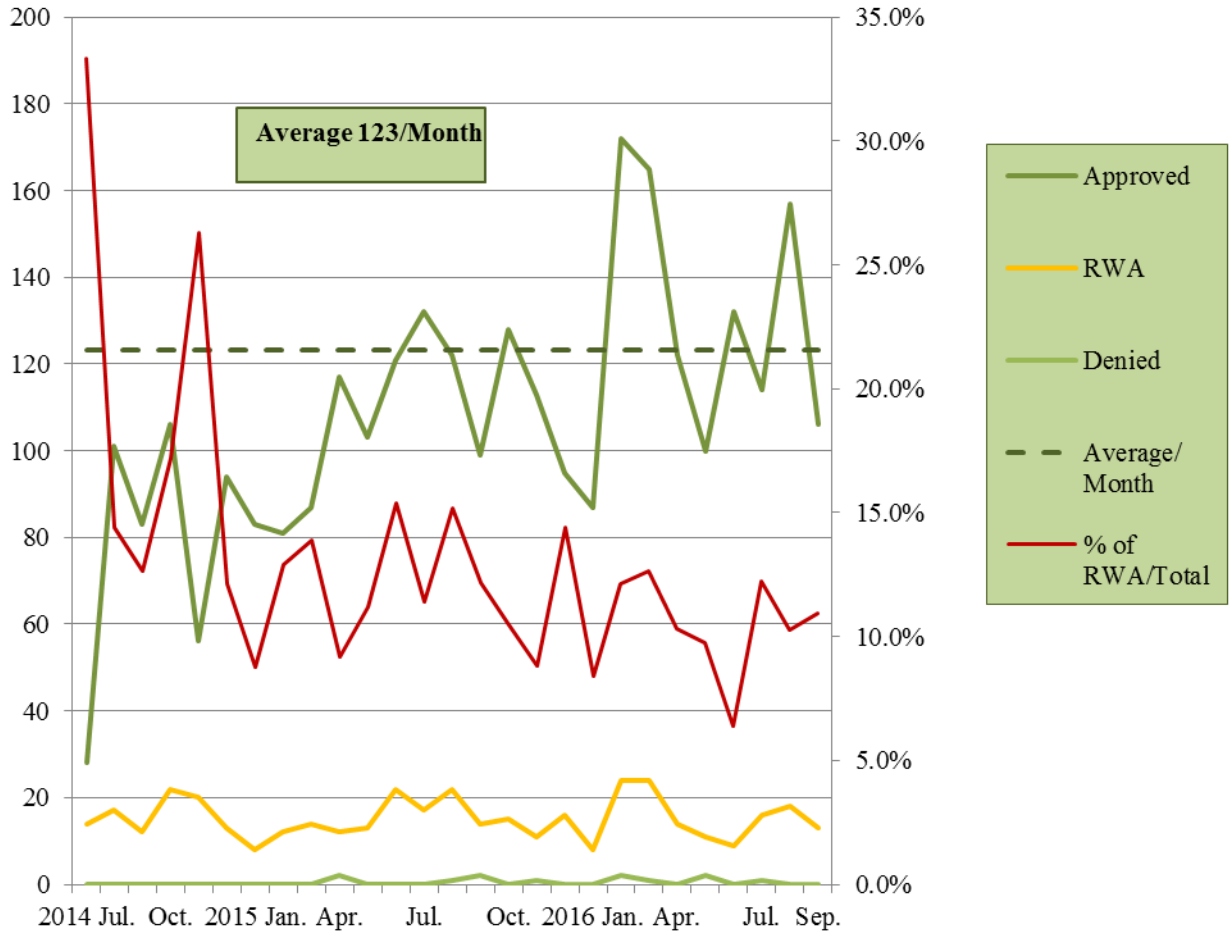
The license applications for items in categories IV (Missiles), V (Explosives), IX (Military Training Equipment), X (Protective Personnel Equipment) and XVI (Nuclear Weapons Design and Test Equipment) of the United States Munitions List (USML) have declined 36.5% from an average of 500 to 316 per month through September 30, 2016. The average monthly drop of 184 in 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 Third ECR Transition Rule became effective on July 1, 2014, the average number of BIS license processed for the twenty 600-Series items created by this rule is 123 per month through September 30, 2016. The approval rate is 87.3%.

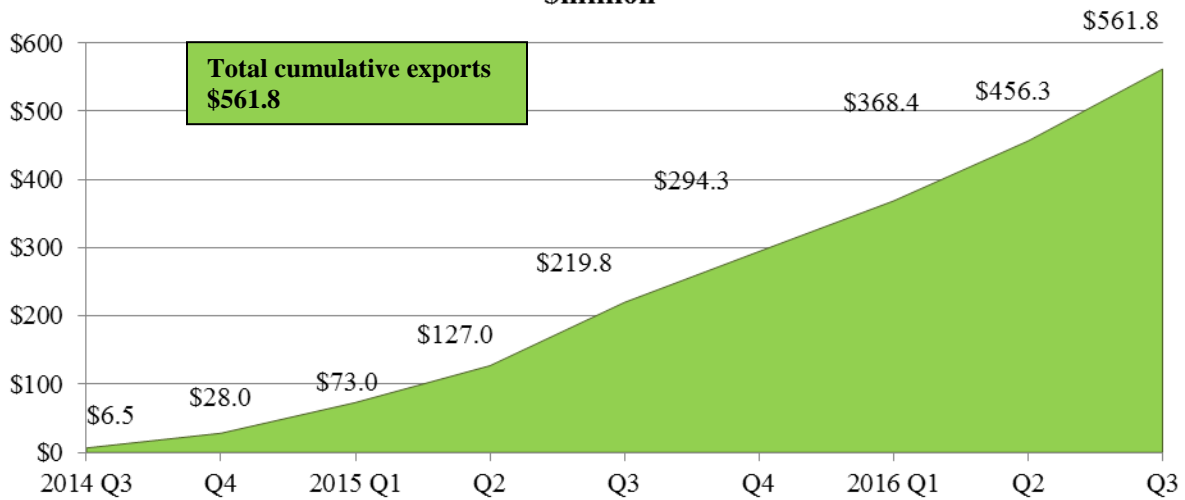
**BIS License Applications for the Third ECR Transition Rule
July 1, 2014 to September 30, 2016**



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

From July 1, 2014 to the third quarter of 2016, the U.S. exports of items under the Third ECR transition Rule – Missiles and Explosives items (0y604, 0y614, 1y608 and 1y613) under BIS jurisdiction totaled 9,178 shipments for \$561.8 million.

**The U.S. Cumulative Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to September 30, 2016
Smillion**



Source: Automated Export System (AES), October 2016

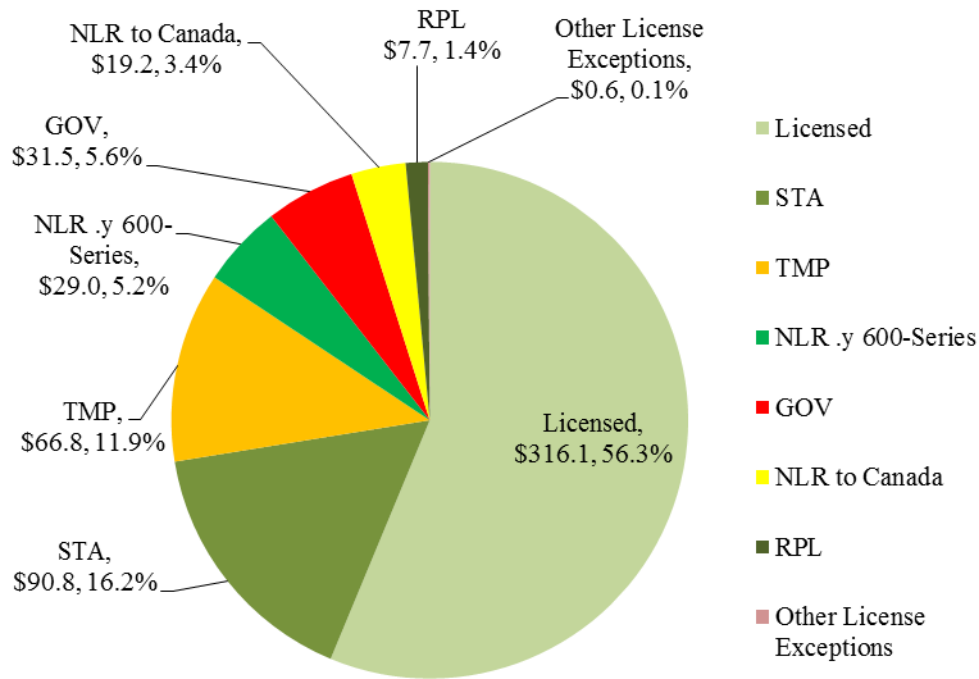
**The U.S. Quarterly Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to September 30, 2016
Smillion**



Source: Automated Export System (AES), October 2016

Of \$561.8 million of exports of 600-series items in the Third ECR transition rule under BIS jurisdiction, licensed exports totaled \$316.1 million (56.3% of the total); Strategic Trade Authorization (STA) totaled \$90.8 million (16.2%); and Temporary imports, exports, reexports, and transfers (in-country) (TMP) totaled \$66.8 million (11.9%).

**The U.S. Exports of the Third ECR Transition Rule Items
by BIS License Type
July 1, 2014 to September 30, 2016
Smillion**



Source: Automated Export System (AES), October 2016

BIS License Exceptions:

STA: Strategic Trade Authorization

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

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

NLR: No License Required

RPL: Servicing and replacement of parts and equipment