

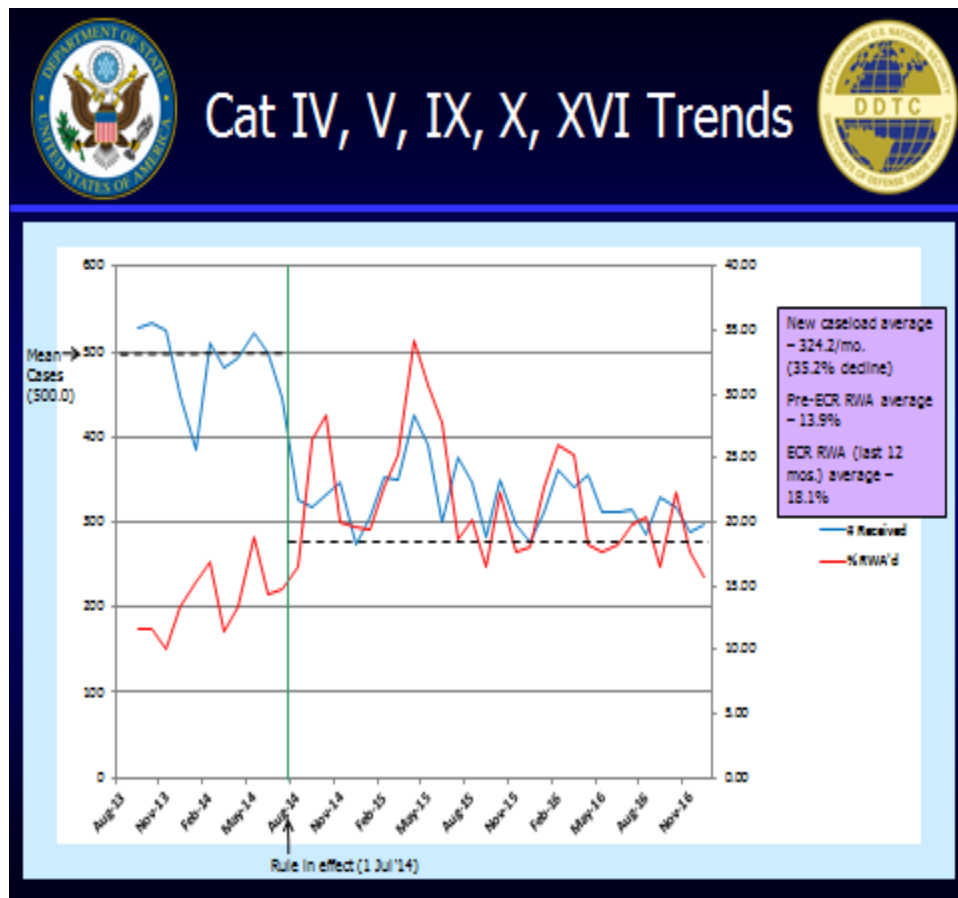
Export Control Reform

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

Missiles and Explosives

July 1, 2014 to December 31, 2016

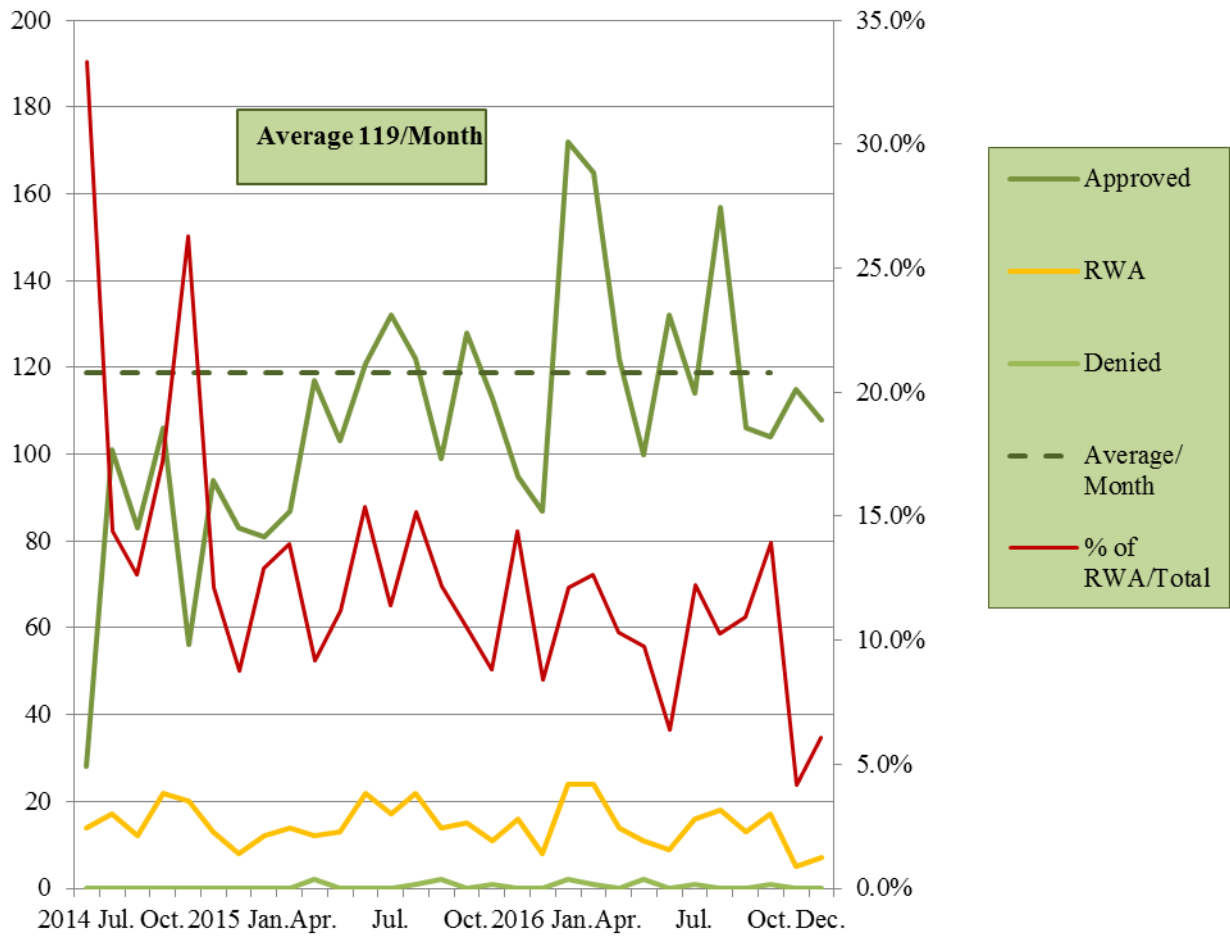
The license applications for items in categories IV (Missiles), V (Explosives), IX (Military Training Equipment), X (Protective Personnel Equipment) and XVI (Nuclear Weapons Design and Test Equipment) of the United States Munitions List (USML) have declined 35.2% from an average of 500 to 324 per month through December 31, 2016. The average monthly drop of 176 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, January 2017

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 119 per month through December 31, 2016. The approval rate is 87.7%.

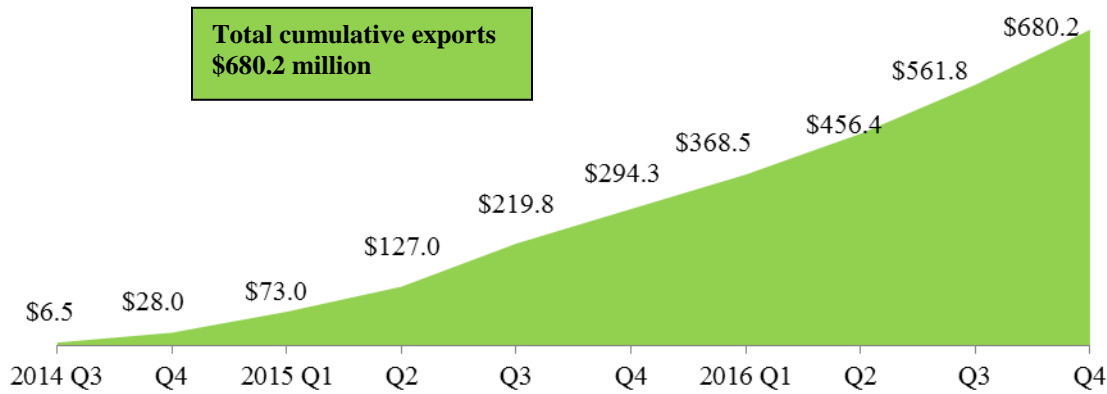
BIS License Applications for the Third ECR Transition Rule July 1, 2014 to December 31, 2016



Source: Commerce U.S. Exports Exporter Support System, January 2017

From July 1, 2014 to the fourth 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 10,807 shipments for \$680.2 million.

**The U.S. Cumulative Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to December 31, 2016
Smillion**



Source: Automated Export System (AES), January 2017

**The U.S. Quarterly Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to December 31, 2016
Smillion**



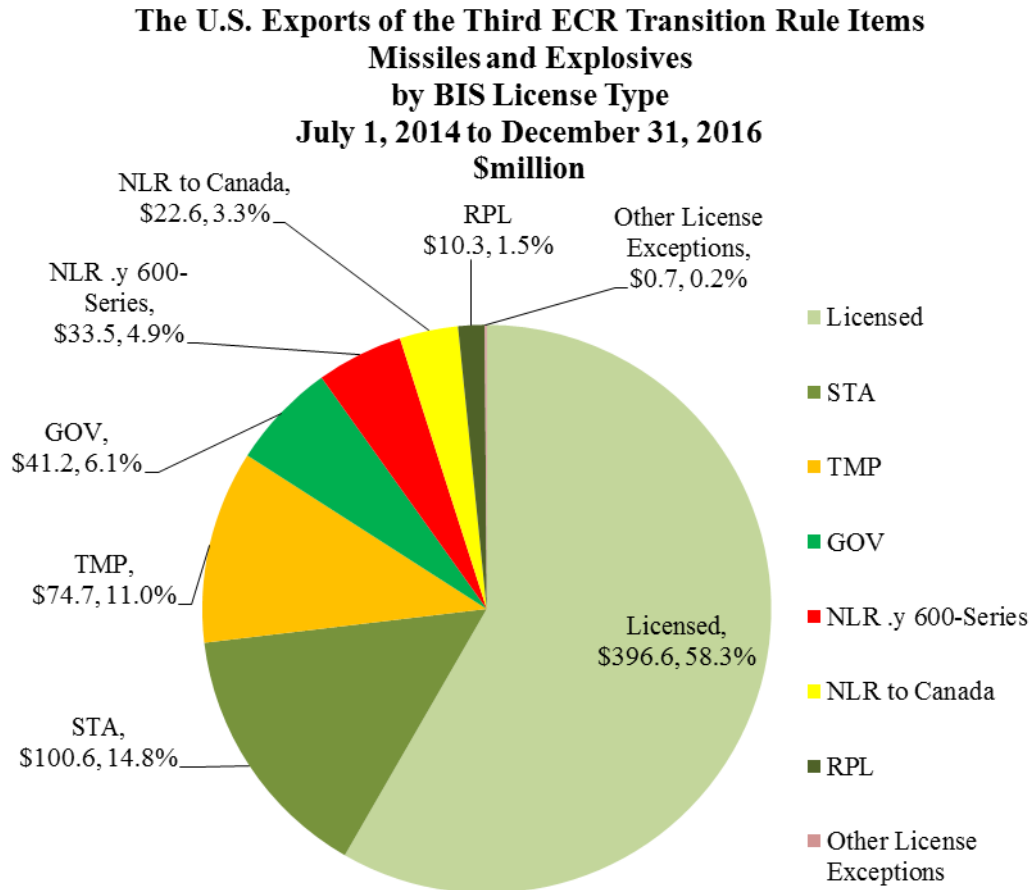
Source: Automated Export System (AES), January 2017

**The Third Transition Rule-Missiles and Explosives
Top 15 Destinations of U.S. Exports under BIS Jurisdiction
October 15, 2013 to December 31, 2016**

Country	Shipment Count	% of Total Shipment Count	Value \$million	% of Total Value
Japan	923	8.5%	\$106.3	15.6%
Mexico	1,578	14.6%	\$84.1	12.4%
United Kingdom	1,368	12.7%	\$73.5	10.8%
Australia	410	3.8%	\$67.9	10.0%
United Arab Emirates	130	1.2%	\$49.4	7.3%
Turkey	113	1.0%	\$44.4	6.5%
South Korea	274	2.5%	\$26.7	3.9%
Israel	460	4.3%	\$26.1	3.8%
Germany	744	6.9%	\$25.0	3.7%
Canada	1,108	10.3%	\$23.7	3.5%
Saudi Arabia	149	1.4%	\$19.1	2.8%
Netherlands	150	1.4%	\$13.8	2.0%
Belgium	30	0.3%	\$13.5	2.0%
Italy	106	1.0%	\$9.0	1.3%
Norway	235	2.2%	\$8.5	1.3%
Top 15 Total	7,778		\$591.1	
Top 15 Total/ Grand Total		72.0%		86.9%
Grand Total	10,807		\$680.2	

Source: Automated Export System, January 2017

Of \$680.2 million of exports of 600-series items in the Third ECR transition rule under BIS jurisdiction, licensed exports totaled \$396.6 million (58.3% of the total); Strategic Trade Authorization (STA) totaled \$100.6 million (14.8%); and Temporary imports, exports, reexports, and transfers (in-country) (TMP) totaled \$74.7 million (11.0%).



Source: Automated Export System (AES), January 2017

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