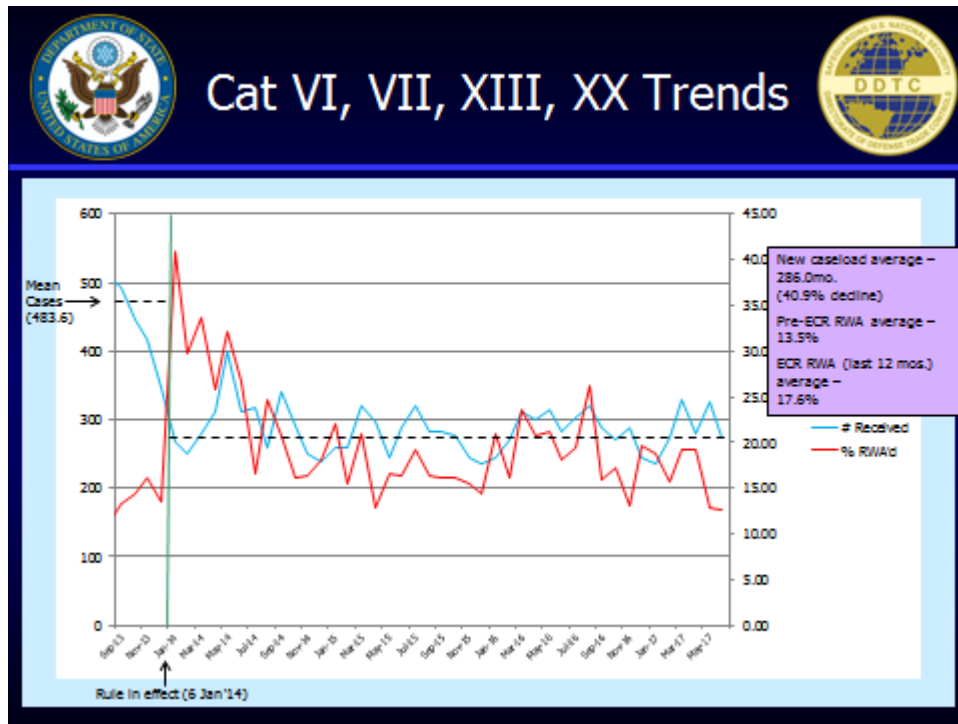


The Second USML to CCL Regulatory Change

Vehicles and Vessels

January 6, 2014 to June 30, 2017

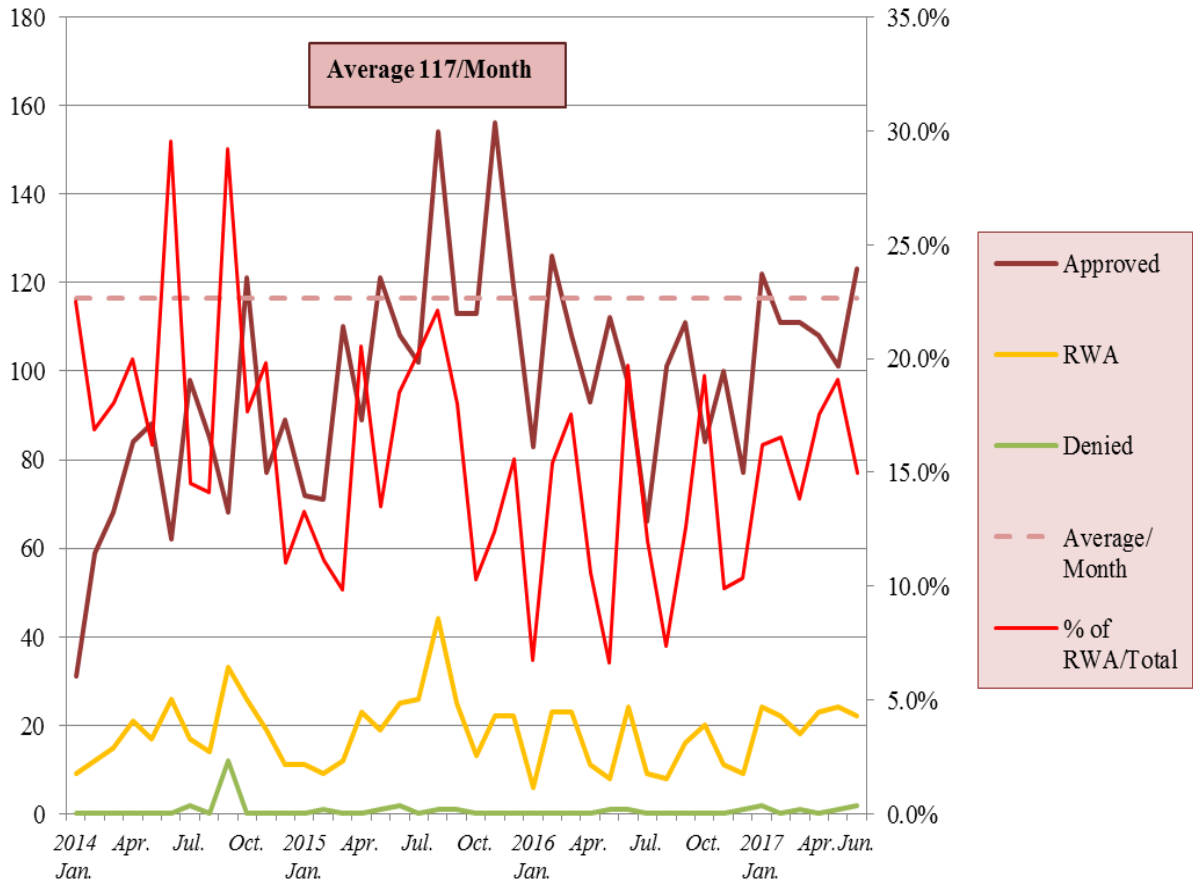
The license applications for items in categories VI (Vessels), VII (Vehicles), XIII (Auxiliary Military Equipment) and XX (Submersible Vessels) of the United States Munitions List (USML) have declined 40.9% from an average of 484 to 286 per month through June 30, 2017. The average monthly drop of 198 license applications is the result of certain items transitioning to the Commerce Control List (CCL).



Source: The Directorate of Defense Trade Controls of the U.S. Department of State, August 2017

Since the second USML to CCL regulatory change became effective on January 6, 2014, the average number of BIS license applications for the nineteen 600-Series items created by this rule is 117 per month through June 30, 2017. The approval rate is 83.6%.

BIS License Processing for the Second USML to CCL Regulatory Change
January 6, 2014 to June 30, 2017

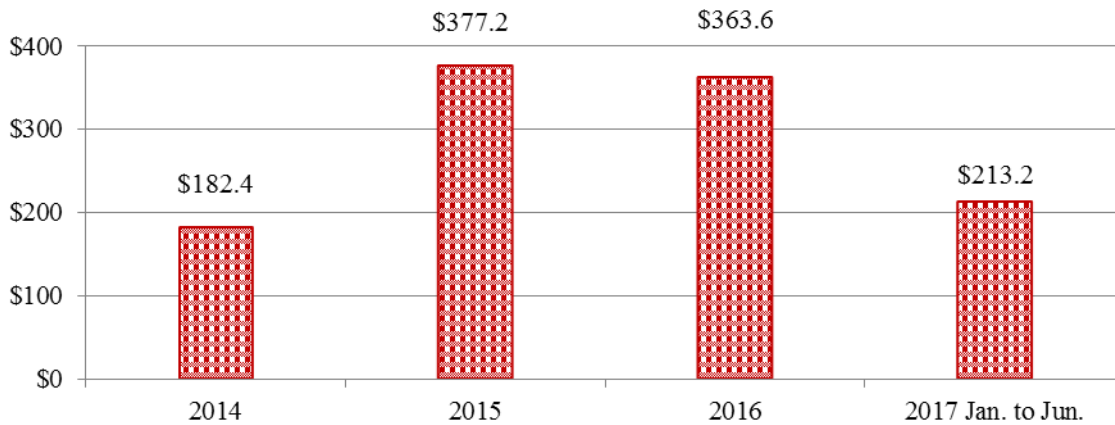


Source: Commerce U.S. Exports Exporter Support System, August 2017

From January 6, 2014 to June 30, 2017, U.S. exports of items in the second USML to CCL regulatory change – Vehicles and Vessels items (0y606, 8y609, 8y620 and 0y617) under BIS jurisdiction totaled 28,249 shipments for \$1.1 billion.

**U.S. Exports under the Second USML to CCL Regulatory Change
under BIS Jurisdiction**

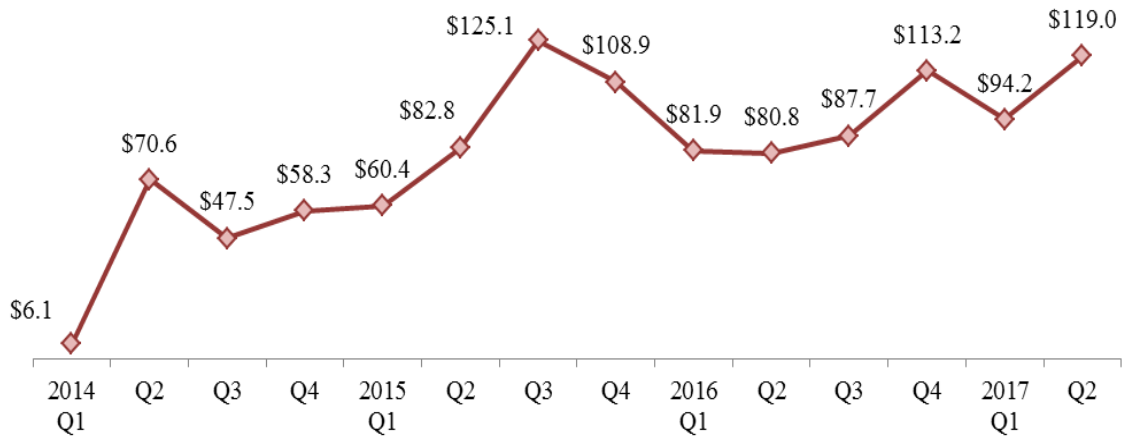
January 6, 2014 to June 30, 2017
\$million



Source: Automated Export System, August 2017

**U.S. Quarterly Exports under the Second USML to CCL Regulatory Change
under BIS Jurisdiction**

January 6, 2014 to June 30, 2017
\$million



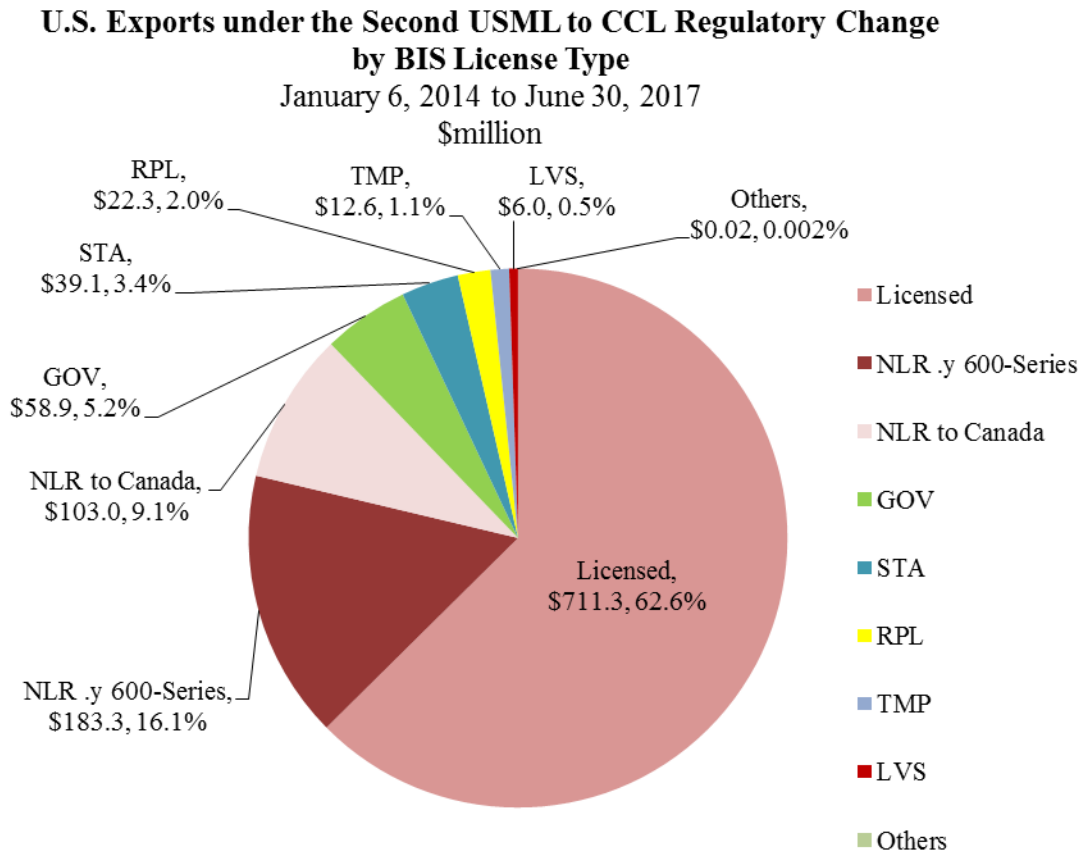
Source: Automated Export System, August 2017

**The Second USML to CCL Regulatory Change-Vehicles and Vessels
Top 15 Destinations of U.S. Exports under BIS Jurisdiction
January 6, 2014 to June 30, 2017**

Country	Shipment Count	% of Total Shipment Count	Value \$million	% of Total Value
South Korea	4,242	15.0%	\$162.4	18.2%
Israel	2,614	9.3%	\$157.6	12.6%
Canada	5,027	17.8%	\$137.8	9.3%
Iraq	108	0.4%	\$96.1	8.2%
Turkey	539	1.9%	\$59.8	3.7%
United Kingdom	4,817	17.1%	\$46.2	3.7%
United Arab Emirates	361	1.3%	\$44.9	3.4%
Australia	742	2.6%	\$41.8	3.4%
Japan	3,040	10.8%	\$37.4	3.2%
Saudi Arabia	451	1.6%	\$36.9	2.9%
Kuwait	304	1.1%	\$36.3	2.7%
Germany	971	3.44%	\$27.5	2.4%
Tunisia	9	0.0%	\$25.2	1.8%
Belgium	146	0.5%	\$24.4	1.6%
Afghanistan	226	0.8%	\$18.7	1.5%
Top 15 Total	23,597		\$952.9	
Top 15 Total/ Grand Total		83.5%		83.8%
Grand Total	28,249		\$1,136.5	

Source: Automated Export System, August 2017

Of the \$1.1 billion in U.S. exports of 600-series items in the second USML to CCL regulatory change under BIS jurisdiction from January 6, 2014 to June 30, 2017, licensed exports totaled \$711.3 million (62.6% of the total); No License Required (NLR) for .y 600-series items totaled \$183.3 million (16.1%); and NLR for 600-series items to Canada totaled \$103.0 million (9.1%).



Source: Automated Export System, August 2017

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