Fifth Transition Rule

Bureau of Industry and Security Office of Technology Evaluation

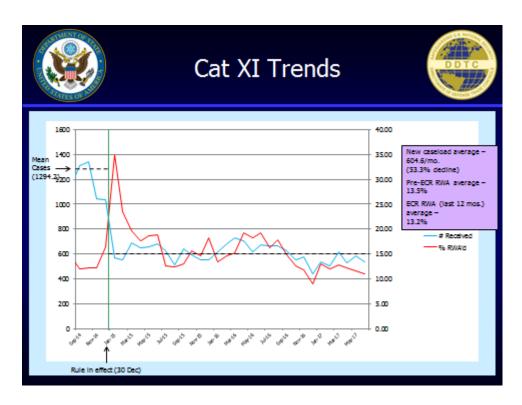
2017 2nd Quarter

The Fifth USML to CCL Regulatory Change

Military Electronics

December 30, 2014 to June 30, 2017

The license applications for items in category XI – Military Electronics of the United States Munitions List (USML) have declined 52.9% from an average of 1,294 to 605 per month through June 30, 2017. The average monthly drop of 689 license applications is the result of certain items transitioning to the Commerce Control List (CCL).

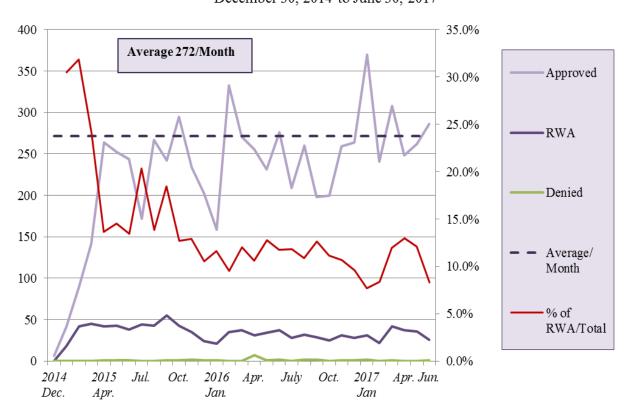


Source: The Directorate of Defense Trade Controls of the U.S. Department of State, August 2017

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Since the fifth USML to CCL regulatory change became effective on December 30, 2014, the average number of BIS license applications for the eight 600-Series items created by this rule is 272 per month through June 30, 2017. The approval rate is 86.9%.



BIS License Applications for the Fifth USML to CCL Regulatory Change December 30, 2014 to June 30, 2017

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

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From the effective date of December 30, 2014 to June 30, 2017, U.S. exports of items in the fifth USML to CCL regulatory change – Military Electronics items (3y611 and 9y620) under BIS jurisdiction totaled 20,900 shipments for \$1.3 billion.

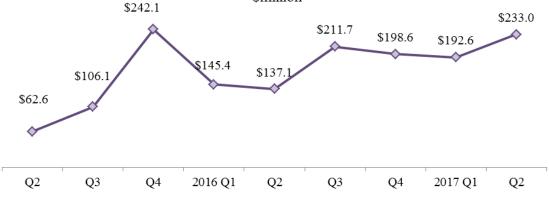
U.S. Exports under the Fifth USML to CCL Regulatory Change under BIS Jurisdiction

December 30, 2014 to June 30, 2017 \$million



Source: Automated Export System, August 2017

U.S. Quarterly Exports under the Fifth USML to CCL Regulatory Change under BIS Jurisdiction December 30, 2014 to June 30, 2017 \$million \$242.1



Source: Automated Export System, August 2017

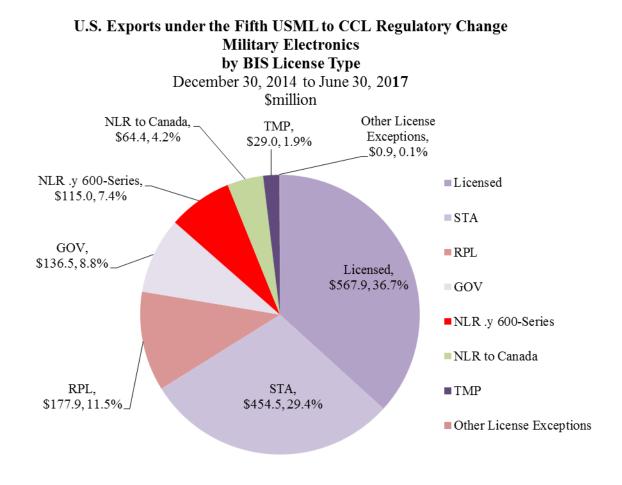
The Fifth USML to CCL Regulatory Change-Military Electronics Top 15 Destinations of U.S. Exports under BIS Jurisdiction December 30, 2014 to June 30, 2017

Country	Shipment Count	% of Total Shipment Count	Value \$million	% of Total Value
Japan	3,329	15.9%	\$494.2	37.6%
United Kingdom	3,274	15.7%	\$139.6	10.6%
Canada	1,591	7.6%	\$90.0	6.9%
South Korea	1,188	5.7%	\$79.6	6.1%
Australia	1,107	5.3%	\$71.0	5.4%
United Arab Emirates	395	1.9%	\$63.1	4.8%
Germany	1,315	6.3%	\$53.0	4.0%
Israel	1,013	4.8%	\$46.5	3.5%
Italy	1,286	6.2%	\$45.8	3.5%
Saudi Arabia	499	2.4%	\$43.7	3.3%
Taiwan	345	1.7%	\$39.0	3.0%
France	960	4.6%	\$32.1	2.4%
Luxembourg	116	0.6%	\$30.5	2.3%
India	550	2.6%	\$23.1	1.8%
Turkey	517	2.5%	\$20.8	1.6%
Top 15 Total	17,485		\$1,271.8	
Top 15 Total/		07 70/		
Grand Total		83.7%	¢1.010.0	96.9%
Grand Total	20,900		\$1,312.9	

Source: Automated Export System, August 2017

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Of the \$1.3 billion in U.S. exports of 600-series items in the fifth USML to CCL regulatory change under BIS jurisdiction from December 30, 2014 to June 30, 2017, licensed exports totaled \$567.9 million (36.7% of the total); Strategic Trade Authorization (STA) totaled \$454.5 million (29.4%) and Servicing and replacement of parts and equipment (RPL) totaled \$177.9 million (11.5%).



Source: Automated Export System, August 2017

BIS License Exceptions:

STA: Strategic Trade Authorization
RPL: Servicing and replacement of parts and equipment
GOV: Governments, international organizations, international inspections under the Chemical
Weapons Convention, and the International Space Station
NLR: No License Required
TMP: Temporary imports, exports, reexports, and transfers (in-country)