

Office of the Press Secretary

THE WHITE HOUSE

FACT SHEET

Export Controls on Computers

The President today announced an update of U.S. export controls on computers that will promote our national security, enhance the effectiveness of our export control system, and ease unnecessary regulatory burdens on both government and industry.

Today's announcement is President Clinton's third revision to U.S. export control parameters since 1993. Today's announcement reflects this Administration's efforts to ensure effective controls on militarily sensitive technology while taking into account the increased availability of commodity products, such as servers and workstations, of which millions are manufactured and sold worldwide every year.

When controls were last revised in 1995, we knew computer technology would continue to advance rapidly -- and that we would need to update control levels periodically. Accordingly, for the past year, the Administration has conducted a review of our computer export controls that took into account (1) the rapid advance of computing technology since 1995, (2) our security, nonproliferation and other national security interests, and (3) the need for a policy that would remain effective for at least six months.

The Administration's computer export controls are designed to permit the government to calibrate control levels and licensing conditions depending upon the national security or proliferation risk posed at a specific destination, and to enhance U.S. national security and preserve the technological lead of the U.S. computer industrial base by ensuring controls on computer exports are effective and do not unnecessarily impede legitimate computer exports.

This review found that advances in the power and capabilities of widely available computing systems have more than exceeded our 1995 control levels. In fact, during the coming months, industry analysts estimate that systems designated as "high performance computers" in 1995 (2,000 MTOPS (Millions of Theoretical Operation per Second, a computer performance metric for export control purposes)) will be available in the tens of thousands. This reflects the exponential growth in individual microprocessor speeds that has occurred since 1995. We fully expect this growth to continue - U.S. companies plan commercial sales of individual "chips" rated over 2000 MTOPS by late 1999/early 2000. Moreover, while there are military applications across a range of MTOPS levels, the national security agencies have determined that there is no definitive line that separates levels of computing power on the basis of their usefulness for military applications. In light of this finding, the advances in basic computing technologies, and the problems inherent in trying to control commodity level items, it is clear our control limits needed to be raised. The Administration has determined that widespread commercial availability makes computers with a performance of 6,500 MTOPS or less uncontrollable.

The Revised Controls

The revised controls announced by the President maintain the four country groups announced in 1995, but amends the countries in, and control levels for, those groups as follows:

Tier I (Western Europe, Japan, Canada, Mexico, Australia, New Zealand): General license for all computers (i.e. no prior government review, but companies must keep records on higher performance shipments that will be provided to the U.S. government as directed).

The President's decision today will move Hungary, Poland, the Czech Republic and Brazil from Tier 2 to Tier 1. In addition, the Administration will consider moving additional countries into Tier 1 in the future.

Tier II (South America, South Korea, ASEAN, Slovenia, South Africa): General license up to 10,000 MTOPS with record-keeping and reporting as directed; individual license (requiring prior government review) above 10,000 MTOPS.

Today's decision will raise the individual licensing level from 10,000 MTOPS to 20,000 MTOPS immediately. In addition, the Administration will review this level in six months, with the expectation of raising it to the 32,000-36,000 MTOPS range. The Administration will continue to review this level every six months to determine if further adjustments are warranted.

Tier III (India, Pakistan, all Middle East/Maghreb, the former Soviet Union, China, Vietnam, Central Europe): Current regulations permit general license exports up to 2000 MTOPS, and require individual licenses for military end-uses and end-users above that figure. General license exports are permitted for civil end-users between 2000 MTOPS and 7000 MTOPS, with exporter record keeping and reporting as directed. Individual license for all end-users above 7000 MTOPS.

The President's decision today will maintain the current two-level system for civilian and military/proliferation end-users, and will raise the individual licensing levels for both classes of end-users, from 2000 to 6500 MTOPS for military end-users and from 7000 to 12,300 MTOPS for civilian end-users. The Commerce Department will immediately raise the license level for civilian end-users, and will raise the license level for military end-users in six months, at the same time as it adjusts the level that triggers the NDAA notification requirement, which is discussed below.

The 1998 National Defense Authorization Act (NDAA), P.L. 105-85, imposed a requirement for companies to provide the Commerce Department with prior notice of exports for systems above 2,000 MTOPS to all Tier 3 end-users. U.S. export control agencies have 10 days to inform the company if it must apply for a license.

The President's decision today will raise the NDAA notification level from 2,000 MTOPS to 6,500 MTOPS. The President has advised the appropriate Congressional committees of his decision to raise the NDAA notification level. By law, Congress has six months to review this decision, at which time the change to NDAA notification level will go into effect (February, 2000).

The Administration will continue to review the licensing levels and the NDAA notification level every six months to determine if further adjustments are warranted.

Tier IV (Iraq, Iran, Libya, North Korea, Cuba, Sudan, and Syria). There are no planned changes for Tier IV, current policies continue to apply (i.e. the United States will maintain a virtual embargo on computer exports).

For all these groups, reexport and retransfer provisions continue to apply. The revised controls will become effective when they are implemented in formal Commerce Department regulations.

We will continue to implement the Enhanced Proliferation Control Initiative (EPCI), which provides authority for the government to block exports of computers of any level in cases involving exports to end-users or end-users of proliferation concern or risks of diversion to proliferation activities. Criminal as well as civil penalties apply to violators of the EPCI. In addition, the Department of Commerce will continue to add to its list of published entities of concern as a means of informing exporters of potential proliferation and other security risks. The Department will remind exporters of their duty to check suspicious circumstances and inquire about end-uses and end-users. Exporters will be advised to contact the Department of Commerce if they have any concern with the identity or activities of the end-users.

The Commerce Department also will work to expand its efforts -- through public seminars and consultations with companies -- to keep industry regularly informed regarding problem end-users and programs of proliferation concern.

Microprocessor Controls. In addition to revising computer export controls, controls on general-purpose microprocessors will be revised immediately, from the current control level of 1200 MTOPS to 1900 MTOPS. Export control agencies are in agreement that general purpose or so-called "mass market" microprocessors are not controllable because they are used in virtually all consumer and business personal computers, are highly portable, and are sold in very large quantities through multiple distribution channels worldwide. Given the continuing increases in microprocessor technology, the Administration likely will adjust microprocessor control levels again in the Fall, 1999. We will continue to maintain controls on higher performance, general-purpose microprocessors that are sold in small quantities for high-end computer and other applications, and those application-specific microprocessors that have military applications and are sold in relatively small quantities.

Legislative Proposal. Per the National Defense Authorization Act of 1998, Congress requires a six-month notice period if the President decides to raise the level that triggers the 10-day pre-export notification requirement for Tier 3 exports. Congress also requires a four-month notice if the President decides to move a country out of Tier 3. The six-month notice period in particular limits our ability to respond quickly to rapid changes in technology. We will work with Congress to change both waiting periods to one month, in conjunction with the formal notification to Congress of the President's decision to raise the current NDAA notification level from 2,000 MTOPS to 6,500 MTOPS.

On a longer-term basis, we intend to work with Congress to adopt an approach that does not rely on ad hoc judgments about appropriate levels of control, but rather keys our export controls to recognize the practical impossibility of controlling items so widely available that they amount to commodity items, like computers and microprocessors which are sold by the hundreds of thousands and even millions.

Multilateral Coordination: The Administration is consulting with other nations in the context of our common controls on high performance computers, and with the members of the Wassenaar Arrangement -- the multilateral successor to COCOM, to ensure that they understand the basis for the changes in controls. We are committed to working closely with them to adjust multilateral controls to reflect technological advances and collective security concerns. Our controls are consistent with the basic foundations and principles of the Wassenaar Arrangement -- to deny

arms and sensitive dual-use technologies to countries of proliferation concern, and to develop mechanisms for information sharing among the partners as a way to harmonize our export control practices and policies.

Note:

In April of 2002 the Bureau of Export Administration (BXA) changed its name to the Bureau of Industry and Security(BIS). For historical purposes we have not changed the references to BXA in the legacy documents found in the Archived Press and Public Information.