



U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY

Export Control Reform Update

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Director

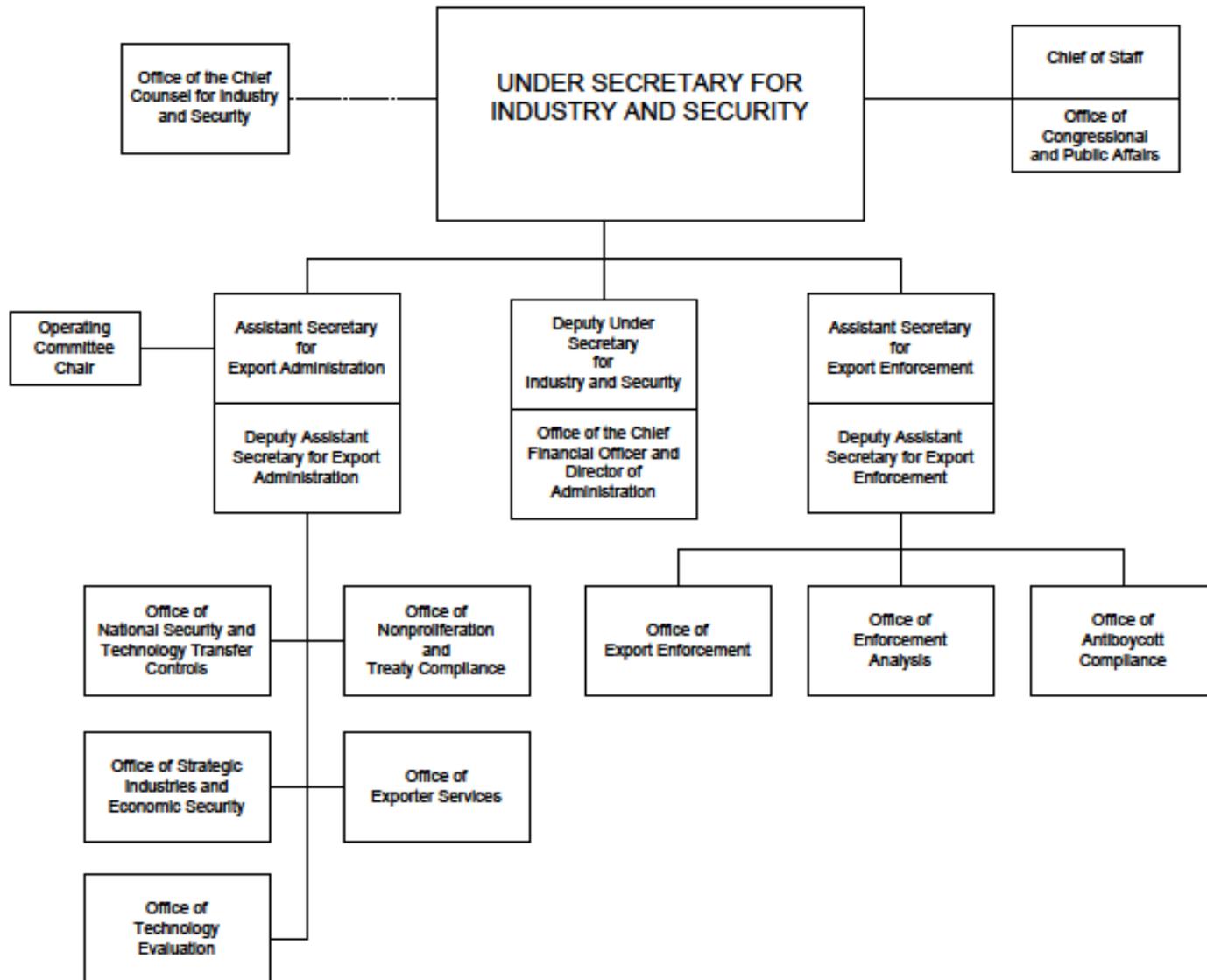
Office of Strategic Industries & Economic Security

Note: This presentation is merely a summary of official statements and final rules published by the Departments of Commerce and State. Final rules, as well as the Export Administration Regulations and International Traffic in Arms Regulations, must be reviewed to determine the full scope of any applicable requirements.

Date of Last Revision: Sept 17, 2014

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Exhibit 1 to DOO 50-1
9-4-12



Office of Strategic Industries and Economic Security



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Defense Programs Division

- Defense Priorities and Allocations System/ Security of Supply
- Emergency Preparedness/Continuity of Operations
- National Defense Stockpile Market Impact Committee
- NATO Industrial Resources and Communications Services Working Group

Munitions Control Division

- New 600 Series Policy
- New 600 Series Licensing/Classifications
- New 600 Series Compliance/Outreach

Strategic Analysis Division

- Committee on Foreign Investment in the United States
- Defense Policy (Advocacy, Excess Defense Articles, International Agreements, Offshore FMS/FMF Waivers)
- Offsets in Defense Trade
- NATO International Competitive Bidding Certification

ECR Background



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- In August 2009, President Obama directed the agencies involved in the U.S. export control system to conduct a broad-based review of export controls to identify additional ways to enhance U.S. national security.
- In April 2010, former Secretary of Defense Gates described how national security required a fundamental reform of the export control system.

ECR Background



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- To enhance national security, the Administration determined that the export control system needed to be reformed to:
 - Increase interoperability with NATO and other close allies;
 - Reduce the current incentives for companies in non-embargoed countries to design out or avoid US-origin content; and
 - Allow the Administration to focus its resources on the transactions of greater concern.

ECR Background



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- To implement the objectives, the Administration needed to:
 - Identify the specific sensitive and other items on a more positive USML that warrant individual license reviews even for ultimate end use by NATO and other regime allies; and
 - Amend the EAR and the CCL to control all formerly USML items that would no longer be on the revised USML so that they still could be controlled as military items, but in a more flexible way regarding such allies.

Summary



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- Items that are now defense articles but that are no longer listed on the revised USML categories will become subject to the EAR's "600 series" ECCNs.
- Licenses from Commerce will still be required to export and reexport most 600 series items worldwide (minus Canada), unless an EAR license exception is available.
- New license exception STA will be available to authorize exports and reexports to 36 countries if (a) for ultimate end use by a government of such countries, (b) return to the US, or (c) in connection with an existing authorization.
- Will make defense trade in the supply chain for NATO and other allies more efficient.
- Will have compliance obligations.
- Final rules available at www.bis.doc.gov.

ECR Background



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- The Departments of Commerce and State have published proposed or final rules on the following aspects of ECR:

Framework: more “positive” USML and establishment of “600 series” structure

Revised USML categories: will continue to publish proposed and final revisions to USML categories and corresponding “600 series” ECCNs

“Specially Designed”: definition of the term for both the ITAR and EAR

Transition/Implementation: grandfathering, changes to license exceptions and license structure

- All changes in the jurisdictional status of items will need to comply with the congressional notification requirements of § 38(f) of the AECA.
- Executive Order 13637 sets out the new delegations of authority for the administration of the new rules.
- Final rules will have a six-month delay in implementation after publication (in addition to a two-year optional grandfathering period for existing USML authorizations.)

Examples: USML to 600 Series



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Revised USML End-Items "A More Positive List"



- F-15, F-16
- Assembled engines
- Weapons pylons
- Mission systems
- Bomb racks
- Missile launchers
- Fire control computer
- Fire control Radar

Commerce Control List 600 Series

(".a-.w" items)

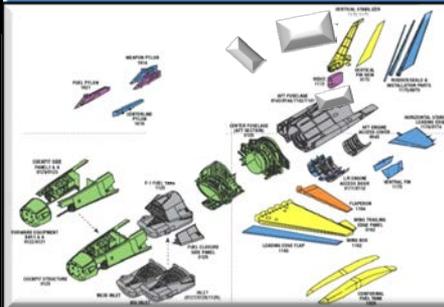
Specially enumerated end-items, "parts", "components", "accessories" & "attachments".



- Aircrew life support and safety equipment
- Parachutes/paragliders
- Controlled opening equipment of automatic piloting systems, designed for parachuted loads
- T-1 Aircraft

(".x" items)

"Specially Designed" "parts", "components", "accessories", and "attachments".



- Wings, Rudder, Fin, Panels
- Fuselage – forward, center, aft
- Cockpit structure
- Forward equipment bay
- Control surfaces, activation and control systems

(".y" items)

Specifically enumerated "parts" "components", "accessories", "specially designed"...



- Aircraft tires
- Hydraulic system filters
- Hydraulic and fuel hoses, fittings, clips, couplings, brackets
- Cockpit panel knobs, switches, buttons, dials

Status



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USML	Description	ECCNs	Status
I	Firearms	0Y601	Proposed rule TBD
II	Artillery	0Y602	Proposed rule TBD
III	Ammunition	0Y603	Proposed rule TBD
IV	Launch Vehicles/Missiles	0Y604 9Y604	Proposed rule 1/31/13 Final rule 1/2/14; Effective 7/1/14
V	Explosives/ Propellants	1Y608	Proposed rule 5/2/12 Final rule 1/2/14; Effective 7/1/14
VI	Vessels of War	8Y609	Proposed rule 12/23/11 Final rule 7/8/13; Effective 1/6/14
VII	Tanks/Military Vehicles	0Y606	Proposed rule 7/5/11 Proposed rule 12/6/11 Final Rule 7/8/13; Effective 1/6/14

Status



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USML	Description	ECCNs	Status
VIII	Aircraft	9Y610	Proposed rule 11/7/11 Final rule 4/16/13; Effective 10/15/13
IX	Training Equipment	0Y614	Proposed rule 6/13/12 Final rule 1/2/14; Effective 7/1/14
X	Personal Protective Equipment	1Y613	Proposed rule 6/7/12 Final rule 1/2/14; Effective 7/1/14
XI	Electronics	3Y611, 9Y620	Proposed rule 11/28/12 Proposed rule 7/25/13 Final rule 7/1/14; Effective 12/30/14
XII	Fire Control, Sensors, Night Vision	TBD	Proposed rule TBD
XIII	Miscellaneous	0Y617	Proposed rule 5/18/12 Final rule 7/8/13; Effective 1/6/14
XIV	Toxicological Agents	1Y607	Proposed rule TBD

Status



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USML	Description	ECCNs	Status
XV	Spacecraft/Satellites	9Y515	Proposed rule 5/24/13 Interim final rule 5/13/14 Effective 6/27/14 (for rad-hard ICs and related software and technology) Effective 11/10/14 (for all other items)
XVI	Nuclear	N/A	Proposed rule 1/30/13 Final rule 1/2/14; Effective 7/1/14
XVIII	Directed Energy Weapons	TBD	Proposed rule TBD
XIX	Gas Turbine Engines	9Y619	Proposed rule 12/6/11 Final rule 4/16/13; Effective 10/15/13
XX	Submersible Vessels	8Y620	Proposed rule 12/23/11 Final rule 7/8/13; Effective 1/6/14

Export Control Reform Status



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- Since October 2013, DOC/BIS has received 8,000+ 600-series applications (average processing time 15 days)
- Top ECCNS – 9A610, 9A619 (aircraft parts and engine parts)
- Top Destinations – Japan, United Kingdom, and South Korea

BIS Licenses



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- Free online submission system (SNAP-R); no cost associated with license application
- Default four-year validity period
- May export or reexport to *and* among end users listed on license
- No purchase order required
- No large agreements to draft or lengthy agreement guidelines to follow
- May pre-position applications prior to effective date of applicable final rule

Contact Information



U.S. DEPARTMENT OF COMMERCE
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600 Series Licensing and Classification Requests: Munitions Control Division

- Director: Todd Willis, todd.willis@bis.doc.gov
- Deputy Director: Elena Love, elena.love@bis.doc.gov

Technical Product Questions

- Aircraft, gas turbine engines, or ground vehicles: Gene Christiansen, gene.christiansen@bis.doc.gov; Jeff Leitz, jeffrey.leitz@bis.doc.gov
- Surface or submersible vessels: Alex Lopes, alexander.lopes@bis.doc.gov; Jeff Leitz, jeffrey.leitz@bis.doc.gov
- Materials, miscellaneous items, energetic materials, or protective equipment: Mike Rithmire, michael.rithmire@bis.doc.gov
- Military training equipment: Dan Squire, daniel.squire@bis.doc.gov
- Missiles/launch vehicles: Dennis Krepp, dennis.krepp@bis.doc.gov

Regulatory Interpretation and Transition Guidance

- Regulatory Policy Division: rp2@bis.doc.gov , 1-202-482-2440
- Office of the Assistant Secretary for Export Administration: steven.emme@bis.doc.gov

Outreach Assistance: Outreach and Educational Services Division

- Director: Rebecca Joyce, OESDseminar@bis.doc.gov, 1-202-482-4811
- Western Regional Office Director: Michael Hoffman, 1-949-660-0144