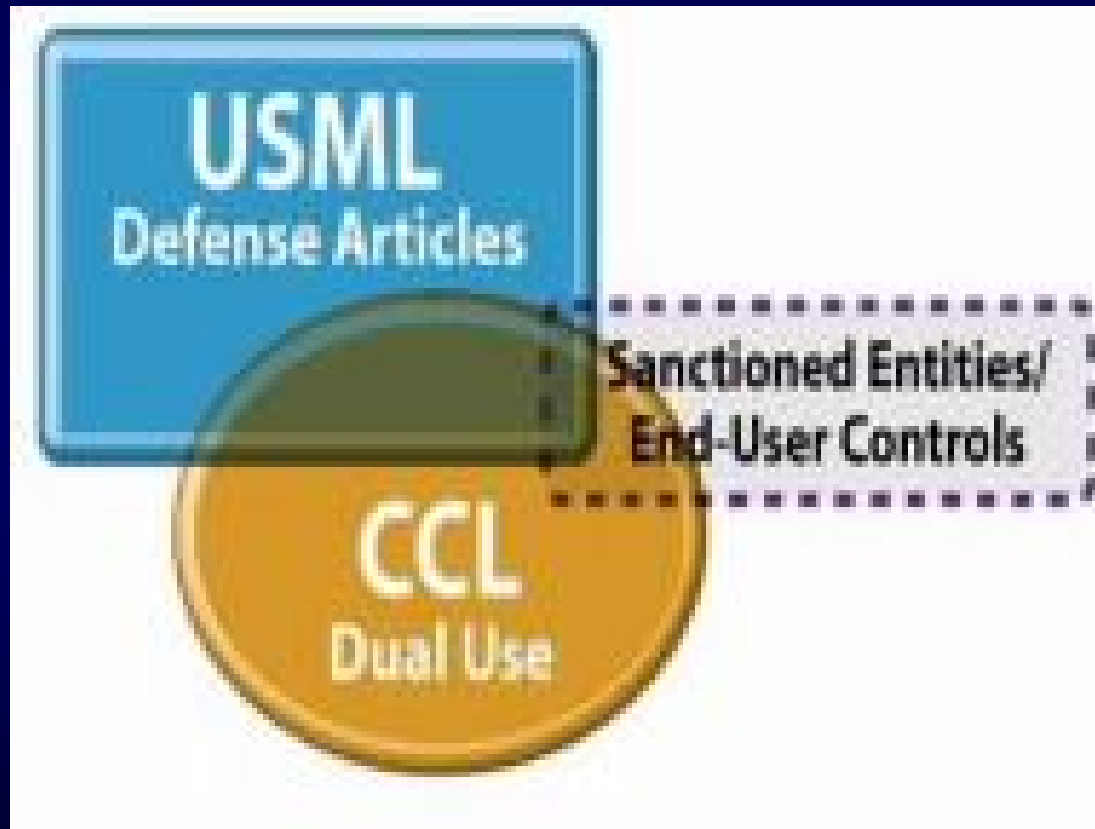




Current System of Controls



Two Different
Control Lists

Three Different
Primary Licensing
Agencies



Export Control Reform Initiative (ECR)

- Began in August 2009, with an interagency review.
- Recognized the significant changes in procurement, business practices and technology since the 70's. There were no pre-conceived conclusions on its outcome.
- This review determined that the current export control system is overly complicated, contains too many redundancies, and, in trying to protect too much, diminishes our ability to focus our efforts on the most critical national security priorities.



Goals of ECR

- Strengthen National Security
- Strengthen the Competitiveness of U.S. Manufacturing and Technology sectors
- Efficiency and Transparency





Proposed Reforms

- Single Control List
- Single Licensing Agency
- Single Information Technology Platform
- Single Enforcement Agency



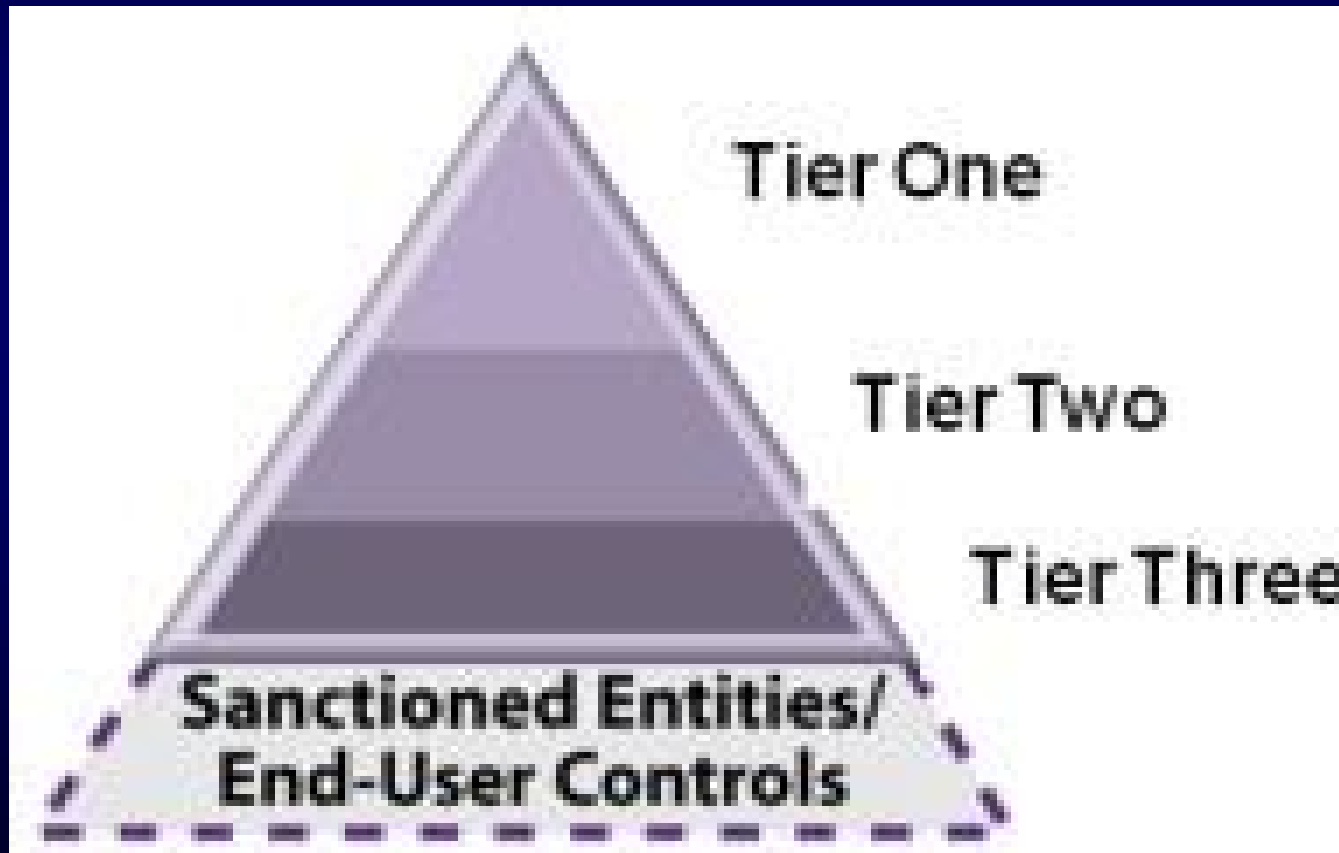
Phased Process

Task Force Agencies began action to reform the way the US does exports in 3 phases:

- I: Create the framework, immediate improvements
- II: Implement the new framework within existing structures
- III: Complete transition: merge and consolidate



Proposed Single Control List





Creation of "Positive Lists"

- Specify which parts and components are subject to ITAR control
- Inherent military or intelligence applicability
- No generic controls
- No "specifically designed or modified" controls



CCL and USML List Reforms

- Tiers
- Bright Line
- Structural Alignment



Actions to Date

Category VII Military Vehicles

Proposed Rule on Dual/Third Nationals

Proposed Rule on Replacement Parts

Proposed Rule on Incorporated Components

Proposed Rule on Defense Services



USML Category VII (Tanks and Military Vehicles)

USML Category VII (Tanks and Military Vehicles) has already been revised into a positive, tiered list

74 % of the 12,000 items will either be moved to the CCL or will be decontrolled altogether

32 % of the total may be decontrolled altogether

26 % of items still on the USML

- Zero in Tier 1
- 18 % in Tier 2
- 8 % in Tier 3



Proposed Dual/Third National Rule

Applies only to transfers to licensed end-users and consignees

Limited to transfers within the scope of the license and within scope of employment

Regular, full-time employees only

Clearance or screening required to qualify



Proposed Replacement Parts Rule

For government end-users only with license for end-item

Original licensed supplier only

Does not apply to upgrades of capabilities

Only if not subject to Congressional notification

DDTC can revoke if not in compliance



Proposed Incorporated Components Rule

Where end-item is rendered inoperable for intended operations by removal of defense article

- no technical data is transferred
- value of component is less than 1% of end-item

Or where defense article is rendered inoperable by removal from the end-item

Components shipped separately or not embedded not eligible



Proposed Defense Services Rule

Explicitly excludes services based on public domain data

Includes integration of items into defense articles

Includes training with foreign units or forces only if training involves employment of a defense article



ECR WEBSITE

www.export.gov/ecr

The screenshot shows a Windows Internet Explorer browser window displaying the website <http://www.export.gov/ecr/>. The page features the **export.gov** logo and the tagline "Helping U.S. Companies Export". A navigation menu includes links for Opportunities, Solutions, Locations, FAQ, Blog, and Connect. The main content area is titled "PRESIDENT'S EXPORT CONTROL REFORM INITIATIVE" and includes a quote from President Obama and a summary of the initiative's goals and launch.

Home > Export Control Reform

Export Control Reform

- ▶ ECR Home
- ▶ Recent Speeches and Fact Sheets
- ▶ Task Force Agencies

Areas of Reform

- ▶ Single Control List
- ▶ Single License Agency
- ▶ IT System
- ▶ Export Control Enforcement

For Exporters

- ▶ Consolidated Screening List
- ▶ Export Licensing

Provide Input

- ▶ Public Comments: Defense Services
- ▶ Website Feedback

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PRESIDENT'S EXPORT CONTROL REFORM INITIATIVE

"While there is still more work to be done, taken together, these reforms will focus our resources on the threats that matter most, and help us work more effectively with our allies in the field. They'll bring transparency and coherence to a field of regulation which has long been lacking both. And by enhancing the competitiveness of our manufacturing and technology sectors, they'll help us not just increase exports and create jobs, but strengthen our national security as well."

– President Obama, Department of Commerce Annual Export Controls Update Conference, August 30, 2010

In August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. This review determined that the current export control system is overly complicated, contains too many redundancies, and, in trying to protect too much, diminishes our ability to focus our efforts on the most critical national security priorities.

As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative), which will fundamentally reform the U.S. export control system. The ECR Initiative, which is not related to the President's National Export Initiative, is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.



Consolidated Screening List

24,000 Entities

The screenshot shows a Windows Internet Explorer browser window displaying the export.gov website. The address bar shows the URL: http://www.export.gov/ecr/eg_main_023148.asp. The website header includes the export.gov logo and navigation links: Opportunities, Solutions, Locations, FAQ, Blog, and Connect. A search bar is also present. The main content area features three departmental logos: the Department of State, the Department of Commerce (Bureau of Industry and Security), and the Department of the Treasury. The title of the page is "Consolidated Screening List". Below the title, there is a paragraph explaining the purpose of the list and a link to download it. A green arrow points to the link "Consolidated Screening List" under the "For Exporters" section.

Home > Export Control Reform Print | E-mail Page

Export Control Reform

- ▶ ECR Home
- ▶ Recent Speeches and Fact Sheets
- ▶ Task Force Agencies

Areas of Reform

- ▶ Single Control List
- ▶ Single License Agency
- ▶ IT System
- ▶ Export Control Enforcement

For Exporters

- ▶ **Consolidated Screening List**
- ▶ Export Licensing

Provide Input

- ▶ Public Comments: Defense Services
- ▶ Website Feedback

Consolidated Screening List

Below is a link to a downloadable file that consolidates export screening lists of the Departments of Commerce, State and the Treasury into one spreadsheet as an aide to industry in conducting electronic screens of potential parties to regulated transactions. In the event that a company, entity or person on the list appears to match a party potentially involved in your export transaction, additional due diligence should be conducted before proceeding. There may be a strict export prohibition, requirement for seeking a license application, evaluation of the end-use or user to ensure it does not result in an activity prohibited by any U.S. export regulations, or other restriction.

Prior to taking any further actions, users are to consult the requirements of the specific list on which the company, entity or person is identified by reviewing the webpage of the agency responsible for such list. The links below will connect you to the specific webpage where additional information about how to use each specific list is contained. These links are also embedded into the file for each listed entity to direct you to the proper website for information about how to resolve the issue. Note that the column on the attached file, which is titled "Source List", indicates which specific consolidated screening list is the source for each entry on the spreadsheet. Blank data fields in the file are not applicable to the consolidated screening list in the "Source List" column.



Strategic Trade Authorizations Exception

- Applies to Dual Use Items
- License Free Export
- New End-User Controls/Safeguards/Reporting requirements
- Use is Conditional



For More Information

www.export.gov/ecr