



## **FAQ's for Export Controls**

### **What are the concerns about the U.S. export control system's approach to defense trade?**

The last two Defense Department Quadrennial Defense Reviews and a number of GAO reports have in recent years identified problems with the operation of the defense export control system (administered by the U.S. Department of State with interagency support) as a hindrance to U.S. national security interests.

For instance, while the system is supposed to control technologies in a U.S. Munitions List (USML), the USML itself lacks specificity, identifying high-risk technology systems like spacecraft and aircraft, but using “catch-all” subclauses to capture as well all parts and components that were ever initially designed or modified for use with those systems. This “one-size-fits-all” approach to evaluating technology creates difficulties in focusing government time and resources on truly sensitive exports. The resulting military level controls applied to essentially commercial technologies have also raised costs and created delays in military program development, production and sustainment.

High hurdles to legitimate exports disproportionate to their military or intelligence sensitivity coupled with inefficiencies in license caseload management have adversely affected operating revenue, funds for R&D, and employment in companies of all sizes that make up the backbone of the U.S. defense technology industrial base. These same challenges have also hampered technology exchange with our closest military allies and partners.

### **What changes occurred in the U.S. export control system in the previous Administration?**

The previous Administration oversaw a significant improvement in license processing times at the State Department, with average processing times now between 14-16 days (see <http://www.pmdtc.state.gov/metrics/index.html>). There were also important clarifications in the proper export control requirements for civil aviation that ended unnecessary military level controls for many commercial parts and components that had historically been designed or modified for military use.

## **How has the current Administration approached the issue of export control modernization?**

The Obama Administration was quick to recognize the importance of modernizing the export control system in the interests of U.S. national security. The Obama Administration implemented improvements to the system that evaluates technology commodity jurisdiction between the State Department (military technology) and the Commerce Department (dual-use technology). The Administration has gone even further, elevating the evaluation and implementation of further necessary changes to the system to the White House and the Secretaries of Defense, State, and Commerce.

## **Why is change still needed in the export control system?**

In a precursor to tomorrow's speech, Deputy Secretary of Defense William Lynn said at an AIA-sponsored luncheon on April 15<sup>th</sup> the system has made us "unable to share technologies with allies we are fighting alongside" and that the Administration sought to "reform export controls consistent with national security." While expedited licensing and some clarification of export control requirements have been valuable, there are still a number of ways that the system could be made better in the service of U.S. national security, foreign policy and economic interests.

## **What additional changes to the system does the aerospace and defense industry still seek?**

There are both short term process improvements and long term structural changes in the system that are possible and necessary. These changes boil down to putting the right size "walls" around ALL technologies with military or intelligence sensitivity, and adoption of better license caseload management techniques to review and process export requests that support ongoing military operations and military program development. See AIA's letter to the President and white papers at [http://www.aia-aerospace.org/issues\\_policies/export\\_control\\_modernization/export\\_control\\_modernization\\_efforts\\_in\\_the\\_white\\_house/](http://www.aia-aerospace.org/issues_policies/export_control_modernization/export_control_modernization_efforts_in_the_white_house/) for more details.

## **What is the relationship between the pending U.S.-United Kingdom/Australian Defense Trade Cooperation Treaties and the Obama Administration's export control modernization initiative?**

The Treaties are separate from the overarching modernization initiative, but are connected conceptually in that they represent a more predictable, efficient, and transparent method for regulating defense trade with our two closest allies. The Treaties, once approved by the Senate, will allow the exchange of pre-approved technologies among pre-approved entities in support of pre-approved U.S./UK/Australian military programs. The broader modernization initiative will cover all defense and dual-use exports, and will not provide the same, necessary level of focus on our key allies that the Treaties do.

**How many licenses did the State Department process last year?**

The State Department processed 80,972 licenses last year, with an export value of >\$100 billion dollars.

**Why is export control modernization opposed by some parties?**

There are concerns that changes will undermine our country's ability to safeguard technology in our national security and foreign policy interests in favor of short term economic gain to industry. The ultimate goal for proper modernization is enhancing our national security and foreign policy as well as our export competitiveness at the same time. This can be achieved by ensuring that once all appropriate scrutiny of an export takes place, the right controls and post-shipment safeguards are applied clearly to a given technology and approvals for export are issued as quickly as possible.