

## INFORMATION PAPER

Subject: Export Control Reform

- Background
  - The current U.S. export control system is over 50 years old, having been designed during the Cold War for a bipolar world, and risks being insufficiently focused on the most critical threats we face today.
  - President Obama initiated the reform process last August 2010. On April 20, 2011, Secretary of Defense Gates rolled out the Administration's vision for a new U.S. export control system at a speech to BENS (Business Executive for National Security).
  - Interagency working groups are focused on various aspects of reform efforts, including harmonization of terms and definitions between the munitions and dual-use lists, defining best business practices, establishing new licensing processes, etc.
  - The basic tenets of the new system are to protect the "crown jewels" of U.S. technology, deny exports to certain countries and entities of concern, expedite cooperation with allies and partners, and fulfill international export control and nonproliferation obligations.
  - Fundamental reform requires coordination and consultation with Congress and other interested groups, which the Administration is currently undertaking. Legislation will be required to establish the authorities of the single licensing agency.
- Export Control Reform is driven by national security.
  - If addressed properly, national security and efficiency are not mutually exclusive.
  - Must monitor and enforce controls on technology transfers while helping to speed the provision of equipment to Allies and partners who fight alongside us in coalition operations.
    - DoD is working to identify items and technologies that represent the 5 percent of "difficult" cases that we must continue to review.
    - DoD also identifying those items and technologies that can be shared with Allies and partners under new licensing arrangements – the 95 percent of "easy" cases.
  - The four main pillars of the new system are: a single export control list, a single licensing agency, a single agency to coordinate enforcement efforts, and a single information technology system.

- DoD's Core Export Control Reform Objectives
  - Protect the "Crown Jewels" -- Ensure the protection of assets that give our warfighters a critical edge.
  - Build partnership capacity -- Secure ties with Allies and partners; increase cooperation and collaboration.
  - Enhance and improve enforcement, monitoring, and intelligence capabilities -- Deny exports to countries and entities of concern
  
- Ongoing Work on the Four Singles
  - Single Control Agency: Requires legislation – Administration's bill has not yet been submitted to Congress.
  - Single Export Control List: Work on-going to rewrite U.S. Munitions List (USML) and Commerce Control List (CCL) – so that the two can be merged into one list.
  - Export Enforcement Coordination Center (EECC) at DHS: EECC scheduled to open in November 2011.
  - Single IT system (based on DoD's USXPORTS)
    - Initial operational capability with State (August 2011)
    - Others (Commerce, Treasury, Energy, DHS, IC) in 2012
  
- Focus of DoD's Reform Efforts
  - DoD established 19 working groups to review the full scope of items, technology and software controlled under the USML; initial drafts were completed in June 2011.
  - Participants included wide range of experts from the Military Departments and the research and development community.
  - Ongoing work with the Departments of Commerce and State to finalize drafts for publication and comment.
  - Currently reviewing aircraft, military vehicles, military engines, spacecraft, naval vessels, and submersibles.