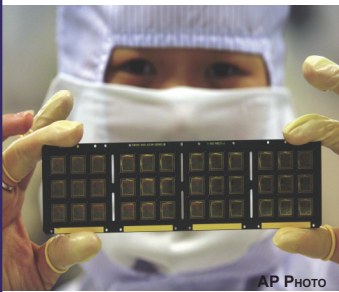


# THE PRESIDENT'S EXPORT CONTROL REFORM INITIATIVE: REINVENTING THE SYSTEM AND PROMOTING NATIONAL SECURITY



*“We need fundamental reform in all four areas of our current control system – in what we control, how we control it, how we enforce those controls, and how we manage our controls.”*

*- President Barack Obama*

**P**resident Barack Obama’s Export Control Reform Initiative is a common sense approach to overhauling the nation’s export control system. The President’s entire national security team supports a comprehensive overhaul of the system to meet the current and anticipated U.S. national security and foreign policy objectives of the 21st century.

## REFORM GOALS

The Administration has determined that fundamental reform of the current system is necessary to enhance our national security by:

- Focusing resources on the threats that matter most
- Increasing interoperability with our Allies
- Strengthening the U.S. defense industrial base by reducing incentives for foreign manufacturers to design out and avoid using U.S. parts and components.

## OVERLAPPING JURISDICTIONS

The current system operates under laws written in the 1970s and is designed to address the challenges of the Cold War. Its functions are spread across seven U.S. Government departments (Commerce, Defense, Energy, Homeland Security, Justice, State, and Treasury). This results in ambiguity and confusion for U.S. companies and leads to jurisdictional disputes between departments, which delay license decisions for months and even years. This harms U.S. business, is bad for enforcing our export control requirements, and impedes our ability to prosecute those who violate U.S. export control laws. The solution is not simply to expand government by adding more licensing and enforcement personnel.

## NEED FOR REFORM

Without better discrimination among export items and destinations of greatest concern, the U.S. Government would need to continually expand its licensing and enforcement resources to cover every export part and component, even those destined for governments of close Allies. The current

system also is slowly strangling the U.S. defense industrial base and eroding America’s ability to manufacture domestically the parts and components needed for its own weapons systems.

## NATIONAL SECURITY DIMENSION

The Export Control Reform Initiative will improve our ability to meet national security and foreign policy objectives. The reforms will more stringently protect our most sensitive items, ensuring that such items do not go to end-users or end-uses of concern. As part of these reforms, the Administration is recalibrating the controls and licensing requirements on items that, if diverted, pose a low risk to national security, so the government can focus its review on and improve its ability to protect more critical items. This amounts to a good government prioritization of our export controls.

## ENHANCING EXPORT PROHIBITIONS

The reform initiative will enhance, not ease, the prohibitions on destinations like Cuba, Iran, North Korea, Sudan and Syria, and will reinforce the U.S. policy of not supporting China’s military modernization program.

“...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 Barack Obama*

To follow developments on the reform initiative, visit [www.export.gov/ecr](http://www.export.gov/ecr)