
The Coalition for Security and Competitiveness

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Presentation Highlights

- **The U.K.-U.S. Special Relationship**
- **Challenges to the Export Control System**
- **The Way Forward for Reform**
- **Coalition - Messaging and Proposals**
- **Conclusion**
- **Q&A**

The U.K.-U.S. Special Relationship

- **It is important to the U.S. government and U.S. industry to “get it right” with the U.K. while still addressing U.S. security concerns**
- **Commitment has been made at the highest levels**
- **This is a road we have traveled before, and lessons have been learned**
- **Progress on the “Special Relationship” and progress on the Coalition’s efforts are linked**
- **The time is now, and opportunities are available to pursue**

Challenges to the Current Export Control System

- **Globalization**
- **Technology**
- **Terrorism/State Level Threats**
- **Politics**
- **End Result - Export Control System lacks**
 - **Consistency**
 - **Efficiency**
 - **Predictability**
 - **Transparency**
 - **Impetus for change (?)**

The Way Forward for Reform

- **Foreign partners are important in a post 9-11 national security paradigm**
- **An inefficient and unpredictable export control system frustrates our partners**
- **USG should work with industry and foreign partners to make the export control system more predictable, efficient, and transparent**

The Way Forward for Reform

- **National Security Concerns**
- **Economic Concerns – (Dual Use)**
- **Adequate Resources and Better Management Will Improve System in the Short Term**
- **Process Improvements Can Create Context For Greater Changes in the Medium and Long Term**

Lead Messaging – “Old Speak”

LEAD: ECONOMIC IMPACT

COUNTRY: CHINA

**ASK: DE-CONTROL, “MASS-MARKET,” FOREIGN AVAILABILITY,
REMOVE LICENSE REQUIREMENTS**

BUZZWORDS: DECONTROL, “BROKEN”

PHRASE: “HIGHER WALLS AROUND FEWER THINGS”

PROOF: “HARMLESS” HOSES, SCREWS, SATELLITES, COMPUTERS

GOAL: REFORM, MARKET SHARE, SALES, JOBS

Lead Messaging – “New Speak”

LEAD: NATIONAL SECURITY

COUNTRY: ALLIED PARTNERS

ASK: MODERN PROCESS

BUZZWORDS: EFFECIENCY, PREDICTABILITY, TRANSPARENCY, “IMPROVE”

PHRASE: “KEEP TECHNOLOGY OUT OF THE HANDS OF THE BAD GUYS AND INTO THE HANDS OF THE GOOD GUYS”

PROOF: TIME SENSITIVITIES, SECURITY AND ECONOMIC NEEDS

GOAL: MODERNIZATION, SECURITY, AND COMPETITIVENESS

Bottom Line

Industry wants to partner with the Executive Branch and Congress to develop an improved export control system that denies technologies and capabilities to our adversaries

while also

harnessing the full security and economic benefits of aerospace trade and technology cooperation through reform that makes the current system more predictable, efficient and transparent.

Founding Members of the Coalition

- **Aerospace Industries Association**
- **AMT - The Association for Manufacturing Technology**
- **Coalition for Employment Through Exports**
- **Electronic Industries Alliance**
- **Information Technology Industry Council**
- **National Association of Manufacturers**
- **National Foreign Trade Council**
- **U.S. Chamber of Commerce**

Reform Proposals – Munitions List

GOAL: Measurable, Attainable and Meaningful Reforms that make the current system more Predictable, Transparent and Efficient.

Improve Policy Oversight, Regulatory Management and Engagement with Industry

- ✓ *State Strategic Policy Principles for Defense and Technology Trade and Cooperation*
- ✓ *Appoint a Senior Director at the NSC responsible for defense trade, export policy and technology cooperation*
- ✓ *Create a Presidential Advisory Body on Defense Trade and Security Cooperation*
- ✓ *Re-program funds for the Directorate of Defense Trade Controls (DDTC) to add a sufficient number of officers for agreements, licenses, and commodity jurisdiction evaluations*

Reduce the Regulatory Burden and Implement More Efficient Approaches to Licensing

- ✓ *Clarify International Traffic in Arms Regulations (ITAR) that govern the commodity jurisdiction process*
- ✓ *Keep items, particularly FAA-certified equipment, on the Commerce Control List (CCL) until after a final commodity jurisdiction determination is made*
- ✓ *Implement more efficient, effective, and transparent licensing procedures and technology disclosure review processes*
- ✓ *Establish a quarterly interagency appeals process (at the political appointee level) for decisions on critical jurisdiction and licensing applications*

Improve Transparency and Predictability

- ✓ *Provide industry “intent to deny” and “intent to Return Without Action” feedback before such decisions are finalized*
- ✓ *Accelerate implementation of a more robust electronic system for processing and tracking license applications, including licenses that require Congressional Notification*
- ✓ *Require license and agreement processing to follow reasonable and predictable metrics*

Reform Proposals – Dual-Use List

GOAL: Measurable, Attainable and Meaningful Reforms that make the current system more Predictable, Transparent and Efficient.

- **Create a license exception for the transfer of controlled items within companies**
- **Certify foreign end-users with strong compliance programs for favorable treatment**
- **Enhance procedural transparency in the licensing process to help companies comply**
- **Enhance the Commerce Department’s role in the “commodity jurisdiction” process for determining whether or not dual-use products should be treated as defense products and subject to State Department licensing**
- **Streamline the current complex controls on products with encryption features**
- **Ensure timely updates of the Commerce Control List (CCL) to reflect market availability**
- **Expand factors used to determine “foreign availability” of controlled items**
- **Revise the “re-export” controls to level the playing field for U.S. companies vis-à-vis foreign competitors.**

Conclusions

- **Proposals are specific, measurable, attainable, and meaningful**
- **The call for change has changed**
- **The need for change is more apparent than ever**
- **This issue has the attention of the Administration and Congress**
- **We have focus and strength in numbers**
- **The U.K.-U.S. relationship will be the prime beneficiary**

Resources

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