



US Export Control Reforms – One Year On! Warren Bayliss, Head of Export Controls, Defence Aerospace.

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The journey we have travelled

Absorbed
Initial 'shocks' of reform

2012

- Assessed impact of ECR.
- Analysed rule changes.
- Check understanding.
- Prepare transition plan.

Faced reality of reforms &
took action to prepare for
transition

2013

- Determine whether ITAR or EAR applies to product portfolio.
- Major re-classification exercise.
- Specially Designed Test.
- Correlation of USML Categories to CCL ECCNs.

Established new
licensing &
compliance regime

2014

- Product migration.
- Export Jurisdiction.
- Classification & New licenses.
- License Exceptions.

But...

- Riders & Conditions flow-down!

Where are we today?

Significant
number of
parts still to
be re-
classified

Some
Programmes
remain under
both ITAR &
EAR

Cautious over
new license
exceptions

Real
challenges
with US and
UK suppliers

'Grandfathering
Period' –
running out of
time!!

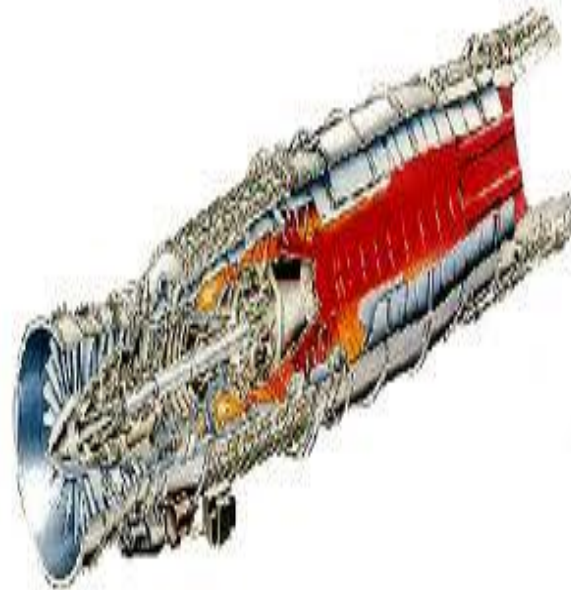
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Our journey continues...

Life has not got easier – it has just changed!



Complex

Communication

Compliance

Classifications

Cost ?

It is too early to assess overall impact

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ITAR to EAR Transition - Key Lessons Learnt

Plan early

Engineers have a key role to play

Establish process for classifications

BiS 748 License - Letter of Explanation is crucial

Flow down of riders & conditions – a real challenge



Communication and Training are essential

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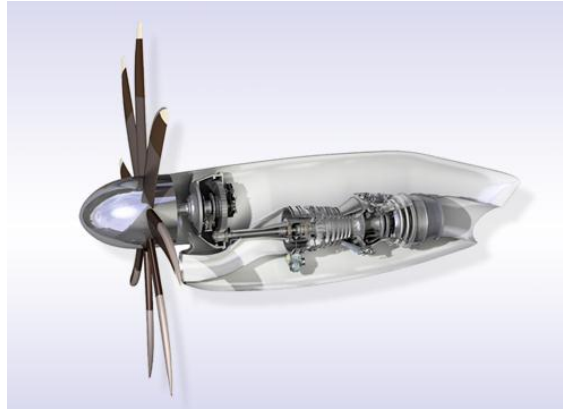
Understand your technology

ITAR or EAR?



Avoid co-mingling

Key US technologies



Understand how EAR controls re-exports of technology

Contamination



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Conclusion

- **Will take time to get used to the EAR.**
- **No early evidence that trade amongst NATO allies is more efficient.**
- **This will require single list, single agency & single IT system.**
- **Harmonisation of key ITAR & EAR terms.**
- **Harmonisation of licensing exceptions & structures.**
- **UK companies must think carefully about re-exports - do I need a licence?**
- **Must be familiar with Commerce Country Charts.**
- **De-minimus concept & challenge of record-keeping.**
- **Challenge of International Import Certificates.**
- **Significant record-keeping requirements for re-exports & license exceptions.**



And Finally

Transition has been challenging so far!



Hopefully we will start to see the potential benefits of ECR soon.

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