



Highlights of [GAO-08-710T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

In controlling the transfer of weapons and related technologies overseas, the U.S. government must limit the possibility of sensitive items falling into the wrong hands while allowing legitimate trade to occur. Achieving this balance has become more challenging due to redefined security threats and a globalized economy. The export control system is a key component of the safety net of programs intended to balance multiple U.S. interests.

The export control system is managed primarily by the State Department, which regulates arms exports, and the Commerce Department, which regulates dual-use exports that have military and civilian applications. Unless an exemption applies, arms exports require licenses, while many dual-use exports do not require licenses.

Based on GAO's extensive body of work on the export control system, this testimony focuses on export licensing inefficiencies, poor interagency coordination, and limits in State's and Commerce's ability to provide a sound basis for changes to the system.

In prior work, GAO made recommendations to address vulnerabilities in the export control system, but many have not been implemented. Because of these vulnerabilities and others identified in the larger safety net of programs, GAO has designated the effective protection of technologies critical to U.S. national security interests as a high risk area warranting strategic reexamination.

To view the full product, including the scope and methodology, click on [GAO-08-710T](#). For more information, contact Ann Calvaresi Barr at (202) 512-4841 or calvaresibarra@gao.gov.

EXPORT CONTROLS

State and Commerce Have Not Taken Basic Steps to Better Ensure U.S. Interests Are Protected

What GAO Found

State and Commerce have not managed their respective export licensing processes to ensure their effective operations. In November 2007, GAO reported that procedural and automation weaknesses, along with workforce challenges, created inefficiencies in State's arms export licensing process. In less than 4 years, median processing times for license applications nearly doubled, with State's backlog of open cases peaking at 10,000. According to State officials, the department has begun analyzing its licensing data and implementing actions that will allow it to better manage its workload and determine the most effective workforce structure. While Commerce's license application processing times for dual-use exports have remained relatively stable, the overall efficiency of its process is unknown. This is due in part to Commerce's lack of performance measures for all steps in its process and analyses that would allow it to identify opportunities for improvement.

Poor coordination among State, Commerce, and the other departments involved in the export control system has created vulnerabilities. State and Commerce have disagreed on which department has jurisdiction over the export of certain items. In one case, Commerce determined that an item was subject to its less restrictive export requirements when, in fact, it was State-controlled. Such improper determinations and unclear jurisdiction not only create an unlevel playing field—because some companies may gain access to markets that others will not—it also increases the risk that sensitive items, such as missile-related technologies, will be exported without the appropriate review and resulting protections. Further, State and Defense took almost 4 years to reach agreement regarding when certain arms export licensing exemptions could be used by exporters in support of Defense-certified programs. This lack of agreement could have resulted in export requirements being applied inconsistently. Also, in response to a GAO recommendation, State and Commerce only recently began regularly receiving information on criminal enforcement actions—information that is important to consider upfront when reviewing license applications for approval.

Despite dramatic changes in the security and economic environment, State and Commerce have not undertaken basic management steps to ensure their controls and processes are sufficient and appropriate for protecting U.S. interests. Notably, neither department has assessed its controls in recent years. Nevertheless, State and Commerce maintained that no fundamental changes to their export control system were needed. Earlier this year, the White House announced that the President signed directives intended to ensure that the export control system focuses on meeting security and economic challenges. Similarly, legislation to make changes to the export control system has been introduced. However, few details about the basis for these initiatives are known. In the past, GAO has found that export control initiatives not grounded in analyses have generally not resulted in the desired improvements to the system.