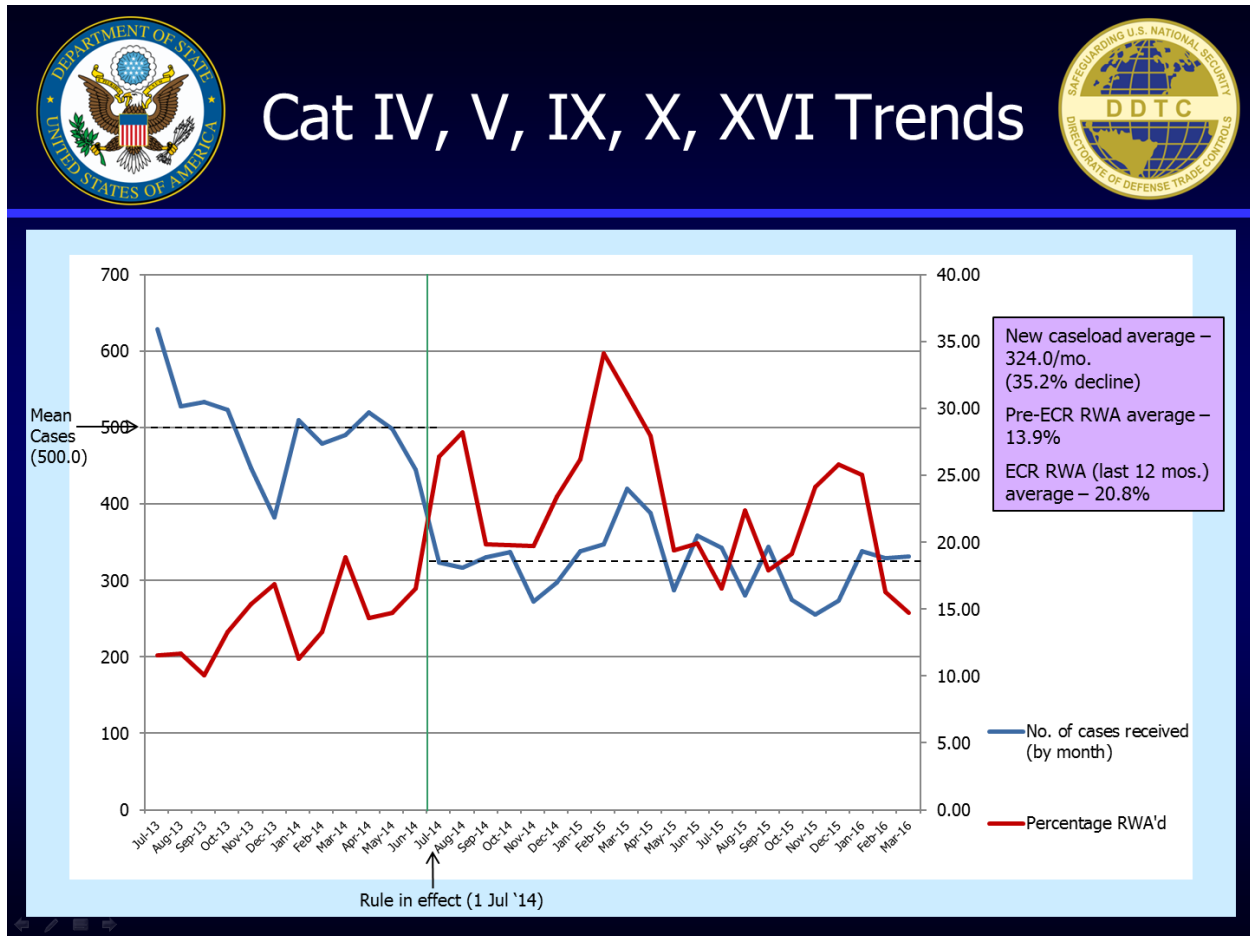


Export Control Reform

License Applications and U.S. Exports The Third Transition Rule Missiles and Explosives

October 15, 2013 to March 31, 2016

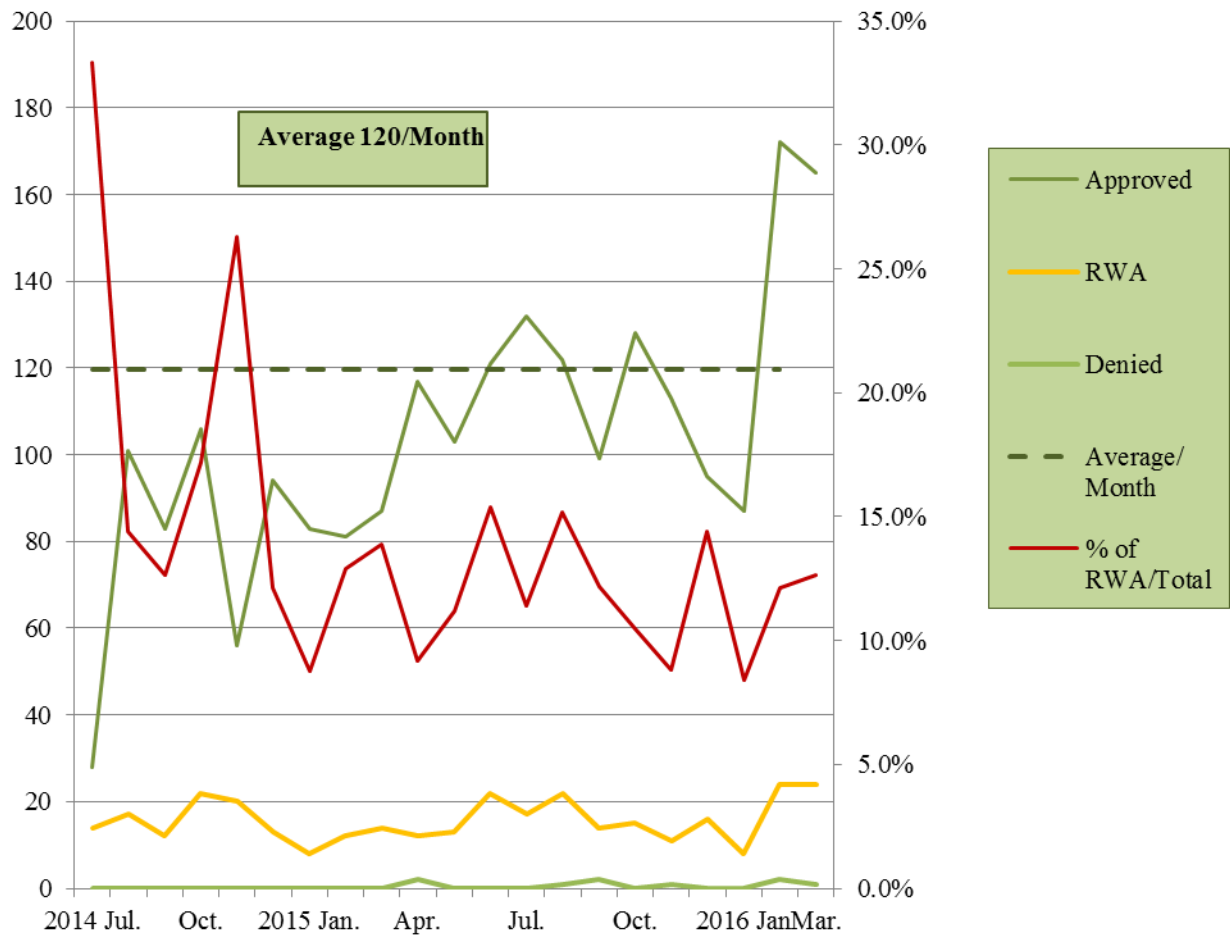
The license applications for items in categories IV (Missiles), V (Explosives), IX (Military Training Equipment), X (Protective Personnel Equipment) and XVI (Nuclear Weapons Design and Test Equipment) of the United States Munitions List (USML) have declined 35.2% from an average of 500 to 324 per month through March 31, 2016. The average monthly drop of 176 in license applications is the result of certain items transitioning to the Commerce Control List (CCL) under Export Control Reform (ECR).



Source: The Directorate of Defense Trade Controls of the U.S. Department of State, April 2016

Since the Third ECR Transition Rule became effective on July 1, 2014, the average number of BIS license applications for the twenty 600-Series items created by this rule is 120 per month through March 31, 2016. The approval rate is 86.5%.

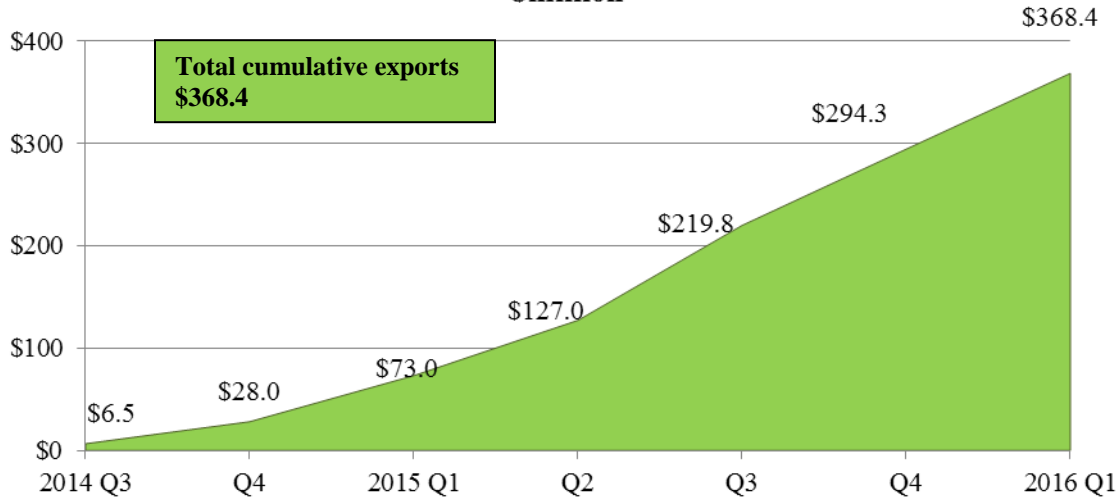
BIS License Applications for the Third ECR Transition Rule July 1, 2014 to March 31, 2016



Source: Commerce U.S. Exports Exporter Support System, April 2016

From July 1, 2014 to March 31, 2016, U.S. exports of items under the Third ECR transition Rule – Missiles and Explosives items (0y604, 0y614, 1y608 and 1y613) under BIS jurisdiction totaled 6,230 shipments¹ for \$368.4 million.

**The U.S. Cumulative Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to March 31, 2016
Smillion**



Source: Automated Export System, April 2016

**The U.S. Quarterly Exports of the Third ECR Transition Rule
Items under BIS Jurisdiction
July 1, 2014 to March 31, 2016**

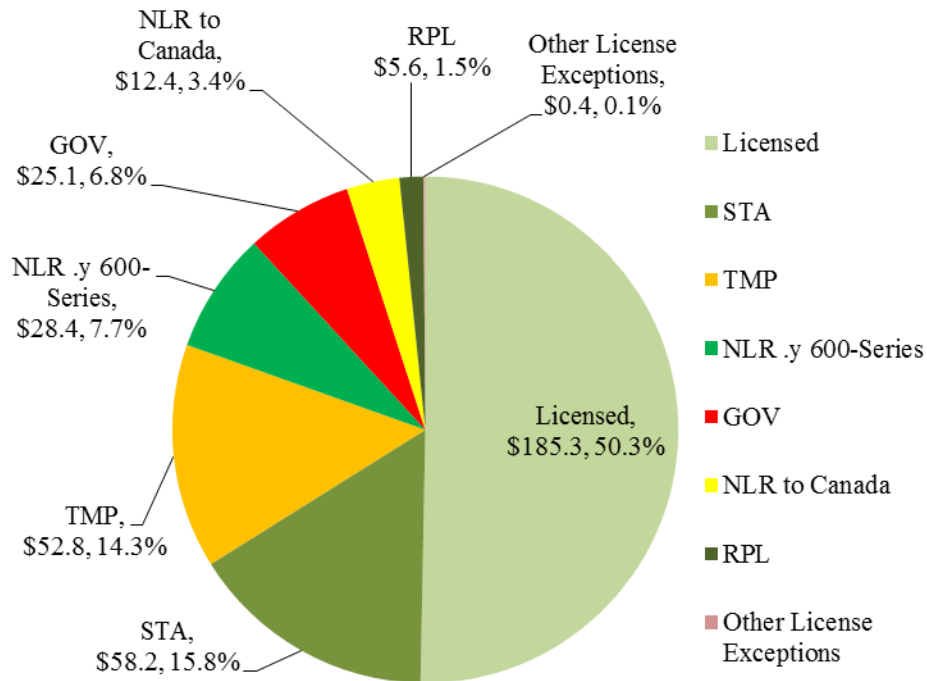


Source: Automated Export System, April 2016

¹ Shipments are defined as exports being sent from one order party to one consignee located in a single country of destination on a single conveyance on the same day.

Of the \$368.4 million of exports of 600-series items in the Third ECR transition rule under BIS jurisdiction, licensed exports totaled \$185.3 million (50.3% of the total); Strategic Trade Authorization (STA) totaled \$58.2 million (15.8%); and Temporary imports, exports, reexports, and transfers (in-country) (TMP) totaled \$52.8 million (14.3%).

**The U.S. Exports of the Third ECR
Transition Rule Items
by BIS License Type
July 1, 2014 to March 31, 2015**



Source: Automated Export System, April 2016

BIS License Exceptions:

STA: Strategic Trade Authorization

TMP: Temporary imports, exports, reexports, and transfers (in-country)

GOV: Governments, international organizations, international inspections under the Chemical Weapons Convention, and the International Space Station

NLR: No License Required

RPL: Servicing and replacement of parts and equipment