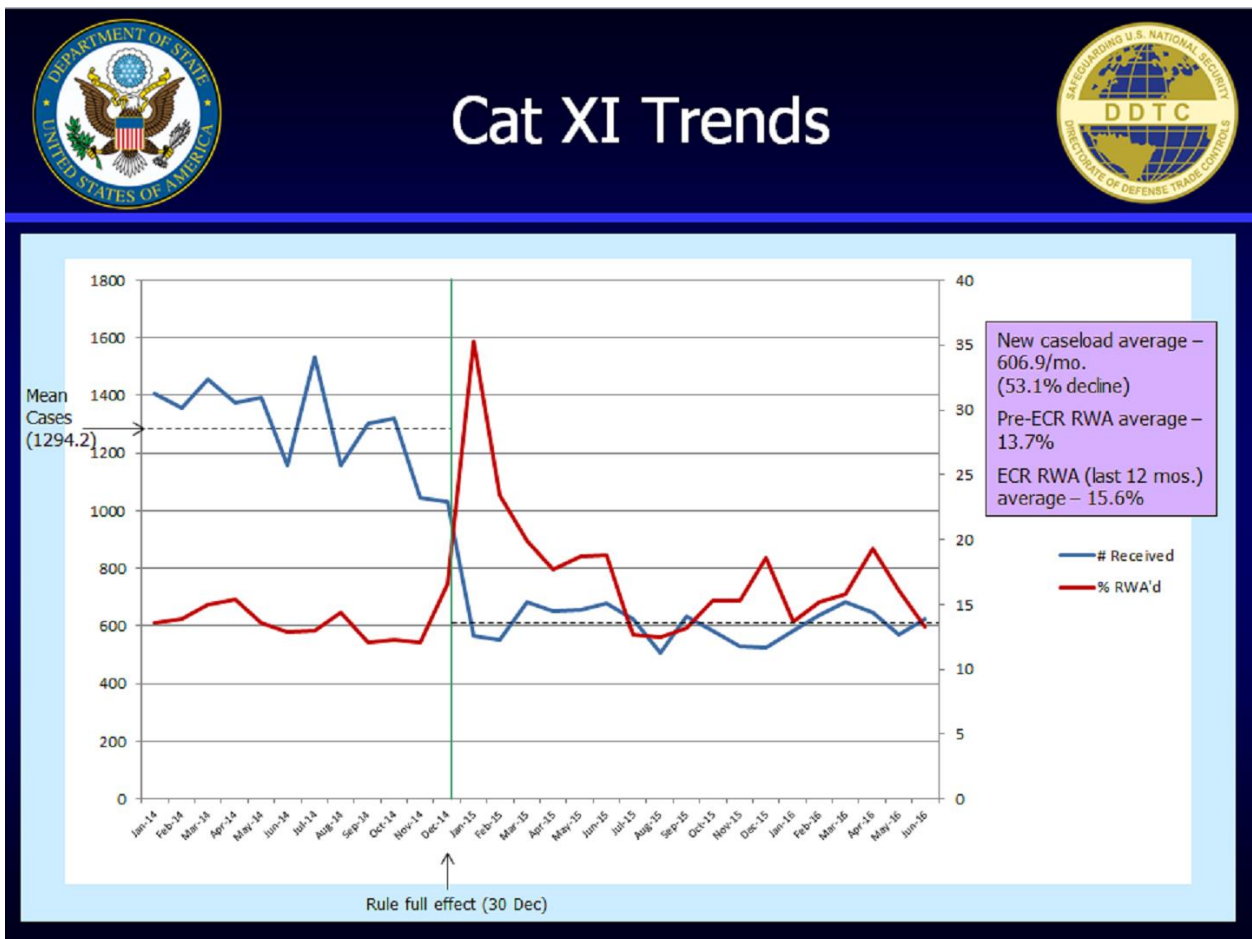


Export Control Reform

License Applications and U.S. Exports The Fifth Transition Rule Military Electronics

December 30, 2014 to June 30, 2016

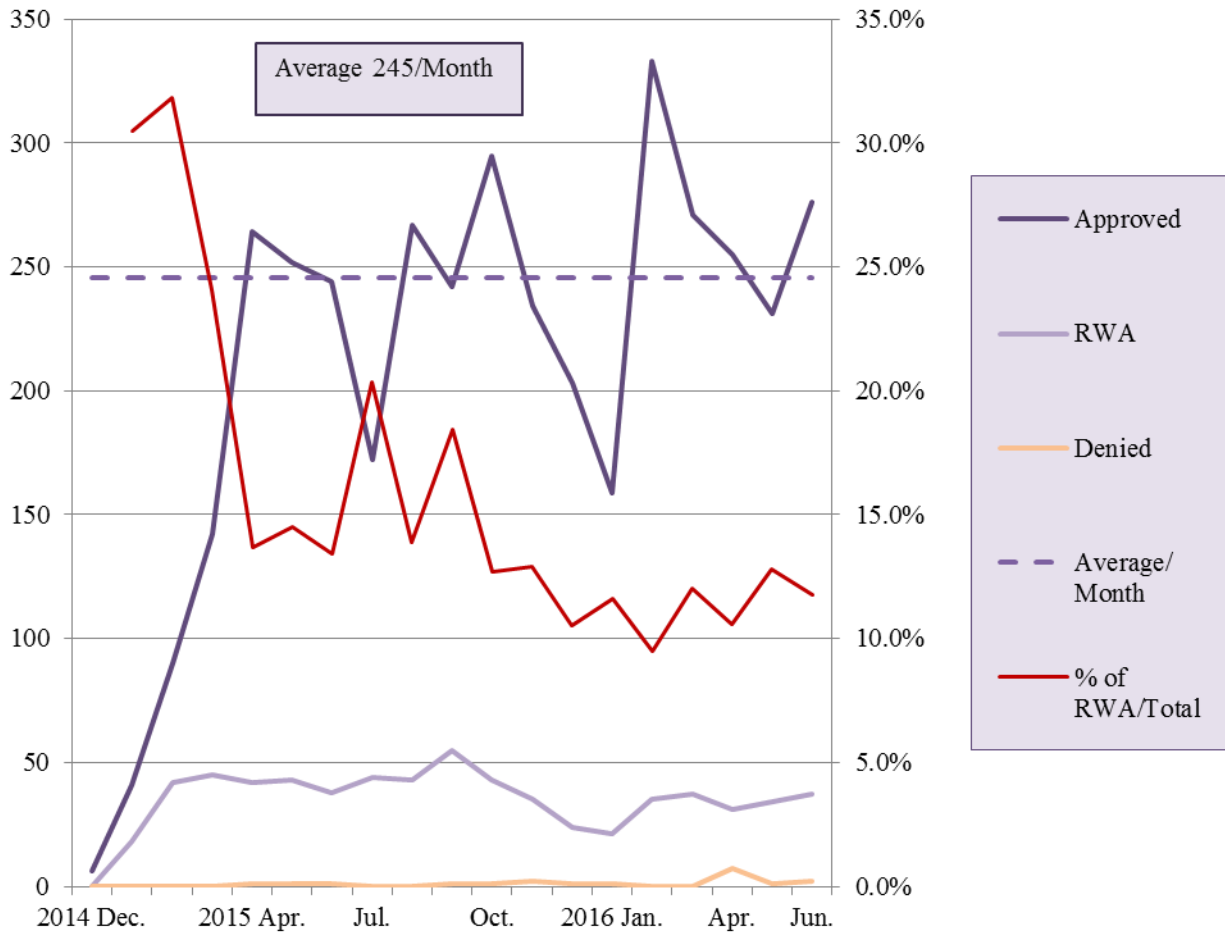
The license applications for items in category XI – Military Electronics of the United States Munitions List (USML) have declined 53.1% from an average of 1,294 to 607 per month through June 30, 2016. The average monthly drop of 688 license applications is the result of certain items transitioning to the Commerce Control List (CCL) under Export Control Reform (ECR).



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

Since the Fifth ECR Transition Rule became effective on December 30, 2014, the average number of Bureau of Industry and Security (BIS) license applications for the eight 600-Series items created by this rule is 245 per month through June 30, 2016. The approval rate is 85.3%.

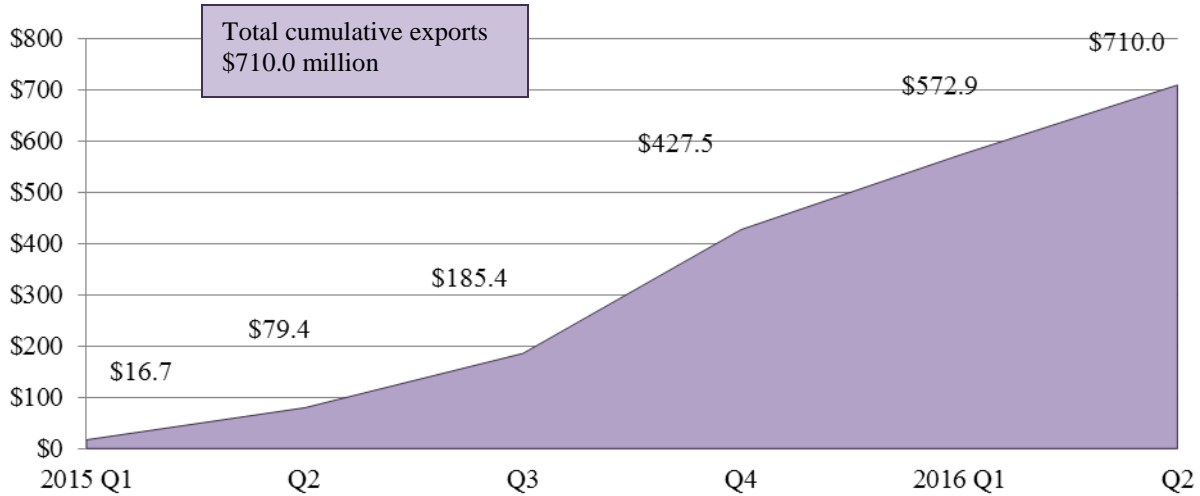
**BIS License Applications for the Fifth ECR Transition Rule
December 30, 2014 to June 30, 2016**



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

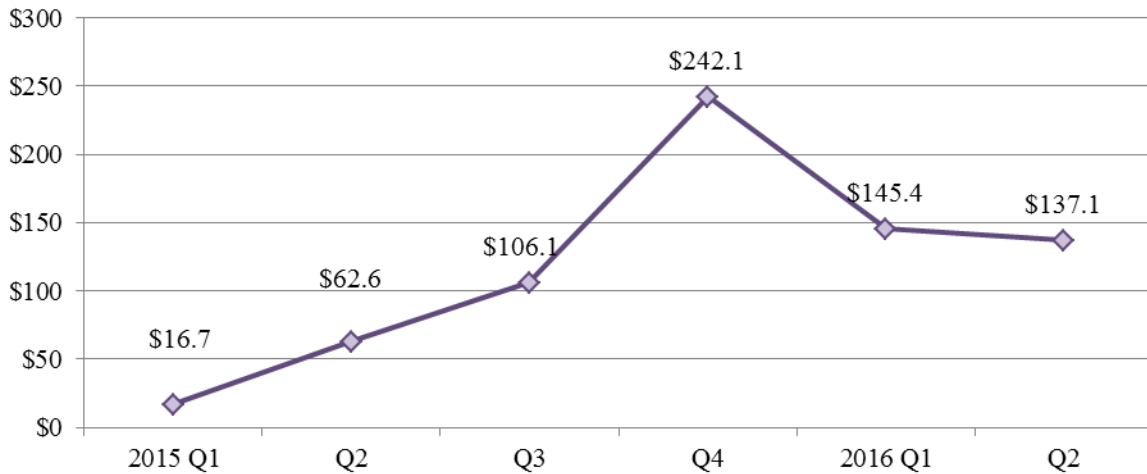
From the effective date of December 30, 2014 to the second quarter of 2016, the U.S. exports of items under the Fifth ECR transition Rule – Military Electronics items (3y611 and 9y620) under BIS jurisdiction totaled 11,606 shipments for \$710.0 million.

**The U.S. Cumulative Exports of the Fifth ECR Transition Rule Items under BIS Jurisdiction
December 30, 2014 to June 30, 2016
Smillion**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 2016

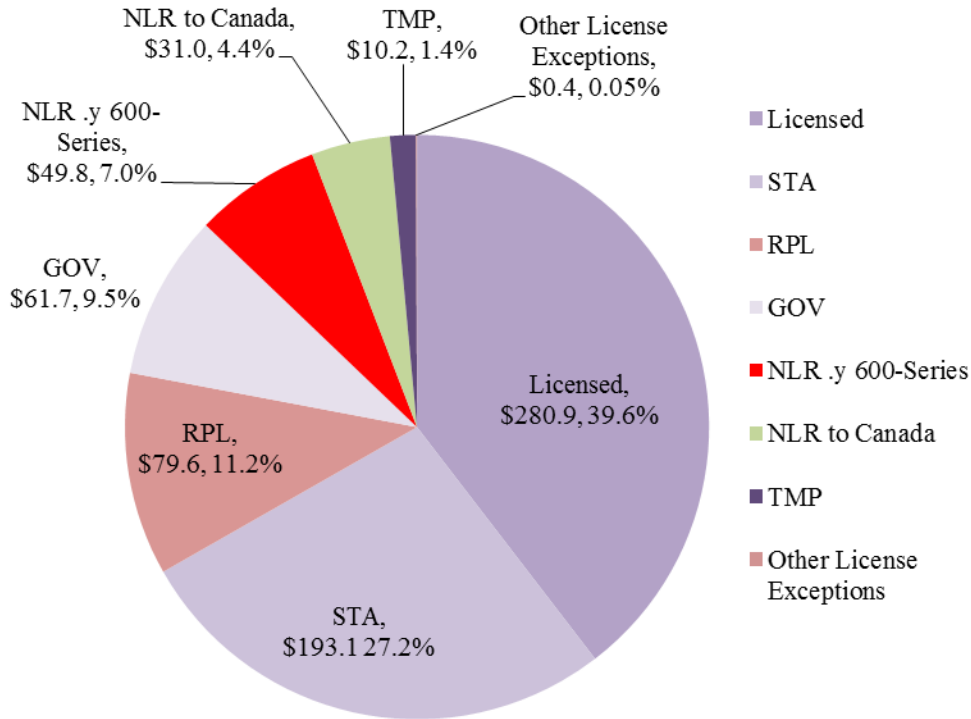
**The U.S. Quarterly Exports of the Fifth ECR Transition Rule Items under BIS Jurisdiction
December 30, 2014 to June 30, 2016
Smillion**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 2016

Of \$710.0 million in the U.S. exports of 600-series items in the Fifth ECR transition rule under BIS jurisdiction, licensed exports totaled \$280.9 million (39.6% of the total); Strategic Trade Authorization (STA) totaled \$193.1 million (27.2%) and Servicing and replacement of parts and equipment (RPL) totaled \$79.6 million (11.2%).

**U.S. Exports of the Fifth ECR Transition Rule Items
by BIS License Type
December 30, 2014 to June 30, 2016
Smillion**



Source: The U.S. Customs and Boarder Protection, Automated Export System, July 2016

BIS License Exceptions:

STA: Strategic Trade Authorization

RPL: Servicing and replacement of parts and equipment

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

NLR: No License Required