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## Chasing Satellites: Identifying Export Control Problems and Solutions

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## Chasing Satellites: Identifying Export Control Problems and Solutions

John Douglass

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In a globalized world where the United States (U.S.) faces threats from terrorist groups, rogue states, and others, effective export controls remain essential to our national security. These controls keep our most advanced technologies, weapons, and equipment out of the hands of our adversaries and rivals—an increasingly difficult task.

With these emerging security and economic challenges, however, technological cooperation with friends and allies is critical. Global trade can leverage the technological competitiveness and innovation of the U.S. industry and our foreign friends to build interoperability, trust, and capabilities critical to keeping the nation secure and advancing our interests abroad. This cooperation strengthens America's technological edge, sustains the industrial base, and enhances economic security.

Technology trade and cooperation, which is often subject to export controls, play a central role in supporting the aerospace and defense industry's 630,000 American jobs.<sup>1</sup> According to Aerospace Industries Association (AIA) estimates, U.S. aerospace companies posted a \$54.8 billion trade surplus in 2006, while the nation's merchandise import-export deficit exceeded \$600 billion.<sup>2</sup> The

aerospace industry exports 40 percent of its total product and, during some economic quarters, nearly 70 percent of its civil aircraft and components.<sup>3</sup>

The current U.S. export control system hurts the aerospace industry's ability to effectively support the nation's security and economic interests. This outdated system also increases costs and risk in our programs and closes off business opportunities with U.S. customers, partners, and allies. As a result, our friends abroad are losing trust in our ability to exchange technology in a timely and rational manner. These challenges are particularly acute in the space sector of the aerospace industry. Export control process and policy barriers continue to rise even as political, scientific, and business trends have led the U.S. to rely more heavily on foreign partners for cost-effective technologies, scientific talent, and sales and opportunities to sustain the U.S. industrial base.

Numerous studies, ongoing and recent, are aiming to establish a causal link between export controls and challenges facing the American space industrial base. These studies all focus on the impact of Section 1513(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, which shifted export control jurisdiction of commercial satellites and related items from the Commerce Department, which is responsible for licensing "dual-use" exports, to the State Department, which monitors the licensing of U.S. munitions list exports.

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<sup>1</sup>*Aerospace Facts and Figures*, [www.aia-aerospace.org/stats/stats.cfm](http://www.aia-aerospace.org/stats/stats.cfm) (accessed 5 November 2007).

<sup>2</sup>The Aerospace Industries Association (AIA) represents more than 100 regular and 180 associate member companies, and operates as the largest professional organization in the United States across three lines of business: space systems, national defense, and civil aviation. AIA represents a total high-technology workforce of

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640,000 that manufactures products for customers around the world.

<sup>3</sup>*AIA Aerospace Facts and Figures*.

## Challenges to the Export Control System

The U.S. export control system was designed during an era of U.S. technological dominance, a time in our history clearly defined by a bipolar security environment and bilateral trade. Protecting access to U.S. technology, the system's primary imperative, was much more easily accomplished under those circumstances. Trends in globalization, technology, and security threats have both redefined the system's standard of effectiveness and made the job much more difficult.

Globalization has created an interdependence between the U.S. and its foreign partners that is both valuable and irreversible. It is no longer possible, or even

*Changes in the global security environment exacerbate the risk-averse licensing behavior.*

desirable, for American companies to have purely domestic supply chains or focus exclusively on the domestic market. Foreign-sourced technology is sometimes better and more cost effective, and foreign customers offer sales opportunities that can make up for shortfalls in U.S. public and private sector acquisition. The new flow of information and technology is no longer a bilateral exchange, but a multilateral network with each move often requiring an export license. These factors account for the eight percent annual growth rate in export license applications cited by the State Department in the last few years.<sup>4</sup>

The export control system is tasked with evaluating the export of each element of technology, from data to components to entire

weapons platforms, for security risks. The private sector drives today's technological innovation at a level of complexity difficult to monitor, let alone thoroughly understand, by a government-operated export control system. Even modern "commercial" technology is increasingly sophisticated and arguably at some level capable of "military uses." Taken together, these two dynamics force the government to rely on industry, from primes to the lowest supplier, to know what licenses they should apply for and when, and woe to the company that gets the answers to those questions wrong. Liability concerns of the regulator and the manufacturer result in risk-averse behavior from both parties, causing the proliferation of both arguably unnecessary license applications that clog the system and of inordinately stringent decisions on what can be exported and under what conditions.

Changes in the global security environment exacerbate the risk-averse licensing behavior. Since the terrorist attacks of September 11, 2001, the U.S. has focused on addressing security threats from both traditional states and sub-state actors who can and do operate in the same places where the U.S. is sending technology. Moreover, our allies no longer share with the U.S. our position regarding the level or source of these threats, or the appropriate response to them. Consequently, licensing exports to even our closest allies can be viewed as risky to a government regulator.

In the end, both the political and economic resources necessary to address these trends have been absent in the U.S. export control system. Companies have repeatedly voiced concern that processing times are unpredictable and often extend 60 to 90 days before the review process is even initiated. Decisions and conditions on similar licenses can vary considerably and can, at times, even contradict the regulations governing the export control process.

All too often, discussions of the problems with the U.S. export control system move into esoteric realms of regulatory interpretation and legislative

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<sup>4</sup>Opening Statement of Chairman Brad Sherman, House Subcommittee on Terrorism, Nonproliferation and Trade, Hearing on Exports Controls: *Are We Protecting Security and Facilitating Exports*, 26 July 2007.

intent, relying on anecdotal rather than verifiable justification. While there may be a vague consensus that some problems exist within the export control system, industry has struggled to convince the administration or U.S. Congress to take action, let alone provide compelling solutions.

### **Commercial Satellites and Why Studies on the Space Industrial Base Matter**

The application of export controls to commercial satellites illustrates the impact of these trends and the futility of past attempts to achieve substantive policy change. To address the transfer of data from U.S. companies to Chinese authorities after the failed attempt of a Chinese rocket to launch a U.S. commercial satellite, congress passed legislation in the 1999 Strom Thurmond National Defense Authorization Act placing commercial satellites and related items on the U.S. munitions list. The transfer of commercial satellites, their components and any technical data to a foreign entity is now subject to the most stringent licensing treatment of the federal government, the International Traffic in Arms Regulations (ITAR) and its associated munitions list.

As a result, U.S. commercial satellite manufacturers forego sales to China or use of Chinese launch vehicles and obtain licenses for all other foreign sales or launches. The time, effort, and cost of obtaining these licenses are onerous, but manageable, given the downturn in sales opportunities for commercial satellites in recent years.<sup>5</sup> The consequences of this policy shift have been much more significant, however, for commercial satellite component manufacturers.

To respond to any Request for Proposal (RFP) from a foreign commercial satellite manufacturer, a U.S. component manufacturer must first obtain a license to send relevant technical and marketing data. While the queue for all munitions list export licenses has grown, each license in the queue has also become that much more complex and therefore takes that much longer to evaluate.

Assuming a U.S. component manufacturer gets a license in time to compete for and win a given contract, subsequent communications and hardware transfers between the U.S. manufacturer and its foreign customer are all subject to advance licensing requirements. Changes in the conditions of the transfer, such as allowing a new person in a foreign company to access the information or transferring information to another third-party, are commonplace in global manufacturing, but would result in a need for new licenses. Once a component on the U.S. munitions list is incorporated into any system, commercial or military, the government must give its approval, possibly with conditions, before that system is moved or sold.

The mounting frustration of foreign commercial satellite manufacturers under these circumstances is both reasonable and unsurprising. The ability of U.S. component manufacturers to respond to requests for information or meet shipment deadlines can be called into doubt when export licenses are required. In practice, regulators often interpret ITAR to require licenses for all U.S.-origin components, including nuts, bolts, washers, and hoses designed or modified for use in a commercial satellite, irrespective of how innocuous or low-tech they may appear. Since foreign manufacturers do not know who will eventually buy their satellites, they are wary of seeking permission from the U.S. government for the eventual movements of these components either to complete the manufacturing process or the eventual sale of what they believe is a purely commercial product. This is especially true if it means abandoning the Chinese market, to which foreign commercial satellite manufacturers have exclusive access in the absence of any U.S. competitors.

Two responses to these frustrations have negatively impacted American satellite component manufacturers. First, the number of foreign commercial satellite component manufacturers who would otherwise not have been viable competition against U.S. manufacturers has grown steadily. These foreign component manufacturers, unencumbered by

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<sup>5</sup>*AIA Aerospace Facts and Figures.*

licensing requirements and often with the financial support of their home governments, have successfully taken away market share from U.S. companies.<sup>6</sup> The second response, a preference both state and unstated for acquisition of “ITAR-free” components by foreign commercial satellite manufacturers and their customers, has compounded the impact on U.S. commercial satellite component manufacturers.<sup>7</sup>

In the nine years since the Strom Thurmond National Defense Authorization Act, the aerospace and defense industry has been unsuccessful in arguing for a need to revisit the application of export controls on commercial satellites and related components. The external barriers to change can be traced, in part, to legitimate concerns about compromising U.S. national security interests with hasty policy adjustments and the strained relationship between the relevant congressional committees, the House Foreign Affairs Committee and Senate Foreign Relations Committee, and the State Department when it comes to addressing export control matters. These tensions have previously preempted any productive discussion of viewpoints, let alone identification of ways to improve the status-quo management of the export control system.

The aerospace industry also shoulders part of the blame. The industry’s inability to provide definitive proof of the damage inflicted by the current system has been an obstacle to a successful campaign for this policy issue. Sympathetic officials within congress and the administration have, for years, asked for industry cooperation to quantify the impact of the regulations. The recent proliferation of government supported studies on export controls and the space industrial base are a response to the absence of reliable data.<sup>8</sup>

The initial explanation for this data void was to point out the challenge of isolating the impact of export controls on a loss of sales compared to a general downturn in the commercial satellite marketplace. There are times when companies lose contracts without being given a reason why or choose not to bid on a contract because they know they cannot meet RFP deadlines, which have shrunk considerably over the years as customers embrace greater options among non-U.S. component manufacturers, and no longer have to work with timetables convenient for U.S. manufacturers.

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The other challenge faced by our industry is the difficulty in acting collectively on such a sensitive issue. No company wants to be the “poster child” for export control problems, especially if it is trying to convince customers that it can be a

reliable supplier in spite of export license requirements. In some cases, companies that may have faced enough challenges to overcome their hesitation to “testify” either decided to abandon the product line or went out of business.

Despite these challenges, interest in export controls has recently surged within the administration and the U.S. Congress for three reasons. First, security and economic cooperation in the international arena is the new status-quo for the government, the military, and the private sector. Second, compliance challenges with export control policies and processes are more complex. Compliance-related delays or failing to conduct business because of compliance requirements

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<sup>6</sup>Ibid.

<sup>7</sup>“China’s Rocket Service Makes Inroads, Irks U.S.,” *Wall Street Journal*, 5 October 2007.

<sup>8</sup>The Space Policy Institute, Center for Strategic and International Studies, Organization for

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Economic Cooperation and Development, Institute for Defense Analyses, and the Space Foundation have all completed studies on export controls and the space industrial base between 2001-2007.

have more apparent security, economic, and even civil impacts than ever before.<sup>9</sup> Third, compliance challenges are no longer just the concern of a few large companies. Suppliers are becoming more internationally oriented, despite a lack of experience and resources to navigate the maze of U.S. export controls. AIA and its partners in the Coalition for Security and Competitiveness have spent the last year supporting and spreading this growing interest. In the process, the hope is to create a hospitable policy environment for the results and recommendations of these satellite and space industrial base studies.

### **The Coalition for Security and Competitiveness**

AIA is a founding member of the Coalition for Security and Competitiveness, an alliance of eighteen industry and trade associations committed to developing a modernized export control system. The coalition is advocating the development of a modern export control system that:

- accurately identifies and safeguards sensitive and militarily critical technologies;
- enhances U.S. technological leadership and global industrial competitiveness through more responsive and efficient regulatory management;
- facilitates defense trade and technological exchange with allies and trusted partners;

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<sup>9</sup>For instance, during a hearing in July in the House Science and Technology Committee's Subcommittee on Space and Aeronautics, Tommy Holloway, chair of the congressionally-mandated International Space Station (ISS) Independent Safety Task Force warned that International Traffic in Arms Regulations (ITAR) restrictions and objections by NASA's International Partners (IPs) to signing what the IPs believe are redundant Technical Assistance Agreements "are a threat to the safe and successful integration and operation of the Station."

- supports a strong U.S. technology industrial base and highly-skilled workforce;
- and promotes greater multilateral cooperation with our friends and allies on export controls.<sup>10</sup>

A predictable, efficient, and transparent export control system should enable America's broader national security strategy. The coalition has argued that the current export control system lacks these three basic qualities. The government must do a better job of making decisions on export authorizations in a timely manner. The Coalition would like to see a system that can deliver decisions on 95 percent of all license applications in 30 days, not the current 55-plus days it often takes.<sup>11</sup> The license process must also be predictably consistent with applicable laws, regulations, and policies. Comparable export applications under the same conditions should receive the same or similar approvals in the same or similar time frames. The rules governing the license process must be interpreted and used consistently, and the U.S. industry and its foreign partners should be able to quickly and easily access the status of their applications. The current system is paradoxically hurting national security, U.S. economic strength, and U.S. technological competitiveness, and the problems will only continue to worsen if no action is taken.

The coalition has focused its first phase of action on improvements to the current system that could have an immediate, positive impact on predictability, efficiency, and transparency in license processing. These recommendations were intended to be measurable, attainable, and meaningful. The coalition also agreed to focus, at least initially, on process improvements that the administration could implement under existing statutes. Meanwhile, mindful of congressional

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<sup>10</sup>Additional information on the Coalition for Security and Competitiveness and its associated proposals can be accessed at [www.securityandcompetitiveness.org](http://www.securityandcompetitiveness.org) (accessed 15 November 2007).

<sup>11</sup>Ibid.

interest in this issue, the coalition is organizing briefings with congressional committees and offices on the importance of this issue and how the coalition's proposals will help pave the way for a complete reexamination of the system.

Since commercial satellites and their components are regulated by the U.S. munitions list, the coalition's defense trade proposals are profoundly relevant and cut across all parts of the federal government.<sup>12</sup> The coalition has called on the White House to restate the strategic policy principles that govern the operation of the U.S. export control system. This statement should highlight the need to capture the full security and economic benefits of prudent technology exchange with our friends and allies. The coalition also recommends the appointment of a senior director at the National Security Council to focus on conventional defense and dual-use export controls by separating these issues from the non-proliferation portfolio. The coalition has called for the creation of a new presidential advisory body to establish a dialogue between the executive branch, congress, and industry on defense trade and technology cooperation.

While the coalition is not challenging the administration's national security determinations on transactions, decisions need to be made consciously, consistently, and clearly at the policy-making level. This is especially critical for the rules governing the commodity jurisdiction process, a process that determines whether the State Department or Commerce Department has jurisdiction over an export authorization. A significant number of export licenses that clog up the current system may, in fact, be unnecessary if the interagency process that evaluates such

transactions all follow the same regulatory interpretation.

In commodity jurisdiction and other policy-related cases where the interagency process must come to a consensus decision, an interagency appeals process for precedent-setting decisions would help ensure that policy and process are consistent and relevant to changing circumstances. Such quality control, or a review of licenses denied or "returned without action" (RWA), would be helpful at the transaction level. The coalition has offered defense proposals that will primarily require the leadership of the State Department to implement. The most immediate of these proposals is funding the hiring of additional licensing and agreements officers to handle the eight percent annual growth rate in defense license applications and the license backlogs that have ranged from 5,000 to 10,000 licenses in recent years.<sup>13</sup> In addition to advocating for extra personnel to handle this challenge, the coalition asked the administration to consider and develop new approaches to caseload management, particularly the licensing caseload generated by government programs with allies and partners. New management approaches are needed to reduce the number of authorizations related to a given program and to facilitate efficient interaction with program partners.

Finally, the coalition called for a more robust electronic system for processing licenses that enhances transparency. The system should track not only the current status of license applications across the entire interagency process, but also their transit times and next steps against mandatory timelines. The industry is interested in tracking licenses that require congressional notification from when they are first submitted to the government to when they are sent to congress for review.

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<sup>12</sup>Statement of U.S. Government Accountability Office (GAO), Director for Acquisition and Sourcing, Ann Calvaresi-Barr, House Subcommittee on Terrorism, Nonproliferation and Trade, Hearing on Exports Controls: *Are We Protecting Security and Facilitating Exports*, 26 July 2007.

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<sup>13</sup>See [www.securityandcompetitiveness.org/proposals/show/2241.html](http://www.securityandcompetitiveness.org/proposals/show/2241.html) (accessed 1 December 2007).

## **A New Approach to Export Controls on Satellite Components**

There is a short-term, medium-term, and long-term way that the coalition's efforts can directly support U.S. commercial satellite component manufacturers and, by extension, the space industrial base. Given the status-quo legislative situation that places commercial satellites and related items on the munitions list, any adjustments that improve the current processing of munitions list export licenses by the State Department will be useful. Satellite component manufacturers would have a much easier time meeting their customers' deadlines and, almost equally as important, incorporating predictable timelines into communications and hardware deliveries to their customers. American and foreign satellite manufacturers using U.S.-origin components would also experience fewer delays in seeking approval for sales and launches involving third-party countries. Needless to say, all other space-related technologies controlled by the State Department would enjoy the same benefits.

In the medium-term, the coalition's call for a renewed dialogue on caseload management, specifically improved program licenses, could arguably be applied to the challenges faced by commercial satellite and component manufacturers. In the past, the aerospace industry has tried to take advantage of program licenses that grant pre-approval for a slate of transactions between U.S. and foreign customers and partners. Eligibility for these program licenses are currently restricted to major weapons programs. The paperwork required to prove compliance with the terms of a program license is more time-consuming than simply obtaining individual licenses for each transaction. Applying for a program license requires

**The coalition has proposed that program licenses expand to include more than major weapons programs.**

companies to lock in a significant amount of information on what and how they will be operating without much flexibility to address changes in export transactions. In the end, program licenses are less useful than continuing to apply for licenses for individual transactions.

The coalition has proposed that program licenses expand to include more than major weapons programs. Ideally, these program licenses would cover transactions between U.S. companies and their foreign subsidiaries or parents, focused research and development (R&D) projects on critical technologies, such as anti-improvised explosive devices (IEDs) and missiles, and possibly even commercial satellite platforms. To be useful, these licenses must be more flexible and less onerous than the cumulative requirements for all license applications necessary for the same set of transactions.

In the long-term, a legislative fix and a coalition-supported regulatory fix will balance the national security and economic imperatives driving export controls on commercial satellites and their components. The legislative language currently references all commercial satellites and related items. To the surprise of congressional staff involved in the drafting of the original legislation, the State Department has chosen to interpret this language to eliminate any need to evaluate the risk of exporting a commercial satellite component. All commercial satellite components are instead licensed and treated as munitions list items:

I feel some sense of responsibility for what happened," said David Garner, a retired Air Force colonel. Garner had helped put together the 1998 legislation that was designed to add commercial communications satellites— like those that had been implicated in the transfer of sensitive technology to the Chinese by a House committee led by then Rep. Christopher Cox— to the Munitions List, meaning that their export would be overseen by the



State Department rather than the more permissive Commerce Department. That was, Garner said, exactly what he thought the legislation did.

Shortly after the bill became law, he recounted a meeting where he and other officials discussed the legislation. At that time, he said, “we all had a pretty good sense of what we were going to do, and then the legal office of political affairs at State said, “Well, you know, all the parts and components on those comsats are captured, too.” We all sort of looked at each other said, “I didn’t write that. Did you write that?” None of us around the table believed that that’s what we had done, but in fact that’s what ended up.”<sup>14</sup>

A legislative change that either eliminates the reference to “related items” or even adds a qualifier like “related items that have significant military application” would clarify congressional intent. The structure of the munitions list allows it to capture all items designed or modified for use by a specific munitions list line item, like commercial satellites. With the legislative change, commercial satellite component manufacturers could make a case, specifically a commodity jurisdiction request, to transfer an item back to Commerce Department control without immediately being turned away because of the legislation. Convincing lawmakers to explore such a change would likely require credible studies and recommendations that link export controls and damage to the space industrial base affecting U.S. security and economic interests.

A related and necessary step is adoption of the coalition’s recommendations on commodity

jurisdiction evaluations.<sup>15</sup> Existing export control commodity jurisdiction regulations, specifically sections 120.3 and 120.4 of ITAR, allow for flexibility in determining the risk of an export based on consideration of commercial availability as well as military and intelligence applicability. These ITAR sections are not being interpreted or implemented in a consistent and predictable fashion. Commodity jurisdiction decisions on components have been based on purely cosmetic modifications of commercial off-the-shelf technology. In addition, the Commerce Department’s expertise in analyzing commercial applications of technology is not always valued appropriately. The coalition has requested enhanced oversight of the interagency commodity jurisdiction process to ensure it correctly and consistently follows existing regulations, and clarifying guidelines on the proper use of regulations and interagency input during the evaluation process.

The coalition is mindful that piecemeal improvements to the existing system will not allow it to effectively address the security and economic challenges and opportunities of the 21<sup>st</sup> century. For this reason, the coalition has begun discussing and identifying the key elements of a “model modern system” to compare with the existing system. The best long-term solution to addressing the negative impact of export controls on U.S. security and economic interests would be adopting key elements of this model system to better evaluate rationally, precisely, and efficiently the risks and rewards of U.S. technology exports.

### **The Changing Face and Fate of Export Controls**

For years, export controls have been something of a “black art” in Washington, DC. Understood by few and misunderstood by many, the laws and regulations designed to keep sensitive U.S. technology in responsible hands have evolved

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<sup>14</sup>See 26 February 2007, *The Space Review*, article by Jeff Foust.

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<sup>15</sup>See [www.securityandcompetitiveness.org/proposals/show/2241.html](http://www.securityandcompetitiveness.org/proposals/show/2241.html) (accessed 5 December 2007).

slowly, while the global market for aerospace and the need for strong military alliances have flourished. Export control laws still remain arcane, but the potential for modernization is emerging on the horizon.

Through history, export controls were something one entity visited upon another. Whether it was the U.S. Congress placing restrictions on the administration, the administration on industry, or any one country on another, export controls have never been rooted in open political dialogue. That has changed noticeably in recent years, and the Coalition for Security and Competitiveness has expanded this dialogue through consultations at all levels of the interagency process and visits with almost every office of every member of the congressional committees of jurisdiction.

The administration welcomed the launch of the Coalition for Security and Competitiveness in March of 2007 and has spent the last few months reviewing its proposals. By end of 2007, assuming successful completion of the interagency review process and the absence of major opposition from congress, the administration will likely announce its plans to move forward on a number of coalition recommendations to make the U.S. export control system more predictable, efficient, and transparent.

The administration also recently proposed defense trade treaties with the United Kingdom (UK) and Australia that would reduce impediments to technology trade with those countries, while maintaining stringent security standards.<sup>16</sup> The outreach and ongoing dialogue by the administration has recently ramped up, and the resulting reception from congress has been warm. As the experience of the U.S.-UK treaty indicates,

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<sup>16</sup>U.S.-UK Treaty text available at [www.state.gov/t/pm/rls/fs/90740.htm](http://www.state.gov/t/pm/rls/fs/90740.htm), and U.S.-Australia Treaty text available at [www.state.gov/t/pm/rls/fs/91763.htm](http://www.state.gov/t/pm/rls/fs/91763.htm) (both accessed 15 December 2007).

congress is now more willing than ever to consider new concepts in export control.<sup>17</sup> Perhaps, the most compelling reason for this shift in congressional opinion is that the underlying justifications of export control have changed. America only benefits from its technological edge by sharing it prudently and can only sustain that edge by honing it with the innovations and contributions of our military allies and trading partners. Determining which countries and users get which pieces of that technology should vary not only according to their need, but also according to their demonstrated ability to protect what they get. The U.S. default position should hold that responsible states who work and fight alongside the U.S. should also benefit, when practical, from U.S. technology.

Another evolution is evident in who has been advocating for modernization of export controls. Traditionally, the high-technology defense industry has been interested in export control because its products were most likely to be controlled. With global markets opening, though, that industry has been joined by representatives of

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<sup>17</sup>The U.S.-UK treaty referenced here deals with defense trade cooperation. This treaty permits the export of certain U.S. defense articles and services to the UK Government and select British companies that meet specific requirements, without U.S. export licenses or other prior approvals. It also ensures the continuation of the British policy of not requiring a license for the export of UK defense articles and services to the U.S. The Treaty will create an approved community of the two governments and selected defense companies. Most U.S. defense articles will be eligible to be exported into and within this community without prior U.S. Government licenses or other authorizations as long as the exports are in support of: combined U.S.-UK military or counterterrorism operations; joint U.S.-UK cooperative security and defense research, development, production, and support programs; specific security and defense projects that are for UK government use only; and U.S. government end-use. See U.S.-UK Treaty text at [www.state.gov/t/pm/rls/fs/90740.htm](http://www.state.gov/t/pm/rls/fs/90740.htm).

every sector of American business. The Coalition for Security and Competitiveness brings together technology businesses as diverse as the National Association of Manufacturers and the U.S. Chamber of Commerce, who represent every sector of the economy.

U.S. businesses have woken up to the extent to which outdated export control provisions hinder America's ability to compete in the global marketplace. They have seen technologies widely available from competitors prosper, while we restrict U.S. companies from exporting functionally similar items. They see the reality of globalization in all facets of modern business and the pervasiveness of high-performance technologies in such transactions. In short, industry needs fewer licenses on no-risk and lowest-risk exports, with necessary licenses approved quickly enough to get the job done.

Future discussions on export controls, commercial satellites, and the space industrial base, spurred by effective government studies, should take lessons from the success of the Coalition for Security and Competitiveness. The coalition's proposals for export modernization focus on the crux of the issue: increasing predictability, efficiency, and transparency in the current system. The aerospace and defense industry is not looking to "de-control" exports irrespective of legitimate national security concerns, but merely to add speed and consistency to the process.

In the near-term, this can be done by increasing resources for export licensing agencies and finding more efficient ways to manage the risk of technology exchange. In the long-term, the challenge of increasing political resources, particularly oversight of policies and regulations, to ensure the quality and consistency of licensing and commodity jurisdiction decisions must be addressed. America's foreign allies also play a role by recognizing that, to maximize the security and economic benefits of technology exchange with the U.S., they must accommodate and address legitimate security concerns.

The U.S., and those joining the industrial push for export control modernization, is buoyed by the mounting recognition that improvements to the system will not interfere with legitimate national security concerns.<sup>18</sup> Dialogue among the agencies, congress and the industry remains critical. In the absence of such a dialogue, it would be easy to mistakenly assume that common ground in seeking to address the risks associated with technology exchange is not sought. Export controls have traditionally been about denying the "bad guys" any access to the "good stuff." That has to remain a core value. But, it is also more important than ever to make sure that the "good guys" have a pipeline to the "good stuff" and, when possible, that the "good stuff" is coming from U.S. manufacturers.

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<sup>18</sup>Baker Spring, *A Step Forward in Reforming the United States Arms Export Control Process*, 9 April 2007 (accessed at <http://www.heritage.org/Research/NationalSecurity/wm1416.cfm>).