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**June 2013 COGR Meeting Thursday Afternoon Presentation - Bernard Kritzer**

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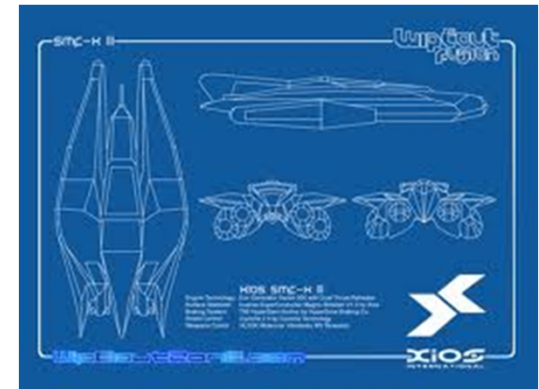
# **Deemed Exports Update**

**Council on Government Relations Conference**

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United States Department of Commerce  
June 6, 2013**

# How is technology exported?

- An export takes place when there is an actual shipment or transmission from the US; or
- When there is any release of technology or source code to a foreign national (**Even in the US**)



## U.S. Government Concerns – Four Questions

- Why is the U.S. Government concerned about the export of technology?
- To whom are technologies controlled?
- What technologies are controlled?
- How are the technologies controlled?

# Why are Items Controlled?

- Safeguard national security
- Foreign targeting of critical technologies
- Enhance U.S. competitiveness and technology leadership
- Therefore, prevent diversion of technology to bad people, bad place and bad end-uses.

# To Whom are items controlled?

- Countries that pose a military threat re: conventional arms
- Proliferators of weapons of mass destruction
- State sponsors of terrorism
- Terrorist groups and persons

# What Technologies are Controlled?

- Technologies for the “use”; “development”; and “production” of items on the Commerce Control List.
- Most technologies are based U.S. participation and administration of multilateral controls (e.g., Wassenaar)
- Anti-terrorism controls on 5 countries

## How are Items Controlled ?

- Licenses for items on CCL
- BIS 22,800 license in CY2012 with 85% approval rate
- Denial rate <1%
- Processing time under 30 days
- BIS educates exporters to increase compliance with the regulations



# Deemed Licenses Statistics

- |             | Approved | Rejected |
|-------------|----------|----------|
| ■ 2011----- | 1,160    | 4        |
| ■ 2012----- | 842      | 2        |
- Top Country - China with 622 approved licenses in CY2012; top ECCN – 5E001
  - Universities not a major source of deemed license applicants

# Evolution of Deemed Exports

- 1994-1997: Initial Licensing regime and U.S. technology growth (700+ licenses),
- 1997-2004: Streamlining licensing,
- 2004-2011: Engagement with academic community; the DEAC; and ETRAC

# Evolution of Deemed Exports

- 2011-Present: entrance of more universities and research institutes,
- Growth of Industry-University research partnerships.
- Increase in U.S.-foreign university collaboration on research
- University participation in Federally funded research
- Compliance Iceberg

# BIS/Academic Dialogue

- Conducted 29 deemed outreach activities in FY 2012, a record
- BIS is working with the academic community and the President's Export Council Subcommittee on Export Administration Outreach Committee to expand the dialogue.
- Universities participate and support the work of the Emerging Technology Research Advisory Committee.
- Export Control Reform – public comments
- Development of interactive compliance tools and virtual training.
- Additional focus conferences to compliment August 2012 University of Washington and March 2013 University of Pennsylvania activities.

# Export Control Reform and Academia

- License Exception Strategic Trade Authorization and Deemed Exports
- Commerce's March 2013 Transition Rule revised License Exception Technology and Software-Unrestricted:
  - "authorize the release in the United States of "technology" and source code that is subject to the EAR by U.S. university to foreign persons who are their bona fide and full time regular employees" subject to certain conditions.*
  - Note: no release to foreign nationals from countries subject to U.S. Arms Embargo

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