

**Statement By**  
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**Acting Deputy Assistant Secretary of State for Defense Trade,**  
**Before the**  
**House Foreign Affairs Committee**  
**Subcommittee on Terrorism, Nonproliferation and Trade**  
**December 9, 2009**

Thank you Chairman Sherman and members of the subcommittee for this opportunity to testify on the export control processes and policies of the Department of State.

The Directorate of Defense Trade Controls (DDTC) in the Department of State administers the U.S. Defense Trade system. Its mission is to advance U.S. national security and foreign policy through the licensing of direct commercial sales of defense articles and services, and the development and enforcement of defense trade export control laws, regulations, and policies. Like any regulatory agency, our goal is to perform that mission in a manner that is as efficient, transparent, and predictable as possible while preventing exports or retransfers of U.S.-origin military equipment and technology that are counter to or could undercut U.S. national security and foreign policy interests.

Several years ago, and not without justification, the Directorate had a less than stellar reputation for its processing of license applications. In Calendar Year 2006, the Directorate processed 70,000 license applications with an average processing time of 43 calendar days. This does not tell the whole story, however. At one point in September of 2006, the Directorate had over ten thousand license applications open and awaiting final action. Also during that year, over fifteen thousand applications took over 60 days to be resolved.

I am proud to say that the situation has changed radically for the better. In 2008, the Department processed almost 84,000 license applications while decreasing the average processing time to just over 16 calendar days; the number of applications open at any one time averaged 3400; and, the number of cases that took over 60 days to resolve was reduced to 1100. I am also extremely proud to note that this was not an isolated event or the result of extraordinary exertions that cannot be sustained. So far in 2009, the Department has processed over 70,000 licenses with an average processing time of just 15 calendar days. The number of open cases at any one time has dropped to an average of 3300—that is less than the number of cases we receive in a typical two week period.

Improvement of this magnitude requires changes to process, policy, and practices as well as a sustained effort on the part of all those involved in export controls. The promulgation of National Security Presidential Decision (NSPD) -56 provided the impetus for many changes in the policy and processing of licenses, including the establishment of a 60-day limit on processing unless national security and foreign policy concerns required additional scrutiny, and the requirement for applicants to utilize electronic licensing.

Department of Defense support of the policy and process improvements was also critical. The Defense Technology Security Administration has been a steadfast partner in all the regulatory and policy changes; and, most importantly, in its own process improvements, which includes the use and continued refinement of a “do not staff list” identifying the technologies and circumstances that do not require DoD review.

Finally, and most importantly, these improvements have been the result of actions within the Directorate itself. We have done a detailed review of processes,

policies, and practices used in licensing; developed internal standard operating procedures; published guidelines and policy notices to the exporting community; and, maintain a sustained effort on all fronts to improve the process on a daily basis. Kevin Maloney and his team in the Office of Defense Trade Controls Licensing deserve much of the credit for these improvements.

Regulatory changes have and will continue to play a part in the improvements. For example, changes to the U.S. Munitions List to better explain the existing policy used to establish jurisdiction over aircraft parts and components consistent with the Export Administration Act Section 17(c), have significantly reduced the number of aircraft related commodity jurisdiction requests. Expansion of the exemption that permits retransfers without prior approval, to include NATO agencies, has likewise had a positive impact. The Department recently published a draft rule to clarify the exemption for exports in furtherance of Foreign Military Sales cases, and work has just been completed on a draft rule to clarify exports exempt from licensing when “by or for” the United States Government. Other improvements are on the drawing board.

In summary, improvements to date have been impressive and will continue. The Department is committed to making the system efficient, transparent, and predictable. Our goals are three fold: first, to establish a regulatory regime that requires licenses only when required by law or when the U.S. national security and foreign policy concerns are a factor; second, to make the process as expeditious as possible when a license is required; and finally, to design the process to support enforcement. Any specific future improvement that may be implemented will depend upon a number of factors, including the impact of any legislation that might be forthcoming. However, any improvement, as Under Secretary Tauscher

and Assistant Secretary Shapiro have made clear, will be executed with U.S. national security being the primary consideration.

I would be happy to respond to your questions.