

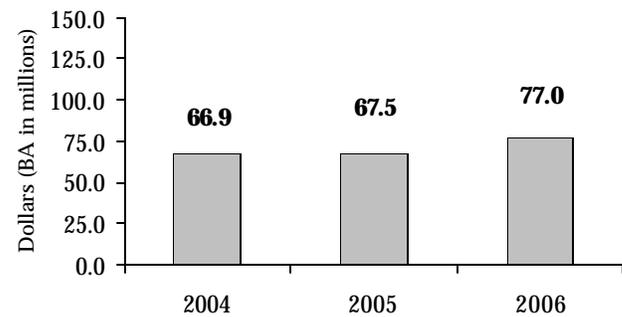
## Bureau of Industry and Security

The mission of the Bureau of Industry and Security (BIS) is to advance U.S. national security, foreign policy, and economic interests. BIS regulates the export of sensitive goods and technologies in an effective and efficient manner; enforces export control, antiboycott, and public safety laws; cooperates with and assists other countries on export control and strategic trade issues; assists U.S. industry to comply with international arms agreements; and monitors the viability of the U.S. defense industrial base.

BIS's principal activities include:

- Administering U.S. dual-use export controls: BIS imposes controls on exports of dual-use goods and technology to counter proliferation of weapons of mass destruction, combat terrorism, and pursue other national security and foreign policy goals. BIS administers this export control system through the promulgation and implementation of a regulatory, licensing, and reporting regime.
- Enforcing U.S. export control, antiboycott, and public safety laws: BIS enforcement agents investigate and help prosecute potential violations of U.S. export control, antiboycott, and public safety laws that carry civil and criminal sanctions. BIS also engages in preventive enforcement to deter potential violations.
- Ensuring compliance with arms control treaties imposing requirements on U.S. industry: BIS serves as the lead agency for ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC) and the Additional Protocol to the International Atomic Energy Safeguards Agreement, managing inspections by the Organization for the Prohibition of Chemical Weapons at U.S. industrial sites, and serving as the clearinghouse for CWC declarations filed by U.S. companies. BIS also works with U.S. industry in the context of the Biological and Toxin Weapons Convention.
- Assisting key countries that export or serve as transit points for sensitive commodities and technologies to develop effective export control systems: The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. In cooperation with other U.S. Government agencies, BIS provides technical assistance to a number of countries to establish effective export control programs of their own.
- Monitoring the viability of the defense industrial and technology base: BIS works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to the national security. To this end, BIS discharges responsibilities under the Defense Production Act and other laws, including administration of the federal government's Defense Priorities Allocations System, assessing threats to U.S. national security deriving from imports, and promoting U.S. defense companies competing for international sales opportunities.

**BIS Funding**



## Summary of Appropriations

<b><u>Funding Levels</u></b>	2004	2005	2006	Increase
<b>Appropriation</b>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>(Decrease)</u>
Operations and Administration	\$67,485	\$67,480	\$77,000	\$9,520
Unobligated balance, rescission	(581)	0	0	0
<b>TOTAL BUDGET AUTHORITY</b>	<b>66,904</b>	<b>67,480</b>	<b>77,000</b>	<b>9,520</b>
<b>FTE</b>				
Operations and Administration	364	414	427	13
Reimbursable	1	4	4	0
<b>Total</b>	<b>365</b>	<b>418</b>	<b>431</b>	<b>13</b>

## Highlights of Budget Changes

### Appropriation: Operations and Administration

#### Summary of Requirements

	Detailed		Summary	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>2005 Appropriation</b>			414	\$67,480
<b>Adjustments to Base</b>				
<b>Adjustments</b>				
Restoration of FY 2005 rescission				913
<b>Other Changes</b>				
2005 Pay raise		\$330		
2006 Pay raise		668		
Payment to Working Capital Fund		43		
Civil Service Retirement System (CSRS)		11		
Federal Employees' Retirement System (FERS)		(13)		
Thrift Savings Plan		(3)		
Federal Insurance Contributions Act (FICA) -OASDI		(17)		
Health insurance		192		
Compensable Day		(140)		
Employees' Compensation Fund		25		
Mileage		1		
Rent payments to GSA		82		
Printing and reproduction		4		
Other services:				
Working Capital Fund		261		
NARA Storage Costs		2		
General Pricing Level Adjustment				
Transportation of things		2		
Communications, Utilities & misc.		14		
Other services		181		
Supplies		20		
Equipment		31		
Subtotal, other cost changes			0	1,694
<b>TOTAL, ADJUSTMENTS TO BASE</b>			<b>0</b>	<b>2,607</b>
<b>2006 Base</b>			<b>414</b>	<b>70,087</b>
Program Changes			13	6,913
<b>2006 APPROPRIATION</b>			<b>427</b>	<b>77,000</b>

**Comparison by Activity**

	2005 Currently Avail.		2006 Base		2006 Estimate		Increase / Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>DIRECT OBLIGATIONS</b>								
Management & Policy Coordination	25	\$5,104	25	\$5,078	25	\$6,650	0	\$1,572
Export Administration	198	33,881	198	34,211	207	37,842	9	3,631
Export Enforcement	191	29,764	191	30,798	195	32,508	4	1,710
<b>TOTAL DIRECT OBLIGATIONS</b>	<b>414</b>	<b>68,749</b>	<b>414</b>	<b>70,087</b>	<b>427</b>	<b>77,000</b>	<b>13</b>	<b>6,913</b>
REIMBURSABLE OBLIGATIONS	4	12,299	4	6,250	4	6,250	0	0
<b>TOTAL OBLIGATIONS</b>	<b>418</b>	<b>81,048</b>	<b>418</b>	<b>76,337</b>	<b>431</b>	<b>83,250</b>	<b>13</b>	<b>6,913</b>
<b>FINANCING</b>								
Unobligated balance, start of year (Direct)		(1,269)						
Unobligated balance, start of year (Reimbursable)		(6,049)						
Offsetting collections from:								
Federal funds	(4)	(5,500)			(4)	(5,500)		
Non-Federal sources		(750)				(750)		
Subtotal, financing	(4)	(13,568)			(4)	(6,250)		
<b>TOTAL BUDGET AUTHORITY</b>	<b>414</b>	<b>67,480</b>			<b>427</b>	<b>77,000</b>		
<b>TOTAL APPROPRIATION</b>	<b>414</b>	<b>67,480</b>						

**Highlights of Program Changes**

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Advanced Technologies Initiative	198	\$34,211	+6	+\$2,581

The continued rapid development of technology presents great economic opportunities for the United States, but also raises significant potential risks to national and homeland security. A prime example of these opportunities and risks is the rise of the night vision/thermal imaging industry. The challenge in administering export controls on these products, as well as other commodities and technologies, is to administer the controls efficiently to allow U.S. companies to compete globally while also administering the controls effectively to ensure exports are not diverted for unauthorized uses, such as terrorist activity. Under this program increase, BIS seeks resources to: (1) hire additional staff to process the increased volume of licenses, commodity classifications, and jurisdiction requests and, (2) expand its outreach to the night vision industry, including licensing and enforcement training for U.S. exporters of night vision equipment. In addition, BIS seeks resources to establish the Office of Technology Evaluation to implement and maintain a more effective system of dual-use export controls that better protects U.S. national, homeland, and economic security by: (1) identifying sensitive new technologies for potential inclusion on the Commerce Control List; (2) assessing whether items currently controlled are available abroad or on a mass market basis; (3) conducting thorough, systematic reviews of the Commerce Control List to ensure that items are appropriately controlled for the protection of U.S. national security; and (4) reviewing the effectiveness of multilateral export control regimes and of control systems of regime members.

Enhanced Deemed Export Control Initiative	198	\$34,211	+3	+\$1,050
---	-----	----------	----	----------

The ability of U.S. companies to develop leading-edge technologies often depends on the work of foreign nationals in U.S. companies, research institutes, and universities. The U.S. system of open access to talented and knowledgeable foreign nationals provides substantial economic benefits to the United States. Deemed export licenses restrict the release of

controlled dual-use technology in the U.S. to foreign nationals. These controls are an emerging area of great importance to U.S. national, homeland, and economic security, so BIS is ramping up its efforts to meet the challenge of effectively managing deemed export controls. Under this program increase, BIS seeks resources to: (1) hire additional staff to process the increased volume of license applications in a timely manner; (2) expand the scope of the deemed export outreach; and (3) hire additional staff to analyze intelligence and prepare investigative leads pertaining to deemed export technology transfers.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Human Capital Initiative	25	\$5,078	0	+\$1,572

BIS is committed to building and sustaining the high performing workforce it needs to meet its vital national, homeland, and economic security mission. BIS relies on a skilled knowledgeable, diverse, and high performing workforce to achieve its mission of advancing U.S. national security, foreign policy, and economic interests. BIS's efforts to fully fund human capital development, in line with the President's Management Agenda, reflect this broad consensus on the importance of fostering human capital. Under this program increase, BIS seeks resources to: (1) continue the training and development of current and new employees, while offering performance incentives for outstanding employee achievements; (2) fund recruitment and retention incentives to recruit and retain highly qualified staff necessary to ensure BIS continues to meet its responsibilities; and (3) provide employees with information technology and knowledge systems to better carry out the organization's mission.

Targeted Export Enforcement	191	\$30,798	+4	+\$1,710
-----------------------------	-----	----------	----	----------

BIS is responsible for enforcing the export control laws and regulations governing dual-use commodities. As part of BIS, Export Enforcement's (EE) special agents work to make sure that sensitive goods and technologies do not fall into the wrong hands, and investigate cases when they may have done so. To better meet the demand for investigative resources, and to make its agents even more effective, BIS seeks resources to support: (1) additional staff and travel for its seized computer evidence recovery program; (2) additional investigative travel for field agents to conduct investigations and outreach; and (3) an enhanced end-use verification program.

## BIS Performance Measures

BIS has continued to refine its performance measures to: (1) focus on results, (2) measure work under its control, (3) use representative data, and (4) create new measures to support new initiatives/programs and budget increases.

### Performance Goals (Obligations) and Measures (Targets)

(Dollars in millions)

	<u>2004</u> <u>Actual</u>	<u>2005</u> <u>Estimate /</u> <u>Target</u>	<u>2006</u> <u>Estimate /</u> <u>Target</u>
<b>Goal 1: Protect the U.S. National Security and Economic Interests by Enhancing the Efficiency of the Export Control System</b>	\$25.8	\$24.2	\$34.9
Median processing time for referrals of export licenses to other agencies (days)	3	9	9
Median processing time for export licenses not referred to other agencies (days)	9	15	15
Median processing time for issuing draft regulations (months)	2	3	3
Level of exporter understanding of BIS export control requirements			
? Value of information (average score on a scale of 1-5)	4.2	4.2	4.2
? Percent Knowledge Gained (index)	45%	45%	45%
Percent of industry assessments resulting in BIS determination on revising export controls	New	New	100%
<b>Goal 2: Ensure U.S. Industry Compliance With the Chemical Weapons Convention (CWC) Agreement</b>	\$7.0	\$7.2	\$7.2
Number of site assistance visits conducted to assist companies prepare for international inspections	12	24	24
<b>Goal 3: Prevent Illegal Exports and Identify Violators of Export Prohibitions and Restrictions for Prosecution</b>	\$33.4	\$36.9	\$34.5
Number of investigative actions that result in the prevention of a violation and cases which result in a criminal and/or administrative prosecution	310	275	315
Number of post-shipment verifications completed	401	400	425
<b>Goal 4: Enhance the Export and Transit Controls of Nations Seeking to Improve Their Export Control System</b>	\$7.7	\$12.7	\$6.6
Number of targeted deficiencies remedied in the export control systems of program nations	41	40	40
<b>*Total</b>	<b>\$73.9</b>	<b>\$81.0</b>	<b>\$83.2</b>

\*Total obligations may differ from the reports in the other tables in this section and Congressional Justification exhibits due to the inclusion of prior year funds in the amounts cited above.