



U.S. DEPARTMENT OF COMMERCE | **Bureau of Industry and Security**

**Fiscal Year 2019**  
**President's Submission**

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**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Budget Estimates, Fiscal Year 2019  
Presidential Submission  
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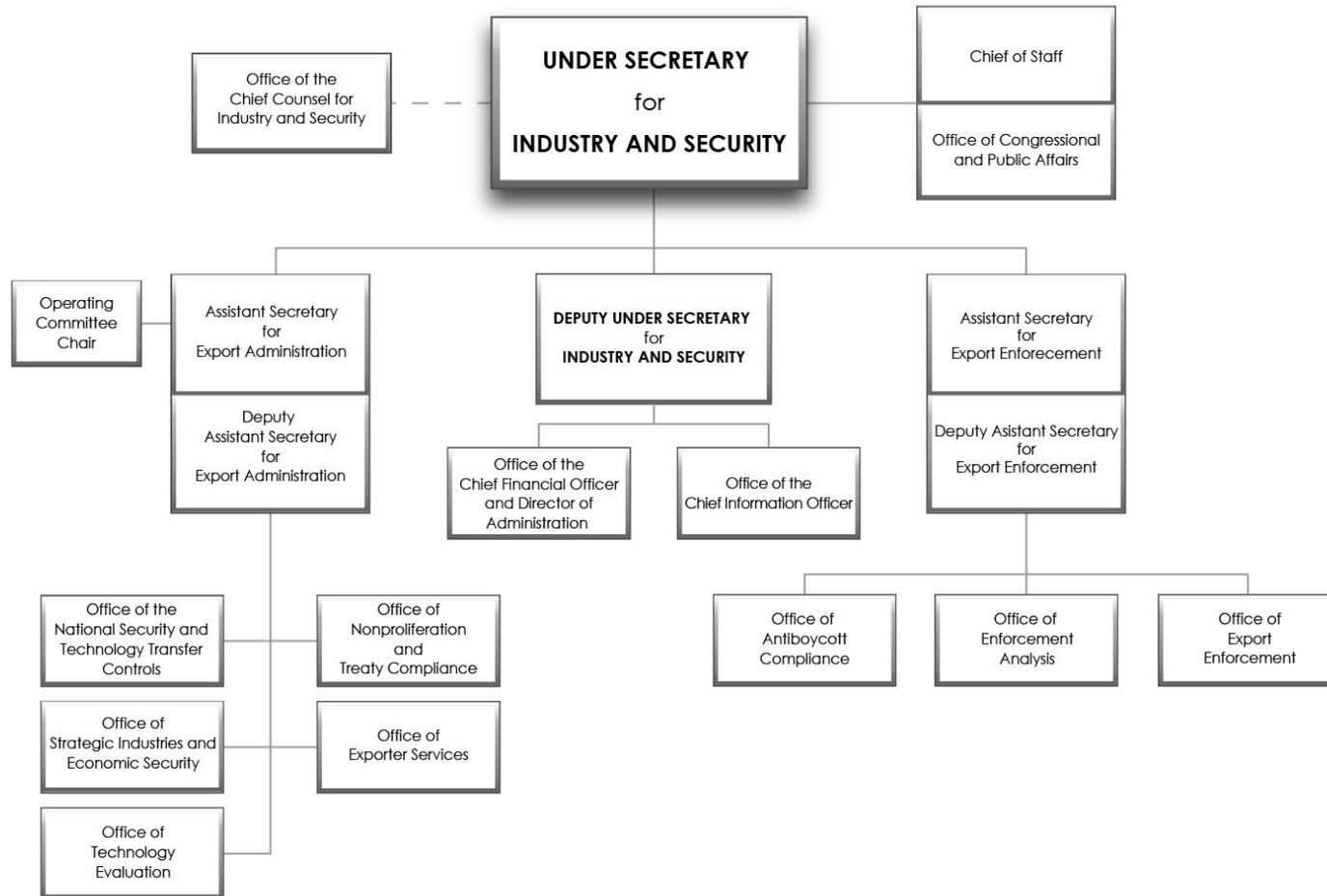
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### Organization Chart



# BUREAU OF INDUSTRY AND SECURITY

U.S. Department of Commerce





**Department of Commerce  
Bureau of Industry and Security  
FY 2019 President's Submission  
Executive Summary**

**BIS Mission**

*The Bureau of Industry and Security (BIS) addresses the challenges that arise where business and security intersect. Its mission is to advance U.S. national security, foreign policy, and economic interests, by ensuring an effective export control and treaty compliance system, and promoting continued U.S. strategic technology leadership.*

The Bureau of Industry and Security (BIS) requests an FY 2019 appropriation for discretionary spending totaling \$120.6M and 449 FTEs to meet its mission goals. This budget request represents a \$8.9M increase for additional personnel to support both the Committee on Foreign Investment in the United States (CFIUS) and industrial base survey, and assessment programs, inflationary costs, and economic adjustments to base (ATBs). These additional program resources will ensure BIS has the capacity to conduct effective analyses of the impacts imports of industry specific products may have on U.S. national security and the assessments to determine whether foreign control of U.S. businesses potentially would be harmful to U.S. national security interests.

In FY 2017, BIS undertook two industrial studies under the authority of Section 232 of the Trade Expansion Act of 1962 ("Sec. 232 investigations"). The studies, directed by two Presidential Memoranda, assessed the effects of steel and aluminum imports on U.S. national security. BIS held two public hearings as part of its investigations and research for the studies, receiving more than 250 public comments. BIS anticipates additional defense industrial base survey and assessment requests, including Section 232 investigations, from various industry sectors, as well as, self-initiated, and agency-requested reviews. This work will require

17 additional positions, to include contractual services for highly diverse and specialized industrial studies. The addition of permanent staff dedicated to the Section 232 program, as well as to the defense industrial base survey and assessment programs, is based on a projection of eight to ten additional studies annually over the next two to three years. Completing the 232 studies on steel and aluminum is estimated to have required more than 25,000 man hours, in addition to travel, equipment, space and other employee related expenses. This proposed permanent staff will consist of dedicated specialists reporting to the Industrial Studies Director in the Office of Technology Evaluation. Also, a service contract vehicle will be emplaced to access subject matter experts, to support short-term defense industrial base survey and assessment needs.

In addition to licensing and industrial base survey and assessment, BIS participates in a joint effort with ITA in support of the Department's membership on CFIUS, which has seen a significant increase in the number and complexity of transactions in recent years. BIS reviewed record numbers of transactions in CY 2016 and CY 2017. In CY 2016, BIS reviewed 173 CFIUS transactions, and 230 transactions in CY 2017, a 40% increase. Based on its export control and defense industrial base expertise, BIS plays a critical role in supporting CFIUS's analyses of transactions, and in ensuring CFIUS fulfills its statutory authority of determining there are no unresolved national security issues, when the committee concludes its review of a transaction. The addition of four new positions to support the CFIUS program will allow BIS to bring the average number of cases assigned per analyst, per year, closer to historical levels, which will result in BIS conducting a more meaningful and thorough review of each case. This program increase will allow BIS to be better prepared if the CFIUS caseload continues to trend upward or if legislation expands the scope of CFIUS reviews.

The underlying assumptions for these additional resources are based on FY 2017 actual performance data, along with FY 2018 workload projections that reflect significant growth in the scope, span and volume of activity across all organizations within BIS. In FY 2017, BIS reviewed 34,142 export license applications in an average processing time of 21 days, significantly lower than the Executive Order 12981 time of 39 days. BIS also determined classifications in 4,993 requests in FY 2017, including encryption classification requests. While the Office of Export Administration (EA) has invested in enabling technologies, it cannot improve productivity or absorb more work without additional human resources. Similarly, analytical resources in the enforcement organization also lag. While BIS's Office of Export Enforcement (EE) completed 1,005 enforcement license determination requests (LD) in an average of 12 days per LD, resources required strategic realignment to facilitate processing 1,444 LDs for the FBI and the Department of Homeland Security, in support of investigations of potential unlawful exports. Finally, to meet requirements of Executive Order 13800, Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure, as well as Office of Management and Budget Memorandum M-17-09, Management of Federal High Value Assets, in FY 2019 BIS will continue to strengthen our security posture by investing in new technologies, processes, and capabilities to protect BIS licensing and enforcement systems, as well as data, against cyber-attacks. Although, we have made significant progress toward cyber security, controlled export data will remain a target of interest for foreign intelligence services, as well as nation-state and terrorist sponsored cyber actors. In FY 2019, BIS will invest in technologies to fill gaps in data-centric protections, including: data security and encryption tools; enhanced user authentication and identity management; enhanced mobile device security; and conditional data access based on user access rights (BIS employee, exporter, other government agency).

BIS has taken steps to ensure we are lean, accountable, and more efficient as a government organization that works for the American people. BIS has initiated a comprehensive plan to deliver our program objectives more effectively and efficiently. Focus areas include: BIS systems that span across the bureau; analysis of business results using tangible performance targets and productivity metrics; reduction of internal and external reporting burdens; policies and process changes that have cost reduction potential; and reductions in federal real estate foot print domestically and internationally.

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**FY 2019 Program Increases, Decreases, Terminations**  
(Dollar amounts in thousands)  
(Largest to Smallest)

**Increases**

| Page No.<br>in CJ   | Appropriation            | Budget Program        | Activity/Subactivity                                | Pos. | Budget<br>Authority |
|---------------------|--------------------------|-----------------------|---|------|---------------------|
| BIS - 34            | Operations & Maintenance | Export Administration | Section 232   | 13   | 4,171               |
| BIS - 38            | Operations & Maintenance | Export Administration | Committee on Foreign Investment in the U.S. (CFIUS) | 4    | 640                 |
| Subtotal, Increases |                          |                       |   | 17   | 4,811               |

**Decreases**

| Page No.<br>in CJ    | Appropriation | Budget Program | Activity/Subactivity | Pos. | Budget<br>Authority |
|----------------------|---------------|----------------|----------------------|------|---------------------|
| No Program Decreases |               |                |                      |      |                     |
| Subtotal, Decreases  |               |                |                      |      |                     |

**Terminations**

| Page No.<br>in CJ       | Appropriation | Budget Program | Activity/Subactivity | Pos. | Budget<br>Authority |
|-------------------------|---------------|----------------|----------------------|------|---------------------|
| No Program Terminations |               |                |                      |      |                     |
| Subtotal, Terminations  |               |                |                      |      |                     |

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**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Summary of Resource Requirements  
(Dollar amounts in thousands)**

| Page No. |  | Positions  | Personnel  | Budget Authority | Direct Obligations |
|----------|--|------------|------------|------------------|--------------------|
|          | Appropriation Available, 2018,   | 450        | 432        | 111,736          | 111,736            |
| BIS      | 2019 Adjustments to base:  |            |            |                  |                    |
| -14      | plus: Restoration of recoveries/unobligated balances used to offset 2018 appropriation/non-recurring | 0          | 0          | 0                | 0                  |
|          | plus: Uncontrollable cost changes  | 0          | 4          | 4,100            | 4,100              |
|          | less: Estimated recoveries, 2019   | 0          | 0          | 0                | 0                  |
|          | 2019 Base  | 450        | 436        | 115,836          | 115,836            |
|          | plus: 2019 Program changes   | 17         | 13         | 4,811            | 4,811              |
|          | <b>2019 Estimate</b>   | <b>467</b> | <b>449</b> | <b>120,647</b>   | <b>120,647</b>     |

| Comparison by Activity/Subactivity: |                                    |                 | 2017 Actual |                | 2018 Annualized CR |                | 2019 Base  |                | 2019 Estimate |                | Increase over 2019 Base |              |
|-------------------------------------|------------------------------------|-----------------|-------------|----------------|--------------------|----------------|------------|----------------|---------------|----------------|-------------------------|--------------|
| Totals by Activity                  |                                    |                 | Personnel   | Amount         | Personnel          | Amount         | Personnel  | Amount         | personnel     | Amount         | Personnel               | Amount       |
| BIS                                 | Management and                     | Pos./BA         | 13          | 5,767          | 15                 | 5,963          | 15         | 6,168          | 15            | 6,168          | 0                       | 0            |
| -21                                 | Policy Coordination                | FTE/Obl.        | 10          | 5,767          | 11                 | 5,993          | 11         | 6,168          | 11            | 6,168          | 0                       | 0            |
| BIS                                 | Export                             | Pos./BA         | 187         | 58,357         | 218                | 58,220         | 218        | 60,270         | 235           | 65,081         | 17                      | 4,811        |
| -25                                 | Administration                     | FTE/Obl.        | 182         | 58,357         | 213                | 58,526         | 213        | 60,270         | 226           | 65,081         | 13                      | 4,811        |
| BIS                                 | Export                             | Pos./BA         | 170         | 50,383         | 217                | 47,553         | 217        | 49,398         | 217           | 49,398         | 0                       | 0            |
| -33                                 | Enforcement                        | FTE/Obl.        | 175         | 50,383         | 208                | 47,828         | 212        | 49,398         | 212           | 49,398         | 0                       | 0            |
|                                     | <b>Total</b>                       | <b>Pos./BA</b>  | <b>370</b>  | <b>114,507</b> | <b>450</b>         | <b>111,736</b> | <b>450</b> | <b>115,836</b> | <b>467</b>    | <b>120,647</b> | <b>17</b>               | <b>4,811</b> |
|                                     |                                    | <b>FTE/Obl.</b> | <b>367</b>  | <b>114,507</b> | <b>432</b>         | <b>112,347</b> | <b>436</b> | <b>115,836</b> | <b>449</b>    | <b>120,647</b> | <b>13</b>               | <b>4,811</b> |
|                                     | Adjustments for:                   |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | Recoveries                         |                 |             | (1,795)        |                    |                |            |                |               |                |                         |              |
|                                     | Unobligated balance, start of year |                 |             | (823)          |                    | (611)          |            |                |               |                |                         |              |
|                                     | Unobligated balance transferred    |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | Unobligated balance, end of year   |                 |             | 611            |                    |                |            |                |               |                |                         |              |
|                                     | Unobligated balance expiring       |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | Financing from transfers:          |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | Transfer from other accounts (-)   |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | Transfer to other accounts (+)     |                 |             |                |                    |                |            |                |               |                |                         |              |
|                                     | <b>Appropriation</b>               |                 |             | <b>112,500</b> |                    | <b>111,736</b> |            | <b>115,836</b> |               | <b>120,647</b> |                         | <b>4,811</b> |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Summary of Reimbursable Obligations  
(Dollar amounts in thousands)**

| Comparison by Program:             |                 | 2017       |            | 2018          |              | 2018         |              | 2019         |              | Increase  |          |
|------------------------------------|-----------------|------------|------------|---------------|--------------|--------------|--------------|--------------|--------------|-----------|----------|
|                                    |                 | Actual     |            | Annualized CR |              | Base         |              | Estimate     |              |           |          |
|                                    |                 | Personnel  | Amount     | Personnel     | Amount       | Personnel    | Amount       | Personnel    | Amount       | Personnel | Amount   |
| Management and                     | Pos./BA         | 0          | 3          | 0             | 109          | 0            | 109          | 0            | 109          | 0         | 0        |
| Policy Coordination                | FTE/Obl.        | 0          | 3          | 0             | 109          | 0            | 109          | 0            | 109          | 0         | 0        |
| Export                             | Pos./BA         | 2          | 169        | 2             | 2,022        | 2            | 2,022        | 2            | 2,022        | 0         | 0        |
| Administration                     | FTE/Obl.        | 2          | 169        | 2             | 2,022        | 2            | 2,022        | 2            | 2,022        | 0         | 0        |
| Export                             | Pos./BA         | 0          | 580        | 0             | 769          | 0            | 769          | 0            | 769          | 0         | 0        |
| Enforcement                        | FTE/Obl.        | 0          | 580        | 0             | 769          | 0            | 769          | 0            | 769          | 0         | 0        |
| <b>Reimbursable Obligations</b>    | <b>Pos./BA</b>  | <b>2</b>   | <b>752</b> | <b>2</b>      | <b>2,900</b> | <b>2</b>     | <b>2,900</b> | <b>2</b>     | <b>2,900</b> | <b>0</b>  | <b>0</b> |
|                                    | <b>FTE/Obl.</b> | <b>2</b>   | <b>752</b> | <b>2</b>      | <b>2,900</b> | <b>2</b>     | <b>2,900</b> | <b>2</b>     | <b>2,900</b> | <b>0</b>  | <b>0</b> |
| <b>Adjustments to Obligations</b>  |                 |            |            |               |              |              |              |              |              |           |          |
| <b>Recoveries</b>                  |                 |            |            |               |              |              |              |              |              |           |          |
| Unobligated balance, start of year |                 |            |            |               |              |              |              |              |              |           |          |
| Unobligated balance, rescission    |                 |            |            |               |              |              |              |              |              |           |          |
| Unobligated balance, end of year   |                 |            |            |               |              |              |              |              |              |           |          |
| Unobligated balance expiring       |                 |            |            |               |              |              |              |              |              |           |          |
| <b>Reimbursable Authority</b>      |                 | <b>752</b> |            | <b>2,900</b>  |              | <b>2,900</b> |              | <b>2,900</b> |              | <b>0</b>  |          |

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**Operations and Administration**  
**Summary of Financing**  
(Dollar amounts in thousands)

|                                    | 2017<br>Actual | 2018<br>Annualized<br>CR | 2019<br>Base   | 2019<br>Estimate | Increase over<br>2019 Base |
|------------------------------------|----------------|--------------------------|----------------|------------------|----------------------------|
| <b>Total Obligations</b>           | <b>116,386</b> | <b>119,111</b>           | <b>118,886</b> | <b>123,697</b>   | <b>4,811</b>               |
| Offsetting collections from:       |                |                          |                |                  |                            |
| Federal funds                      | 1,200          | (1,220)                  | (1,220)        | (1,220)          | 0                          |
| Trust funds                        | 0              | 0                        | 0              | 0                | 0                          |
| Non-Federal sources                | (2,494)        | (1,830)                  | (1,830)        | (1,830)          | 0                          |
| Recoveries                         | (1,807)        | 0                        | 0              | 0                | 0                          |
| Unobligated balance, start of year | (5,110)        | (4,325)                  | 0              | 0                | 0                          |
| Unobligated balance transferred    | 0              | 0                        | 0              | 0                | 0                          |
| Unobligated balance, End of year   | 4,325          | 0                        | 0              | 0                | 0                          |
| Unobligated balance expiring       | 0              | 0                        | 0              | 0                | 0                          |
| <b>Budget Authority</b>            | <b>112,500</b> | <b>111,736</b>           | <b>115,836</b> | <b>120,647</b>   | <b>4,811</b>               |
| Financing:                         |                |                          |                |                  |                            |
| Transfer from other accounts (-)   | 0              | 0                        | 0              | 0                | 0                          |
| Transfer to other accounts (+)     | 0              | 0                        | 0              | 0                | 0                          |
| <b>Appropriation</b>               | <b>112,500</b> | <b>111,736</b>           | <b>115,836</b> | <b>120,647</b>   | <b>4,811</b>               |

Note: BIS's unobligated balance at the end of FY 2017 was \$4.325 million. Of this total, \$0.611 million was in direct appropriation funds; \$.375 million was associated with reimbursable accounts; and the remaining \$3.327 million was associated with the Seminar Trust Fund.

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**Operations and Administration**  
**Adjustments to Base**  
(Dollar amounts in thousands)

|  | <u>FTE</u> | <u>Amount</u> |
|--|------------|---------------|
| Transfers of Estimates   | 0          | 0             |
| Adjustment   | 0          | 0             |
| Financing  |            | 0             |
| <b>Other Changes:</b>  |            |               |
| 2018 Pay raise   |            | 275           |
| 2019 Pay raise   | 0          | 0             |
| Full-year cost in 2019 of positions financed for part-year in 2018 | 4          | 755           |
| Change in compensable days   |            | 241           |
| Civil Service Retirement System (CSRS)                             |            | 0             |
| Federal Employees Retirement System (FERS)                         |            | 86            |
| Thrift Savings Plan  |            | 12            |
| Federal Insurance Contribution Act (FICA) - OASDI                  |            | 38            |
| Health insurance   |            | 133           |
| Employees Compensation Fund  |            | (35)          |
| Travel:  |            |               |
| Mileage  |            | 7             |
| Per diem   |            | 9             |
| Rental payments to GSA   |            | 123           |
| Postage  |            | 0             |
| Printing and reproduction  |            | 1             |
| NARA Storage & Maintenance   |            | 12            |
| Other services:  |            |               |
| Working Capital Fund   |            | 472           |
| CAMS   |            | 0             |
| Grants   |            | 0             |
| General Pricing Level Adjustment                                   |            | 309           |
| Export Enforcement Activities                                      |            | 1,662         |
| Subtotal, other changes  | 4          | 4,100         |
| <b>Total, adjustments to base</b>                                  | <b>4</b>   | <b>4,100</b>  |

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**Operations and Administration**  
**Program and Performance: Direct Obligations (MPC)**  
(Dollar amounts in thousands)

Activity: Operations and Administration  
Sub-activity: Management and Policy Coordination

| Line Item                             |                | 2017      |              | 2018             |              | 2019      |              | 2019      |              | Increase |          |
|---------------------------------------|----------------|-----------|--------------|------------------|--------------|-----------|--------------|-----------|--------------|----------|----------|
|                                       |                | Actual    | Amount       | Annualized<br>CR | Amount       | Base      | Amount       | Estimate  | Personnel    | Amount   |          |
| Management and<br>Policy Coordination | Pos./BA        | 13        | 5,767        | 13               | 5,963        | 15        | 6,168        | 15        | 6,168        | 0        | 0        |
|                                       | FTE/Obl        | 10        | 5,767        | 10               | 5,993        | 11        | 6,168        | 11        | 6,168        | 0        | 0        |
| <b>Total</b>                          | <b>Pos./BA</b> | <b>13</b> | <b>5,767</b> | <b>13</b>        | <b>5,963</b> | <b>15</b> | <b>6,168</b> | <b>15</b> | <b>6,168</b> | <b>0</b> | <b>0</b> |
|                                       | <b>FTE/Obl</b> | <b>10</b> | <b>5,767</b> | <b>10</b>        | <b>5,993</b> | <b>11</b> | <b>6,168</b> | <b>11</b> | <b>6,168</b> | <b>0</b> | <b>0</b> |

**Department of Commerce**  
**Bureau of Industry and Security**  
**Operations and Administration**  
**Program and Performance: Reimbursable Obligations (MPC)**  
(Dollar amounts in thousands)

Activity: Reimbursable  
Subactivity: Management and Policy Coordination

| Line Item                          |                | 2017     |          | 2018          |            | 2019     |            | 2019     |            | Increase  |          |
|------------------------------------|----------------|----------|----------|---------------|------------|----------|------------|----------|------------|-----------|----------|
|                                    |                | Actual   |          | Annualized CR |            | Base     |            | Estimate |            | Personnel | Amount   |
| Management and Policy Coordination | Pos./BA        | 0        | 3        | 0             | 109        | 0        | 109        | 0        | 109        | 0         | 0        |
|                                    | FTE/Obl        | 0        | 3        | 0             | 109        | 0        | 109        | 0        | 109        | 0         | 0        |
| <b>Total</b>                       | <b>Pos./BA</b> | <b>0</b> | <b>3</b> | <b>0</b>      | <b>109</b> | <b>0</b> | <b>109</b> | <b>0</b> | <b>109</b> | <b>0</b>  | <b>0</b> |
|                                    | <b>FTE/Obl</b> | <b>0</b> | <b>3</b> | <b>0</b>      | <b>109</b> | <b>0</b> | <b>109</b> | <b>0</b> | <b>109</b> | <b>0</b>  | <b>0</b> |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Program Justification (MPC)**

**Activity: Management Policy and Coordination (MPC)**

**GOAL STATEMENT:** Advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

**BASE PROGRAM:**

MPC funds the Office of the Under Secretary for Industry and Security and supporting offices. MPC officials provide leadership, management, and policy guidance in direct support of BIS's priorities, goals, objectives, and to the Assistant Secretaries in their areas of responsibility.

**STATEMENT OF OPERATING OBJECTIVES**

- Collaborate in an effective manner with other U.S. Government agencies and departments, including the National Security Council, the Department of Homeland Security, the State Department, the Defense Department, the Energy Department, and the Intelligence Community.
- Protect the security of the United States, which includes its national security, economic security, cyber security, and homeland security.
- Promote a strong and vibrant defense industrial base that can develop and provide technologies that will enable the United States to maintain its military superiority.
- Partner with the private sector where possible, through public-private partnerships and market-based solutions.

**Explanation of and Justification**

Ongoing BIS management responsibilities include: (1) establishing BIS's overall policy agenda; (2) coordinating agreement on BIS priorities, bureau goals, unit objectives, and key metrics; (3) evaluating unit performance for consistency with priorities, goals, objectives and

metrics; (4) performing overall oversight of program operations and expenditures; (4) executing or directly supervising the execution of selected policy initiatives; and (5) adjudicating appeals of licensing and enforcement decisions.

MPC supports the Secretary of Commerce by: (1) providing policy support to the Secretary on matters relating to BIS's responsibilities relevant to Departmental and Secretarial goals, objectives, and priorities; (2) preparing reports and testimony relating to BIS activities; and (3) representing the Department in ongoing interagency dialogues (e.g. with the Departments of Defense, Energy, Homeland Security, Justice, and State, the National Security Council, the U.S. Trade Representative, and the intelligence community) on issues involving national security, nonproliferation, export controls, and strategic industries.

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Program and Performance: Direct Obligations (EA)**  
(Dollar amounts in thousands)

Activity: Operations and Administration  
Subactivity: Export Administration

| Line Item             |                | 2017       |               | 2018       |               | 2019       |               | 2019       |               | Increase  |              |
|-----------------------|----------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|-----------|--------------|
|                       |                | Personnel  | Amount        | Personnel  | Amount        | Personnel  | Amount        | Personnel  | Amount        | Personnel | Amount       |
| Export Administration | Pos./BA        | 187        | 58,357        | 218        | 58,220        | 218        | 60,270        | 235        | 65,081        | 17        | 4,811        |
|                       | FTE/Obl        | 182        | 58,357        | 213        | 58,526        | 213        | 60,270        | 226        | 65,081        | 13        | 4,811        |
| <b>Total</b>          | <b>Pos./BA</b> | <b>187</b> | <b>58,357</b> | <b>218</b> | <b>58,220</b> | <b>218</b> | <b>60,270</b> | <b>235</b> | <b>65,081</b> | <b>17</b> | <b>4,811</b> |
|                       | <b>FTE/Obl</b> | <b>182</b> | <b>58,357</b> | <b>213</b> | <b>58,526</b> | <b>213</b> | <b>60,270</b> | <b>226</b> | <b>65,081</b> | <b>13</b> | <b>4,811</b> |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Administration  
Program and Performance: Reimbursable Obligations (EA)**  
(Dollar amounts in thousands)

Activity: Reimbursable  
Subactivity: Export Administration

| Line Item      |                | 2017      |            | 2018      |              | 2019      |              | 2019      |              | Increase  |          |
|----------------|----------------|-----------|------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|----------|
|                |                | Personnel | Amount     | Personnel | Amount       | Personnel | Amount       | Personnel | Amount       | Personnel | Amount   |
| Export         | Pos./BA        | 2         | 167        | 2         | 2,022        | 2         | 2,022        | 2         | 2,022        | 0         | 0        |
| Administration | FTE/Obl        | 2         | 167        | 2         | 2,022        | 2         | 2,022        | 2         | 2,022        | 0         | 0        |
| <b>Total</b>   | <b>Pos./BA</b> | <b>2</b>  | <b>167</b> | <b>2</b>  | <b>2,022</b> | <b>2</b>  | <b>2,022</b> | <b>2</b>  | <b>2,022</b> | <b>0</b>  | <b>0</b> |
|                | <b>FTE/Obl</b> | <b>2</b>  | <b>167</b> | <b>2</b>  | <b>2,022</b> | <b>2</b>  | <b>2,022</b> | <b>2</b>  | <b>2,022</b> | <b>0</b>  | <b>0</b> |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Program Justification (EA)**

**Activity: Operations and Administration**  
**Subactivity: Export Administration (EA)**

**GOAL STATEMENT:** Implement the Export Administration Regulations to prevent the export and subsequent use of U.S. goods and technologies contrary to U.S. national security and foreign policy objectives.

**BASE PROGRAM:**

EA is critical to the accomplishment of BIS's and the Department's mission of advancing U.S. national security and U.S. foreign policy, enhancing U.S. economic competitiveness and ensuring a robust defense industrial base. In calendar year 2016, the United States exported \$1.5 trillion in goods, including \$7.3 billion in sensitive items subject to BIS's jurisdiction and authorized for export under licenses reviewed and issued by EA personnel. These exports helped sustain U.S. production facilities, workforce employment, and expertise.

BIS controls the export of items (i.e., commodities, software, and technology) that can be used to develop or enhance conventional weapons, can be used in weapons of mass destruction (nuclear, chemical and biological) or the missiles used to deliver those weapons and less sensitive military items that are covered by the Wassenaar Arrangement Munitions List. BIS also controls items that can be used to abuse human rights (i.e., body armor, explosives detonators, and chemical weapons protective material). EA ensures that these items are approved for export only to reliable foreign end users who have been thoroughly evaluated in a comprehensive interagency process by a highly trained cadre of analysts.

To provide the U.S. Government a level of assurance that these exports will not be diverted to weapons of mass destruction programs, military programs contrary to U.S. interests, or to terrorists, EA analysts and engineers must maintain superior expertise in technology, markets and national security and foreign policy goals. EA personnel must be technically qualified to assess the leading edge products available in the global marketplace. In addition, analysts must be able to analyze the data necessary to evaluate the effects of new or changing policies, and to formulate and implement responses, such as further policy revisions or refining outreach to exporters to strengthen compliance. EA's data analysis will continue to evolve to provide increasingly better analysis to more capably support effective policy making and well informed recommendations on license applications, and to focus public outreach efforts.

EA was instrumental in the successful effort to transform the United States export control system from the Cold War structure into a system that meets the current national and global security realities and challenges. The transformation has enhanced national security by increasing interoperability with allies, supporting the defense industrial base, and focusing government and industry resources on the most sensitive transactions. In its impact, this transformation supports the Department's *Strategic Objective 1.2, Increase U.S. exports by broadening and deepening the U.S. exporter base.*

## **STATEMENT OF OPERATING OBJECTIVES**

- Continue to enhance and further implement the goals associated with the transfer of U.S. Munitions List-controlled items to the Commerce Control List to focus resources on the threats that matter most, increase interoperability with our allies and strengthen the defense industrial base.
- Continue working closely with the International Trade Administration on investigations resulting from Section 232 of the Trade Expansion Act of 1962 to ensure timely completion of the highest quality evaluations of U.S. national security effects from specified imports.
- Hire, train, and retain experts in a wide array of specialties to ensure decisions are based on current and emerging technical capabilities of industry, and trends in the international marketplace.
- Maintain high levels of support to the interagency Committee on Foreign Investment in the United States (CFIUS) to ensure – through rigorous CFIUS reviews – that inward foreign direct investment does not threaten U.S. national security. Ensure that BIS has the capacity to complete its comprehensive review of record numbers of transactions review by the interagency committee within established statutory deadlines and to provide expert support during policy deliberations on complex cases.
- Continue to process license applications within Executive Order 12981 timelines while ensuring EA's high standards of quality review and to identify technologies and processes to increase the efficiency of both license submission and license processing.
- Continue to improve EA capabilities using export and license application data and all available public data to analyze complex trade trends in order to evaluate effectiveness of BIS's regulations; inform rule-making decisions; contribute to license decisions survey administration processes; direct outreach and compliance efforts for best effect; create and distribute quality statistical products for internal and external customers; and identify and monitor trends in technology and trade that may have national security implications.
- Collaborate with the Office of the Chief Information Officer to deploy an efficient information technology data warehouse system that provides the necessary statistical analysis software that gives BIS users the ability to work in a timely manner and user-friendly environment with very large data sets currently obscured by computing limitations. The BIS data warehouse system

will allow for the creation of multi-dimensional relationship statistical models to detect fraud, target non-compliance and outreach activities, monitor supply chains, and create internal performance metrics which better enables BIS to measure the effectiveness of export controls.

- Continue to work with our international partners to craft an export control system consistent with our national security and foreign policy goals.
- Continue to strengthen BIS outreach to companies impacted by export controls to increase their knowledge of the Export Administration Regulations and enhance their compliance efforts.
- Continue to design industry-specific surveys, collect data, and provide analysis to interagency partners. Coordinate with the Department of Defense, Intelligence community, NASA, Homeland Security, and other agencies to measure the health and competitiveness of the U.S. defense and technology industrial base.
- Continue to work with U.S. Customs and Border Protection and other Commerce agencies to ensure requirements are programmed into the Automated Commercial Environment/ and further support BIS's mission.
- Continue to strive for open and effective communication with interagency partners to achieve efficient and timely policy-making based on shared information and addressing U.S. government equities.
- Review for restructure EA's compliance work in an effort to consolidate and therefore increase the efficiency of compliance activities within EA and BIS.

### **Explanation and Justification**

EA is organized into five sub-programs under the Operations and Administration Account:

1. *Office of National Security and Technology Transfer Controls (NSTTC)*  
This office develops and implements export controls over the most sensitive items that can be used both in civil and military end uses. NSTTC analyzes applications for export to assess the risk of items being used contrary to U.S. national security and foreign policy goals. Among the more sensitive items are satellites, thermal imaging cameras (night vision), cyber tools and semiconductors. NSTTC engages with 40 countries to negotiate multilateral like-minded export controls. The office works closely with industry to identify items and technologies that require more enhanced controls, additional flexibility in licensing policy or reduced controls. NSTTC Licensing Officers (LOs) play a key role in interagency and multilateral technical discussions related to the control lists, while NSTTC policy analysts support policy initiatives.

This office works with the State Department's Directorate of Defense Trade Controls in determining the appropriate jurisdiction of an item for licensing purposes. It continues to play a major role in the transfer of items from the United States Munitions List to the Commerce Control List. NSTTC also provides expert opinions to law enforcement agencies on the export control status of an item laying the foundation for seizure and administrative or criminal chargers. In addition, NSTTC licensing officers and policy analysts contribute to the development of U.S. and multilateral sanctions on Russia for its occupation of Crimea and destabilization of eastern Ukraine. NSTTC contributed its expertise to the drafting of several regulatory changes related to the items under its purview and participated in associated outreach events which informed hundreds of external stakeholders.

2. *Office of Nonproliferation and Treaty Compliance (NPTC)*

The Office of Nonproliferation and Treaty Compliance (NPTC) formulates and implements export control policy, including processing license applications related to multilateral export control regimes (Nuclear Suppliers Group, Missile Technology Control Regime and Australia Group) and countries subject to comprehensive sanctions and embargoes. NPTC also reviews Department of Energy Part 810 applications for certain nuclear related technology and Nuclear Regulatory Commission Part 110 applications for nuclear specific hardware and materials. Additionally, NPTC plays a significant role in other nonproliferation related activities including 123 Nuclear Cooperation Agreements, Unmanned Aerial Vehicle export policy, various nonproliferation sanctions reviews such as Iran, North Korea and Syria Nonproliferation Act and the Arms Trade Treaty. NPTC safeguards the U.S. private sector's equities while demonstrating compliance with the Chemical Weapons Convention (CWC) and the Additional Protocol (AP) to the U.S.-International Atomic Energy Agency Safeguards Agreement. Additionally, NPTC manages international engagement for Export Administration (EA) and EA participation in the Department of State's Export Control and Related Border Security Program and the Department of Energy's International Nonproliferation Export Control Program.

NPTC contributed its expertise to the drafting of several regulatory changes related to countries subject to comprehensive sanctions and embargoes, and participated in associated outreach events which informed thousands of external stakeholders. With regard to CWC and AP compliance, NPTC collected 838 declarations and reports from 532 chemical facilities and trading companies and managed 21 international inspections. In terms of international engagement, NPTC played a leading role in efforts to assist 19 countries to develop and implement effective export control laws, regulations, and compliance and enforcement programs. Finally, with the upcoming transfer of firearms and ammunitions formerly under International Traffic in Arms Regulations Categories I, II, and III, NPTC will take on the licensing, commodity classification and policy related issues for these items.

3. *Office of Strategic Industries and Economic Security (SIES)*

The Office of Strategic Industries and Economic Security's (SIES) programs strengthen the ability of the U.S. defense industrial and technological base to succeed domestically and in foreign markets. SIES works with industry and interagency partners to review and issue licenses authorizing the export and re-export, consistent with U.S. national security and foreign policy interests, of less sensitive military items covered by the Wassenaar Arrangement Munitions List and controlled on the Commerce Control

List (CCL) as “600 series” items. SIES also conducts outreach with U.S. industry and foreign allies to ensure stakeholders understand EAR regulations and related compliance obligations as they pertain to global defense trade and “600 series” items. In Fiscal Year 2016, SIES processed 14,265 export license applications. Military aircraft related items value (\$20.2 billion), followed by military gas turbine engine and military electronics (\$12.4 billion and \$7.9 billion respectively). All of this supports current and future U.S. defense requirements.

SIES also administers the Defense Priorities and Allocations System (DPAS) regulation that continues to play an important role in supporting the deployment of U.S. and allied forces abroad, meeting critical national defense and homeland security requirements, and facilitating recovery from natural disasters. The U.S. Government places DPAS priority ratings on approximately 300,000 contracts and orders placed with U.S. industry annually to support national defense requirements. In addition, SIES coordinates BIS’s participation in the interagency Committee on Foreign Investment in the United States (CFIUS) by evaluating the export control as well as defense industrial base equities in transactions that could result in foreign control of a U.S. business, and assesses the national security implications of these transactions. CFIUS is an interagency committee chaired by Treasury that conducts national security reviews of mergers, acquisitions or takeovers that could result in foreign control of a U.S. business. Should a particular transaction raise national security concerns, CFIUS has the authority to mitigate those national security concerns, or it may recommend that the President prohibit or suspend the transaction. Also, SIES administers the Department of Commerce’s North Atlantic Treaty Organization (NATO) Security Investment Program, a certification requirement for U.S. companies interested in competing to supply goods and services in NATO-funded procurements. In Fiscal Year 2016, SIES vetted and approved more than 230 U.S. firms interested in participating in NATO procurement competitions.

4. *Office of Exporter Services (OExS)*

The Office of Exporter Services (OExS) takes the lead within the Bureau of Industry and Security on implementing the regulatory policy related to the Department’s export control jurisdiction by developing, negotiating, writing, and publishing amendments to the Export Administration Regulations (EAR), by coordinating and reviewing public comment on the amendments, and by coordinating the clearance of all regulatory changes by the Bureau, Department, and other U.S. government export control agencies. OExS also has the lead in organizing BIS’s educational outreach efforts, including the dozens of seminars BIS offers annually at locations across the United States, the counselling desks located on both the east and west coasts that respond to exporters’ questions via telephone and e-mail five days a week, the extremely popular electronic tools on BIS’s website that assist exporters in determining license requirements, special topic teleconferences and webinars, and the drafting of responses to advisory opinion (AO) requests from the public seeking clarification of BIS licensing requirements and policy. OExS also organizes the annual Update Conference on Export Controls and Policy (Update), which is the largest U.S. government-sponsored export control event in the United States and is attended by approximately 1,000 participants who come to hear presentations and key note addresses from speakers representing a range of U.S. government agencies. The office also implements programs to verify compliance and administers post-licensing processes including reviewing and administering license amendment requests and following up on reporting requirements, as well as processing requests to service, transport,

sell or otherwise use items shipped in violation of the EAR. Finally, OExS has the lead within BIS on a number of projects, some of which are related to outreach, such as updating BIS's website and implementing updates in BIS's electronic license application system, and others which are not, such as developing and administering the standard processing criteria for Export Administration (EA) tasks (e.g., licensing, AOs, commodity classifications, administration of PRA collections) and administering the associated quality assurance programs on the standard criteria.

BIS's outreach efforts in 2017 resulted in more than 100,000 educational contacts with the exporting community during the fiscal year. In addition to approximately two dozen co-sponsored seminars and the Update conference, EA participated on a monthly basis in approximately a half-dozen domestic and international events organized by trade groups, other U.S. government agencies, and for-profit organizations. OExS' counsellors and regulatory specialists educated approximately 3,000 exporters monthly via telephone and e-mail. Additionally, OExS spearheaded the publication of about 48 amendments to the EAR, provided formal responses to approximately fifty AO requests, administered post-licensing processing for about 600 licenses, processed 80 requests related to items shipped in violation, reviewed fifteen or more compliance manuals submitted by industry for feedback, and visited at least 40 companies to review their compliance practices.

5. *Office of Technology Evaluation (OTE)*

The Office of Technology Evaluation (OTE) programs maintain and enhance economic and national security. OTE uses data and research to study trends and inform export policy decisions; gauge the effect of the dual-use export control system on U.S. interests; support compliance efforts by identifying noncompliance with the Export Administration Regulations; provide statistical reports to the federal government and external stakeholders to support industry and government relations; and analyze foreign availability of critical products and technologies. With BIS's unique and mandatory data collection authority, OTE researches, surveys and assesses the economic health and competitiveness of defense sectors and critical technologies, as well as defense capabilities and readiness. These assessments provide unique insight into foreign sourcing and dependencies, workforce issues, financial health, competitive challenges, and other factors impacting the ability of U.S. industry to meet national security requirements. In addition, under Section 232 of the Trade Expansion Act of 1962, as amended, OTE conducts comprehensive investigations to determine the effect of imports U.S. national security of any article. OTE also conducts outreach with U.S. industry to ensure that stakeholders reporting export transactions in the Automated Export System (AES) are doing so consistent with the Export Administration Regulations. OTE also uses its expertise in data analytics to research development in software capabilities to obtain the sophisticated tools and resources needed to search, analyze and assess licensing history and actual export shipment transactions. For example, OTE is an active participant in USG working groups that maintain the Automated Export System and International Trade Data System "single window." In addition, OTE deployed an automated program that identifies non-compliant export transactions reported in the AES by industry for follow-up by BIS compliance specialists and for enforcement leads.

In FY2017, to support the President's Order Executive Order 13786 of March 31, 2017 that the Department of Commerce and the U.S. Trade Representative prepare and submit to the President an Omnibus Report on Significant Trade Deficits, OTE

provided extensive data analysis on 16 countries with which the United States had incurred a trade deficit of \$10 billion or more. OTE was tasked by the Secretary of Commerce to conduct two Section 232 investigations of (1) steel and (2) aluminum imports, and the effects of such imports on national security. OTE surveys and assesses industry sectors at the request of other agencies to determine the health and competitiveness of these sectors as they relate to the defense and technology industrial base. Those studies have included: an overview of all U.S. critical facilities for the DoD Defense Security Service; a supply chain assessment of the U.S. rocket propulsion industry for NASA, and assessment of the U.S. textiles, apparel and footwear industry for Congress; an assessment of the U.S. integrated circuit design and manufacturing capabilities for the NSC; and an impact assessment of the production shutdown of the U.S. Air Force C-17 aircraft, for the DoD Office of Economic Adjustment. OTE and the Office of Chief Information Officer (OCIO) also will deploy a new statistical analysis software tool (SAS) to improve BIS's search, analysis and assessment functions of available data (defense industrial base surveys, licensing, and exports).

EA chairs two important interagency committees: the Operating Committee (OC) and the End-User Review Committee (ERC). Established by Executive Order 12981, the OC is the first stage of the interagency dispute resolution process for license applications. The ERC is the committee that administers two national security programs: the Entity List, which establishes license requirements for the export, reexport and/or transfer (in-country) of certain U.S. origin items to specified end-users of concern, and the Validated End-User Program, which promotes secure high technology trade with China and India.

#### **Noteworthy Accomplishments:**

- In FY 2017, BIS reviewed 34,142 export license applications in an average processing time of 21 days, significantly lower than the Executive Order time of 39 days; determined classifications in 4,993 requests, including encryption classification requests (given current personnel levels, the average time for processing classification requests is longer than the 10 days proscribed in the Export Administration Act); completed 1,005 enforcement license determination requests (LD) for BIS's Office of Export Enforcement in an average of 12 days; and processed 1,444 LD's for the Federal Bureau of Investigation and the Department of Homeland Security in support of investigations of potential unlawful exports.
- BIS plays a leading role within the Department in an ongoing White House initiative to modernize U.S. arms sales and defense trade policies to further U.S. economic, national security, and policy goals. In 2018, BIS will play a significant role in the work program that will support the new policy once it is issued.
- In FY 2017, there were two presidential memoranda calling on Secretary Wilbur Ross to expedite ongoing Department of Commerce investigations into the effects of steel and aluminum imports on US national security. BIS in conjunction with the International Trade Administration has been conducting two investigations of imports of steel and aluminum, and the effects of such imports on national security. BIS has held two public hearings as part of these investigations and prepared reports to the

Secretary with its findings. The Secretary will use the investigations' results to make his recommendation to the President on whether steel and aluminum imports threaten to impair U.S. national security, and if so, what actions should be taken to "adjust imports" to alleviate such a threat.

- The Committee on Foreign Investment in the United States (CFIUS) has seen a significant increase in the number and complexity of transactions in recent years. As a member of the interagency committee charged with assessing whether foreign investments reviewed by the CFIUS raise any national security concerns, BIS reviewed record numbers of transactions in 2016 and 2017. In 2016, CFIUS reviewed 173 transactions (record number) and 238 transactions in 2017. There has been a significant increase in the number of complex transactions reviewed by CFIUS that have raised serious national security concerns. BIS plays a critical role based on its export control and defense industrial base expertise in supporting CFIUS's analysis of transactions under review and in ensuring that CFIUS fulfills its statutory authority of ensuring that there are no unresolved national security issues when the committee concludes its review of a transaction.
- From October 3 – 5, 2017, BIS hosted the 30th annual BIS Update Conference on Export Controls and Policy. The theme of the conference was "Protecting American Technology – Growing American Industry." It was attended by about 600 attendees representing U.S. and international companies, lawyers, consultants, U.S. government agencies and foreign governments. Over the three day event, the conference agenda included three plenary sessions, three keynote speakers, twelve breakout sessions, and thirty-six roundtable discussions. By the end of FY2017, BIS's outreach efforts – including seminars, guest speakerships, calls and e-mails answered, teleconference and webinar audiences, etc. - resulted in tens of thousands of educational contacts with the exporting community.
- In FY2017, BIS contributed to the President's Executive Order 13786, which required the Secretary of Commerce and the U.S. Trade Representative, in consultation with other agencies the preparation and submission of an omnibus report on significant trade deficits. The report will identify those foreign trading partners with which the United States had a significant trade deficit in goods in 2016. In particular, BIS provided input on the effects of the trade deficits on the health and competitiveness of critical sections of the U.S. defense and technology industrial base.

**Department of Commerce  
Bureau of Industry and Security  
Operations and Maintenance  
Increases for FY 2019 (Section 232)**  
(Dollar amounts in thousands)

|                       |          | 2019 Base |        | 2019 Estimate |        | Increase  |        |
|-----------------------|----------|-----------|--------|---------------|--------|-----------|--------|
|                       |          | Personnel | Amount | Personnel     | Amount | Personnel | Amount |
| Export Administration | Pos./BA  | 218       | 57,708 | 235           | 61,879 | 17        | 4,171  |
|                       | FTE/Obl. | 213       | 57,708 | 226           | 61,879 | 13        | 4,171  |

Section 232/Defense Industrial Base Survey and Assessment Program (13 FTE, +\$4,171) -- This request will address the increased workload associated with the Section 232 investigations, under the Trade Expansion Act of 1962, that examine the effect imports of industry specific products have on U.S. national security. These are time sensitive investigations which require the Secretary to present findings and recommendations to the President for review and action, within an intensive 270-day period (9 months). Section 232 investigations have been judiciously used over the years by multiple Administrations., BIS conducted two near simultaneous 232 investigations on the effects of steel and aluminum imports on U.S. national security. While these reviews were completed in early 2018, BIS expects additional 232s initiated either at the request of industry petitions filed with the Department, requested by other agency heads, or initiated by the Secretary. In addition, new and expanded requests for defense industrial base studies, some of which are in response to White House Executive Orders, follow-on surveys and analyses may be requested by the Administration in 2019 and beyond.

Under Section 232, the specific areas requiring the greatest amount of BIS staff input include primary research, data analytics, report drafting and copy editing, site visits, 232 public hearing planning, registration, website informational development, maintenance of public comments, foreign government input, and business confidential submittals from companies, interagency coordination, meetings with affected parties, and survey development (both producer and end users), among other essential core BIS investigative steps. Moreover, in the event the President takes trade related action under the authority of the Trade Expansion Act, and that action requires an exclusion process to mitigate potential negative impacts to the domestic economy, EA would conduct this process. In addition, follow-up assessments to determine the adequacy of the remedies implemented by 232 investigations also would be required in the event of Presidential actions.

Due to the in-depth and time critical nature of these national security investigations, each specialized Section 232 project requires a team of about seven full-time staff members to perform the various and often simultaneous project components as defined in the statute. The requested resources will allow BIS to meet the statutory deadlines for surveys and assessments focused on the industrial base and critical technologies.

BIS expects a steady flow of additional defense industrial base assessment requests from other agencies and new Section 232 investigations from various industry sectors, the heads of agencies, and self-initiated investigations by the secretary. The President's National Security Strategy calls for systematic evaluation of the defense industrial base and the related supply chain essential to national security, with a focus on future investments and workforce skills. A similar industrial base assessment component is present in the NSC Space Council Coordination Committee activities and the Executive Order on Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States, which is assessing and tracking 17 critical sectors, with future actions expected. This is in addition to increased requests from the Intelligence Community, Armed Services, NASA and other USG agencies for industrial survey and analytical support.

This work will require a team of permanent staff as well as IT and administrative services and support for what likely will be highly diverse and specialized industrial studies. The staff will be required to analyze topics including industry financials, employment, production, research and development, joint ventures, mergers and acquisitions, capital expenditure, cybersecurity and counterfeits, and global competitiveness issues. The additional 13 positions dedicated to the Section 232 program and/ or defense industrial base survey assessments will support the projected 8-10 studies annually over the next 2-3 years. The completion of the 232 studies on steel and aluminum, combined, required over 25 thousand man hours, as well as travel, equipment, space, and other employee related expenses. Also, a service contract vehicle will be put in place to support short-term 232 and defense industrial base assessments through the hiring of subject matter experts.

|  | 2019         | 2020         | 2021         | 2022         | 2023         |
|--|--------------|--------------|--------------|--------------|--------------|
| Performance Measures:  |              |              |              |              |              |
| Survey and Assessments/232s<br>Number of Organizations<br>Surveyed | 8            | 9            | 10           | 12           | 11           |
|  | 8,000        | 10,000       | 12,500       | 12,500       | 12,500       |
| Cost and Benefits:   |              |              |              |              |              |
| Direct Obligations:  |              |              |              |              |              |
| Uncapitalized<br>Budget Authority                                  | 4,171        | 4,349        | 4,349        | 4,349        | 4,349        |
| Outlays  | 3,545        | 4,114        | 4,340        | 4,349        | 4,423        |
| FTE  | 13           | 17           | 17           | 17           | 17           |
| <b>Benefits, in dollars</b>  | <b>4,171</b> | <b>4,349</b> | <b>4,349</b> | <b>4,349</b> | <b>4,349</b> |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Maintenance  
Program Changes: Personnel Detail (Section 232)**

**Activity:** Export Administration  
**Subactivity:** Export Administration  
**Program Change:** Section 232/Defense Industrial Base Survey and Assessment Program

| <u>Title</u>                    | Grade | Number    | Annual Salary | Total Salaries   |
|---------------------------------|-------|-----------|---------------|------------------|
| Program Analyst                 | 15    | 1         | 149,945       | 149,945          |
| Program Analyst                 | 14    | 2         | 126,958       | 253,916          |
| Program Analyst                 | 13    | 3         | 107,435       | 322,305          |
| Program Analyst                 | 11    | 6         | 90,350        | 542,100          |
| <b>Total</b>                    |       | <b>12</b> |               | <b>1,268,266</b> |
| Less lapse                      |       | (3)       |               | (317,067)        |
| Mission Support                 | 2%    | 1         |               | 25,365           |
| Total full-time permanent (FTE) |       | <b>10</b> |               | 976,565          |
| <b>Total</b>                    |       |           |               | <b>976,565</b>   |

**Personnel Data**

|                                 |  |  |           |  |
|---------------------------------|--|--|-----------|--|
| Full-time Equivalent Employment |  |  |           |  |
| Full-time permanent             |  |  | 10        |  |
| Other than full-time permanent  |  |  | 0         |  |
| <b>Total</b>                    |  |  | <b>10</b> |  |
| Authorized Positions:           |  |  |           |  |
| Full-time permanent             |  |  | 13        |  |
| Other than full-time permanent  |  |  | 0         |  |
| <b>Total</b>                    |  |  | <b>12</b> |  |

**Bureau of Industry and Security**  
**Operations and Maintenance**  
**Program Change Detail by Object Class (Section 232)**  
(Direct Obligations amounts in thousands)

|              |  |                      |
|--------------|--|----------------------|
| Activity:    | Operations and Maintenance                         |                      |
| Subactivity: | Export Administration                              |                      |
|              | <b>Object Class</b>                                | <b>2019 Increase</b> |
| 11.1         | Full-time permanent (Compensation)                 | 997                  |
| 11.3         | Other than full-time permanent                     | 0                    |
| 11.5         | Other personnel compensation                       | 0                    |
| 11.8         | Special personnel services payments                |                      |
| 11.9         | <b>Total personnel compensation</b>                | <b>997</b>           |
| 12.1         | Civilian personnel benefits                        | 279                  |
| 13           | Benefits for former personnel                      | 0                    |
| 21           | Travel and transportation of persons               | 64                   |
| 22           | Transportation of things                           | 4                    |
| 23           | Rent, communications, and utilities                | 165                  |
| 23.1         | Rental payments to GSA                             | 0                    |
| 23.2         | Rental payments to others                          | 0                    |
| 23.3         | Commun., util., and misc. charges                  | 19                   |
| 24           | Printing and reproduction                          | 2                    |
| 25           | Consulting and other services                      | 0                    |
| 25.1         | Consulting services                                | 0                    |
| 25.2         | Other services                                     | 2,190                |
| 25.3         | Purchase of goods and services from Gov't accounts | 405                  |
| 25.4         | Operation of GOCOs                                 | 0                    |
| 25.5         | Research and development contracts                 | 0                    |
| 25.6         | Medical care                                       | 0                    |
| 25.7         | Operation and maintenance of equipment             | 0                    |
| 25.8         | Subsistence and support of persons                 | 0                    |
| 26           | Supplies and materials                             | 6                    |
| 31           | Equipment  | 40                   |
| 32           | Lands and structures                               | 0                    |
| 33           | Investments and loans                              | 0                    |
| 41           | Grants, subsidies and contributions                | 0                    |
| 42           | Insurance claims and indemnities                   | 0                    |
| 43           | Interest and dividends                             | 0                    |
| 44           | Refunds  | 0                    |
| 99.9         | <b>Total obligations</b>                           | <b>4,171</b>         |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Maintenance  
Increases for FY 2019 (CFIUS)**  
(Dollar amounts in thousands)

|                       | 2019 Base |        | 2019 Estimate |        | Increase  |        |     |
|-----------------------|-----------|--------|---------------|--------|-----------|--------|-----|
|                       | Personnel | Amount | Personnel     | Amount | Personnel | Amount |     |
| Export Administration | Pos./BA   | 218    | 57,776        | 222    | 58,536    | 4      | 640 |
|                       | FTE/Obl.  | 213    | 57,776        | 216    | 58,536    | 3      | 640 |

Foreign Investment Reviews (3 FTE, +\$640) -- This request will address BIS's increased workload associated with the Committee on Foreign Investment in the United States (CFIUS). CFIUS is an interagency committee chaired by Treasury that conducts national security reviews of mergers, acquisitions or takeovers that could result in foreign control of a U.S. business. Should a particular transaction raise national security concerns, CFIUS has the authority to mitigate those national security concerns, or it may recommend that the President prohibit or suspend the transaction. Commerce is a CFIUS statutory member and BIS is part of the interagency team that reviews all filings with CFIUS.

CFIUS cases increasingly are focused on BIS-related responsibilities, including the purchase of companies that produce or trade in items subject to the Export Administration Regulations. The additional resources will ensure that BIS has the capacity to complete its comprehensive review of each transaction within the established statutory deadlines and provide expert support during policy deliberations on complex cases. BIS experienced a 37 percent increase in CFIUS caseload in CY 2017 compared to the previous record caseload seen in FY 2016.

CFIUS has seen a significant increase in the number and complexity of transactions and BIS has not been able to devote new resources to match this workload that has occurred under the current law. In CY 2010, CFIUS reviewed 96 transactions. In CY 2016, CFIUS reviewed 173 transactions (a record number) and 238 transactions in CY 2017, many of which raise potential national security concerns and involve Chinese acquirers. There is also legislation under consideration by Congress that could significantly expand the number of transactions subject to CFIUS jurisdiction and make other changes to CFIUS. As a result of the increased caseload, occurring under current law, the average number of CFIUS cases reviewed per fiscal year per BIS analyst has risen from approximately 15 in CY 2010 to 24 in CY 2014, to more than 33 per analyst in FY 2017. Since CY 2010, the number of cases reviewed per analyst dropped only once on a year-by-year basis—that was in CY 2012, 14 cases were reviewed per analyst. All indications are that the number of CFIUS cases seen over the past two years is likely to be the new baseline and it seems clear the volume of cases will not decrease in any meaningful way in future years.

In addition to reviews of individual CFIUS cases, BIS also performs other important duties in the CFIUS program. One of these is the review of “non-notified” transactions, which are transactions that are not notified to CFIUS. As part of its support of CFIUS’s non-notified process, BIS conducts

reviews of transactions provided by the Department of the Treasury found through various databases. BIS's reviews consist of searches of the BIS licensing database to determine if the U.S. company produces or trades in "critical technologies" which can be an indicator of whether the transaction may pose national security concerns. As a result of the increasing number of CFIUS cases, BIS cannot conduct these reviews in as timely a manner as it would like. The addition of four FTE would allow for a more timely review of these transactions so that agencies within CFIUS have better information upon which to base decisions on whether a transaction should be reviewed by CFIUS.

CFIUS is experiencing record levels of cases frequently involving foreign investors from countries of potential concern. CFIUS reviews are governed by statutory deadlines and are not flexible which results in very tight turnaround times for assignments on complex cases involving a wide range of industry sectors. Complex transactions frequently require CFIUS policy meetings at the Assistant Secretary and Deputy Secretary levels, which involve significant prep time and briefings by staff. Without additional resources, BIS's ability to ensure - through rigorous CFIUS reviews - that inward foreign direct investment does not threaten U.S. national security may be jeopardized. The addition of four new FTE to support the CFIUS program will allow BIS to bring the average number of cases assigned per analyst per year closer to historical levels – close to 20 per year – which will allow BIS to conduct a more meaningful and thorough review of each case.

|  | 2019         | 2020         | 2021         | 2022         | 2023         |
|--|--------------|--------------|--------------|--------------|--------------|
| Performance Measures:                            |              |              |              |              |              |
| Average number of CFIUS cases per analyst        | 22           | 22           | 22           | 22           | 22           |
| Average number of non-notified cases per analyst | 900          | 900          | 900          | 900          | 900          |
| Cost and Benefits:                               |              |              |              |              |              |
| Direct Obligations:                              |              |              |              |              |              |
| Uncapitalized                                    | 773          | 773          | 773          | 773          | 773          |
| Budget Authority                                 | 773          | 773          | 773          | 773          | 773          |
| Outlays  | 657          | 734          | 773          | 773          | 773          |
| FTE  | 4            | 4            | 4            | 4            | 4            |
| <b>Benefits, in dollars</b>                      | <b>4,203</b> | <b>4,703</b> | <b>5,203</b> | <b>5,703</b> | <b>6,203</b> |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Maintenance  
Program Change: Personnel Detail (CFIUS)**

**Activity:** Export Administration  
**Subactivity:** Export Administration  
**Program Change:** Committee on Foreign Investment in the United States (CFIUS)

| <u>Title</u>                    | Grade  | Number   | Annual Salary | Total Salaries |
|---------------------------------|--------|----------|---------------|----------------|
| Program Analyst                 | 14     | 2        | 120,182       | 240,364        |
| Program Analyst                 | 12     | 2        | 79,305        | 158,610        |
| <b>Total</b>                    |        | <b>4</b> |               | <b>398,974</b> |
| Less lapse                      |        |          |               |                |
| Mission Support                 |        |          |               |                |
|                                 | 25.00% | (1)      |               | (99,744)       |
| Total full-time permanent (FTE) | 2%     | 0        |               | 7,979          |
| <b>Total</b>                    |        | <b>3</b> |               | <b>307,210</b> |

**Personnel Data**

|                                 |  |          |  |  |
|---------------------------------|--|----------|--|--|
| Full-time Equivalent Employment |  |          |  |  |
| Full-time permanent             |  | 3        |  |  |
| Other than full-time permanent  |  | 0        |  |  |
| <b>Total</b>                    |  | <b>3</b> |  |  |
| Authorized Positions:           |  |          |  |  |
| Full-time permanent             |  | 4        |  |  |
| Other than full-time permanent  |  | 0        |  |  |
| <b>Total</b>                    |  | <b>4</b> |  |  |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Maintenance  
Program Change Detail by Object Class (CFIUS)**  
(Direct Obligations amounts in thousands)

Activity: Operations and Maintenance  
Subactivity: Export Administration

| Object Class  | 2019 Increase |
|---|---------------|
| 11.1 Full-time permanent (Compensation)                 | 307           |
| 11.3 Other than full-time permanent                     | 0             |
| 11.5 Other personnel compensation                       | 0             |
| 11.8 Special personnel services payments                | 0             |
| 11.9 <b>Total personnel compensation</b>                | <b>307</b>    |
| 12.1 Civilian personnel benefits                        | 87            |
| 13 Benefits for former personnel                        | 0             |
| 21 Travel and transportation of persons                 | 21            |
| 22 Transportation of things                             | 1             |
| 23 Rent, communications, and utilities                  | 55            |
| 23.1 Rental payments to GSA                             | 0             |
| 23.2 Rental payments to others                          | 0             |
| 23.3 Commun., util., and misc. charges                  | 6             |
| 24 Printing and reproduction                            | 1             |
| 25 Consulting and other services                        | 0             |
| 25.1 Consulting services                                | 0             |
| 25.2 Other services                                     | 1             |
| 25.3 Purchase of goods and services from Gov't accounts | 141           |
| 25.4 Operation of GOCOs                                 | 0             |
| 25.5 Research and development contracts                 | 0             |
| 25.6 Medical care                                       | 0             |
| 25.7 Operation and maintenance of equipment             | 0             |
| 25.8 Subsistence and support of persons                 | 0             |
| 26 Supplies and materials                               | 2             |
| 31 Equipment  | 20            |
| 32 Lands and structures                                 | 0             |
| 33 Investments and loans                                | 0             |
| 41 Grants, subsidies and contributions                  | 0             |
| 42 Insurance claims and indemnities                     | 0             |
| 43 Interest and dividends                               | 0             |
| 44 Refunds  | 0             |
| 99.9 <b>Total obligations</b>                           | <b>640</b>    |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Program and Performance: Direct Obligations (EE)**  
(Dollar amounts in thousands)

Activity: Operations and Administration  
Sub-activity: Export Enforcement

| Line Item    |                | 2017       |               | 2018             |               | 2019       |               | 2019       |               | Increase |          |
|--------------|----------------|------------|---------------|------------------|---------------|------------|---------------|------------|---------------|----------|----------|
|              |                | Actual     | Amount        | Annualized<br>CR | Amount        | Base       | Amount        | Estimate   | Personnel     | Amount   |          |
| Export       | Pos./BA        | 170        | 50,383        | 217              | 47,553        | 217        | 49,398        | 217        | 49,398        | 0        | 0        |
| Enforcement  | FTE/Obl        | 175        | 50,383        | 208              | 47,828        | 212        | 49,398        | 212        | 49,398        | 0        | 0        |
| <b>Total</b> | <b>Pos./BA</b> | <b>170</b> | <b>50,383</b> | <b>217</b>       | <b>47,553</b> | <b>217</b> | <b>49,398</b> | <b>217</b> | <b>49,398</b> | <b>0</b> | <b>0</b> |
|              | <b>FTE/Obl</b> | <b>175</b> | <b>50,383</b> | <b>208</b>       | <b>47,828</b> | <b>212</b> | <b>49,398</b> | <b>212</b> | <b>49,398</b> | <b>0</b> | <b>0</b> |

**Department of Commerce  
Bureau of Industry and Security  
Operations and Administration  
Program and Performance: Reimbursable Obligations (EE)**  
(Dollar amounts in thousands)

Activity: Reimbursable  
Subactivity: Export Enforcement

| Line Item    |                | 2,017    |            | 2,018      |            | 2,019    |            | 2,019    |            | Increase  |          |
|--------------|----------------|----------|------------|------------|------------|----------|------------|----------|------------|-----------|----------|
|              |                | Actual   |            | Annualized | CR         | Base     |            | Estimate |            | Personnel | Amount   |
| Export       | Pos./BA        | 0        | 580        | 0          | 769        | 0        | 769        | 0        | 769        | 0         | 0        |
| Enforcement  | FTE/Obl        | 0        | 580        | 0          | 769        | 0        | 769        | 0        | 769        | 0         | 0        |
| <b>Total</b> | <b>Pos./BA</b> | <b>0</b> | <b>580</b> | <b>0</b>   | <b>769</b> | <b>0</b> | <b>769</b> | <b>0</b> | <b>769</b> | <b>0</b>  | <b>0</b> |
|              | <b>FTE/Obl</b> | <b>0</b> | <b>580</b> | <b>0</b>   | <b>769</b> | <b>0</b> | <b>769</b> | <b>0</b> | <b>769</b> | <b>0</b>  | <b>0</b> |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Program Justification (EE)**

**Activity:** Operation and Administration

**Subactivity:** Export Enforcement (EE)

**GOAL STATEMENT:** Apply law enforcement and export control expertise to prevent and deter exports of the most sensitive items to illicit end-users and uses, to embargoed destinations, and to ensure that parties involved in U.S. commercial transactions do not engage in prohibited boycott activities

**BASE PROGRAM:**

EE enforces export controls of the Export Administration Regulations (EAR) for reasons of national security, nonproliferation, anti-terrorism, foreign policy, and short supply. These enforcement actions are taken pursuant to the Export Administration Act (EAA).<sup>1</sup> EE also enforces U.S. antiboycott laws and regulations by advising U.S. exporters and banks on the substance and application of the EAR; monitoring and analyzing trends in boycott activity; and conducting investigations and pursuing criminal and administrative sanctions for violations. EE protects national security by facilitating secure U.S. exports while combatting the proliferation of nuclear, missile, chemical/biological weapons of mass destruction (WMD) and preventing the diversion of EAR-controlled items to unauthorized military end users or end uses, human rights abuses, and terrorism; ensuring companies that put in place an export compliance program are not disadvantaged by those seeking to circumvent U.S. export control rules; and identifying reliable transaction parties which increases secure U.S. trade through facilitation of BIS's review of license applications and assistance to U.S. exporters in screening suspicious inquiries.

**Statement of Operating Objectives:**

1. Maintain the momentum – level the playing field for U.S. exporters by continuing a strong deterrence for those who would attempt to ignore, circumvent, or otherwise violate export controls, especially to create a competitive advantage over those who “play by the rules.”
2. Continue to nurture partnerships with other federal law enforcement agencies. Partner whenever possible with other law enforcement agencies to strengthen our ability to enforce export controls by expanding the network of resources and capabilities.

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<sup>1</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent of which was August 4, 2016 (81 Fed. Reg. 52587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

3. Fully automate processes that incorporate all-source (unclassified and classified) intelligence in the evaluation of foreign parties to export transactions and end uses during the licensing process. Provide all-source information regarding end uses and foreign end-users of U.S.-controlled items to BIS and interagency partners to determine potential diversion risks when making licensing decisions.
4. Expand criminal intelligence capabilities to identify and eliminate domestic and international criminal proliferation networks.
5. Obtain and employ the additional resources necessary to address an ever-increasing workload for identifying and executing enforcement actions (appropriate criminal and civil penalties) against those who violate U.S. export controls and the antiboycott provisions of the EAR.s.

### **Explanation and Justificaiton:**

EE is organized into three sub-programs under the Operations and Administration account:

1. The **Office of Export Enforcement (OEE)** sub-program responsibilities include investigating violations, working with the Department of Justice for criminal prosecution, and independently imposing civil sanctions for violations against the EAR, International Emergency Economic Powers Act (IEEPA), the Chemical Weapons Convention Implementation Act (CWCIA), the Fastener Quality Act (FQA), and related statutes and regulations.

OEE prioritizes its enforcement activities with the President's national security priorities, including cases relating to the proliferation of Weapons of Mass Destruction (WMD), terrorism, and diversion to military end uses by foreign governments contrary to U.S. national security interests. The primary objectives are to detect and prevent the illegal export of controlled goods and technology; investigate violators of U.S. export controls, anti-terrorist and public safety laws and regulations; and conduct outreach that educates the business community in violation prevention.

OEE Special Agents have traditional police powers, including the authority to make arrests, execute warrants, issue administrative subpoenas, detain and seize goods. Investigations can result in the imposition of criminal penalties as well as administrative penalties (including civil monetary fines, imposition of training and audit requirements, and export denials). To help detect and prevent diversions of U.S. goods to countries and end users of proliferation concern, OEE Special Agents conduct end use checks, on both pre-license checks and post-shipment verifications, for licensed and unlicensed transactions.

End use checks are conducted by OEE Special Agents through a program called the "Sentinel" program utilizing domestic-based OEE Special Agents, who visit foreign consignees and end-users of U.S. commodities and technology. Special Agents conduct end use checks to determine if the export transactions are in compliance with U.S. export regulations. In addition to conducting on-site end use visits, the teams train American Embassy/ Consulate officials to conduct end use checks and educate host government officials as well as local importers about U.S. export control requirements. The Sentinel program generally covers gaps in areas of the world not included in the Export Control Officers regional areas of responsibility.

Other OEE preventive enforcement measures include seeking temporary denials of export privileges where a violation is imminent, reviewing Electronic Export Information (EEI), utilizing intelligence research and analysis to better target OEE's nonproliferation and anti-terrorism enforcement efforts, and screening export license applications against other law enforcement databases.

OEE's outreach objectives include education programs to train exporters to identify and avoid illegal transactions, improving government-wide export enforcement efforts through increased cooperation with other U.S. Government export control and enforcement agencies, and working cooperatively with foreign governments to help them acquire enforcement capabilities needed for fully effective export control programs.

2. The **Office of Enforcement Analysis (OEA)** sub-program protects national security by monitoring and evaluating export transactions through the analysis of trade data and private, public, and government classified and unclassified information to ensure compliance with the EAR, the Chemical Weapons Convention Regulations (CWCR), and other laws and regulations related to export controls subject to BIS jurisdiction. These efforts facilitate trade and promote U.S. exports while protecting national security by countering the unauthorized use of sensitive items by foreign parties of national security concern. OEA's priorities are to combat the proliferation of nuclear, chemical or biological WMD and their delivery systems inimical to U.S. interests, to prevent diversion of EAR-controlled items to unauthorized military end users or end uses, including the destabilizing accumulation of conventional weapons, and to deny terrorist groups and terrorist-supporting countries access to U.S. items for the development and manufacture of weapons, including improvised explosive devices or other items used to support or commit terrorist acts.

OEA manages the work of a cadre of Special Agents that serve as Export Control Officers assigned to specific Embassies/Consulates with the U.S. Commercial Service to conduct end use checks and educate host government officials as well as local importers, throughout regional areas of responsibility, about U.S. export control requirements. OEA is the only national security office specifically chartered to conduct intelligence analysis of export transactions to identify and prevent the illicit proliferation and misuse of EAR-controlled items. To accomplish this critical national security mission, OEA analyzes export and export license transactions, directs and conducts overseas end-use checks, including through its Export Control Officer program, to verify the bona fides of foreign parties to export transactions, targets illicit procurement networks that result in investigative leads to OEE Special Agents to warn U.S. companies about suspicious procurement attempts or identify potential export violations, identifies parties of national security concern for designation on BIS proscribed party lists, provides analytical support to ongoing OEE law enforcement investigations, and coordinates enforcement policy and outreach with international partners and industry.

3. The **Office of Antiboycott Compliance (OAC)** sub-program administers and enforces the antiboycott provisions of the EAR. The objective of these regulations is to discourage, and in some circumstances, prohibit U.S. companies from taking certain actions in furtherance or support of any unsanctioned foreign boycott against a country friendly to the United States, including the Arab League boycott of Israel.

The Regulations prohibit compliance by U.S. entities with certain requests to provide information about business relationships with boycotted countries or with blacklisted persons and require reporting receipt of certain boycott-related requests to OAC.

The antiboycott provisions of the EAR apply to all "U.S. persons," defined to include individuals and companies located in the United States and their foreign affiliates, when their activities relate to the sale, purchase, or transfer of goods or services (including information) within the U.S. or between the U.S. and a foreign country. This includes U.S. exports and imports, financing, forwarding and shipping, and certain other transactions that may take place wholly offshore.

OAC accomplishes its mission by assisting the regulated public to understand and comply with the antiboycott regulations; by monitoring reports of requests to comply with unsanctioned foreign boycotts received by U.S. businesses; and by conducting investigations, initiating enforcement actions, and sanctioning violators of the antiboycott provisions of the EAR. OAC assists the regulated public in complying with the antiboycott regulations through its outreach efforts. These include presentations at export control seminars and conferences through which OAC explains to exporters, freight forwarders, bankers, lawyers, and others the substance and application of the antiboycott provisions of the EAR to export transactions. Additionally, OAC operates a telephone and e-mail Advice Line, providing answers to the exporting community's specific antiboycott questions on a daily basis and assisting companies to negotiate removal of boycott-related barriers to an export transaction.

The EAR requires U.S. persons to report to BIS the receipt of certain requests to comply with unsanctioned foreign boycotts. These reports include the language of the request received by the reporting entity and the identity of the boycotting country initiating the request. OAC reviews the report forms and maintains a database of these boycott-related requests. OAC monitors and analyzes the database to identify trends in boycott activity by source and by type, and contributes this data annually to the Congress. Further, OAC works closely with the Department's governmental partners at the Department of State's Office of the Near East, the Department of Commerce's International Trade Administration, the Department of Treasury's Office of General Counsel, responsible for administering the antiboycott portion of the Internal Revenue Code, and the U.S. Trade Representative to ensure coordinated United States government policy regarding antiboycott compliance.

#### **Noteworthy Accomplishments/Investigation Results:**

Special Agents from the Office of Export Enforcement (OEE) have continued to demonstrate impressive results. During the past five years (Fiscal years 2012-2017) OEE Special Agents recovered \$584M in criminal fines and \$349M in forfeitures. In addition, during that same period over \$795M was assessed in administrative/regulatory fines. This monetary recovery is in addition to the 270 years of imprisonment imposed on violators and the beneficial deterrence gained through strong export enforcement. During FY17, OEE was responsible for criminal cases resulting in fines of \$287M, forfeitures of \$166M, and civil penalties of \$692M. Convictions this fiscal year resulted in 565 months of confinement.

Export enforcement is a complex team effort. Our first priority is to prevent illicit export transactions. It takes the close cooperation between our analysts in the Office of Enforcement Analysis (OEA) and Licensing Officers within Export Administration to prevent our nation's most sensitive items from falling into the hands of unauthorized end users. OEA's review of license applications resulted in the prevention of exports to parties of national

security and proliferation concern while facilitating the efficient processing of parties new to the BIS licensing system. When OEA's Information Triage Unit directed parties to the most high-risk export transactions, denials by Licensing Officers increased from the overall average of one percent to 14 percent in FY 2017. In cases where OEA recommended a license denial because the bona fides of the party or transaction could not be confirmed, none of the license applications was approved, demonstrating the U.S. exports safeguarding value of enforcement information. Additionally, in FY 2017 OEA conducted 138 outreaches to international companies, to educate them on Export Administration Regulations (EAR) compliance. Led by Export Control Officers, OEA completed 1,089 end-use checks and ensured license applications were not approved where pre-license checks revealed unfavorable or unverified information. OEA ensured an enforcement-related outcome, to include license denials, investigative leads, or designations on the Unverified List, resulted from each unfavorable end-use check. In FY 2017, OEA worked with Export Administration to add 41 parties to the Entity List and six parties to the Unverified List, as well as to furnish 514 investigative leads to the Office of Export Enforcement (OEE), resulting in 242 outreaches to companies, 56 actions preventing the filing of an illicit order, 63 new investigations, and 40 detentions. These efforts safeguarded U.S. national security while promoting secure U.S. exports.

The following summaries illustrate the types of cases investigated by OEE Special Agents and the results attained.

#### **Steven Lim/Hia Soo Gan Benson/Lim Kow Seng/Corezing International Pte. Ltd**

##### *Components for Improvised Explosive Devices (IEDs) to Iran and Iraq*

On April 27, 2017, Lim Yong Nam, aka Steven Lim, was sentenced in U.S. District Court in the District of Columbia to 40 months in prison, two years of supervised release and a \$100 special assessment. Lim, a citizen of Singapore, was extradited in 2016 from Indonesia, where he had been detained since October 2014 in connection with the U.S. request for extradition. Lim admitted that between August 2007 and February 2008, he and others caused 6,000 modules to be purchased and illegally exported from the U.S. through Singapore, and later to Iran knowing that the export of U.S.-origin goods to Iran was a violation of U.S. law. Lim and others made misrepresentations and false statements to the Minnesota-based supplier of the modules that Singapore was the final destination of the goods. During 2008 and 2009, coalition forces in Iraq recovered numerous modules made by the Minnesota firm that had been utilized as part of the remote detonation system for Improvised Explosive Devices (IEDs). According to court documents between 2001 and 2007, IEDs were the major source of American combat casualties in Iraq. On September 20, 2013, additional defendants Hia Soo Gan Benson and Lim Kow Seng were sentenced in U.S. District Court for the District of Columbia. Hia received a 34 month prison sentence, 36 months of supervised release, a \$100 special assessment, and deportation following imprisonment. Lim received a 37 month prison sentence, three years of supervised release, a \$100 special assessment, and deportation following imprisonment. In coordination with the criminal actions, 15 persons located in China, Hong Kong, Iran and Singapore were added to the Department of Commerce's Entity List. Their placement on the BIS Entity List prohibits these companies from receiving any item subject to the EAR unless the exporter obtains a BIS license. This was a joint investigation with OEE, ICE, and the FBI.

**Defendants received 37-40 months incarceration, several years of supervised release, special assessments by the court and deportation following imprisonment.**

#### **Zhongxing Telecommunications Equipment Corporation (ZTE)**

*Telecommunications equipment to Iran and North Korea*

On March 22, 2017, China's Zhongxing Telecommunications Equipment Corporation and ZTE Kangxun Telecommunications Ltd., known collectively as ZTE, was penalized a record combined civil and criminal penalty of \$1.19 billion, after illegally shipping telecommunications equipment to Iran and North Korea in violation of the EAR and the Iranian Transactions and Sanctions Regulations (ITSR). ZTE has agreed to pay a penalty of \$661 million to Commerce's Bureau of Industry Security (BIS), with \$300 million of that amount suspended during a seven-year probationary period to deter future violations. The U.S. District Court for the Northern District of Texas imposed \$430,488,798 in combined criminal fines and forfeiture on ZTE as part of a plea agreement with the Department of Justice. ZTE has also agreed to pay the Department of the Treasury's Office of Foreign Assets Control (OFAC) \$100,871,266 pursuant to a settlement agreement. The penalty consists of a record combined civil and criminal penalty of \$1.19 billion.

The penalty resulting from this case represents the largest ever in a sanctions investigation administered under the International Emergency Economic Power Act (IEEPA).

**The penalty consists of a record combined civil and criminal penalty of \$1.19 billion. The penalty resulting from this case represents the largest ever in a sanctions investigation administered under IEEPA.**

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**Operations and Administration**  
**Summary of Requirements by Object Class**  
(Dollar amounts in thousands)

| <b>Object Class</b>                                     | 2017          | 2018             | 2019          | 2019          | Increase<br>over 2019 Base |
|---|---------------|------------------|---------------|---------------|----------------------------|
|   | Actual        | Annualized<br>CR | Base          | Estimate      |                            |
| 11.1 Full-time permanent (Compensation)                 | 43,770        | 43,770           | 47,236        | 48,540        | 1,304                      |
| 11.3 Other than full-time permanent                     | 257           | 257              | 270           | 270           | 0                          |
| 11.5 Other personnel compensation                       | 3,196         | 3,196            | 3,362         | 3,362         | 0                          |
| 11.8 Special personnel services payments                | 42            | 42               | 45            | 45            | 0                          |
| <b>11.9 Total personnel compensation</b>                | <b>47,265</b> | <b>47,265</b>    | <b>50,913</b> | <b>52,217</b> | <b>1,304</b>               |
| 12.1 Civilian personnel benefits                        | 16,402        | 16,402           | 17,361        | 17,727        | 366                        |
| 13 Benefits for former personnel                        | 46            | 46               | 46            | 46            | 0                          |
| 21 Travel and transportation of persons                 | 3,503         | 3,503            | 3,368         | 3,453         | 85                         |
| 22 Transportation of things                             | 227           | 227              | 250           | 250           | 0                          |
| 23 Rent, communications and utilities                   | 0             | 0                | 0             | 5             | 5                          |
| 23.1 Rental payments to GSA                             | 6,932         | 6,932            | 7,338         | 7,558         | 220                        |
| 23.2 Rental payments to others                          | 26            | 26               | 26            | 26            | 0                          |
| 23.3 Commun., util., and misc. charges                  | 2,171         | 2,171            | 2,281         | 2,306         | 25                         |
| 24 Printing and reproduction                            | 270           | 270              | 284           | 287           | 3                          |
| 25 Consulting and other services                        |               |                  |               | 0             | 0                          |
| 25.1 Consulting services                                | 817           | 817              | 817           | 817           | 0                          |
| 25.2 Other services                                     | 14,779        | 14,779           | 12,713        | 14,904        | 2,191                      |
| 25.3 Purchase of goods and services from Gov't accounts | 16,032        | 16,032           | 16,016        | 16,560        | 544                        |
| 25.4 Operation of GOCOs                                 | 0             | 0                | 0             | 0             | 0                          |
| 25.5 Research and development contracts                 | 0             | 0                | 0             | 0             | 0                          |
| 25.6 Medical care                                       | 0             | 0                | 0             | 0             | 0                          |
| 25.7 Operation & maintenance of equipment               | 0             | 0                | 0             | 0             | 0                          |
| 25.8 Subsistence and support of persons                 | 0             | 0                | 0             | 0             | 0                          |
| 26 Supplies and materials                               | 1,958         | 1,958            | 2,216         | 2,224         | 8                          |

|             |                                     |                |                |                |                |              |
|-------------|-------------------------------------|----------------|----------------|----------------|----------------|--------------|
| 31          | Equipment                           | 2,072          | 2,072          | 2,309          | 2,369          | 60           |
| 32          | Lands and structures                | 0              | 0              | 0              | 0              | 0            |
| 33          | Investments and loans               | 0              | 0              | 0              | 0              | 0            |
| 41          | Grants, subsidies and contributions | 0              | 0              | 0              | 0              | 0            |
| 42          | Insurance claims and indemnities    | 0              | 0              | 0              | 0              | 0            |
| 43          | Interest and dividends              | 0              | 0              | 0              | 0              | 0            |
| 44          | Refunds                             | 0              | 0              | 0              | 0              | 0            |
| <b>99.9</b> | <b>Total Obligations</b>            | <b>112,500</b> | <b>112,500</b> | <b>115,938</b> | <b>120,749</b> | <b>4,811</b> |
|             | Less prior year recoveries          |                | 0              | 0              | 0              | 0            |
|             | Less prior year unobligated balance | 0              | 0              | 0              | 0              | 0            |
|             | <b>Total Budget Authority</b>       | <b>112,500</b> | <b>112,500</b> | <b>115,938</b> | <b>120,749</b> | <b>4,811</b> |
|             | Personnel Data                      |                |                |                |                |              |
|             | Full-Time equivalent Employment:    |                |                |                |                |              |
|             | Full-time permanent                 | 367            | 432            | 436            | 449            | 13           |
|             | Other than full-time permanent      | 0              | 0              | 0              | 0              | 0            |
|             | <b>Total</b>                        | <b>367</b>     | <b>432</b>     | <b>436</b>     | <b>449</b>     | <b>13</b>    |
|             | Authorized Positions:               |                |                |                |                |              |
|             | Full-time permanent                 | 370            | 450            | 450            | 467            | 17           |
|             | Other than full-time permanent      | 0              | 0              | 0              | 0              | 0            |
|             | <b>Total</b>                        | <b>370</b>     | <b>450</b>     | <b>450</b>     | <b>467</b>     | <b>17</b>    |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Appropriation Language and Code Citations**

**1. "For necessary expense for export administration and national security activities of the Department of Commerce"**

**A. Export Administration**

50 U.S.C. 4601 et seq.  
10 U.S.C. 7430(e)  
22 U.S.C. 2778  
22 U.S.C. 2799aa-1(b)  
22 U.S.C. 6001-6005  
22 U.S.C. 7201-7211  
22 U.S.C. 8544  
22 U.S.C. 8551(c)(2)  
42 U.S.C. 2139a  
15 U.S.C. 1824a  
50 U.S.C. 1701 et seq.

50 U.S.C. Sections 4601-4623 (Export Administration Act of 1979, as amended) (EAA) provides authority for the regulation of exports of dual-use items for reasons of national security, foreign policy, or short supply. It also authorizes implementation of restrictions on compliance with foreign boycotts and other restrictive trade practices. The EAA expired on August 20, 2001.

Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. p. 783 [2002]), as amended by Executive Order 13637 of March 8, 2013, 78 FR 16129 [March 13, 2013]), and as extended by successive Presidential Notices, most recently by the Notice of August 4, 2016 (81 Fed. Reg. 52587 [Aug. 8, 2016]), continues the provisions of the EAA in effect, to the extent permitted by law, under authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA).

10 U.S.C. 7430(e) is a provision related to the export of oil and gas.

22 U.S.C. 2778 (note) was amended by Section 1261 of the National Defense Authorization Act for Fiscal Year 2013, which repealed previous legislation that had placed satellites and related items on the United States Munitions List. Section 1261 permits the President to remove these items from the United States Munitions List and place them on the Commerce Control List.

22 U.S.C. 2799aa-1(b) requires the President to impose sanctions, including prohibiting exports of specific goods and technologies, pursuant to the requirements of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), on a non-nuclear-weapon state that receives or detonates a nuclear explosive device.

22 U.S.C. 6001-6010 set forth provisions of the Cuban Democracy Act, as amended by the Cuban Liberty and Democratic Solidarity (Libertad) Act, 22 U.S.C. 6021-6091, related to certain exports to Cuba.

22 U.S.C. 7201-7211 (Trade Sanctions Reform and Export Enhancement Act of 2000, as amended) sets forth a licensing regime for the export of agricultural commodities, medicines, and medical devices to designated terrorism-supporting countries.

22 U.S.C. 8544 authorizes the Secretary of Commerce to designate any employee of the Office of Export Enforcement of the Department of Commerce to conduct certain activities specified under the Export Administration Act of 1979, 50 U.S.C. 4614(a)(3)(B), when the employee is carrying out activities to enforce: (1) the provisions of the Export Administration Act of 1979; (2) a provision of Title III of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 or any other provision of law relating to export controls with respect to which the Secretary of Commerce has enforcement responsibility; or (3) any license, order, or regulation issued under the Export Administration Act of 1979 or any other provision of law relating to export controls with respect to which the Secretary of Commerce has enforcement responsibility.

22 U.S.C. 8551(c)(2) authorizes the appropriation of sums to carry out the Office of Export Enforcement's law enforcement activities under 22 U.S.C. 8544.

42 U.S.C. 2139a sets forth the Commerce Department's responsibility for controlling the export of dual-use items of significance for nuclear explosive purposes.

15 U.S.C. 1824a prohibits the export of horses by sea for purposes of slaughter.

50 U.S.C. 1701 et seq. (International Emergency Economic Powers Act, as amended) provides that the President may declare a national emergency to deal with an extraordinary threat to the U.S. national security, foreign policy, or economy. Sanctions statutes, including the Iran Sanctions Act and the Iran-Iraq Arms Non-Proliferation Act, are codified as notes to this section.

## **B. National Security**

10 U.S.C. 2531-2532

19 U.S.C. 1862

22 U.S.C. 6701 et seq.  
22 U.S.C. 8101 et seq.  
42 U.S.C. 300j  
42 U.S.C. 5195  
50 U.S.C. 82  
50 U.S.C. 98-98h  
50 U.S.C. 3816  
50 U.S.C. 4501 et seq.

10 U.S.C. 2531-2532 authorizes the Secretary of Commerce to review memoranda of understanding and related agreements pertaining to research, development, or production of defense equipment between the Secretary of Defense and one or more foreign countries.

19 U.S.C. 1862 authorizes investigations of the effects on national security of imports of a particular article, and a report of the results of the investigations to the President with a recommendation for action or inaction.

22 U.S.C. 6701 et seq. (Chemical Weapons Convention Implementation Act of 1998) authorizes the President to implement U.S. obligations under the Chemical Weapons Convention (CWC), including requiring reporting by chemical production, processing, and consumption facilities and inspection of such facilities by the Organization for the Prohibition of Chemical Weapons (OPCW) (functions delegated to the Secretary of Commerce in Executive Order 13128, June 25, 1999).

22 U.S.C. 8101 et seq. (United States Additional Protocol Implementation Act) authorizes the President to carry out U.S. obligations under the "Protocol Additional to the Agreement between the United States of America and the International Atomic Energy Agency (IAEA) for the Application of Safeguards in the United States of America" signed in Vienna, Austria, on June 12, 1998. These obligations include reporting requirements of facilities engaged in nuclear activities and inspections of such facilities by members of the IAEA accompanied by U.S. government representatives (functions delegated to the Secretary of Commerce in Executive Order 13458, February 4, 2008).

42 U.S.C. 300j authorizes the issuance of orders requiring the delivery of chemicals or substances necessary for treatment of water (function delegated to the Secretary of Commerce in Executive Order 11879, September 17, 1975).

42 U.S.C. 5195 provides for the development of national emergency plans and preparedness programs to anticipate and minimize the effects of hazards (natural disasters and accidental or man-caused events) on the civilian population (functions delegated to the Secretary of Commerce in Executive Order 12656, November 18, 1988).

50 U.S.C. 82 provides for U.S. Government procurement of ships and material during war (functions delegated to the Secretary of Commerce in Executive Order 12742, January 8, 1991).

50 U.S.C. 98-98h et seq. (Strategic and Critical Materials Stock Piling Act) authorizes the acquisition and retention of stocks of certain strategic and critical materials.

50 U.S.C. 3816 provides for U.S. Government procurement of any articles or materials authorized by Congress (responsibility for all articles and materials except food, energy, and civil transportation delegated to the Secretary of Commerce in Executive Order 12742, January 8, 1991).

50 U.S.C. 4501 et seq. (Defense Production Act of 1950, as amended) authorizes the Bureau of Industry and Security (BIS) to set priorities for performance of defense and energy-related contracts and to allocate materials and supplies that are essential for national defense purposes and for maximization of domestic energy supplies, including the following:

- 50 U.S.C. 4511 provides for U.S. Government priority rating of contracts and orders necessary to promote the national defense (functions partially delegated to the Secretary of Commerce in Executive Order 13603, March 16, 2012).
- 50 U.S.C. 4568 authorizes the Secretary of Commerce to produce the Annual Report on Offsets (functions delegated to the Secretary of Commerce in Executive Order 13603, March 16, 2012).
- 50 U.S.C. 4554 authorizes the President to prescribe such regulations and issue orders appropriate to carry out the Defense Priorities and Allocations System (functions delegated to the Secretary of Commerce in Executive Order 13603, March 16, 2012).
- 50 U.S.C. 4555 authorizes the conduct of investigations and production of records and other documents. The Department of Commerce is also authorized to conduct studies and assessments of the health and competitiveness of the U.S defense industrial base (functions partially delegated to the Secretary of Commerce in Executive Order 13603, March 16, 2012).
- 50 U.S.C. 4565 provides for an interagency committee to determine the effects on national security of mergers, acquisitions, and takeovers that would result in foreign control of persons engaged in interstate commerce in the United States. (The Department of Commerce (via BIS and the International Trade Administration (ITA)) participates as a member of the Committee on Foreign Investment in the United States).

**c. Other**

15 U.S.C. 1501 et seq.

15 U.S.C. 1501 et seq. provides the basic authority for performance of those functions and activities of BIS which foster, promote, and develop foreign and domestic commerce.

**2. including costs associated with the performance of export administration field activities both domestically and abroad;**

15 U.S.C. 1531

22 U.S.C. 3922

15 U.S.C. 1531 authorizes the Secretary of Commerce to establish a Buying Power Maintenance account for BIS. This fund is to be used to maintain overseas program activity at the appropriated program levels.

22 U.S.C. 3922 provides that the Secretary of Commerce may utilize the Foreign Service personnel system with respect to personnel performing international trade functions transferred to the Department of Commerce by Reorganization Plan No. 3 of 1979 (5 U.S.C. 903 note) and with respect to other personnel of the Department of Commerce to the extent the President determines to be necessary in order to enable the Department of Commerce to carry out functions which require service abroad.

**3. full medical coverage for dependent members of immediate families of employees stationed overseas;**

No Specific Authority

This language permits BIS to extend to certain of its overseas employees the same benefits afforded domestically employed Federal employees and employees of ITA's Foreign Commercial Service in equivalent positions overseas.

**4. employment of Americans and aliens by contract for services abroad;**

No Specific Authority

Federal agencies must have specific legislative authority to procure personal services by contract. See 44 Comp. Gen. 761 (1965); H.R. Rep. No. 188, 89th Cong., 1st Sess. 5-13 (June 1, 1965). This appropriation language gives BIS the flexibility to procure, by contract, services of U.S. citizens or aliens as appropriate. In some cases, it is advantageous to employ aliens who are fluent in the native language of the host country; who are familiar with local practices and procedures; or who only need to be employed for a short period of time. In other cases, it is advantageous to employ U.S. citizens in the host country (generally members of an employee's family) who have greater familiarity with American methods and may require less effort to train.

**5. Payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries;**

## No Specific Authority

28 U.S.C. 2672 provides for settlement of tort claims for money damages of \$25,000 or less against the U.S. by the head of each Federal agency for loss of property, personal injury, or death caused by a negligent or wrongful act or omission of any employee of the Government while acting within the scope of his employment in circumstances where the United States, if a private person, would be liable under local law. However, 28 U.S.C. 2680(k) exempts the settlement of tort claims that arise abroad from the provisions of 28 U.S.C. 2672. The language requested would exempt BIS from 28 U.S.C. 2680, and would authorize the settlement of tort claims against the United States that arise in connection with its activities abroad.

**6. not to exceed \$13,500 for official representation expense abroad;**

## No Specific Authority

Appropriated funds may not be expended for entertainment except when specifically authorized by law. See, e.g., 43 Comp. Gen. 305 (1963). The foregoing language provides such specific authority for BIS to expend up to \$13,500 for entertainment and similar expenses related to its official activities abroad.

**7. awards of compensation to informers under the Export Administration Act of 1979, and authorized by 22 U.S.C. 401(b);**

50 U.S.C. 4614  
22 U.S.C. 401(b)

50 U.S.C. 4614 provides BIS with authority to make investigations and obtain such information as may be necessary to enforce the provisions of the Export Administration Act of 1979, as amended.

22 U.S.C. 401(b) provides for awards of compensation to informers providing information concerning illegal exports of war materials or other articles in violation of the law, when funds are specifically provided therefor.

**8. purchase of passenger motor vehicles for official use and motor vehicles for law enforcement use with special requirement vehicles eligible for purchase without regard to any price limitation otherwise established by law;**

## No Specific Authority

31 U.S.C. 1343 prohibits the purchase of passenger motor vehicles unless specifically authorized by appropriation or other law with the exception of those vehicles purchased for the use of the President of the United States, the secretaries to the President, or specified heads of executive departments.

**9. to remain available until expended,**

No Specific Authority

31 U.S.C. 1301(c) provides that "[a]n appropriation in a regular, annual appropriation law may be construed to be permanent or available continuously only if the appropriation...expressly provides that it is available after the fiscal year covered by the law in which it appears." The foregoing statement, "to remain available until expended," constitutes such express language.

**10. *Provided*, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities: *Provided further*, That payments and contributions collected and accepted for materials or services provided as part of such activities may be retained for use in covering the cost of such activities, and for providing information to the public with respect to the export administration and national security activities of the Department of Commerce and other export control programs of the United States and other governments.**

22 U.S.C. 2455(f)  
22 U.S.C. 2458(c)

22 U.S.C. 2455(f) provides authority to accept contributions of funds, property, and services from foreign governments, international organizations, private individuals, firms, associations, agencies, and other groups in carrying out activities pursuant to the Mutual Educational and Cultural Exchange Act of 1961.

22 U.S.C. 2458(c) provides authorization for all necessary expenditures involved in the selection, purchase, rental, construction, or other acquisition of exhibits and the necessary supplies therefor.

The above-quoted appropriations language makes clear that the Mutual Educational and Cultural Exchange Act of 1961 (MECEA) applies to the activities of BIS. The language also authorizes BIS to apply contributions received under MECEA toward the cost of activities conducted under MECEA.

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Advisory and Assistance Services  
(Dollar amounts in thousands)**

|  | FY 2017<br>Actual | FY 2018<br>Annualized CR | FY 2019<br>Estimate |
|--|-------------------|--------------------------|---------------------|
| Consulting services  | 34,190            | 32,086                   | 34,186              |
| Management and professional services                         |                   |                          |                     |
| Special studies and analyses                                 |                   |                          |                     |
| Management and support services for research and development |                   |                          |                     |
| <b>Total</b>   | <b>34,190</b>     | <b>32,086</b>            | <b>34,186</b>       |

BIS utilizes consulting services on an as-needed basis to provide expertise unique to specific technical areas for which BIS has limited knowledge or abilities. BIS uses consulting services for a wide range of issues unique to any given year, ranging from computer systems redesign to the establishment of export control expertise to deal with program mandates such as Chemical Weapons, Encryption, Fastener Quality Act, and nonproliferation matters dealing with foreign countries.

**Department of Commerce**  
**BUREAU OF INDUSTRY AND SECURITY**  
**Operations and Administration**  
**Periodicals, Pamphlets, and Audiovisual Products**  
(Dollar amounts in thousands)

|              | FY 2017<br>Actual | FY 2018<br>Annualized CR | FY 2019<br>Estimate |
|--------------|-------------------|--------------------------|---------------------|
| Periodicals  | 17                | 17                       | 17                  |
| Pamphlets    | 8                 | 8                        | 8                   |
| Audiovisuals |                   |                          |                     |
| <b>Total</b> | <b>25</b>         | <b>25</b>                | <b>25</b>           |

BIS publications, periodicals, and pamphlets are essential tools through which the Bureau fulfills its mission to administer U.S. statutes and agreements dealing with export controls.

The major publications and periodicals produced include the Export Administration Regulations, the BIS Annual Report, and the Annual Foreign Policy Report to Congress. Publications play an essential role in keeping the community and the public informed on particular aspects of export control issues.

Pamphlets are primarily used to educate the business community on the functions performed by the Export Administration program and are distributed through Export Administration’s export seminar program during individual business seminars and giving speeches at public functions, and after answering questions from the business community regarding exports.

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Average Grade And Salaries**

|  | FY 2017<br>Actual | FY 2018<br>Annualized CR | FY 2019<br>Estimate |
|--|-------------------|--------------------------|---------------------|
| Average ES Grade                           | 3                 | 3                        | 3                   |
| Average GS/GM Grade                        | 13.01             | 13.07                    | 13.08               |
| <b>Average GS/GM Salary (in Thousands)</b> | <b>108</b>        | <b>113</b>               | <b>119</b>          |

**Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Operations and Administration  
Annual Performance Plan**

**FY 2019 Performance Planning Backup**

**MISSION STATEMENT**

The Bureau of Industry and Security (BIS) addresses the challenges that arise where business and security intersect. Its mission is to advance U.S. national security, foreign policy, and economic interests, by ensuring an effective export control and treaty compliance system, and promoting continued U.S. strategic technology leadership.

**OVERVIEW**

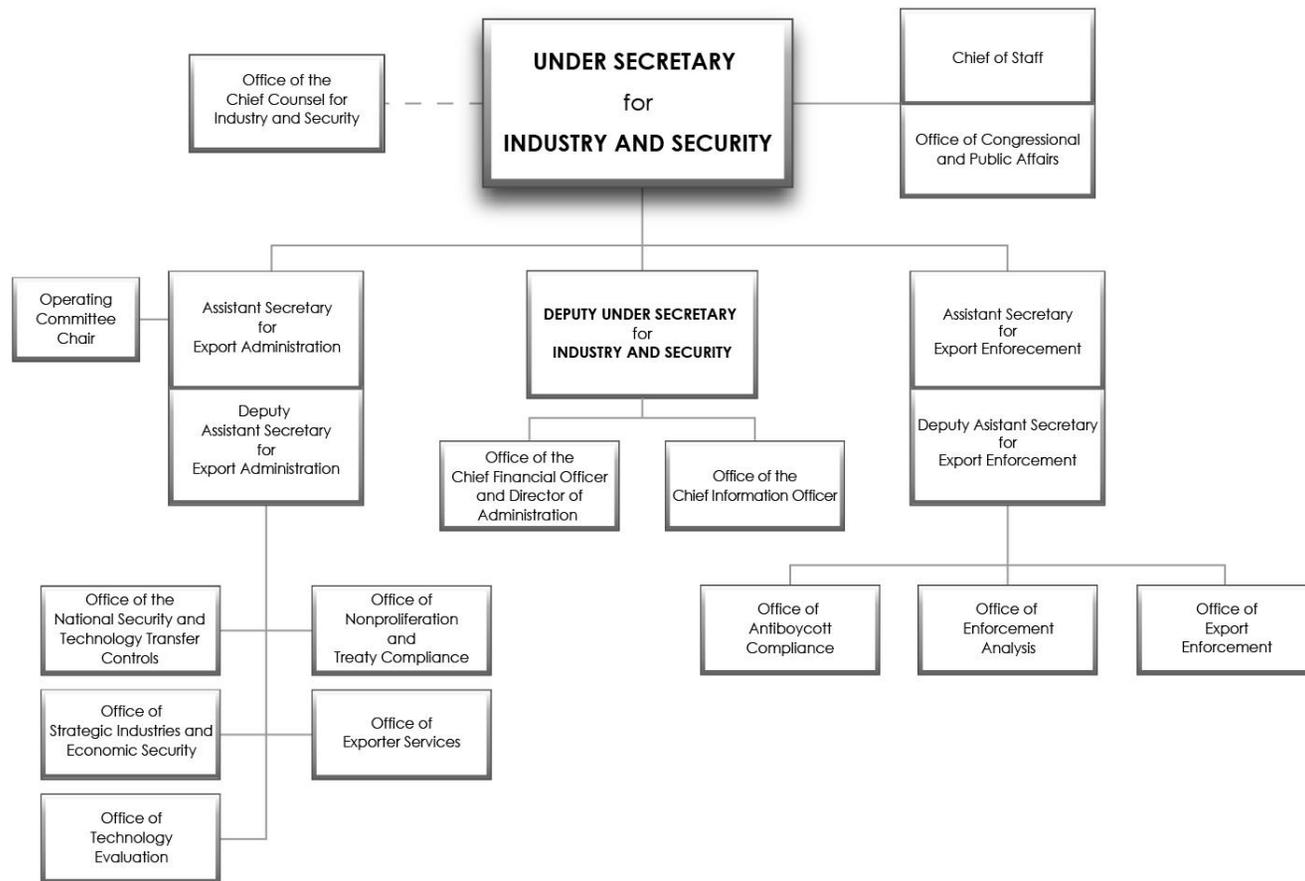
The Bureau of Industry and Security (BIS) is a licensing, regulatory, and enforcement agency that advances U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership and a strong defense industrial base. BIS administers and enforces the Export Administration Regulations (EAR), which regulate the export and reexport of commercial commodities and technology, as well as less sensitive military items. BIS has a team of special enforcement agents and analysts, singularly focused on enforcing export control regulations. The special agents are located in offices in nine major U.S. cities and in six major economic hubs abroad.

**ORGANIZATIONAL STRUCTURE**



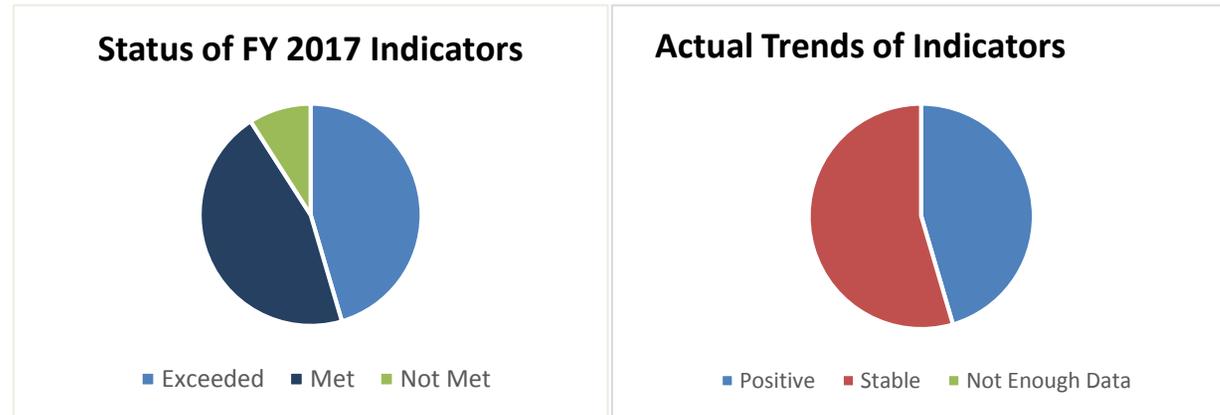
**BUREAU OF INDUSTRY AND SECURITY**

U.S. Department of Commerce



## Performance Indicator Information

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### Summary of Indicator Performance

Statuses with a percentage are based on the following standard:

|          |                                 |
|----------|---------------------------------|
| Exceeded | More than 100 percent of target |
| Met      | 90 - 100 percent of target      |
| Not Met  | Below 90% of target             |

An indicator with a positive trend is one in which performance is improving over time while a negative trend is an indicator that has declining performance. A stable trend is one in which the goal is to maintain a standard, and that is occurring. A varying trend is one in which the data fluctuates too much to indicate a trend. At a minimum, these indicators must have three years of data.

- Of the 11 BIS performance indicators, 5 were Exceeded, 5 were Met and 1 were Not Met.
- Of the 11 BIS performance indicators, 11 have trend data. Of these indicators with trend data, 5 were positive and 6 were stable.

### Summary of FY 2017 Indicator Performance

| Indicator  | Target  | Actual  | Status   | Trend    |
|--|---------|---------|----------|----------|
| Number of Exporters Educated and Trained through Outreach Activities related to Export Control Reform  | 48,000  | 28,000  | Not Met  | Stable   |
| Number of export transactions completed under the new authority of Commerce export licenses and license exceptions   | 100,000 | 137,281 | Met      | Positive |
| Percent of licenses requiring interagency referral referred within nine days   | 98%     | 94%     | Met      | Stable   |
| Percent of attendees rating seminars highly  | 93%     | 94%     | Exceeded | Positive |
| Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge/action  | 1,200   | 1,832   | Exceeded | Positive |
| Percent of licenses requiring Information Triage Unit (ITU) report completed by Export Enforcement (EE) within ten Executive Order (EO) days of referral                                     | 90%     | 96%     | Exceeded | Positive |
| Number of End-Use Checks (EUCs) completed  | 850     | 1,089   | Exceeded | Positive |
| Median processing time for new regime regulations (months)   | 2       | 1       | Exceeded | Stable   |
| Percent of declarations received from U.S. industry in accordance with CWC time lines that are processed in time for the U.S. to meet treaty obligations                                     | 100%    | 100%    | Met      | Stable   |
| Percent of electronic export information (EEI) transactions reported in the Automated Export System (AES) in compliance with the Export Administration Regulations (EAR)                     | 99%     | 99%     | Met      | Stable   |
| Percent of defense industrial base assessments completed within the time frame set forth in the Memorandum of Understanding (MOU) between the BIS and the survey sponsoring agency or entity | 100%    | 100%    | Met      | Stable   |

**Detailed Indicator Plans and Performance**

**Current / Recurring Indicators**

**1.2 Increase U.S. exports**

| <b>Indicator</b>                   | <b>Number of Exporters Educated and Trained through Outreach Activities related to 500 and 600 Series Controls.</b>   |         |          |          |         |         |         |         |
|------------------------------------|---|---------|----------|----------|---------|---------|---------|---------|
| Category                           | PERFORMANCE INDICATOR   |         |          |          |         |         |         |         |
| Type                               | OUTCOME   |         |          |          |         |         |         |         |
| Description                        | The transition of items from the U.S. Munitions List to the Commerce Control List has moved tens of thousands of items -- mostly parts and components -- from the U.S. Munitions List to the more flexible Commerce Control List. The move has enabled more nuanced distinctions among technologies, destinations, and end users than under the State Department's International Traffic in Arms Regulations. Through our outreach programs, BIS will educate and train exporters on these important changes. |         |          |          |         |         |         |         |
|                                    | FY 2012   | FY 2013 | FY 2014  | FY 2015  | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Target                             |   | 4,000   | 28,000   | 48,000   | 48,000  | 48,000  | 25,000  | 20,000  |
| Actual                             |   | 4,000   | 69,948   | 50,830   | 46,633  | 28,000  | NA      | NA      |
| Status                             |   | Met     | Exceeded | Exceeded | Met     | Not Met | NA      | NA      |
| Trend                              | Both the target and actual trends have remained stable.   |         |          |          |         |         |         |         |
| Explanation (if not met in 2017)   | In recent years, a percentage of BIS training and outreach activities have been related to informing exporters of newly published rules that have changed Commerce and State regulations as a result of ECR. BIS experienced a significant decrease in exporters trained due to no new rules published in 2017.   |         |          |          |         |         |         |         |
| Actions to be taken / Future Plans | Future plans are to focus on the categories left to transition. BIS will measure the number of exporters educated and trained through outreach activities related to 500 and 600 Series Controls of the U.S. Munitions List that is transitioning to the Commerce Control List.   |         |          |          |         |         |         |         |
| Adjustments to targets             | BIS anticipates a decrease in exporters being trained since fewer new rules will be published as we move closer to completing the transition. Future plans are to focus on the three categories left to transition as well as the continuing outreach and training related to the 500 and 600 series controls that have transitioned to the Commerce Control List.  |         |          |          |         |         |         |         |
| Notes                              | None  |         |          |          |         |         |         |         |
| Information Gaps                   | None  |         |          |          |         |         |         |         |

|                                    |  |         |         |          |          |         |         |         |
|------------------------------------|--|---------|---------|----------|----------|---------|---------|---------|
| <b>Indicator</b>                   | <b>Number of export transactions completed under the new authority of Commerce export licenses and license exceptions.</b>   |         |         |          |          |         |         |         |
| Category                           | PERFORMANE INDICATOR   |         |         |          |          |         |         |         |
| Type                               | OUTPUT   |         |         |          |          |         |         |         |
| Description                        | Export Control Reform (ECR) has moved tens of thousands of items -- mostly parts and components -- from the U.S. Munitions List to the more flexible Commerce Control List. The move has enabled more nuanced distinctions among technologies, destinations, and end users than under the State Department's International Traffic in Arms Regulations. BIS will track shipments of such items made under the Automated Export System. |         |         |          |          |         |         |         |
|                                    | FY 2012  | FY 2013 | FY 2014 | FY 2015  | FY 2016  | FY 2017 | FY 2018 | FY 2019 |
| Target                             |  |         | NA      | 80,000   | 100,000  | 150,000 | 150,000 | 150,000 |
| Actual                             |  |         | 42,837  | 126,798  | 144,888  | 137,281 | NA      | NA      |
| Status                             |  |         | NA      | Exceeded | Exceeded | Met     | NA      | NA      |
| Trend                              | Not enough data to determine trend.  |         |         |          |          |         |         |         |
| Explanation (if not met in 2017)   | None   |         |         |          |          |         |         |         |
| Actions to be taken / Future Plans | None   |         |         |          |          |         |         |         |
| Adjustments to targets             | None   |         |         |          |          |         |         |         |
| Notes                              | None   |         |         |          |          |         |         |         |
| Information Gaps                   | None   |         |         |          |          |         |         |         |

|                  |   |  |  |  |  |  |  |  |
|------------------|---|--|--|--|--|--|--|--|
| <b>Indicator</b> | <b>Percent of licenses requiring interagency referral referred within nine days.</b>  |  |  |  |  |  |  |  |
| Category         | PERFORMANE INDICATOR  |  |  |  |  |  |  |  |
| Type             | PROCESS   |  |  |  |  |  |  |  |
| Description      | Generally, export license applications for dual-use items (products that may have both civilian and military applications) and less sensitive munitions items fall into two categories: 1) referred licenses, including those licenses that require a recommendation from another agency (i.e., Department of Defense, State, and Energy, and where appropriate, other U.S. governments departments or agencies) thus the name "referred licenses;" and 2) non-referred licenses, which are those license requests that BIS may review/approve without referral to any other federal agency. Referred licenses comprise approximately 85% of BIS license applications, with the remaining 15% being non-referred licenses. This measure is designed to measure the effectiveness of BIS in meeting the target of referring 98% of licenses requiring referral within 9 days. If BIS does not meet the metric of 98% of license applications referred within 9 days, BIS is not maintaining effective management of the license application review processes. According to Section 3 of Executive Order 12981, BIS must complete its initial review and refer to appropriate agencies the application and other pertinent information within 9 days. |  |  |  |  |  |  |  |

|                                    | FY 2012   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|
| Target                             | 98%   | 98%     | 98%     | 98%     | 98%     | 98%     | 98%     | 98%     |
| Actual                             | 97%   | 98%     | 98%     | 91%     | 92%     | 94%     | NA      | NA      |
| Status                             | Met   | Met     | Met     | Met     | Met     | Met     | NA      | NA      |
| Trend                              | This is to maintain standard measure. Both the target and actual trends have remained stable. |         |         |         |         |         |         |         |
| Explanation (if not met in 2017)   | None  |         |         |         |         |         |         |         |
| Actions to be taken / Future Plans | None  |         |         |         |         |         |         |         |
| Adjustments to targets             | None  |         |         |         |         |         |         |         |
| Notes                              | None  |         |         |         |         |         |         |         |
| Information Gaps                   | None  |         |         |         |         |         |         |         |

| Indicator                          | Percent of attendees rating seminars highly.   |         |         |         |         |          |         |         |
|------------------------------------|--|---------|---------|---------|---------|----------|---------|---------|
| Category                           | PERFORMANE INDICATOR   |         |         |         |         |          |         |         |
| Type                               | PROCESS  |         |         |         |         |          |         |         |
| Description                        | This metric is designed to measure the overall effectiveness of the entire export control outreach seminar program. Given the volume of trade from the United States, informing U.S. and foreign businesses of the requirements of the EAR is a critical component of our export control system. The target is for at least 93% of the seminar attendees to give the seminar an overall rating of at least 4 (out of a 5 level scale). |         |         |         |         |          |         |         |
|                                    | FY 2012  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017  | FY 2018 | FY 2019 |
| Target                             | 93%  | 93%     | 93%     | 93%     | 93%     | 93%      | 93%     | 93%     |
| Actual                             | 93%  | 91%     | 91%     | 90%     | 93%     | 94%      | NA      | NA      |
| Status                             | Met  | Met     | Met     | Not Met | Met     | Exceeded | NA      | NA      |
| Trend                              | Both the target and actual trends are positive.  |         |         |         |         |          |         |         |
| Explanation (if not met in 2017)   | None   |         |         |         |         |          |         |         |
| Actions to be taken / Future Plans | None   |         |         |         |         |          |         |         |
| Adjustments to targets             | None   |         |         |         |         |          |         |         |
| Notes                              | None   |         |         |         |         |          |         |         |
| Information Gaps                   | None   |         |         |         |         |          |         |         |

|                                    |  |          |          |          |          |          |         |         |
|------------------------------------|--|----------|----------|----------|----------|----------|---------|---------|
| <b>Indicator</b>                   | <b>Number of actions that result in a deterrence or prevention of a violation and cases that result in a criminal and/or administrative charge/action.</b>   |          |          |          |          |          |         |         |
| Category                           | PERFORMANE INDICATOR   |          |          |          |          |          |         |         |
| Type                               | OUTCOME  |          |          |          |          |          |         |         |
| Description                        | This performance indicator captures the number of Export Enforcement deterrence actions, cases that result in a prevention of a violation, criminal/administrative actions, and administrative settlement orders. The number will reflect the actual number and type of preventive enforcement actions conducted including: detentions of suspect exports, seizures of unauthorized shipments, industry outreach, issuance of warning letters, recommended denials of license applications based on enforcement concerns, and recommendations for parties to be added to the Entity List and Unverified List. The measure also includes Office of Anti-boycott Compliance (OAC) advice line inquiries that result in prevention or deterrence. |          |          |          |          |          |         |         |
|                                    | FY 2012  | FY 2013  | FY 2014  | FY 2015  | FY 2016  | FY 2017  | FY 2018 | FY 2019 |
| Target                             | 850  | 850      | 1,100    | 1,000    | 1,000    | 1,200    | 1,200   | 1,200   |
| Actual                             | 1,162  | 1,403    | 1,473    | 1,442    | 1,717    | 1,832    | NA      | NA      |
| Status                             | Exceeded   | Exceeded | Exceeded | Exceeded | Exceeded | Exceeded | NA      | NA      |
| Trend                              | Both the target and actual trends are positive.  |          |          |          |          |          |         |         |
| Explanation (if not met in 2017)   | None   |          |          |          |          |          |         |         |
| Actions to be taken / Future Plans | None   |          |          |          |          |          |         |         |
| Adjustments to targets             | None   |          |          |          |          |          |         |         |
| Notes                              | None   |          |          |          |          |          |         |         |
| Information Gaps                   | None   |          |          |          |          |          |         |         |

|                  |  |         |         |         |         |         |         |         |
|------------------|--|---------|---------|---------|---------|---------|---------|---------|
| <b>Indicator</b> | <b>Percent of licenses requiring Information Triage Unit (ITU) report completed by Export Enforcement (EE) within ten Executive Order (EO) days of referral.</b>   |         |         |         |         |         |         |         |
| Category         | PERFORMANE INDICATOR   |         |         |         |         |         |         |         |
| Type             | PROCESS  |         |         |         |         |         |         |         |
| Description      | The ITU, for which EE provides the majority of intelligence product outputs, drafts bona fides information reports on foreign transaction parties to license applications. The reports are either requested at the direction of a licensing officer or self-selected by EE. EE must, within the established EO timeframe, complete such reports in 10 EO days from referral to enable timely interagency review of license applications. This measure is designed to measure the effectiveness of BIS in meeting the target of completing 90% of ITU reports produced by EE within 10 EO days of referral. |         |         |         |         |         |         |         |
|                  | FY 2012  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |

|                                    |   |  |          |          |          |          |     |     |
|------------------------------------|---|--|----------|----------|----------|----------|-----|-----|
| Target                             |   |  | 90%      | 90%      | 90%      | 90%      | 90% | 90% |
| Actual                             |   |  | 96%      | 93%      | 93%      | 96%      | NA  | NA  |
| Status                             |   |  | Exceeded | Exceeded | Exceeded | Exceeded | NA  | NA  |
| Trend                              | Both the target and actual trends have remained stable. |  |          |          |          |          |     |     |
| Explanation (if not met in 2017)   | None  |  |          |          |          |          |     |     |
| Actions to be taken / Future Plans | None  |  |          |          |          |          |     |     |
| Adjustments to targets             | None  |  |          |          |          |          |     |     |
| Notes                              | None  |  |          |          |          |          |     |     |
| Information Gaps                   | None  |  |          |          |          |          |     |     |

|                  |   |         |         |         |         |         |         |         |
|------------------|---|---------|---------|---------|---------|---------|---------|---------|
| <b>Indicator</b> | <b>Number of End-Use Checks (EUCs) completed.</b>   |         |         |         |         |         |         |         |
| Category         | PERFORMANE INDICATOR  |         |         |         |         |         |         |         |
| Type             | OUTPUT  |         |         |         |         |         |         |         |
| Description      | <p>A key element of BIS's policy formulation and implementation toward other key countries is conducting EUCs to verify that targeted dual-use exports and munitions items transferred from the USML to the CCL will be or have been properly used by the proper end-users. End-use checks are comprised of both Pre-license Checks (PLCs) and PSVs. PLCs are used to determine if an overseas person or firm is a suitable party to a transaction involving controlled U.S. origin items. A PSV confirms whether or not goods exported from the United States actually were received by the party named on the license or other export documentation, and whether the goods are being used in accordance with the provisions of that license (where applicable) and the Export Administration Regulations (EAR). The primary means for conducting EUCs are through BIS ECOs stationed abroad with the Department of Commerce's Foreign Commercial Service (FCS), augmented by Sentinel visits (formerly known as "Safeguards") conducted by Special Agent-led teams as well as FCS officers. ECOs are located in six countries and are responsible for conducting EUCs in their respective areas of responsibility covering 43 countries in all. During Sentinel trips, which generally consist of two-person teams of BIS Special Agents on two-week assignments to visit foreign consignees and end-users of U.S. commodities and technology, agents attempt to verify bona fides of consignees named on a BIS license, and confirm that the equipment is being used in conformance with the EAR. By conducting PSVs, BIS can provide a level of assurance that foreign end-users are aware of EAR requirements and comply with them. EUCs also identify diverted transactions and reveal untrustworthy end-users and intermediate consignees.</p> |         |         |         |         |         |         |         |
|                  | FY 2012   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Target           | 850   | 850     | 850     | 850     | 850     | 850     | 850     | 850     |
| Actual           | 994   | 1,033   | 1,044   | 1,031   | 985     | 1,089   | NA      | NA      |

|                                    |   |          |          |          |          |          |    |    |
|------------------------------------|---|----------|----------|----------|----------|----------|----|----|
| Status                             | Exceeded  | Exceeded | Exceeded | Exceeded | Exceeded | Exceeded | NA | NA |
| Trend                              | Both the target and actual trends are positive. |          |          |          |          |          |    |    |
| Explanation (if not met in 2017)   | None  |          |          |          |          |          |    |    |
| Actions to be taken / Future Plans | None  |          |          |          |          |          |    |    |
| Adjustments to targets             | None  |          |          |          |          |          |    |    |
| Notes                              | None  |          |          |          |          |          |    |    |
| Information Gaps                   | None  |          |          |          |          |          |    |    |

| Indicator                          | Median processing time for new regime regulations (months)   |         |         |         |         |          |         |         |
|------------------------------------|--|---------|---------|---------|---------|----------|---------|---------|
| Category                           | PERFORMANE INDICATOR   |         |         |         |         |          |         |         |
| Type                               | PROCESS  |         |         |         |         |          |         |         |
| Description                        | Changes to regime control lists have been agreed to by the members of the multilateral regimes, who are the U.S. export control partners. If those changes result in tighter controls, they must be implemented to address national security or proliferation concerns, and if they result in liberalizations, they must be implemented to ensure that U.S. industry is not disadvantaged vis-à-vis our allies. Therefore, it is important to refer the draft multilateral changes for interagency review in three months or less from plenary meeting dates in order to meet our multilateral obligations, maximize U.S. competitiveness, and enable economic growth for American industries, workers, and consumers. Effective and efficient adaptation of export controls advances responsible economic growth and trade while protecting American security |         |         |         |         |          |         |         |
|                                    | FY 2012  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017  | FY 2018 | FY 2019 |
| Target                             | 2  | 2       | 2       | 2       | 2       | 2        | 2       | 2       |
| Actual                             | 2  | 2       | 2       | 2       | 3       | 1        | NA      | NA      |
| Status                             | Met  | Met     | Met     | Met     | Not met | Exceeded | NA      | NA      |
| Trend                              | This is to maintain standard measure. Both the target and actual trends have remained stable.  |         |         |         |         |          |         |         |
| Explanation (if not met in 2017)   | None   |         |         |         |         |          |         |         |
| Actions to be taken / Future Plans | None   |         |         |         |         |          |         |         |
| Adjustments to targets             | None   |         |         |         |         |          |         |         |
| Notes                              | None   |         |         |         |         |          |         |         |
| Information Gaps                   | None   |         |         |         |         |          |         |         |

|                                    |  |         |         |         |         |         |         |         |
|------------------------------------|--|---------|---------|---------|---------|---------|---------|---------|
| <b>Indicator</b>                   | <b>Percent of declarations received from U.S. industry in accordance with CWC time lines that are processed in time for the U.S. to meet treaty obligations.</b>   |         |         |         |         |         |         |         |
| Category                           | PERFORMANE INDICATOR   |         |         |         |         |         |         |         |
| Type                               | OUTPUT   |         |         |         |         |         |         |         |
| Description                        | The CWC establishes a verification regime (e.g., declaration requirements, on-site inspections, and trade restrictions) for weapons-related toxic chemicals and precursors that have peaceful applications. BIS's CWC Regulations require U.S. industry exceeding certain chemical activity thresholds to submit declarations and reports. BIS processes, validates, and aggregates the declarations and reports to develop the U.S. CWC Industrial Declaration, which is forwarded to the State Department, within established time frames mandated under the CWC, and to submit it to the Organization for the Prohibition of Chemical Weapons (OPCW). |         |         |         |         |         |         |         |
|                                    | FY 2012  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Target                             | 100%   | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    |
| Actual                             | 100%   | 100%    | 100%    | 100%    | 100%    | 100%    | NA      | NA      |
| Status                             | Met  | Met     | Met     | Met     | Met     | Met     | NA      | NA      |
| Trend                              | Both the target and actual trends have remained stable.  |         |         |         |         |         |         |         |
| Explanation (if not met in 2017)   | None   |         |         |         |         |         |         |         |
| Actions to be taken / Future Plans | None   |         |         |         |         |         |         |         |
| Adjustments to targets             | None   |         |         |         |         |         |         |         |
| Notes                              | None   |         |         |         |         |         |         |         |
| Information Gaps                   | None   |         |         |         |         |         |         |         |

|                  |   |  |  |  |  |  |  |  |
|------------------|---|--|--|--|--|--|--|--|
| <b>Indicator</b> | <b>Percent of electronic export information (EEI) transactions reported in the Automated Export System (AES) in compliance with the Export Administration Regulations (EAR).</b>  |  |  |  |  |  |  |  |
| Category         | PERFORMANE INDICATOR  |  |  |  |  |  |  |  |
| Type             | OUTPUT  |  |  |  |  |  |  |  |
| Description      | This indicator evaluates how effective the BIS export control system is in ensuring that items exported and reported as electronic export information transactions in the AES are in compliance with the EAR. BIS will measure exporter compliance with the EAR by reviewing, on a quarterly and annual basis, the entire compilation of export transactions under the jurisdiction of BIS (i.e., BIS licensed, license exception and No License Required Shipments) and determine what percentage are in compliance with the EAR following any BIS intervention as necessary. BIS interventions will comprise actions taken to mitigate or resolve non-compliance findings (i.e., counseling, outreach, compliance letters, and enforcement referral). |  |  |  |  |  |  |  |

|                                    |   |         |         |         |         |         |         |         |
|------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|
|                                    | BIS anticipates that data evaluation period for this metric will run from July 1 – June 30 annually, which is based on the estimated time lag of receipt of shipment information from the Census Bureau (monthly data is released approximately 45 days after the close of the statistical month) and BIS analysis of and action on the data. |         |         |         |         |         |         |         |
|                                    | FY 2012   | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Target                             |   |         |         | 99%     | 99%     | 99%     | 99%     | 99%     |
| Actual                             |   |         |         | 99%     | 99%     | 99%     | NA      | NA      |
| Status                             |   |         |         | Met     | Met     | Met     | NA      | NA      |
| Trend                              | Both the target and actual trends have remained stable.   |         |         |         |         |         |         |         |
| Explanation (if not met in 2017)   | None  |         |         |         |         |         |         |         |
| Actions to be taken / Future Plans | None  |         |         |         |         |         |         |         |
| Adjustments to targets             | None  |         |         |         |         |         |         |         |
| Notes                              | None  |         |         |         |         |         |         |         |
| Information Gaps                   | None  |         |         |         |         |         |         |         |

|                  |  |         |         |         |         |         |         |         |
|------------------|--|---------|---------|---------|---------|---------|---------|---------|
| <b>Indicator</b> | <b>Percent of defense industrial base assessments completed within the time frame set forth in the Memorandum of Understanding (MOU) between the BIS and the survey sponsoring agency or entity.</b>   |         |         |         |         |         |         |         |
| Category         | PERFORMANE INDICATOR   |         |         |         |         |         |         |         |
| Type             | PROCESS  |         |         |         |         |         |         |         |
| Description      | Percent of defense industrial base assessments completed within the time frame set forth by regulation or in MOUs between the BIS and the survey sponsoring agency or entity. The Office of Technology Evaluation (OTE) provides assessments to inform decisions in a way that maintains the competitiveness and economic viability of the health and competitiveness of the U.S. Defense Industrial Base and other industry sectors. In addition to conducting defense industrial base studies to meet this objective, OTE conducts technology assessments and foreign availability assessments that address the adequacy of current export controls, economic status of the relevant industry sector, foreign availability, and foreign country export control practices. Assessment topics can arise from discussions with other agencies, licensing offices, industry, technical advisory committees, or other sources. Completion is defined as building the survey, surveying respondents, collection, writing the report and publishing the report. |         |         |         |         |         |         |         |
|                  | FY 2012  | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
| Target           |  |         |         | 100%    | 100%    | 100%    | 100%    | 100%    |
| Actual           |  |         |         | 100%    | 100%    | 100%    | NA      | NA      |
| Status           |  |         |         | Met     | Met     | Met     | NA      | NA      |
| Trend            | Both the target and actual trends have remained stable.  |         |         |         |         |         |         |         |

|                                    |      |
|------------------------------------|------|
| Explanation (if not met in 2017)   | None |
| Actions to be taken / Future Plans | None |
| Adjustments to targets             | None |
| Notes                              | None |
| Information Gaps                   | None |

**Resource Requirements Table**

|                               | FY 2012<br>Actual | FY 2013<br>Actual | FY 2014<br>Actual | FY 2015<br>Actual | FY 2016<br>Actual | FY 2017<br>Actual | FY 2018<br>Estimate | FY 2019<br>Base | Increase /<br>Decrease | FY 2019<br>Request |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------|------------------------|--------------------|
| Trade and Investment:         |                   |                   |                   |                   |                   |                   |                     |                 |                        |                    |
| <b>Total Budget Authority</b> |                   |                   |                   |                   |                   |                   |                     |                 |                        |                    |
| <b>Direct</b>                 | 102,443           | 94,414            | 101,532           | 103,107           | 112,710           | 114,507           | 111,736             | 115,836         | 4,811                  | 120,647            |
| <b>Reimbursable</b>           | 1,228             | 968               | 10                | 629               | 1,294             | 752               | 2,900               | 2,900           | 0                      | 2,900              |
| <b>Total</b>                  | 103,671           | 95,382            | 101,542           | 103,736           | 114,004           | 115,259           | 114,636             | 118,736         | 4,811                  | 123,547            |
| <b>Total Positions</b>        | 366               | 390               | 390               | 390               | 414               | 372               | 450                 | 450             | 17                     | 467                |