

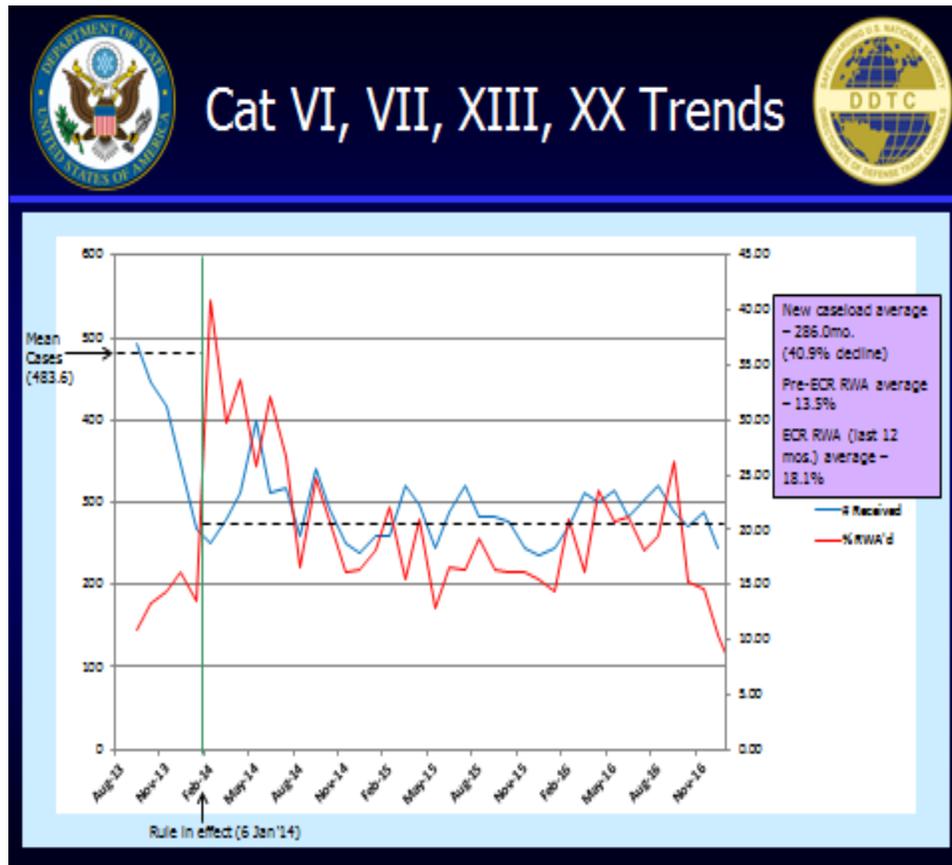
Export Control Reform

License Applications and the U.S. Exports The Second Transition Rule

Vehicles and Vessels

January 6, 2014 to December 31, 2016

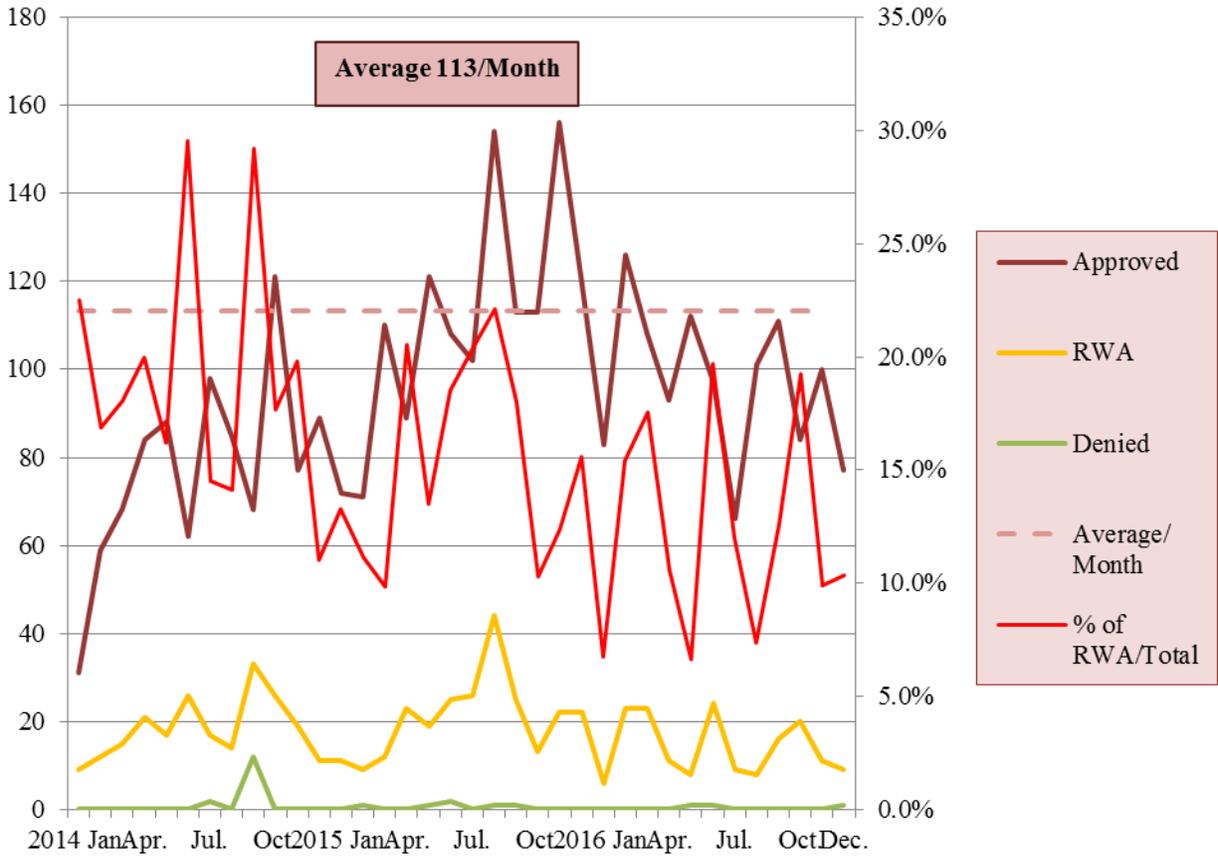
The license applications for items in categories VI (Vessels), VII (Vehicles), XIII (Auxiliary Military Equipment) and XX (Submersible Vessels) of the United States Munitions List (USML) have declined 40.9% from an average of 484 to 286 per month through December 31, 2016. The average monthly drop of 198 license applications is the result of certain items transitioning to the Commerce Control List (CCL) under Export Control Reform (ECR).



Source: The Directorate of Defense Trade Controls of the U.S. Department of State, January 2017

Since the Second ECR Transition Rule became effective on January 6, 2014, the average number of BIS license applications for the nineteen 600-Series items created by this rule is 113 per month through December 31, 2016. The approval rate is 83.8%.

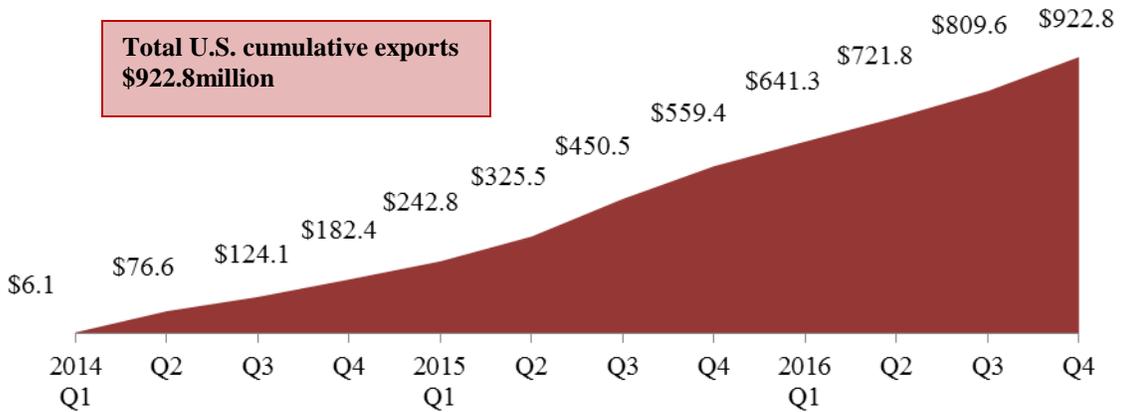
**BIS License Processing for the Second ECR Transition Rule
January 6, 2014 to December 31, 2016**



Source: Commerce U.S. Exports Exporter Support System, January 2017

From January 6, 2014 to the fourth quarter of 2016, the U.S. exports of items under the Second ECR transition Rule – Vehicles and Vessels items (0y606, 8y609, 8y620 and 0y617) under BIS jurisdiction totaled 24,153 shipments for \$922.8 million.

**The U.S. Cumulative Exports of the Second ECR Transition Rule
Items under BIS Jurisdiction
January 6, 2014 to December 31, 2016
\$million**



Source: Automated Export System (AES), January 2017

**The U.S. Quarterly Exports of the Second ECR Transition Rule
Items under BIS Jurisdiction
January 6, 2014 to December 31, 2016
\$million**



Source: Automated Export System (AES), January 2017

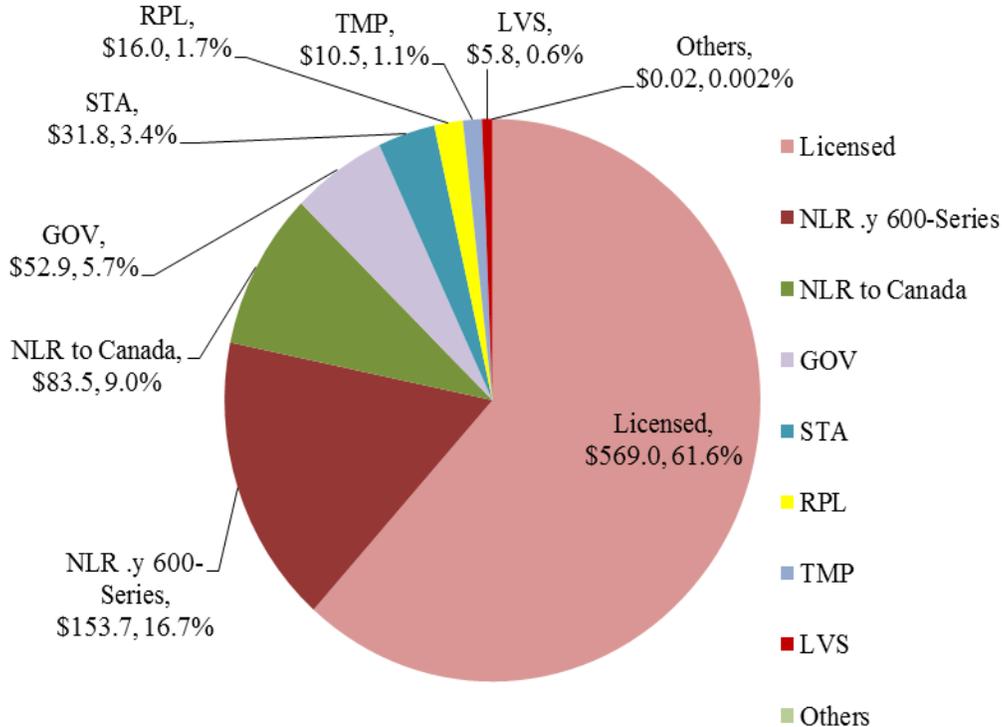
**The Second Transition Rule-Vehicles and Vessels
Top 15 Destinations of U.S. Exports under BIS Jurisdiction
October 15, 2013 to December 31, 2016**

Country	Shipment Count	% of Total Shipment Count	Value \$million	% of Total Value
South Korea	3,529	14.6%	\$124.1	18.2%
Canada	4,159	17.2%	\$110.3	12.6%
Israel	2,207	9.1%	\$107.0	9.3%
Iraq	85	0.4%	\$88.6	8.2%
Turkey	474	2.0%	\$58.9	3.7%
United Arab Emirates	299	1.2%	\$36.5	3.7%
United Kingdom	4,022	16.7%	\$34.6	3.4%
Australia	627	2.6%	\$33.9	3.4%
Japan	2,973	12.3%	\$31.8	3.2%
Saudi Arabia	362	1.5%	\$29.8	2.9%
Kuwait	293	1.2%	\$29.8	2.7%
Tunisia	8	0.03%	\$24.6	2.4%
Germany	773	3.2%	\$24.5	1.8%
Belgium	124	0.5%	\$20.6	1.6%
Mexico	448	1.9%	\$15.2	1.5%
Top 15 Total	20,383		\$770.4	
Top 15 Total/ Grand Total		84.4%		83.5%
Grand Total	24,153		\$922.8	

Source: Automated Export System, January 2017

Of \$922.8 million in exports of 600-series items in the Second ECR transition rule under BIS jurisdiction, licensed exports totaled 569.0 million (61.6% of the total); No License Required (NLR) for 600-series items totaled \$153.7 million (16.7%); and NLR for 600-series items to Canada totaled 83.5 million (9.0%).

**U.S. Exports of the Second ECR Transition Rule Items
by BIS License Type
January 6, 2014 to December 31, 2016
\$million**



Source: Automated Export System (AES), January 2017

BIS License Exceptions:

NLR: No License Required

GOV: Governments, international organizations, international inspections under the Chemical Weapons Convention, and the International Space Station

STA: Strategic Trade Authorization

RPL: Servicing and replacement of parts and equipment

TMP: Temporary imports, exports, reexports, and transfers (in-country)

LVS: Shipments of limited value

TSU: Technology and software-unrestricted