New agency will house export rules
By Roxana Tiron - 06/30/10 08:23 PM ET

National Security Adviser James Jones on Wednesday announced the creation of a new and independent agency that will merge all export licensing activities under a board of directors reporting to the president.

The move, backed by some of the nation’s most powerful trade associations and companies, is part of the Obama administration’s sweeping effort to overhaul the nation’s outdated export control system, seen by many as a Cold War relic.

Jones stressed that a modernized export control system is critical to national security and that the future of the United States will depend on the country’s competitiveness in the business world.

“There is no national security without economic security,” Jones told an audience of defense and aerospace industry representatives and congressional aides attending a Senate Aerospace Luncheon hosted by the Aerospace Industries Association (AiA).

The new agency’s board of directors will be comprised of the Cabinet officials of the departments with oversight of export controls. Those Cabinet members include the secretaries of the departments of Defense, State, Commerce, Treasury and Homeland Security.

President Barack Obama will recommend the head of the board of directors in the new agency with the “advice and consent” of the Senate, Jones said on Wednesday.

The nation’s export control system now puts much of the responsibility on the departments of State and Commerce, which are charged with issuing licenses to companies that want to export items that could have commercial and military purposes, and as a result might be considered sensitive to national security.
The two agencies are often locked in turf battles over the issue of what should be licensed for export. Critics have decried the overly arcane criteria that often overlap and create confusion for those applying for licenses.

The system has not been updated in decades, and critics complain dangerous technologies are not always controlled, while restrictions on the trade of some goods that are now widely available in the commercial market only have the effect of hurting U.S. companies.

Obama last August directed a broad-based review of the U.S. export control regime. He has called for reforms that focus controls on key technologies and items that pose the greatest national-security threat. Obama has called an updated export control system critical in helping the United States create new jobs and increase economic growth.

Defense Secretary Robert Gates in April laid out the administration’s steps to overhaul the export control system.

The National Association of Manufacturers (NAM) and AiA both support setting up the single agency. In a set of recommendations sent to the Obama administration, NAM had suggested the creation of an independent agency to administer a new export control regime.

AiA President and CEO Marion Blakey applauded the initiative to create a single agency.

“One of AiA’s primary reform recommendations to the Obama administration was to move away from a one-size-fits-all regime to a capabilities-focused system that has the flexibility to apply the right level of export controls based on an item’s sensitivity,” Blakey said.

Jones’s speech was the first major address on the issue on Capitol Hill. Congress’s support is crucial to the administration’s efforts because an extensive overhaul of the rules on exporting sensitive technologies would require action by Congress, something that has been stymied in the past.

The Obama administration is aiming to approach reform in three phases over the next year.

First, the administration will use its executive authority to transition to a single list and single licensing agency by establishing criteria for a tiered control list. It will also launch an integrated enforcement center.

The second step will be to complete the transition to a single IT structure, implement the tiered control list and make “substantial progress” toward a single licensing system, Gates explained.

The third and most difficult step will be to win congressional backing for the overhaul. The administration will need legislation to create the single licensing agency and a single enforcement coordination agency.

Source: