



U.S. DEPARTMENT OF COMMERCE

Bureau of Industry and Security

**Fiscal Year 2020
President's Budget
Submission**

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**Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Budget Estimates, Fiscal Year 2020
Presidential Submission
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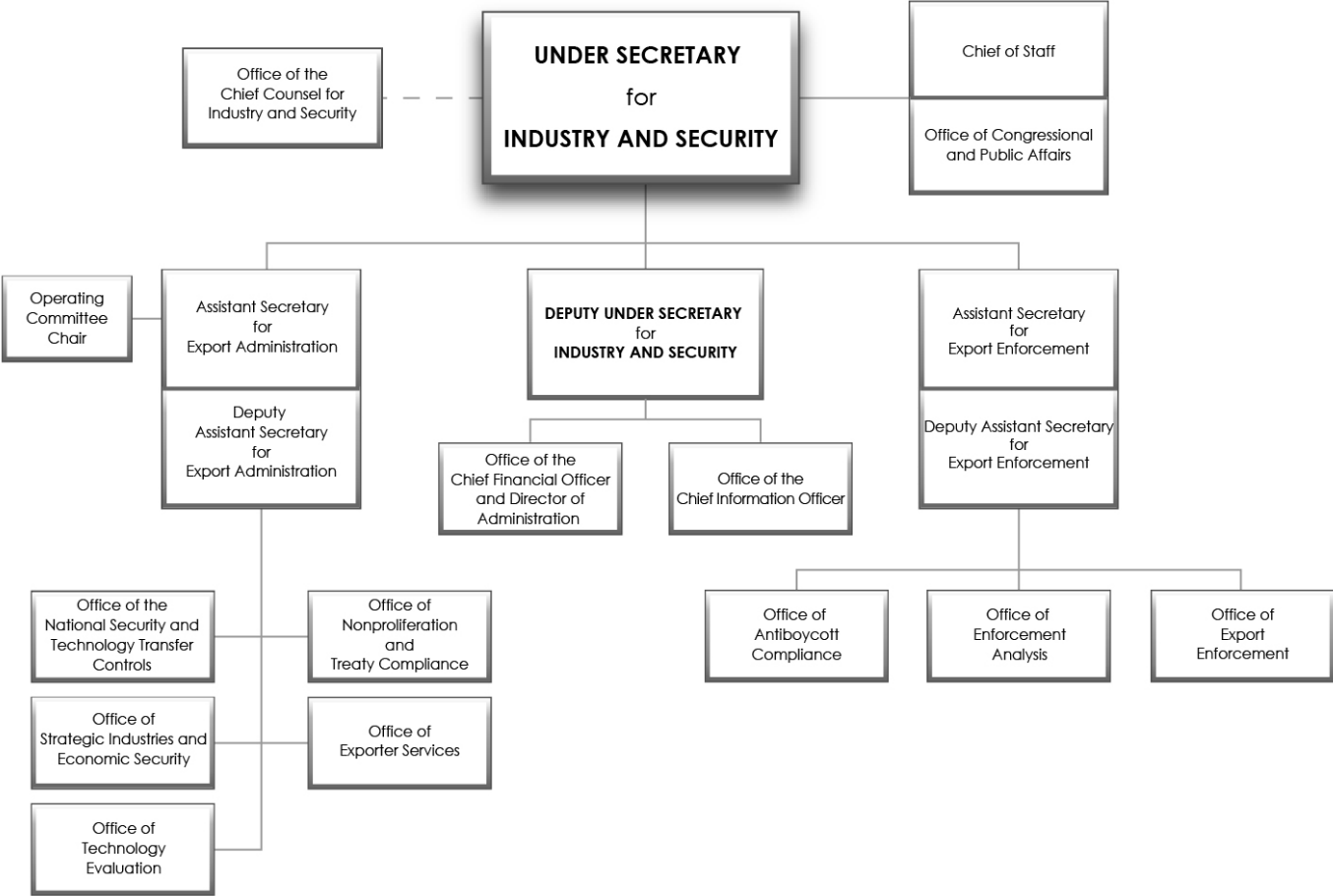
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Organization Chart



BUREAU OF INDUSTRY AND SECURITY

U.S. Department of Commerce



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Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Budget Estimates, Fiscal Year 2020

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) mission is to meet the policy challenges created where business and national security interests intersect. BIS balances these interests through a robust export control system. BIS obtains consensus among international partners and conducts outreach to U.S. and foreign businesses to limit export control violations. BIS also works with industry to protect the health and vitality of the U.S. defense industrial base, resulting in a stronger U.S. economy.

BIS requests an FY 2020 appropriation for discretionary spending totaling \$127.652 million and 463 positions to meet its national security mission. FY 2020 represents the bureau's first budget request following the passage of the National Defense Authorization Act of Fiscal Year 2019 (NDAA) and the first opportunity to request funding to address the significant growth in bureau responsibilities resulting from that major legislation.

On August 13, 2018, the President signed the NDAA, which included the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). FIRRMA achieves the goals of protecting our national security and preserving our long-standing open investment policy by updating and modernizing the authorities of the Committee on Foreign Investment in the United States (CFIUS). FIRRMA accomplishes these goals by expanding the scope of transactions that the committee may review to assess any national security concerns; BIS plays a critical review role with its export control and defense industrial base expertise. Based on the expansion of transactions under CFIUS review, BIS requests \$1.473 million to address the projected substantial growth in workload. Just as critical is the Export Control Reform Act of 2018 (ECRA), which was also enacted as part of the NDAA and provides a permanent authorization for BIS's export control system. ECRA also increases BIS's responsibilities by expanding export enforcement authorities and directing the President and the Department of Commerce to establish a process within the export control system to identify and review emerging and foundational technologies. BIS has the lead role to work with industry on this process and the Bureau requests \$2.501 million to implement this capability.

Protecting National Security - BIS has intensified its efforts to address national security threats, including those posed by Iran's unrelenting, illicit attempts to gain U.S. technology and commodities. In addition, BIS continues to factor Russia's and China's military modernization programs into policies and enforcement approaches, while placing an emphasis on thwarting their attempts to acquire western dual-use and emerging technologies for military purposes. With these critical areas as a focus, BIS works to ensure that appropriate controls are placed on dual-use and military items, and participates in multilateral export control regimes, focusing on preventing the diversion of items with weapons of mass destruction applications, and militarily useful technologies, to unauthorized actors. BIS balances this work while advancing a level playing field for U.S. companies competing in the world marketplace. In 2018, the U.S. exported \$1.7 trillion in goods, of which \$5.8 billion was licensed by BIS. In addition, the Bureau educates industry and foreign partners to promote compliance with export controls, while vigorously

investigating and prosecuting violators of those controls. The Bureau also engages with like-minded countries on expanding export controls and imposing sanctions.

While the administration of export control is critical, enforcement of the Export Administration Regulations (EAR) is also an essential aspect of the BIS mission. Enforcement encourages compliance, prevents and deters violators, disrupts illicit activities, and brings violators to justice. BIS's law enforcement approach evaluates the parties engaged in the export, reexport, and the transfer of sensitive commodities, software, and technology, as well as the proposed end uses, end users, and destinations. BIS also actively enforces prohibitions related to certain foreign boycotts.

The enforcement arm of BIS continues to demonstrate impressive results, which deter violators, and encourage exporters to strengthen their compliance programs. From FY 2010 through FY 2018, BIS Agents have been responsible for criminal cases resulting in fines of \$622 million in criminal fines, \$984 million in criminal forfeitures, and unique BIS-only regulatory penalties of over \$2.2 billion. This monetary recovery is in addition to the 441 years of imprisonment imposed on violators and the beneficial deterrence gained through strongly executed export enforcement. BIS continues to safeguard U.S. national security while promoting secure U.S. exports domestically and abroad. BIS completed 1,042 end-use checks and ensured that license applications were not approved where pre-license checks were determined to be unfavorable or unverified. The Office of Enforcement Analysis (OEA) ensured that 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 2018, OEA worked with EA to add 63 parties to the Entity List, add 33 parties to the Unverified List, and produce 287 outreaches to companies, 562 leads, 53 new investigations, and 56 detentions.

Promoting U.S. Competitiveness - BIS actively engages with businesses to protect the overall health of the U.S. defense industrial base, to promote competition, and to eliminate barriers that foster single-point domestic sources or reliance on foreign suppliers. Bureau activities include: conducting industry sector surveys and analyses; investigating threats to national security from imports; participating in the interagency CFIUS process; and administering the Defense Priorities and Allocations System.

BIS initiated two investigations in 2017 on imports of steel and aluminum, and the effect of such imports on national security (national defense and critical infrastructure requirements). After concluding the investigations, BIS presented specific findings to the Secretary and the President in January 2018. In March 2018, the President took action under Section 232 to adjust imports of aluminum and steel by imposing tariffs on certain steel and aluminum articles. The President directed Commerce to establish a process to grant exclusions from the duties if the steel or aluminum articles were determined not to be produced in the U.S. in a sufficient and reasonably available amount, or a satisfactory quality, or based upon specific national security considerations. In conjunction with the International Trade Administration (ITA) and Customs and Border Protection (CBP), BIS is working on improvements to refine the current exclusions process. As of March 4, 2019, BIS has received more than 79,000 exclusion requests. The Bureau also initiated Section 232 investigations concerning the effect of uranium imports (July 2018), and titanium sponge imports (March 2019), on U.S. national security.

BIS will continue to evaluate and strengthen its current export control programs and practices as the global trade environment is evolving in complexity, opportunity, and risk. The women and men in BIS will continue to meet the challenges of protecting U.S. national security and promoting U.S. industrial competitiveness.

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
FY 2020 Program Increases/Decreases/Terminations
(Dollar amounts in thousands)
(By Appropriation Largest to Smallest)

<u>Increases</u>					
Page No. in CJ	Appropriation	Budget Program	Title of Increase	Positions	Budget Authority
BIS-24	Operations and Administration	Export Administration	Identifying and Reviewing Emerging Technologies	12	2,501
BIS-29	Operations and Administration	Export Administration	Addressing Increased Foreign Investment Reviews	8	1,473
Subtotal, Increases				20	3,974

Decreases

No program changes requested

Terminations

No program changes requested

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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		
BIS	Appropriation, Available 2019						443	432	118,050	119,544		
-12	Less: obligations from prior year						0	0	0	(1,494)		
	2020 Adjustments to Base											
	Plus: Restoration of recoveries/unobligated balances used to offset 2019 appropriation/non-recurring						0	0	0	0		
	Plus: Inflationary adjustments to base						0	0	5,628	5,628		
	Less: Estimated recoveries, 2020						0	0	0	0		
	2020 Base						443	432	123,678	123,678		
	plus: 2020 Program changes						20	15	3,974	3,974		
	2020 Estimate						463	447	127,652	127,652		
		2018	2019	2020			2020		Increase/Decrease			
		Actual	Enacted	Base			Estimate		from Base			
	Comparison by: activity/subactivity with totals by activity	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
BIS	Management and	Pos./BA	15	5,737	15	5,737	15	6,244	15	6,244	0	0
13	Policy Coordination	FTE/Obl.	11	6,156	11	5,871	11	6,244	11	6,244	0	0
BIS	Export	Pos./BA	218	56,550	218	61,100	218	65,152	238	69,126	20	3,974
-17	Administration	FTE/Obl.	213	61,707	213	62,176	213	65,152	228	69,126	15	3,974
BIS	Export	Pos./BA	210	51,213	210	51,213	210	52,282	210	52,282	0	0
-34	Enforcement	FTE/Obl.	208	52,452	208	51,497	208	52,282	208	52,282	0	0
	Total	Pos./BA	443	113,500	443	118,050	443	123,678	463	127,652	20	3,974
		FTE/Obl.	432	120,315	432	119,544	432	123,678	447	127,652	15	3,974
	Adjustments for:											
	Recoveries		(5,698)									
	Unobligated balance, start of year		(611)	(1,494)								
	Unobligated balance transferred											
	Unobligated balance, end of year		1,494									
	Unobligated balance expiring											
	Financing from transfers:											
	Transfer from other accounts (-)		(2,000)									
	Transfer to other accounts (+)											
	Appropriation		113,500	118,050		123,678		127,652			3,974	

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

Comparison by activity:		FY 2018		FY2019		FY 2020		FY 2020		Increase/Decrease from FY 2020	
		Actual		Enacted		Base		Estimate		Base	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Management and	Pos./BA	0	109	0	109	0	109	0	109	0	0
Policy Coordination	FTE/Obl.	0	10	0	109	0	109	0	109	0	0
Export	Pos./BA	2	2,022	2	2,022	2	2,022	2	2,022	0	0
Administration	FTE/Obl.	2	955	2	2,022	2	2,022	2	2,022	0	0
Export	Pos./BA	0	769	0	769	0	769	0	769	0	0
Enforcement	FTE/Obl.	0	111	0	769	0	769	0	769	0	0
Reimbursable	Pos./BA	2	2,900	2	2,900	2	2,900	2	2,900	0	0
Obligations	FTE/Obl.	2	1,076	2	2,900	2	2,900	2	2,900	0	0
Adjustments to Obligations											
Recoveries											
Unobligated balance, start of year											
Unobligated balance, rescission											
Unobligated balance, end of year											
Unobligated balance expiring											
Reimbursable Authority		1,076		2,900		2,900		2,900		0	

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

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from Base
Total Obligations	122,715	125,278	126,728	130,702	3,974
Offsetting collections from:					0
Federal funds	(594)	(1,220)	(1,220)	(1,220)	0
Trust funds	0	0	0	0	0
Non-Federal sources	(778)	(1,830)	(1,830)	(1,830)	0
Recoveries	(5,696)	0	0	0	0
Unobligated balance, start of year	(4,325)	(4,178)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	4,178	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	115,500	118,050	123,678	127,652	3,974
Financing:					
Transfer from other accounts (-)	(2,000)	0	0	0	
Transfer to other accounts (+)	0	0	0	0	
Appropriation	113,500	118,050	123,678	127,652	3,974

Note: BIS's unobligated balance at the end of FY 2018 was \$4.178 million. Of this total, \$1.494 million was in direct appropriation funds; \$2.684 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
Subtotal, Base	<u>0</u>	<u>0</u>
Other Changes:		
FY 2019 Pay raise		343
FY 2020 Pay raise		0
Full-year cost in 2020 of positions financed for part-year in 2019		0
Change in compensable days		241
Civil Service Retirement System (CSRS)		(37)
Federal Employees Retirement System (FERS)		1,320
Thrift Savings Plan		11
Federal Insurance Contribution Act (FICA) - OASDI		54
Health insurance		39
Employees Compensation Fund		(10)
Travel:		
Mileage		25
Per diem		19
Rental payments to GSA		76
Postage		0
Printing and reproduction		0
NARA Storage & Maintenance		(10)
Other services:		
Working Capital Fund		1,771
HCHB Water		5
HCHB Steam		67
PEPCO Electricity		7
Federal Protective Services		4
Export Control Officers (ECO) Operations		1,703
General Pricing Level Adjustment		0
Subtotal, other changes	0	<u>5,628</u>
Total, adjustments to base	<u>0</u>	<u>5,628</u>

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

Activity: Management and Policy Coordination

Line Item		FY 2018		FY 2019		FY 2020		FY 2020		Increase/Decrease	
		Actual		Enacted		Base		Estimate		from Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Management and	Pos./BA	15	5,737	15	5,737	15	6,244	15	6,244	0	0
Policy Coordination	FTE/Obl	11	6,156	11	5,871	11	6,244	11	6,244	0	0
Total	Pos./BA	15	5,737	15	5,737	15	6,244	15	6,244	0	0
	FTE/Obl	11	6,156	11	5,871	11	6,244	11	6,244	0	0

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

Activity: Management and Policy Coordination

Line Item		FY 2018		FY 2019		FY 2020		FY 2020		Increase/Decrease	
		Actual		Enacted		Base		Estimate		from FY 2020 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Management and	Pos./BA	0	109	0	109	0	109	0	109	0	0
Policy Coordination	FTE/Obl	0	10	0	109	0	109	0	109	0	0
Total	Pos./BA	0	109	0	109	0	109	0	109	0	0
	FTE/Obl	0	10	0	109	0	109	0	109	0	0

**Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Program and Performance 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:

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

STATEMENT OF OPERATING OBJECTIVES:

- Collaborate in an effective manner with other agencies and departments of the U.S. Government, 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 to 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 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; (5) executing or directly supervising the execution of selected policy initiatives; and (6) 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
(Dollar amounts in thousands)

Activity: Export Administration

Line Item		FY 2018		FY 2019		FY 2020		FY 2020		Increase/Decrease	
		Actual		Enacted		Base		Estimate		from Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Export	Pos./BA	218	56,550	218	61,100	218	65,152	238	69,126	20	3,974
Administration	FTE/Obl	213	61,707	213	62,176	213	65,152	228	69,126	15	3,974
Total	Pos./BA	218	56,550	218	61,100	218	65,152	238	69,126	20	3,974
	FTE/Obl	213	61,707	213	62,176	213	65,152	228	69,126	15	3,974

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

Activity: Export Administration

Line Item	FY 2018 Actual		FY 2019 Enacted		FY 2020 Base		FY 2020 Estimate		Increase/Decrease from FY 2020 Base		
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Export Administration	Pos./BA	2	2,022	2	2,022	2	2,022	2	2,022	0	0
	FTE/Obl	2	955	2	2,022	2	2,022	2	2,022	0	0
Total	Pos./BA	2	2,022	2	2,022	2	2,022	2	2,022	0	0
	FTE/Obl	2	955	2	2,022	2	2,022	2	2,022	0	0

**. Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Justification of Program and Performance**

Activity: Export Administration (EA)

GOAL STATEMENT:

To identify and mitigate national security risks associated with the export, reexport, or transfer of commodities, technology and software through the implementation of the Export Administration Regulations, advancing U.S. national security and foreign policy interests, and enhancing the overall health and vitality of the U.S. defense industrial base.

BASE PROGRAM:

Export Administration (EA) develops policies and implements regulations on the international transfer of dual-use and less sensitive military items and technologies to support U.S. national security and foreign policy goals. EA engages stakeholders among the U.S. government and industry on the appropriate level of controls for items with potential use against the United States by its adversaries. EA participates in four multilateral export control regimes involving transfers of conventional, nuclear, chemical, biological, and missile armaments (arms) and systems, assuring consistent international controls on items of concern. Applications to export, reexport or transfer items subject to BIS regulations are evaluated by highly trained EA engineers and analysts, who act consistently with U.S. national security goals and objectives.

In FY 2018, United States exports included \$5.8 billion in sensitive items subject to BIS 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.

STATEMENT OF OPERATING OBJECTIVES:

- Evaluate and adjudicate license applications, commodity classifications, and advisory opinions to achieve U.S. national security and foreign policy objectives.
- Identify emerging technologies that affect national security and develop policies to limit transfer when contrary to U.S. interests.
- Formulate, and coordinate within the interagency community to implement sanctions in support of U.S. foreign policy and national security objectives.

- Coordinate and cooperate with international partners and developing countries to design export control systems consistent with U.S. national security and foreign policy goals.
- Conduct BIS outreach to companies both domestically and internationally impacted by export controls to increase their knowledge of the Export Administration Regulations and enhance their compliance efforts.
- Engage the academic community to raise its level of awareness of the need to implement effective internal export control compliance programs and use its expertise to identify emerging technology with national security implications.
- Update the Export Administration Regulations (EAR) to reflect significant legal and policy changes and provide guidance to the exporting community.
- Provide guidance and assistance to exporters on compliance strategies, as well as export management and compliance programs, including site visits to companies.
- Improve EA abilities to use export and license application data and all available public data to analyze complex trade trends and evaluate the effectiveness of BIS regulations.
- Maintain a wide array of highly qualified specialists to ensure decisions are based on current and emerging technical capabilities of industry and trends in the international marketplace.
- Carry out responsibilities related to the industrial compliance provisions of arms control and disarmament treaties (e.g., [Chemical Weapons Convention](#) and [Additional Protocol](#) and represent U.S. industry and security interests in multilateral arms control and disarmament deliberations (e.g., Biological and Toxin Weapons Convention).
- Maintain high levels of support to the interagency Committee on Foreign Investment in the United States (CFIUS) to ensure – through rigorous CFIUS reviews – inward foreign direct investment does not threaten U.S. national security.
- Conduct investigations pursuant to Section 232 of the Trade Expansion Act of 1962 to complete the highest quality evaluations of the effect of imports on U.S. national security and manage the process to grant exclusions from relief provided pursuant to Section 232 if articles are determined not to be produced in the United States in a sufficient and reasonably available amount or a satisfactory quality, or based upon specific national security considerations.
- 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 partner with law enforcement agencies to identify export control violations and support criminal and administrative charges.
- Administer the Defense Priorities and Allocations System (DPAS) used by the Departments of Defense, Energy, and Homeland Security, the General Services Administration, as well as owners and operators of critical infrastructure, to prioritize the performance of contracts to support national defense programs.
- Assess the impact on the U.S. defense industrial base of offsets in defense procurements and prepare an annual report to Congress on offsets in the defense trade.
- Co-chair with the Department of State, the Market Impact Committee, which reviews the Department of Defense's proposed plans to add or dispose of material from the National Defense Stockpile.

Explanation of and Justification

Export Administration will continue in FY 2020 to support the BIS mission and implement the objectives outlined above, as well as other policy objectives and priorities. Estimates of workload are challenging because exports, foreign investment, CFIUS reviews, requests for DPAS actions, Section 232 investigations, and defense industrial base assessment volumes depend on many factors outside of BIS control. Based on all these factors, EA anticipates its workload will continue to grow. Link to the BIS mission: <https://www.bis.doc.gov/index.php/about-bis/mission-statement>

EA's program offices are described on the BIS website. Link to EA programs: <https://www.bis.doc.gov/index.php/about-bis/organization/program-offices>

EA has several programs, the largest of which is the evaluation and adjudication of export license applications. The export license application program provides the U.S. government a level of assurance that exports, reexports and transfers of items subject to BIS jurisdiction will not be diverted to weapons of mass destruction programs, military programs contrary to U.S. interests, terrorists, regions of instability, or to persons violating human rights. EA analysts and engineers maintain superior expertise in current technologies and market trends, to achieve national security and foreign policy goals.

Export Administration personnel possess the technical qualifications to assess leading edge products available in the global marketplace. EA 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.

Under Section 232 of the Trade Expansion Act of 1962, as amended, EA conducts comprehensive investigations to determine the effect on the national security of the U.S. of imports of any article. In addition, with BIS-unique and mandatory data collection authority, EA researches, surveys, and assesses the economic health and competitiveness of defense sectors and critical technologies and 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 the U.S. industry to meet national security requirements.

EA coordinates BIS participation in CFIUS by evaluating the export control and 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. Chaired by Treasury, CFIUS is the interagency committee that conducts national security reviews of mergers, acquisitions or takeovers with potential to 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 the President prohibit or suspend the transaction. Congress passed the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) in August 2018. FIRRMA, which achieves the goals of protecting our national security and preserving our long-standing open investment policy, will significantly expand the scope of transactions subject to CFIUS's jurisdiction. BIS's engagement in CFIUS is critical to implementing FIRRMA and to ensuring that the Administration's and Congress' objectives of strengthening national security reviews of foreign investment in the United States are achieved.

SIGNIFICANT ACCOMPLISHMENTS

Section 232 Investigations and Production Exclusion Process

In January 2018, Secretary Ross submitted to President Trump two reports prepared by BIS outlining the findings of the investigations and his recommendations for action under Section 232 of the Trade Expansion Act of 1962. The reports found that the quantities and circumstances of steel and aluminum imported into the U.S. threatened to impair the national security as defined by Section 232 and recommended the imposition of global tariffs on imports of steel and aluminum articles. On March 8, 2018, President Trump took action to protect U.S. national security by putting in place a 25 percent tariff on steel imports and a 10 percent tariff on aluminum imports. The tariffs entered into effect for most countries on March 23, 2018. President Trump also directed the Department of Commerce to establish a process to grant product exclusions from tariffs and quantitative restrictions for imports of steel and aluminum articles currently unavailable in the United States in sufficient quantity or satisfactory quality, or based on other national security considerations. BIS is the lead agency in reviewing requests from U.S. parties for product exclusions from the tariffs and quantitative restrictions on steel and aluminum. As of March 4, 2019, BIS has received more than 79,000 exclusion requests.

In July 2018, the Secretary of Commerce initiated a Section 232 investigation on the effects of uranium imports on U.S. national security. The report is due to the President no later than April 14, 2019. On March 4, 2019, the Secretary of Commerce initiated a Section 232 investigation on the effects of titanium sponge imports on U.S. national security. The report is due to the President no later than November 29, 2019.

Firearms Control Change from United States Munitions List (USML) to Commerce Control List (CCL)

On May 24, 2018, the Department of Commerce published the proposed rule, *Control of Firearms, Guns, Ammunition and Related Articles the President Determines No Longer Warrant Control Under the United States Munitions List (USML)* (83 FR 24166). The Department of State published its proposed rule, *International Traffic in Arms Regulations: U.S. Munitions List Categories I, II, and III* (83 FR 24198), on the same day. The comment periods for both rules closed on July 9, 2018.

The Department of Commerce proposed rule describes how articles the President determines no longer warrant control under USML Categories I-III (Category I – Firearms, Close Assault Weapons, and Combat Shotguns; Category II – Guns and Armament; and Category III – Ammunitions and Ordnance) would be controlled on the Commerce Control List (CCL). The Department of State proposed rule would revise Categories I, II, and III of the USML to more precisely describe the articles warranting continued control on that list.

The Departments of Commerce and State have reviewed the public comments each received during the comment period and have drafted final rules for interagency consideration. On December 13, 2018, OMB completed its review of the Departments of Commerce and State final rules. The Department of State completed the 30-day, statutorily required, Arms Export Control Act (AECA) section 38(f) congressional notification process on March 6, 2019. The Departments anticipate final rules will be published before summer 2019.

Educational and Outreach Activities

EA continued to expend resources to inform the regulated community about the regulations, changes to them, and compliance. These outreach activities included BIS seminars, industry group meetings and seminars, small and medium-sized business conferences, webinars, and meetings with foreign governments. EA also utilizes web-based decision tools to assist exporters. The decision tools on the BIS website received more than 25,000 hits in FY 2018. In addition to outreach with the public, BIS continued to support U.S. Customs and Border Protection (CBP) and other law enforcement agencies around the United States with updated training materials containing information about relevant changes to the Export Administration Regulations. BIS worked with CBP to implement and announce new requirements for the Automated Export System as additional final rules were published and became effective throughout FY 2018.

Export License Processing

In FY 2018, EA processed 35,346 export license applications. This marked a 3.5 percent increase from the 34,142 applications processed in FY 2017. EA approved 30,379 license applications (85.9 percent), returned 4,686 applications without action (13.3 percent), and denied 281 applications (0.8 percent). EA's average processing time this year to review a license application was 18 days. This included time for reviews by other agencies, namely the Departments of Defense, Energy, and State.

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Program Changes: Identifying & Reviewing Emerging Technologies
(Dollar amounts in thousands)

		2020 Base		2020 Estimate		Increase from Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Export	Pos./BA	218	65,152	230	67,653	12	2,501
Administration	FTE/Obl.	213	65,152	222	67,653	9	2,501

Identifying and Reviewing Emerging Technologies (+\$2,501, 9 FTE/12 Positions) – This request builds capability in Export Administration (EA) to support the new requirement of the Export Control Reform Act of 2018 to maintain a "... regular and robust process to identify the emerging and other types of critical technologies of concern and regulate their release to foreign persons as warranted..." (Export Control Reform Act of 2018, Title XVII, Subtitle B, Sec. 1758 in P.L. 115-232). Twelve positions, in a combination of engineers and analysts, are required to identify those emerging technologies that could, if transferred outside the U.S., pose a significant risk to the national security of the U.S. or impact U.S. technological leadership in specific areas. Staff will engage with U.S. labs, universities and "start-ups" to track research of concern. Staff will also evaluate new technologies submitted by U.S. firms, interact with national security agencies, and make a determination if the new technology is critical to U.S. national security. Once identified, staff will work to obtain consensus among international partners on export controls for those emerging technologies determined to be critical. Additionally, engagement and outreach to the impacted community will be essential for success.

This new function addresses a serious long-term threat to the U.S. defense innovation base. Many leading edge technologies are vulnerable to transfer or theft by potential adversaries like China, long before they appear in specific military or dual-use products. The U.S. is a leader in many areas like artificial intelligence, robotics and others, in which valuable threshold work is being done in cooperative research and pre-competitive development that are now not subject to control. China in particular is actively seeking such technology, and is subsidizing or directing its nationals to participate in programs in the U.S. to build a knowledge base for future applications in China or by Chinese companies. At present, there is no locus in the U.S. government to identify and recommend appropriate measures to restrict the outflow of these technologies.

**Title XVII, Subtitle B, Sec. 1758:
“Requirements to Identify and Control the Export of Emerging and Foundational Technologies”**

Export controls complement and are a critical element of the national security policies underlying the laws and regulations governing foreign direct investment in the United States, including controlling the transfer of critical technologies to certain foreign persons. Thus, the President, in coordination with the Secretary, the Secretary of Defense, the Secretary of State, the Secretary of Energy, and the heads of other Federal agencies, as appropriate, should have a regular and robust process to identify the emerging and other types of critical technologies of concern and regulate their release to foreign persons as warranted regardless of the nature of the underlying transaction. Such identification efforts should draw upon the resources and expertise of all relevant parts of the United States Government, industry, and academia. These efforts should be in addition to traditional efforts to modernize and update the lists of controlled items under the multilateral export control regimes.

Performance Measures:	2019	2020	2021	2022	2023
Number of proposed rules describing and identifying emerging technologies with program increase	N/A	5	5	5	5
Number of proposed rules describing and identifying emerging technologies without program increase	N/A	2	2	2	2
Outyear Costs:					
Direct Obligations:	N/A	2,501	2,501	2,501	2,501
Uncapitalized					
Budget Authority	N/A	2,501	2,501	2,501	2,501
Outlays	N/A	2,501	2,501	2,501	2,501
FTE	N/A	9	9	9	9
Positions	N/A	12	12	12	12

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

Program Change Personnel Detail: Identifying & Reviewing Emerging Technologies

Activity: Export Administration

Program Change: Identifying and Reviewing Emerging Technologies

<u>Title</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
General Engineer	15	1	155,662	155,662
General Engineer	14	4	132,337	529,348
Export Policy Analyst	14	1	132,337	132,337
Export Policy Analyst	12	4	94,177	376,708
Program Analyst	13	2	111,988	223,976
Total		12	626,500	1,418,031
Mission Support	3%			36,869
Less lapse	25%	(3)		(363,725)
Total full-time permanent (FTE)		9		1,091,175
FY 2020 Pay Raise	0%			0
Total				<u><u>1,091,175</u></u>

Personnel Data

Full-time Equivalent Employment	
Full-time permanent	9
Other than full-time permanent	0
Total	<u>9</u>
Authorized Positions:	
Full-time permanent	12
Other than full-time permanent	0
Total	<u>12</u>

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Program Change Detail by Object Class: Identifying & Reviewing Emerging Technologies
(Direct Obligations amounts in thousands)

Activity: Export Administration

Object Class	2018 Actual	2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from FY 2020 Base
11.1 Full-time permanent (Compensation)	22,207	22,989	24,947	26,038	1,091
11.3 Other than full-time permanent	320	0	6	6	0
11.5 Other personnel compensation	419	638	732	732	0
11.8 Special personnel services payments	0	0	1	1	0
11.9 Total personnel compensation	22,946	23,627	25,685	26,776	1,091
12.1 Civilian personnel benefits	7,208	7,393	9,138	9,487	349
13 Benefits for former personnel	17	55	55	55	0
21 Travel and transportation of persons	612	626	717	770	53
22 Transportation of things	5	51	59	63	4
23 Rent, communications, and utilities	0	0	0	0	0
23.1 Rental payments to GSA	4,721	4,571	4,878	5,015	137
23.2 Rental payments to others	0	0	0	0	0
23.3 Commun., util., and misc. charges	2,454	1,331	1,348	1,364	16
24 Printing and reproduction	29	57	61	63	2
25 Other contractual services	0	0	0	0	0
25.1 Advisory and assistance services	38	0	0	0	0
25.2 Other services from non-Federal sources	10,410	4,947	4,010	4,012	2
25.3 Other goods and services from Federal sources	12,470	16,800	17,273	18,065	792
25.4 Operation and maintenance of facilities	0	0	148	148	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	41	41	41	0
25.8	Subsistence and support of persons	0	0	0	0	0
26	Supplies and materials	1,167	548	598	603	5
31	Equipment	140	1,053	1,141	1,191	50
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	2	0	0	0	0
44	Refunds	0	0	0	0	0
Total Obligations		62,219	61,100	65,152	67,653	2,501

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Program Changes: Address Increased Foreign Investment Reviews
(Dollar amounts in thousands)

		2020 Base		2020 Estimate		Increase from Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Export	Pos./BA	218	65,152	226	66,625	8	1,473
Administration	FTE/Obl.	213	65,152	219	66,625	6	1,473

Addressing Increased Foreign Investment Reviews (+\$1,473, 6 FTE/8 Positions) -- This request will enable Export Administration (EA) to address significant growth in the workload of foreign investment reviews by providing the necessary staff and support to expand EA capacity. The increase is necessary to address record levels of cases from the Committee on Foreign Investment in the United States (CFIUS), which more frequently involve foreign investors from countries of potential concern, including China. This trend will continue given the passage of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), which achieves the goals of protecting U.S. national security and preserving U.S. long-standing open investment policy. FIRRMA will significantly expand the scope of transactions subject to CFIUS's jurisdiction, thus increasing cases for review. BIS encountered a record caseload in FY 2018, and that number is expected to quadruple with the full implementation of FIRRMA.

Additionally, FIRRMA gives CFIUS the authority to launch pilot programs that enact certain new authorities that would otherwise not go into effect until FIRRMA is fully implemented, which is not expected until the first quarter of FY 2020. EA now participates in the new pilot program, launched November 10, 2018, in which substantially more transactions, through new mandatory declarations, will require scrutiny. Based on industry reaction already to the new pilot program, transaction volumes will exceed the Export Administration's current capabilities.

The number of CFIUS cases each analyst reviews in a year has doubled in the last five years. From FY 2010-2013, each BIS analyst reviewed approximately 16 cases per year; from FY 2014-2016, each BIS analyst reviewed approximately 23 cases per year. However, in FY 2017-2018, each BIS analyst reviewed approximately 32 cases per year. The Administration estimates the number of cases, upon full FIRRMA implementation, may reach 1,000 per year. That means 125 cases per analyst, per year, at current staffing, nearly four times the 2018 caseload.

The new analyst positions in this request will work exclusively on CFIUS, whereas current analysts also support other BIS national security programs. BIS currently has seven analysts plus a division director that devote more than 50 percent of their time to supporting the CFIUS program.

Without the requested additional resources, BIS will be limited in its ability to conduct rigorous reviews of the significant increase and scope of transactions reviewed by CFIUS which will increasingly involve investments in U.S. companies that produce or trade in items subject to BIS's export control jurisdiction. BIS's engagement in CFIUS is critical to implementing FIRRMA and to achieving the Administration's and Congress's objective of strengthening national security reviews of foreign investment in the United States.

Performance Measures:	2019	2020	2021	2022	2023
Average number of Foreign Investment Review cases per analyst with program increase	32	62	62	62	62
Average number of Foreign Investment Review cases per analyst without program increase	32	125	125	125	125
Outyear Costs:					
Direct Obligations:	887	1,473	1,473	1,473	1,473
Uncapitalized					
Budget Authority	887	1,473	1,473	1,473	1,473
Outlays	887	1,473	1,473	1,473	1,473
FTE	6	12	12	12	12
Positions	8	16	16	16	16

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

Program Change Personnel Detail: Address Increased Foreign Investment Reviews

Activity: Export Administration

Program Change: Addressing Increased Foreign Investment Reviews

<u>Title</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Program Analyst	15	1	155,662	155,662
Program Analyst	14	3	132,337	397,011
Program Analyst	12	4	94,192	376,768
Total		8	382,191	929,441
Mission Support	3%			23,236
Less lapse	25%	(2)		(238,169)
Total full-time permanent (FTE)		6		714,508
FY 2020 Pay Raise	0%			0
Total				714,508

Personnel Data

Full-time Equivalent Employment				
Full-time permanent		6		
Other than full-time permanent		0		
Total		6		
Authorized Positions:				
Full-time permanent		8		
Other than full-time permanent		0		
Total		8		

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Program Change Detail by Object Class: Address Increased Foreign Investment Reviews
(Direct Obligations amounts in thousands)

Activity: Export Administration

Object Class	2018 Actual	2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from FY 2020 Base
11.1 Full-time permanent (Compensation)	22,207	22,989	24,947	25,368	715
11.3 Other than full-time permanent	320	0	6	4	0
11.5 Other personnel compensation	419	638	732	638	0
11.8 Special personnel services payments	0	0	1	1	0
11.9 Total personnel compensation	22,946	23,627	25,685	26,010	715
12.1 Civilian personnel benefits	7,208	7,393	9,138	7,995	229
13 Benefits for former personnel	17	55	55	55	0
21 Travel and transportation of persons	612	626	717	761	42
22 Transportation of things	5	51	59	61	3
23 Rent, communications, and utilities	0	0	0	0	0
23.1 Rental payments to GSA	4,721	4,571	4,878	4,963	110
23.2 Rental payments to others	0	0	0	0	0
23.3 Commun., util., and misc. charges	2,454	1,331	1,348	1,368	13
24 Printing and reproduction	29	57	61	62	1
25 Other contractual services	0	0	0	0	0
25.1 Advisory and assistance services	38	0	0	0	0
25.2 Other services from non-Federal sources	10,410	4,947	4,010	2,709	2
25.3 Other goods and services from Federal sources	12,470	16,800	17,273	17,900	314
25.4 Operation and maintenance of facilities	0	0	148	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	41	41	41	0
25.8	Subsistence and support of persons	0	0	0	0	0
26	Supplies and materials	1,167	548	598	579	4
31	Equipment	140	1,053	1,141	1,173	40
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	2	0	0	0	0
44	Refunds	0	0	0	0	0
Total Obligations		62,219	61,100	65,152	63,677	1,473

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

Activity: Export Enforcement

Line Item		FY 2018		FY 2019		FY 2020		FY 2020		Increase/Decrease	
		Actual		Enacted		Base		Estimate		from Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Export	Pos./BA	210	51,213	210	51,213	210	52,282	210	52,282	0	0
Enforcement	FTE/Obl	208	52,452	208	51,497	208	52,282	208	52,282	0	0
Total	Pos./BA	210	51,213	210	51,213	210	52,282	210	52,282	0	0
	FTE/Obl	208	52,452	208	51,497	208	52,282	208	52,282	0	0

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

Activity: Export Enforcement

Line Item		FY 2018		FY 2019		FY 2020		FY 2020		Increase/Decrease	
		Actual		Enacted		Base		Estimate		from FY 2020 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Export	Pos./BA	0	769	0	769	0	769	0	769	0	0
Enforcement	FTE/Obl	0	111	0	769	0	769	0	769	0	0
Total	Pos./BA	0	769	0	769	0	769	0	769	0	0
	FTE/Obl	0	111	0	769	0	769	0	769	0	0

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

Activity: 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 parties involved in U.S. commercial transactions do not engage in prohibited boycott activities

BASE PROGRAM:

Export Enforcement (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) and the Export Control Reform Act of 2018 (ECRA).¹ EE also enforces U.S. anti-boycott 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; conducting investigations; pursuing criminal and administrative sanctions for violations; and more broadly, investigating any criminal activity related to violations of U.S. export control laws. EE protects national security by facilitating secure U.S. exports while combatting the proliferation of nuclear, missile, and 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:

- Continue to identify and vigorously investigate violations of the EAR and applicable export control statutes, and prosecute each violator criminally and/or administratively as appropriate.
- Maintain the momentum – continue to level the playing field for U.S. exporters by actively pursuing those who would attempt to ignore, circumvent, or otherwise violate export controls, especially to create a competitive advantage over exporters who “play by the rules.”

¹ On August 13, 2018, the President signed into law the National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, Title XVII, Subtitle B of P.L. 115-232 (ECRA). Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

- Continue to support partnerships with other federal law enforcement agencies, the Department of Defense (DOD), and the intelligence community. Partner whenever practicable with federal law enforcement agencies to enhance our ability to enforce export controls by expanding the network of resources and capabilities. Collaborate with the intelligence community, DOD, and federal law enforcement agencies to identify and inhibit an ever-increasing level of sophistication exhibited by criminal networks and unfriendly nation-states seeking to illegally obtain controlled U.S. items. EE provides unique authorities and expertise while other agencies provide complementary resources and manpower to assist in conducting complex investigations.
- Fully automate processes that incorporate all-source (unclassified and classified) intelligence in the evaluation of foreign parties to export transactions and end-uses, including 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 and identifying non-compliant transactions.
- Expand criminal intelligence capabilities to identify and eliminate domestic and international criminal proliferation networks. Work with international partners, especially through the Export Control Officer program and end-use monitoring, to prevent diversions. This includes assisting industry in identifying transactions involving parties of concern through the designation of foreign persons on the Entity List and Unverified List.
- 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 anti-boycott provisions of the EAR.

Explanation of and Justification

Export Enforcement will continue to aggressively enforce the Export Administration Regulations (EAR) and applicable export control statutes in FY 2020. Every year, the volume of EAR transactions requiring compliance assessments increases as international trade becomes more interdependent and diverse. Moreover, the tactics of our adversaries to illicitly acquire U.S.-origin items have become more sophisticated, requiring enhanced scrutiny of direct exports from the United States and re-exports and transfers (in-country) from abroad, as well as the export and re-export of licensed and unlicensed items to confirm whether they are diverted to end-uses or end-users of national security and foreign policy concern. A significant percentage of EE actions involve uncontrolled items destined for unauthorized military modernization programs, weapons of mass destruction programs, sanctioned actors, and terrorists. Additionally, illicit procurement efforts require an increased focus not only on tangible exports, but on intangible technology exports, which are the most complicated illicit actions to detect given that the export can occur in the form of oral, visual, or electronic release, both domestically and internationally (e.g., foreign nationals in the United States, transfer of technology as a result of an investment). EE's FY 2020 programs are meant to address these needs and directly support the mission of BIS, which can be found at <https://www.bis.doc.gov/index.php/about-bis/mission-statement>. EE's program offices are described on the BIS website at <https://www.bis.doc.gov/index.php/enforcement>.

Specific program office mission statements can be found at:

- Office of Export Enforcement: <https://www.bis.doc.gov/index.php/oee>
- Office of Enforcement Analysis: <https://www.bis.doc.gov/index.php/2012-06-25-20-44-31/office-of-enforcement-analysis-home>
 - Investigative Analysis Division: <https://www.bis.doc.gov/index.php/enforcement/oea/iad>
 - International Operations Division: <https://www.bis.doc.gov/index.php/enforcement/oea/ioid>
 - Strategic Intelligence Division: <https://www.bis.doc.gov/index.php/enforcement/oea/sid>

- Export Control Officer Program: <https://www.bis.doc.gov/index.php/2012-06-25-20-44-31/2012-06-25-20-45-50/export-control-officer-program-home>
- Office of Antiboycott Compliance: <https://www.bis.doc.gov/index.php/enforcement/oac>

To effectively accomplish its enforcement mission, EE must continue to expand its access to information, increase domestic and international collaborations, and increase its partnership with U.S. industry to prevent and mitigate non-compliant activities. These factors have been critical to EE's mission, as BIS's jurisdiction over items subject to the EAR has increased as a result of transfers of items from the U.S. Munitions List (USML) as well as geopolitical events that have triggered changes to controls to better address national security threats. To accomplish its mission, EE requires efficient utilization of all information available to the U.S. Government to better enable analysts and Special Agents to identify anomalies and patterns among disparate data sets. EE has direct access to open source, licensing, export, and enforcement data, to include overseas end-use check results, investigative cases, and industry outreaches. It also has access to information from and cooperates with other agencies, including the Departments of Defense, Energy, Homeland Security, Justice, and State, and the intelligence community. Additionally, BIS has built international partnerships with likeminded countries, including Canada, Germany, India, and Japan, as well as transshipment countries, such as Finland, Hong Kong, Malaysia, Singapore, and the United Arab Emirates, especially through its Export Control Officer program, to prevent the diversion of U.S.-origin items. In FY 2020, EE will expand its collaborations with government, international, and private sector partners, including by leveraging information technology resources, to enhance its data analytics to identify and prioritize non-compliant activities, alert U.S. companies of suspicious transactions, and successfully execute complex criminal and administrative investigations to enforce the EAR.

The **Office of Export Enforcement (OEE)** within the Bureau of Industry and Security promotes economic and national security through aggressively investigating violations of the Export Administration Regulations and other laws pursuant to the following authorities. Under the provisions of Section 1761(a) of the Export Control Reform Act of 2018 (ECRA), designated Special Agents of the Office of Export Enforcement (OEE) of the Department of Commerce have the permanent authority to enforce provisions of the Export Administration Regulations, and have explicit authority to execute warrants, make arrests, and carry firearms while doing so. Pursuant to 22 U.S.C. § 401 and Section 1761(a)(5) of the ECRA, designated OEE agents also have authority to seize and detain any item (other than arms or munitions of war), including technology, which is intended to be or is being exported in violation of laws governing such exports and may seize and detain any vessel, vehicle, or aircraft containing the same or which has been used or is being used in exporting or attempting to export such articles. Designated OEE agents are also responsible for enforcing laws related to the collection and publication of foreign commerce and trade statistics under 13 U.S.C. Ch. 9, the provisions of the Fastener Quality Act under 15 U.S.C. Ch. 80, and the regulations implementing the Chemical Weapons Convention and the U.S. Additional Protocol.

To support the investigative process and assist U.S. industry in identifying suspicious inquiries and transaction parties, the **Office of Enforcement Analysis (OEA)** provides analytic support to investigations using all-source intelligence materials available from the intelligence community and other federal law enforcement and government sources. OEA works closely with the intelligence community to identify and obtain classified intelligence to assist in identifying individuals and networks engaged in suspected violations of the EAR and to support resultant on-going criminal and administrative investigations.

To support the licensing function within BIS, OEA provides Licensing Officers (LO) with intelligence products to assist in assessing the reliability of foreign individuals/companies/governments to receive and properly handle controlled U.S.-origin items requiring an export license. This includes conducting pre-license checks through its end-use verification program. This global program, supported by BIS Export Control Officers (ECOs)

stationed in seven countries overseas and augmented by temporary deployments of OEE Special Agents, also conducts post-shipment verifications of exported items to identify non-compliant transactions and parties, which results in investigative leads and enforcement outcomes. ECOs also build capacity with foreign governments in implementing export controls, including helping to develop complementary enforcement actions, and educates foreign industry on compliance with the EAR.

Noteworthy Accomplishments/Investigation Results

Special Agents from OEE have continued to demonstrate impressive results. During the past three years (FY 2016 through FY 2018) OEE Special Agents recovered \$288 million in criminal fines and \$255 million in forfeitures. In addition, during that same period over \$1.8 billion was assessed in administrative/regulatory fines. This monetary recovery is in addition to the 163 years of imprisonment imposed on violators and the beneficial deterrence gained through strong export enforcement. Export enforcement is a complex team effort. OEE's 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 1 percent to 13 percent in FY 2018. 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 were approved demonstrating the value of enforcement information to safeguarding U.S. exports.

Additionally, in FY 2018 OEA conducted 216 outreaches to companies overseas to educate them on Export Administration Regulations (EAR) compliance. Led by Export Control Officers, OEA completed 1,042 end-use checks, and ensured that license applications were not approved where pre-license checks were determined to be unfavorable or unverified. OEA ensured that 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 2018, OEA worked with Export Administration to add 63 parties to the Entity List, add 33 parties to the Unverified List, produced 562 investigative leads to the Office of Export Enforcement, which resulted in 287 outreaches to domestic companies, 24 warning letters, 53 new investigations, and 56 detentions. These efforts safeguarded U.S. national security while promoting secure U.S. exports.

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

Si Chen/Archangel Systems Space

Microwave Components to China

On October 1, 2018, Si Chen was sentenced in the U.S. District Court for the Central District of California to 46 months in prison and three years of probation in connection with a conspiracy to violate the International Emergency Economic Powers Act. On July 9, 2018, Chen pled guilty related to a procurement scheme to acquire U.S.-origin technology, including integrated circuits and other components used in radar and military jamming equipment, as well as military satellite and space communications equipment, for entities in China. This is a joint investigation with the Office of Export Enforcement, U.S. Immigration and Customs Enforcement and Defense Criminal Investigative Service.

Peter Zuccarelli/American Coating Technologies

Integrated Circuits to Russia and China

On January 24, 2018, Peter Zuccarelli, owner/CEO of American Coating Technologies, was sentenced in U.S. District Court for the Eastern District Texas to 46 months in prison, three years of supervised release and a \$50,000 criminal fine. On August 3, 2017, Zuccarelli pled guilty in connection with the unauthorized export of radiation hardened integrated circuits (RHICs) to Russia and China. Between approximately June 2015 and March 2016, Zuccarelli and his co-conspirators agreed to illegally export the RHICs, which have military and space applications, to China and Russia. In furtherance of the conspiracy, Zuccarelli's co-conspirator received purchase orders from customers seeking to purchase RHICs for use in China's and Russia's space programs. Zuccarelli received these orders from his co-conspirator, as well as payment of approximately \$1.5 million to purchase the RHICs for the Chinese and Russian customers. Zuccarelli placed orders with U.S. suppliers, and used the money received from his co-conspirator to pay the U.S. suppliers. In communications with the U.S. suppliers, Zuccarelli certified that his company, American Coating Technologies was the end user of the RHICs, knowing that this was false. Zuccarelli received the RHICs he ordered from U.S. suppliers, removed them from their original packaging, repackaged them, falsely declared them as "touch screen parts," and shipped them out of the U.S. without the required licenses. In an attempt to hide the conspiracy from the U.S. government, he created false paperwork and made false statements. This is a joint investigation with the Office of Export Enforcement, Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement and Defense Criminal Investigative Service.

Erdal Kuyumcu/Global Metallurgy

Metallic powder to Iran

On September 7, 2017, Erdal Kuyumcu, Chief Executive Officer for Global Metallurgy, located in Queens, NY, was sentenced in U.S. District Court for the Eastern District of New York to 57 months in prison, three years of probation, and a \$7,000 fine. On June 14, 2016, Kuyumcu pled guilty to violating the International Emergency Economic Powers Act. The charges are in connection with the illegal export to Iran of a specialized metallic powder used in aerospace, missile production and nuclear applications. Kuyumcu and others conspired to obtain more than 1,000 pounds of the metallic powder from a U.S.-based supplier. To hide the true destination of the goods from the supplier, Kuyumcu arranged for the metallic powder to be shipped first to Turkey and then to Iran. Kuyumcu used coded language when discussing the shipment with a Turkey-based co-conspirator, such as referring to Iran as the "neighbor." This is a joint investigation with the Office of Export Enforcement and the Federal Bureau of Investigation.

Defendants received 57 months incarceration, three years of supervised release, \$7,000 fine by the court.

Arrowtronics/Caby

Aviation Parts to Syria

On December 19, 2017, Ali Caby, Marjan Caby, and Arash Caby were sentenced in U.S. District Court for the Southern District of Miami in connection with a conspiracy to illegally export aviation parts to Syrian Arab Airlines, which appears on the Office of Foreign Assets Control's Specially Designated National List. Ali Caby was sentenced to 24 months in prison, two years of supervised release and a \$100 special assessment. Marjan Caby was sentenced to 12 months and one day in prison, two years of supervised release and a \$100 special assessment. Arash Caby was sentenced to 24 months in prison, two years of supervised release, a \$10,000 criminal fine and a \$100 special assessment. The defendants were arrested in February

2017 and pled guilty in October 2017 in connection with these violations. This is a joint investigation with the Office of Export Enforcement, the Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement and the Defense Criminal Investigative Service.

Defendants received 12 - 24 months incarceration, two years of supervised release, \$10,000 fine and special assessment by the court.

Zhongxing Telecommunications Equipment Corporation (ZTE)

Telecommunications equipment to Iran and North Korea

On March 22, 2017, Chinese companies Zhongxing Telecommunications Equipment Corporation and ZTE Kangxun Telecommunications Ltd., known collectively as ZTE, pled guilty in U.S. District Court in the Northern District of Texas in connection with the illegal shipment of telecommunications equipment to Iran and North Korea in violation of the EAR and the Iranian Transactions and Sanctions Regulations (ITSR). ZTE conspired to evade the U.S. embargo against Iran in order to obtain contracts with and related sales from Iranian entities, including entities affiliated with the Iranian Government, to supply, build, operate, and/or service large-scale telecommunications networks in Iran, the backbone of which would be U.S.-origin equipment and software. As a result of the conspiracy, ZTE was able to obtain hundreds of millions of dollars in contracts with and sales from such Iranian entities. ZTE also undertook other actions involving 283 shipments of controlled items to North Korea with knowledge that such shipments violated the EAR. Shipped items included routers, microprocessors, and servers controlled under the EAR for national security, encryption, regional security, and/or anti-terrorism reasons. In addition, ZTE engaged in evasive conduct designed to prevent the U.S. Government from detecting its violations. OEE learned that in November 2013, following a meeting of senior managers chaired by its then-CEO, ZTE made plans to resume transshipments to Iran that would continue during the course of the investigation. On March 7, 2016, BIS sanctioned ZTE by adding it to the BIS Entity List, which created a license requirement to export, reexport, or transfer (in-country) to ZTE any items subject to the EAR. During the course of the investigation, ZTE made knowingly false and misleading representations and statements to OEE or other U.S. law enforcement agencies, including that the company had previously stopped shipments to Iran as of March 2012, and was no longer violating U.S. export control laws. ZTE also engaged in an elaborate scheme to prevent disclosure to and affirmatively mislead the U.S. Government, by deleting and concealing documents and information from the outside counsel and forensic accounting firm that ZTE had retained with regard to the investigation. Following the 2017 settlement, ZTE admitted that it had falsely informed the U.S. Government that the company would or had discipline numerous employees responsible for the violations that led to the March 2017 settlement agreement. ZTE instead rewarded that illegal activity with bonuses. This case resulted from a joint investigation conducted by OEE's Dallas Field Office, ICE, and the FBI.

On March 22, 2017, ZTE agreed to a combined civil and criminal penalty of \$1.19 billion, the largest fine and forfeiture ever levied by the U.S. Government in an export control case. ZTE agreed to pay a penalty of \$661 million to BIS, with \$300 million suspended during a seven-year probationary period. ZTE also agreed to pay the Department of the Treasury's Office of Foreign Assets Control \$100,871,266 pursuant to a settlement agreement. In addition to these monetary penalties, ZTE agreed to active audit and compliance requirements designed to prevent and detect future violations and a seven-year suspended denial of export privileges. On April 15, 2018, BIS activated the suspended denial order against ZTE in response to the company's admission that it had made false statements to the U.S. Government. On June 8, 2018, BIS and ZTE agreed to a superseding settlement agreement including a civil penalty of \$1.4 billion, of which ZTE paid \$1 billion out-of-pocket and deposited \$400 million into an escrow account in a U.S. bank, where it would remain for ten years unless the company violated U.S. export controls. ZTE also agreed to a ten-year suspended denial order and the retention of a Special Compliance Coordinator, selected by BIS, and paid by ZTE.

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

Object Class	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from Base
11.1 Full-time permanent (Compensation)	42,958	46,157	48,876	50,682	1,806
11.3 Other than full-time permanent	587	100	108	108	0
11.5 Other personnel compensation	3,505	4,217	4,347	4,347	0
11.8 Special personnel services payments	0	0	2	2	0
11.9 Total personnel compensation	47,050	50,474	53,333	55,139	1,806
12.1 Civilian personnel benefits	17,462	19,386	21,810	22,388	578
13 Benefits for former personnel	82	55	55	55	0
21 Travel and transportation of persons	1,867	1,943	2,070	2,165	95
22 Transportation of things	184	214	225	232	7
23 Rent, communications and utilities	0	0	0	0	0
23.1 Rental payments to GSA	6,556	6,373	6,799	7,046	247
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, Utilities & Miscellaneous Charges	3,515	1,984	2,008	2,037	29
24 Printing and reproduction	48	103	108	111	3
25 Advisory and Assistance Services	0	0	0	0	0
25.1 Consulting services	60	0	0	0	0
25.2 Other Services from Non-Federal Accounts	15,603	5,205	3,903	3,907	4
25.3 Purchase of goods and services from Gov't accounts	25,753	28,748	29,405	30,511	1,106
25.4 Operation and Maintenance of Facilities	0	0	205	205	0
25.5 Research and development contracts	0	0	0	0	0
25.6 Medical care	0	5	5	5	0
25.7 Operation & maintenance of equipment	0	1,091	1,091	1,091	0

25.8	Subsistence and support of persons	0	0	0	0	0
26	Supplies and materials	1,912	910	980	989	9
31	Equipment	218	1,559	1,681	1,771	90
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	4	0	0	0	0
43	Interest and dividends	2	0	0	0	0
44	Refunds	0	0	0	0	0
99.9	Total Obligations	120,315	118,050	123,678	127,652	3,974
	Less prior year recoveries	(5,321)	0	0	0	0
	Less prior year unobligated balance	(1,494)	0	0	0	0
	Total Budget Authority	113,500	118,050	123,678	127,652	3,974
	Personnel Data					
	Full-Time equivalent Employment:					
	Full-time permanent	429	429	429	444	15
	Other than full-time permanent	3	3	3	3	0
	Total	432	432	432	447	15
	Authorized Positions:					
	Full-time permanent	438	438	438	458	20
	Other than full-time permanent	5	5	5	5	0
	Total	443	443	443	463	20

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

Object Class	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from Base
11.1 Full-time permanent (Compensation)	22,207	22,989	24,947	26,753	1,806
11.3 Other than full-time permanent	320	0	6	6	0
11.5 Other personnel compensation	419	638	732	732	0
11.8 Special personnel services payments	0	0	1	1	0
11.9 Total personnel compensation	22,946	23,627	25,685	27,491	1,806
12.1 Civilian personnel benefits	7,208	7,393	9,138	9,716	578
13 Benefits for former personnel	17	55	55	55	0
21 Travel and transportation of persons	612	626	717	812	95
22 Transportation of things	5	51	59	66	7
23 Rent, communications and utilities	0	0	0	0	0
23.1 Rental payments to GSA	4,721	4,571	4,878	5,125	247
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, Utilities & Miscellaneous Charges	2,454	1,331	1,348	1,377	29
24 Printing and reproduction	29	57	61	64	3
25 Advisory and Assistance Services	0	0	0	0	0
25.1 Consulting services	38	0	0	0	0
25.2 Other Services from Non-Federal Accounts	10,410	4,947	4,010	4,014	4
25.3 Purchase of goods and services from Gov't accounts	12,470	16,800	17,273	18,379	1,106
25.4 Operation and Maintenance of Facilities	0	0	148	148	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	41	41	41	0
25.8 Subsistence and support of persons	0	0	0	0	0

26	Supplies and materials	1,167	548	598	607	9
31	Equipment	140	1,053	1,141	1,231	90
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	2	0	0	0	0
44	Refunds	0	0	0	0	0
99.9	Total Obligations	62,219	61,100	65,152	69,126	3,974
	Less prior year recoveries	0	0	0	0	0
	Less prior year unobligated balance	0	0	0	0	0
	Total Budget Authority	62,219	61,100	65,152	69,126	3,974
Personnel Data						
Full-Time equivalent Employment:						
	Full-time permanent	218	235	235	250	15
	Other than full-time permanent	2	2	2	2	0
	Total	220	237	237	252	15
Authorized Positions:						
	Full-time permanent	213	226	229	249	20
	Other than full-time permanent	3	3	3	3	0
	Total	216	229	232	252	20

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Export Enforcement Activities by Object Class
(Dollar amounts in thousands)

Object Class	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	FY 2020 Estimate	Increase/Decrease from Base
11.1 Full-time permanent (Compensation)	21,491	21,491	22,008	22,008	0
11.3 Other than full-time permanent	100	100	102	102	0
11.5 Other personnel compensation	3,511	3,511	3,536	3,536	0
11.8 Special personnel services payments	0	0	0	0	0
11.9 Total personnel compensation	25,102	25,102	25,645	25,645	0
12.1 Civilian personnel benefits	11,413	11,413	11,874	11,874	0
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	1,240	1,240	1,264	1,264	0
22 Transportation of things	162	162	164	164	0
23 Rent, communications and utilities		0	0	0	0
23.1 Rental payments to GSA	1,223	1,223	1,304	1,304	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, Utilities & Miscellaneous Charges	485	486	491	491	0
24 Printing and reproduction	33	33	34	34	0
25 Advisory and Assistance Services		0	0	0	0
25.1 Consulting services	0	0	0	0	0
25.2 Other Services from Non-Federal Accounts	164	164	(83)	(83)	0
25.3 Purchase of goods and services from Gov't accounts	9,877	9,759	9,884	9,884	0
25.4 Operation and Maintenance of Facilities	0	0	39	39	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	1,045	1,045	1,045	1,045	0
25.8 Subsistence and support of persons	0	0	0	0	0

26	Supplies and materials	222	222	235	235	0
31	Equipment	363	364	387	387	0
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
99.9	Total Obligations	51,329	51,213	52,282	52,282	0
	Less prior year recoveries	0	0	0	0	0
	Less prior year unobligated balance	0	0	0	0	0
	Total Budget Authority	51,329	51,213	52,282	52,282	0
Personnel Data						
Full-Time equivalent Employment:						
	Full-time permanent	208	208	208	208	0
	Other than full-time permanent	1	1	1	1	0
	Total	209	209	209	209	0
Authorized Positions:						
	Full-time permanent	210	210	210	210	0
	Other than full-time permanent	2	2	2	2	0
	Total	212	212	212	212	0

**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

P.L. 115-232, 132 Stat. 2208
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.

Title XVII, Subtitle B of P.L. 115-232, 132 Stat. 2208 (Export Control Reform Act of 2018) (ECRA) 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. Prior to August 13, 2018, when the President signed ECRA into law, the Export Administration Act of 1979, as amended, 50 U.S.C. Sections 4601-4623 (Supp. III 2015) ("EAA") provided the above-mentioned legal authorities. The EAA lapsed on August 20, 2001, but was continued in effect by the President through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. p. 783 (2002)), as amended by Executive Order 13,637 of March 8, 2013, 78 FR 16129 (March 13, 2013), and as extended by successive Presidential Notices, most recently by the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)) under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA). Section 1766 of ECRA repealed the provisions of the EAA, except Sections 11A, 11B, and 11C, for which the EAA and the President's actions to continue its provisions still provide the authority. Section 1768 of ECRA provided, in pertinent part, that all rules and regulations made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect according to their terms, until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

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**

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
Consulting Services	32,086	36,636	36,636
Management and Professional Services	0	0	0
Special Studies and Analyses	0	0	0
Management and Support Services for Research and Development	0	0	0
Total	32,086	36,636	36,636

**Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
Operations and Administration
Periodicals, Pamphlets and Audiovisual Materials**

	FY 2017 Actual	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
Periodicals	17	17	17	18
Pamphlets	8	8	8	8
Audiovisuals	0	0	0	0
Total	25	25	25	26

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

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Estimate
Average ES Grade	3	3	3
Average GS/GM Grade	13.07	13.08	13.08
Average GS/GM Salary	113	119	119

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

FY2020 Annual Performance Plan/FY2018 Annual Performance Report Backup (APPR)

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 re-export 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 among offices in nine major U.S. cities and in six major economic hubs abroad.

MISSION STATEMENT

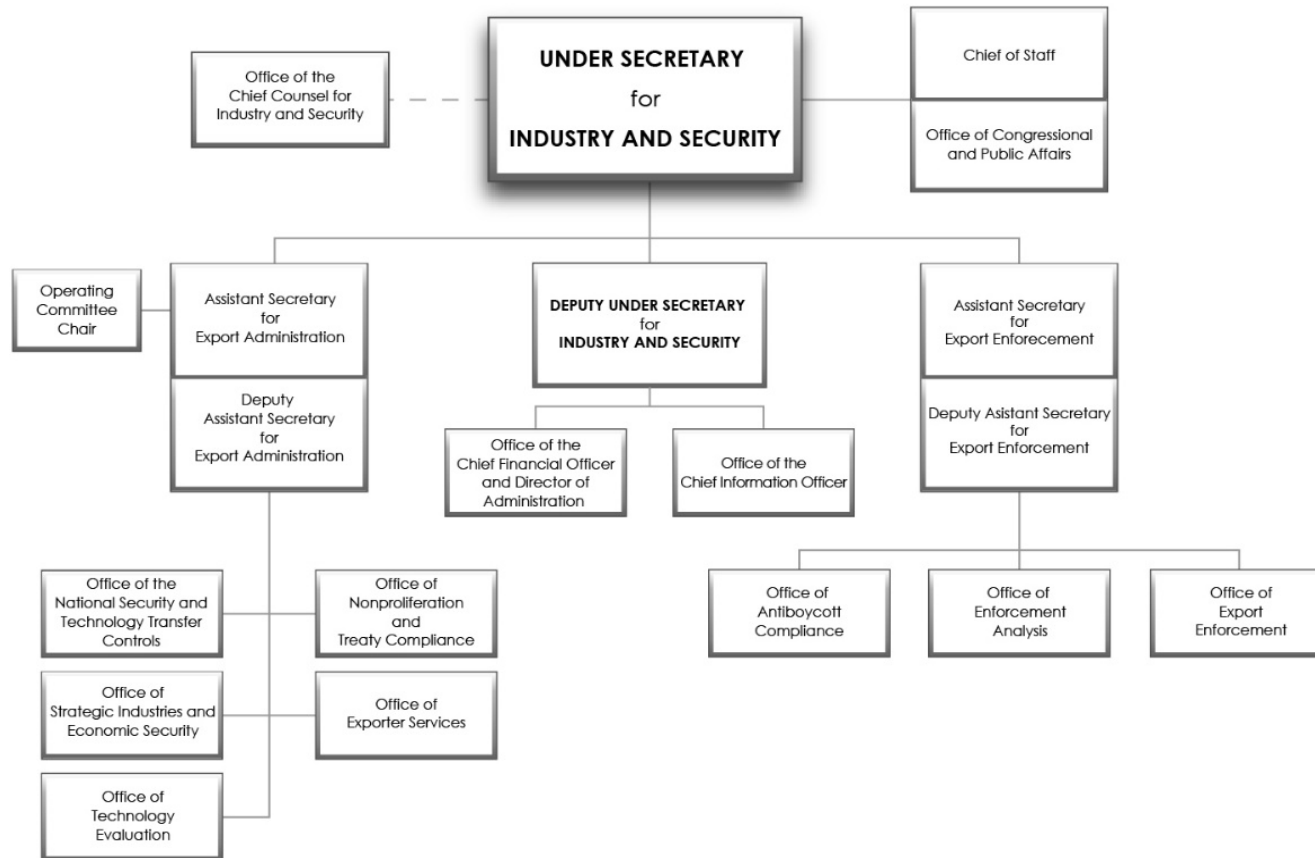
The Bureau of Industry and Security (BIS) addresses the challenges that arise where business and security intersect. Its mission is to advance U.S. national security, foreign policy, and economic interests by ensuring an effective export control and treaty compliance system, and promoting continued U.S.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

ORGANIZATIONAL STRUCTURE



BUREAU OF INDUSTRY AND SECURITY

U.S. Department of Commerce



CROSS-AGENCY PRIORITY (CAP) GOALS

BIS does not contribute to any Cross Agency Priority Goals (CAPs).

TRACKING PROGRESS ON STRATEGIC GOAL(S)

The Bureau of Industry and Security (BIS) monitors its contribution towards the Department Strategic Goals on a quarterly cycle. The bureau reviews data on performance metrics to control the overall performance throughout the whole period between target setting and evaluation. In addition, BIS uses the following methods within the programs to track progress on the Strategic Goals to which it contributes:

1. Export Administration (EA)
 - a. Run reports in the electronic licensing system
 - b. Collect feedback from exporter seminar activities and attendees
 - c. Maintain timelines of regulations in process
 - d. Track outreach conducted by EA management and personnel
 - e. Monitor and review export data in the Automated Export System
 - f. Track industrial base studies and Section 232 investigations

2. Export Enforcement (EE)
 - a. Respond to daily compliance inquiries and report tallies
 - b. Monitor type, frequency and source of requests for boycott information and inform enforcement resources
 - c. Continually assess and provide appropriate enforcement to meet enforcement goals and objectives
 - d. Conduct statistical reviews of violation actions using electronic case management system
 - e. Employ internal and Department data warehousing and mining to track export enforcement activities and reports
 - f. Support and track EA Office of Exporter Services (OExS) duties in compliance with Department requirements
 - g. Employ performance plans as guide for efficient end-use checks and maintain systematic records
 - h. Furnish Special Agents with data and resources to investigate violations and ensure successful enforcement
 - i. Maintain complete data sets to ensure support for increased resources where underfunding impedes success

STRATEGIC GOAL(S) AND OBJECTIVES(S) AND PROGRESS

BIS contributes to the following FY 2018-22 Departmental Strategic Goal(s) and Objective(s):

- **Strategic Goal 2 – Enhance Job Creation: 2.3 – Strengthen Domestic Commerce and the U.S. Industrial Base** – BIS helps protect and enhance the competitive position of the U.S. businesses in an increasingly global environment. BIS utilizes unique authority to conduct surveys and assessment of defense-related technologies, and to monitor economic and trade issues vital to the U.S. industrial base. BIS’s mission includes supporting continued U.S. technology leadership in industries that are essential to U.S. national security.
 - BIS conducted the following industrial base survey and assessment activities in FY18: U.S. Textile and Apparel Industry, and U.S. Footwear Industry Assessments; U.S. Industrial Capabilities Assessment – Critical Facilities; U.S. Air Force C-17 Aircraft Supply Chain Impact Assessment; U.S. Rocket Propulsion Industrial Base Assessment; U.S. Bare Printed Circuit Board Supply Chain Assessment; and U.S. Integrated Circuit Design and Fabrication Industry Assessment.
 - The Bureau will continue to balance and prioritize resources regarding the “Defense Industrial Base” strategy. The BIS group that conducts Defense Industrial Base surveys and assessments is also responsible for the Section 232 investigations on steel and aluminum. The remedy for steel and aluminum is being implemented while new Section 232 investigations on the effects of imports of uranium and titanium sponge on national security have commenced.
- **Strategic Goal 3 – Strengthen U.S. Economic and National Security: 3.3 – Enforce the Nation’s Trade Laws and Security Laws** – BIS makes our nation safer by protecting sensitive American technology, monitoring foreign investment that may present a risk, and ensuring an effective export control and treaty compliance system.
 - BIS participates in the Committee on Foreign Investment in the United States (CFIUS) by evaluating national security equities in transactions that could result in foreign control of a U.S. business. In FY 2018, BIS worked closely with the Department of Commerce’s International Trade Administration (ITA) and interagency CFIUS partners to review 256 CFIUS filings to determine the effects of those transactions on the national security of the United States. BIS also played an important role in the interagency engagement with Congress on the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), which updated and modernized CFIUS to address new threats to national security. With its expanded role in protecting U.S. national security against threatening foreign investment in the U.S. under FIRRMA, the Export Administration (EA) requires eight (8) additional personnel and \$1.473 million in funding to match capacity to requirements, as requested in the FY 2020 President’s Budget. FIRRMA significantly expands the scope of transactions subject to CFIUS jurisdiction, resulting in an estimated quadrupled number of cases following full implementation.

- BIS protects sensitive American technology and uphold sanctions through a strong export control system by:
 - **Obtaining consensus among international partners on export controls.** In FY 2018, BIS processed 35,346 export license applications. This marked a 3.5 percent increase from the 34,142 applications processed in FY 2017. BIS approved 30,379 license applications (85.9 percent), returned 4,686 applications without action (13.3 percent), and denied 281 applications (0.8 percent). BIS's average processing time this year to review a license application was 18 days. This included time for reviews by other agencies, namely the Departments of Defense, Energy, and State. Of this year's licenses, military aircraft and related commodities (Export Control Classification Number (ECCN) 9A610) was again the ECCN with the highest total approved license value (\$12.6 billion) as well as the ECCN with the highest number of approvals (5,288).
 - **Strengthening outreach to affected business.** BIS continued to expend resources to inform the regulated community about changes to regulations. To provide guidance and transparency to U.S. exporters in an effort to safeguard U.S. national security and foreign policy, BIS utilizes various types of outreach, including an annual policy conference. The theme of the BIS 2018 Annual Conference on Export Controls and Policy was "Emerging Technology and National Security Policy." BIS also utilizes web-based decision tools to assist exporters. The decision tools on the BIS website received more than 25,000 hits in FY 2018.

BIS participated in numerous industry events focused on specific issues, such as revised controls on exports to Cuba, and Russia sanctions, deemed exports (i.e., the release of controlled technology to foreign nationals in the United States), export requirements for items controlled for nuclear nonproliferation reasons, and export requirements for less sensitive military items. In addition to outreach with the public, BIS continued to support U.S. Customs and Border Protection (CBP) and other law enforcement agencies around the United States with updated training materials containing information about relevant changes to the Export Administration Regulations. BIS worked with CBP to implement and announce new requirements for the Automated Export System as additional final rules were published and became effective throughout the fiscal year. In FY 2018, BIS made 1,645 outreach contacts with industry, including more than 705 enforcement outreach visits. BIS responded to 1,176 requests from U.S. companies for guidance on compliance with the antiboycott provisions of the EAR.

- **Focusing on emerging technologies.** In FY 2018, BIS added 125 parties to the Entity List, including 21 entities to ensure the continued efficacy of existing sanctions on Russia for violating international law and fueling conflict in eastern Ukraine. Also, BIS added 44 Chinese entities to the Entity List for their involvement in the procurement or transshipment of commodities and technology for unauthorized military end-use in China or for posing a risk of such diversion to military-end use activities.

- **Enforcing penalties for violations.** BIS investigations resulted in the completion of 47 administrative enforcement actions (43 export control matters and four antiboycott matters), and the imposition of a total of \$1,101,431,225 in civil penalties (\$1,101,261,000 derived from export control matters and \$170,225 derived from antiboycott matters). BIS enforced actions against violators of the antiboycott provisions set forth in part 760 of the EAR. Four companies agreed to pay civil penalties totaling \$170,225 to settle allegations that they violated the antiboycott provisions of the EAR.

During FY 2018, the Information Triage Unit (ITU) provided information relevant to 511 license applications. In addition, BIS end-use checks help ensure that exported items have been or will be properly used as authorized and that license conditions are adhered to fully. These activities prevent unauthorized trade and ensure entities and persons of concern are ineligible to receive items subject to the EAR. In FY 2018, BIS completed 1,042 end-use checks in 50 countries. Of these, 55 were Pre-License Checks (PLCs), which are conducted to prevent the export of sensitive items to unreliable parties, and 987 were Post-Shipment Verifications (PSVs), which assist the U.S. Government in monitoring export transactions to conclusion.

BIS completed a significant number of additional preventive enforcement actions in FY 2018, including the issuance of 486 warning letters, 491 detentions, and 150 seizures. Two new Temporary Denial Orders were issued, and an existing Temporary Denial Order was amended and renewed twice. BIS issued 25 Denial Orders against parties convicted under certain Federal statutes following their criminal convictions.

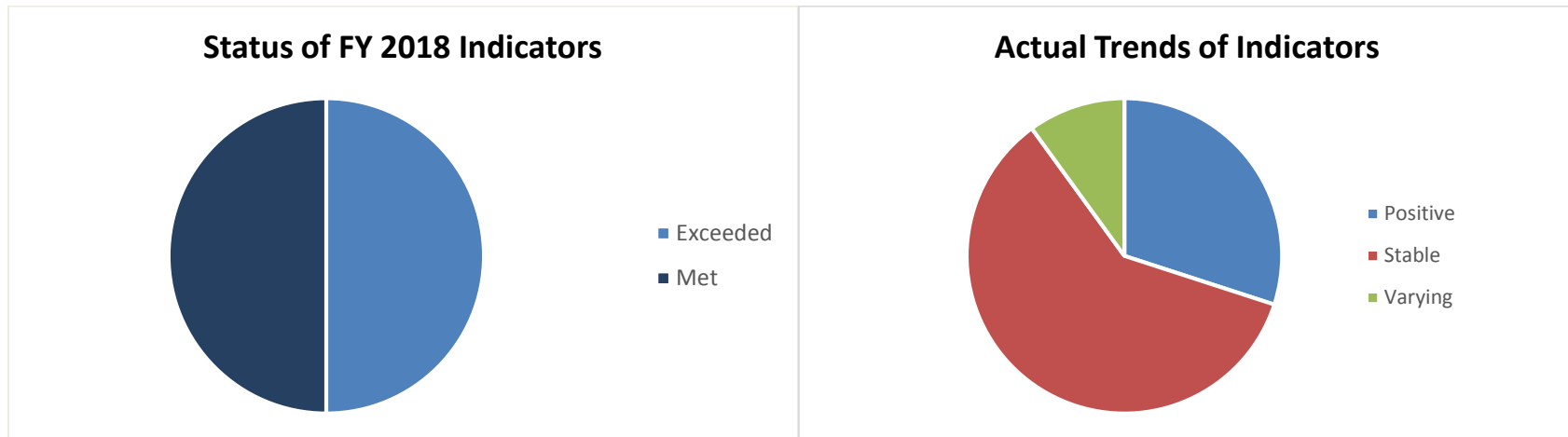
PLANNED ACTIONS FOR ACHIEVING STRATEGIC GOAL(S) AND FY 2020 PERFORMANCE TARGETS

1. Export Administration (EA)
 - a. Increase outreach efforts, especially to small and medium sized businesses
 - b. Maintain strong first-line-of-defense against illicit exports
 - c. Increase attention to emerging technologies through BIS Technical Advisory Committee collaboration
 - d. Continue partnering with Department of Defense and defense industrial base trade associations
 - e. Continue employment and evolution of data analysis to provide increasingly useful information
 - f. Improve capabilities to support effective policy-making with informed recommendations and outreach efforts

2. Export Enforcement (EE)
 - a. Prioritize smart investigative research to target likely violators of export regulations.
 - b. Employ precision targeting instrumentation on anti-boycott, end-use checks, sanctions enforcement, and outreach.
 - c. Monitor emerging boycott activities, legislation, and export community new entries to establish compliance norms
 - d. Seek and actualize additional outreach opportunities to inform public on regulation substance and application
 - e. Engage with intergovernmental partners (State, Treasury, Defense, U.S. Trade Representative, etc.
 - f. Prioritize investigative activities to emphasize violation prevention while closely monitoring violation indicators
 - g. Prioritize technologies and countries of interest to adversaries; proactively inform stakeholders
 - h. Develop increased efficiencies to achieve performance objectives in excessively restrained resource environments
 - i. Seek information technology solutions to expand transaction monitoring within existing resources
 - j. Redouble efforts to seek and ensure high quality with high quantity in meeting performance target objectives

PERFORMANCE RESULTS

Summary of Performance



In FY 2018, BIS reported results on 10 of 10 performance indicators. Of those indicators, BIS exceeded five targets (50%), met five targets (50%). Of the 10 indicators, three (30%) had a positive trend, six (60%) had a stable trend, and one (10%) had a varying trend. Note that indicators have at least three years of data, indicating a trend.

Annual Performance Plan & Report (APPR) Backup

Goal #	Obj #	Indicator	Target	Actual	Status	Trend
2	3	Percent of licenses requiring an Information Triage Unit (ITU) report, required by executive order (EO) to be completed by Export Enforcement (EE), within 10 days of referral	90%	88%	Met	Variable
3	1	Number of export transactions completed under the new authority of Commerce export licenses and license exceptions	150,000	164,385	Exceeded	Maintain
3	1	Percent of licenses requiring interagency referral, referred within nine days	98%	93%	Met	Maintain
3	1	Percent of attendees rating seminars highly	93%	89%	Met	Maintain
3	1	Number of end-use checks (EUC) completed	850	1,042	Exceeded	Maintain
3	1	Median processing time for new regime regulations (months)	2	1	Exceeded	Positive
3	1	Percent of declarations received from U.S. industry in accordance with Chemical Weapons Convention (CWC) time lines that are processed in time for the U.S. to meet treaty obligations	100%	100%	Met	Maintain
3	1	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	Maintain
3	1	Number of actions resulting in a deterrence or prevention of a violation, and cases resulting in a criminal or administrative charge	1,200	1,777	Exceeded	Positive
3	1	Number of exporters educated and trained through outreach activities	25,000	27,997	Exceeded	Positive

DETAILED INDICATOR PLANS AND PERFORMANCE**Current / Recurring Indicators**

Strategic Goal	Enhance Job Creation							
Objective #	Strengthen Domestic Commerce and the U.S. Industrial Base.							
Indicator	Percent of licenses requiring an Information Triage Unit (ITU) report, required by executive order (EO) to be completed by Export Enforcement (EE), within 10 days of referral.							
Category	Supporting							
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 requested at the direction of a licensing officer or may be self-selected by EE. EE must, within the established EO timeframe, complete such reports in 10 days from referral to enable timely interagency review of license applications. This metric is designed to measure the effectiveness of BIS in meeting the target of completing 90% of ITU reports produced by EE within 10 days of referral.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target		90%	90%	90%	90%	90%	90%	90%
Actual		96%	93%	93%	96%	88%		
Status		Exceeded	Exceeded	Exceeded	Exceeded	Met		
Trend	Variable							
Explanation (if not met in FY 2018)	BIS staff exceeded the metric, completing reports in 97% of the time. However, to maintain the number of licenses receiving reports while ITU staff were diverted to covering the Office of Executive Support duties for the Department, BIS entered into a contract to produce reports. The learning curve of getting contractors up to speed resulted in an overall not exceeded basis. However, over the course of FY 2018, BIS was able to increase contractor completion rates from 62% in Q1 to 96% in Q4.							
Actions to be taken to correct not meeting target	Corrective actions completed during fiscal year.							
Adjustments to targets	Not Applicable							

Action(s) to achieve FY 2020 target	EE will continue to provide intelligence products and bona fides information reports on foreign transaction parties to license applications within established timelines.
Notes	None
Information Gaps	None

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Number of export transactions completed under the new authority of Commerce export licenses and license exceptions							
Category	Supporting							
Type	Output							
Description	A key element of an up-to-date and effective export control system is ensuring that less sensitive military items – mostly parts and components – from the U.S. Munitions List are transferred to the more flexible Commerce Control List. The movement of these items onto the Export Administration Regulations (EAR) enables more nuanced distinctions among technologies, destinations, and end users than under the State Department's International Traffic in Arms Regulations.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target		New	80,000	100,000	150,000	150,000	150,000	150,000
Actual		42,837	126,798	144,888	137,281	164,385		
Status		N/A	Exceeded	Exceeded	Met	Exceeded		
Trend	Maintain Standards							
Explanation (if not met in FY 2018)	Not Applicable							
Actions to be taken to correct not meeting target	Not Applicable							
Adjustments to targets	Not Applicable							

Action(s) to achieve FY 2020 target	Through our outreach programs, BIS will track shipments of such items made under the Automated Export System.
Notes	None
Information Gaps	None

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Percent of licenses requiring interagency referral referred within nine days							
Category	Supporting							
Type	Process							
Description	Generally, export license applications for dual-use items (products that may have both civilian and military applications) and munitions items transferred from the United States Munitions List (USML) to the new 600-Series Commerce Control List (CCL) fall into two categories: 1) referred licenses, including those licenses requiring a recommendation from another agency e.g., Departments of Defense, State, and Energy, and where appropriate other U.S. government departments or agencies) thus the name "referred licenses;" and 2) non-referred licenses, which are those license requests BIS may review or approve without being referred to any other federal agency.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	98%	98%	98%	98%	98%	98%	98%	98%
Actual	98%	98%	92%	93%	94%	93%		
Status	Met	Met	Met	Met	Met	Met		
Trend	Maintain Standards							
Explanation (if not met in FY 2018)	Not Applicable							
Actions to be taken to correct not meeting target	Not Applicable							
Adjustments to targets	Not Applicable							

Action(s) to achieve FY 2020 target	Closely monitor licensing activities, including utilizing the licensing Wiki, EA's standard operating procedures (SOP) for processing license applications. Regular use of the licensing Wiki by licensing officers and countersigners will help to ensure that EA's licensing procedures are as standardized and efficient as possible, for the benefit of all stakeholders, internal and external.
Notes	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 those licenses requiring referral within nine days. If BIS does not meet the metric of 98% of license applications referred within nine days, BIS is not maintaining effective management of the license application review process. 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 nine days.
Information Gaps	

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Percent of attendees rating seminars highly							
Category	Supporting							
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 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	93%	93%	93%	93%	93%	93%	93%	93%
Actual	91%	91%	90%	93%	94%	89%		
Status	Met	Met	Not Met	Met	Exceeded	Met		
Trend	Maintain Standards							
Explanation (if not met in FY 2018)	Not applicable							
Actions to be taken to correct not meeting target	Not applicable							

Adjustments to targets	Not Applicable
Action(s) to achieve FY 2020 target	Continue updating slides and materials, and assessing and improving, when needed, trainer presentation skills.
Notes	None
Information Gaps	Data are dependent upon voluntary responses of seminar participants and based on respondent opinion. Opinions may or may not be a factual indicator of performance.

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Number of end-use checks (EUC) completed							
Category	Supporting							
Type	Output							
Description	A key element of BIS policy formulation and implementation toward other key countries is conducting EUCs to verify that targeted dual-use exports will be or have been used properly by the appropriate end-users. End-use checks consist of both pre-license checks (PLC) and post shipment verifications (PSVs). PLCs are used to determine if an overseas person or firm is a suitable party to a transaction involving controlled U.S. origin goods or technical data. A PSV confirms whether 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 consistent with the provisions of that license.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	850	850	850	850	850	850	1020	1020
Actual	1,033	1,044	1,031	985	1089	1,042		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	Maintain Standards							
Explanation (if not met in FY 2018)	Not applicable							
Actions to be taken to correct not meeting target	Not applicable							

Adjustments to targets	Target numbers for FY2019 and FY2020 have been adjusted to account for the addition of two new ECO positions (one each in Istanbul, Turkey and Frankfurt, Germany) in FY2018.
Action(s) to achieve FY 2020 target	The bureau will ensure newly established ECOs are tasked with end-use check leads in their areas of responsibility to meet the overall strategic goal.
Notes	The primary means for conducting EUCs are through BIS export control officers (ECO) 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 28 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 consistently with conditions on the license. By conducting PSVs, BIS can provide a level of assurance that foreign end-users are aware of BIS license restrictions and comply with them. PSVs also identify diverted transactions and reveal untrustworthy end-users as well as intermediate consignees.
Information Gaps	None

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Median processing time for new regime regulations (months)							
Category	Supporting							
Type	Process							
Description	Regulatory changes resulting from multilateral regime plenary meetings have been agreed to by our export control partners and are an essential component of an effective export control system. If the 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 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 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	2	2	2	2	2	2	2	2
Actual	2	2	2	3	1	1		
Status	Met	Met	Met	Not Met	Exceeded	Exceeded		

Trend	Positive
Explanation (if not met in FY 2018)	Not applicable
Actions to be taken to correct not meeting target	Not applicable
Adjustments to targets	Not Applicable
Action(s) to achieve FY 2020 target	Continue to ensure a close working relationship with program offices and open communication channels with internal clearance partners and BIS's Technical Advisory Committees.
Notes	Therefore, it is important to refer the draft multilateral changes for interagency review in three months or less 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.
Information Gaps	None

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Percent of declarations received from U.S. industry in accordance with Chemical Weapons Convention (CWC) time lines that are processed in time for the U.S. to meet treaty obligations							
Category	Supporting							
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 CWC regulations require a 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 time frames mandated under the CWC, and to submit it to the Organization for the Prohibition of Chemical Weapons (OPCW).							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	100%	100%	100%	100%	100%	100%	100%	100%
Actual	100%	100%	100%	100%	100%	100%	100%	100%

Status	Met	Met	Met	Met	Met	Met	
Trend	Maintain Standards						
Explanation (if not met in FY 2018)	Not applicable						
Actions to be taken to correct not meeting target	Not applicable						
Adjustments to targets	Not Applicable						
Action(s) to achieve FY 2020 target	Continue to work with industry to receive timely declaration submissions and to work with the Bureau's Office of Chief Information Officer to ensure the information management system functions properly to process, aggregate, and compile U.S. declarations.						
Notes	None						
Information Gaps	None						

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Percent of electronic export information (EEI) transactions reported in the Automated Export System (AES) in compliance with the Export Administration Regulations (EAR)							
Category	Supporting							
Type	Output							
Description	This indicator evaluates how effective the BIS export control system is in ensuring items exported and reported as electronic export information transactions in the AES comply with the EAR. BIS will measure exporter EAR compliance by reviewing, on a quarterly and annual basis, the entire compilation of export transactions under BIS jurisdiction (i.e., BIS licensed, license exception and No License Required Shipments), and determine their EAR compliance percentage following any BIS intervention, as necessary.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target			99%	99%	99%	99%	99%	99%
Actual			99%	99%	99%	99%		
Status			Met	Met	Met	Met		
Trend	Maintain Standards							

Explanation (if not met in FY 2018)	Not applicable
Actions to be taken to correct not meeting target	Not applicable
Adjustments to targets	Not Applicable
Action(s) to achieve FY 2020 target	Continue monthly monitoring of export filings for compliance and targeted outreach to exporters exhibiting non-complaint activities in conjunction with Customs and Border Protection.
Notes	BIS interventions consist of actions taken to mitigate or resolve non-compliance findings (i.e., counseling, outreach, compliance letters, and enforcement referral).
Information Gaps	BIS anticipates the data evaluation period for this metric is July 1 – June 30 annually, based on the estimated time lag of receipt of shipment information from the Census Bureau (monthly data are released approximately 45 days after the close of the statistical month) and BIS analysis of, and action on, the data.

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Number of actions resulting in a deterrence or prevention of a violation, and cases resulting in a criminal or administrative charge							
Category	Strategic Plan							
Type	Outcome							
Description	This performance indicator captures the number of Export Enforcement deterrence actions, cases resulting in a prevention of a violation, criminal or 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.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	850	1,100	1,000	1,000	1,200	1,200	1,200	1,200
Actual	1,403	1,473	1,442	1,717	1,832	1,777		
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	Positive							

Explanation (if not met in FY 2018)	Not Applicable
Actions to be taken to correct not meeting target	Not Applicable
Adjustments to targets	Not Applicable
Action(s) to achieve FY 2020 target	OAC will continue to prioritize smart investigative research to more precisely identify likely violators of the antiboycott regulations to prevent or deter commission of a violation(s) through targeted outreach and/or administrative enforcement actions. Both are intended to achieve deterrence and enforcement through education. OAC will continue to monitor emerging “boycott” activity and legislation to assess and prepare for any potential impact on the anti-boycott program. Additionally, OEE will continue to focus on national security objectives including countering WMD proliferation, countering support to terrorism, and preventing unauthorized military end-use of U.S. items by tracking the above actions for all of our field elements.
Notes	The measure also includes Office of Antiboycott Compliance (OAC) Advice Line inquiries resulting in prevention or deterrence.
Information Gaps	None

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation’s Trade Laws and Security Laws							
Indicator	Number of exporters educated and trained through outreach activities							
Category	Supporting							
Type	Outcome							
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 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	4,000	28,000	48,000	48,000	48,000	25,000	25,000	25,000
Actual	4,000	69,948	50,830	46,633	28,000	27,997		
Status	Met	Exceeded	Exceeded	Met	Not Met	Exceeded		

Trend	Positive
Explanation (if not met in FY 2018)	Not applicable
Actions to be taken to correct not meeting target	Not applicable
Adjustments to targets	Not Applicable
Action(s) to achieve FY 2020 target	Continue to use all methods of communication to reach exporters – BIS website information and electronic tools, seminars, webinars, educational videos, site visits, phone calls and meetings.
Notes	None
Information Gaps	None

Proposed New Indicators

Strategic Goal	Enhance Job Creation							
Objective #	Strengthen Domestic Commerce and the U.S. Industrial Base							
Indicator	Number of industrial base surveys, data, and analysis distributed to federal agencies and critical sectors							
Category	Strategic Plan							
Type	Efficiency							
Description	Work with the Department of Defense and other agencies to measure the health and competitiveness of the U.S. Defense Industrial Base by conducting at least two industry sector assessments per year, as well as additional Section 232 import investigations. These assessments and investigations allow BIS to provide stakeholders with a single, consistent source of information, and highlight interdependencies between agencies and programs. This includes working with ITA to gather information regarding the U.S. industries at issue, trade statistics, and technical information on the products being investigated as well as the possibility of implementing any recommended measures.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target						New	2	2
Actual								
Status								
Trend	New Indicator – not enough data							
Action(s) to achieve FY 2020 target	EA will continue its partnership with Department of Defense and other defense industrial base trade associations to ensure that we are reaching the right target audience. In addition, EA's use of data analysis will continue to evolve to provide increasingly useful information to more capably support effective policy making and well informed recommendations on license applications, and to focus public outreach efforts.							
Notes	This includes working with the International Trade Administration (ITA) to gather information regarding the U.S. industries at issue, trade statistics, and technical information on the products being investigated, as well as the possibility of implementing any recommended measures.							
Information Gaps	Not Applicable							
Reason for new indicator	An increased interest in the use of such surveys and data.							
Indicator(s) being replaced	Percent of defense industrial base assessments completed within the period set forth in the Memorandum of Understanding (MOU) between the BIS and the survey sponsoring agency or entity.							

Other Indicators

Strategic Goal	Strengthen U.S. Economic and National Security							
Objective #	Enforce the Nation's Trade Laws and Security Laws							
Indicator	Provide expert support during the full implementation of the Foreign Investment Risk Review Modernization Act expanding CFIUS's control by implementing the pilot program in FY19 and fully in 2020							
Description	As a member of the Committee on Foreign Investment in the United States (CFIUS), BIS evaluates the export control and 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.							
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Actual						New		
Notes	Due to the Foreign Investment Risk Review Modernization Act (FIRRMA) enacted in FY2018, BIS' goals are to publish a rule establishing a pilot program in FY2019 with full implementation of FIRRMA in FY2020. BIS plans to complete hiring actions to ensure sufficient resources to achieve these goals.							
Information Gaps	Not Applicable							

SECTION SIX**Resource Requirements Table**

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
STRATEGIC GOAL 1: TRADE AND INVESTMENT					
Total Budget Authority					
Direct	47,207	50,766	51,554	56,355	56,250
Reimbursable	484	5	315	647	1,450
Total	47,691	50,771	51,868	57,002	57,700
Total Positions	183	195	195	195	207

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
STRATEGIC GOAL 4: DATA					
Total Budget Authority					
Direct	47,207	50,766	51,554	56,355	56,250
Reimbursable	484	5	315	647	1,450
Total	47,691	50,771	51,868	57,002	57,700
Total Positions	183	195	195	195	207

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	Increase / Decrease	FY 2020 Request
Strategic Goal 2 – Enhance Job Creation: 2.3 – Strengthen Domestic Commerce and the U.S. Industrial Base					
Total Budget Authority					
Direct	56,550	61,100	65,152	3,974	69,126
Reimbursable	955	2,022	2,022	0	2,200
Total	57,750	63,122	67,7174	3,974	71,326
Total Positions	218	218	218	228	228

	FY 2018 Actual	FY 2019 Enacted	FY 2020 Base	Increase / Decrease	FY 2020 Request
Strategic Goal 3 – Strengthen U.S. Economic and National Security: 3.3 – Enforce the Nation’s Trade Laws and Security Laws					
Total Budget Authority					
Direct	51,213	51,213	52,282	0	52,282
Reimbursable	111	769	769	0	769
Total	51,324	51,982	53,051	0	53,051
Total Positions	208	208	208	0	208