

AS PREPARED FOR DELIVERY

Sprinting to the Finish
The BIS Agenda for the Final Six Months

The Honorable Mario Mancuso
Under Secretary of Commerce

United States Department of Commerce
Bureau of Industry and Security

Washington International Trade Association
Ronald Reagan International Trade Center

Breakfast Keynote

July 30, 2008

Introduction

Thank you, Sam. I appreciate the kind and generous words. Thank you all for being here. It's a pleasure to be with you this morning.

For over a decade now, the *Washington International Trade Association* has been one of the most active trade associations in America.

Through its programming and related activities, WITA has been engaged on most—if not all-- of the most important trade policy issues facing our country. As a policymaker, it's reassuring to know that you're here—thank you for what you do.

Some 15 months ago, I had the privilege of being confirmed as Under Secretary of Commerce. And, since then, the entire BIS team has worked hard to implement an ambitious policy and management agenda to advance a variety of our nation's objectives in the near, medium, and long-term.

With about six months to go in this administration, I wanted to take the time to let you know that we're still working hard, and still focused on achieving real results.

What Drives Our Work

When I think about the next 6 months, four words come immediately to mind: "directed energy," "outcomes," and "stewardship."

I say "directed energy" because we fully intend to sprint to the finish with a focus on those policy and management issues that matter most to the nation.

I use the word "outcomes" because outcomes are what ultimately matter.

And, finally, I mention “stewardship” because this animates all of what we do. Those of us in government who have the privilege to serve, particularly those of us in senior positions, have a corollary responsibility to leave our institutions better, stronger, more capable than how we found them.

The BIS Policy Framework

If you really want to understand where BIS is going, I would respectfully suggest you keep these essential points in mind:

First, BIS is a national security bureau within an economic agency.

We do not balance “trade” and “security” --there is no such trade-off we make. *Our most solemn obligation is to protect the security of the United States.* While we think about economic issues a great deal (and we want U.S. exporters to be successful), we think of them

mostly in terms of their impact on the broader political economy of our national security.

Second, our policy mission is to enhance U.S. national security by ensuring long-term U.S. strategic technology leadership. The dual-use export control system we administer is *one tool* we use to achieve this policy end. The export control system is not an end in itself.

Third, because of dramatic changes in the security and global economic landscapes, our mission is both more urgent and harder to achieve today than just a few years ago. Today, we face a greater number of security challenges than ever before. At the same time, technology is now ubiquitous.

Finally-- and largely as a result of some of these changes I've mentioned-- we can no longer rely *exclusively* on export controls to sustain our technology leadership. For reasons that go beyond the

scope of this brief talk, *we need to complement smart and effective controls with an affirmative strategy to outdistance our competitors, to remain the most innovative, competitive economy in the world.*

Sprinting to the Finish

How have these essential insights shaped our work? And what do they tell us about our agenda for the next 6 months?

For the past 15 months, our policy agenda has sought to advance U.S. technology leadership by:

- Strengthening our enforcement architecture and refocusing our enforcement activities;
- Updating our export controls to reflect the new global landscape; and

- Accelerating our engagement with the most innovative markets in the world to facilitate vibrant, cross-border, people-people networks to anchor important technology relationships for the future.

I've mentioned this numerous times at public events, and these core themes still drive our work. Because today is about the future, I'd like to spend a few minutes discussing some of the specific initiatives that we will be paying particularly close attention to for the remainder of the administration.

Just to be clear, I'm not suggesting that what follows is the entirety of the BIS through January 20, 2009, or that our other work is not important.

What I am saying is that those other important efforts (*e.g.*, DPAS, CFIUS, industrial base issues, offsets, *etc*) will continue, but that these following areas will receive extra attention and care from the entire BIS leadership team.

First, we will continue to focus on the areas of highest enforcement concern to us: nations of illicit trans-shipment concern, proliferators, and terrorists.

In this taxonomy, the challenge of Iran is of singular importance, and we will do everything within our legal authority to contribute to our nation's broader effort to address the grave Iranian challenge.

In fact, the Iranian challenge exemplifies why BIS special agents need enhanced enforcement authorities, and why this administration strongly supports the reauthorization of the EAA.

While BIS special agents have done a tremendous job to date, they need updated tools to combat proliferation in an era of globalization. Today, BIS special agents--our nation's only dual-use enforcement specialists—are unable to work directly with their foreign law enforcement counterparts. In fact, they do not even have the authority to conduct undercover operations—*or even make a simple arrest*—in the United States without undergoing a cumbersome process. While effective law enforcement cooperation between U.S. law enforcement agencies has enabled our agents to overcome some of these hurdles, a new EAA would strengthen the system and enhance our security by enabling domestic and international investigations and enforcement actions to proceed more quickly, efficiently, and effectively.

And renewing the EAA would also have another important benefit: it will bolster our diplomatic efforts around the world and encourage other countries to adopt their own export control laws. It is more

difficult to make a credible and persuasive case to other nations to enact effective export controls when our own country does not have a permanent dual-use export control law on the books.

Once again, I would like to take this public opportunity to applaud Senator Dodd's efforts to jumpstart the process by introducing legislation to reauthorize the EAA. The Administration strongly supports this legislation, and I urge Congress to quickly pass it.

Second, we will continue to work with our stakeholders and interagency colleagues to implement the totality of the dual-use directive signed by the President this past January.

Specifically, and further to our ongoing review of the *Commerce Control List*, we hope to make meaningful progress on a number of important regulatory issues, including:

- the intra-company transfer license exception
- deemed exports
- encryption
- thermal imaging
- foreign availability; and
- 17C

With respect to intra-company transfers, we recognize how globalization has fundamentally altered the nature of the value chain for many technology companies. Therefore, over the next several months, we will continue to work diligently with our colleagues in the interagency to finalize procedures to facilitate these transfers in ways that are efficient and secure, and account for how cutting-edge R&D happens in the world today.

On deemed exports, we have already benefited greatly from the report of the DEAC, which was submitted to Secretary Gutierrez in

December of last year. As a result of the report's work, we have formed an Emerging Technology and Research Advisory Committee (ETRAC)-- which will consist of leading researchers from the academy, government, and the private sector—to help us fashion an appropriate deemed export policy *and* help us take a fresh, zero-based look at the CCL. We expect to announce the members of the ETTAC sometime next month, and we look forward to having the inaugural meeting of the ETTAC in early fall.

While a great deal of work still needs to be done in this complex area, we are sanguine about the prospects of updating this policy before the end of the administration—that, in fact, is our objective.

Third, because the promotion of human rights and civil liberties is an indispensable component of U.S. foreign policy, we have also commenced a review of our global crime control regulations. In light of the important principles at stake, we look forward to working with

our stakeholders from industry—and the NGO community—to ensure that our crime control regulations are appropriate in light of our mandate from Congress and our national ideals.

Fourth, we are dedicated to continuing our international engagement with the most important technology markets in the world. For example, in early September we are hosting the inaugural *U.S.-Israel High Technology Forum* in Washington, the most senior bilateral dialogue dedicated to high technology trade and investment issues. This fall we will also host formal bilateral talks with each of China, Hong Kong SAR, and India, as well as conduct ongoing outreach with other partners and allies around the world.

Finally, we will also continue to execute an important management agenda, which will support our current work, contribute to a smooth transition to the next administration, and better position BIS for the future. While management issues rarely make it into official

speeches, I think this agenda is *at least* as important as our policy agenda—and perhaps even more important over time. We are committed to doing our best to attract the best and brightest to public service (and then giving them an opportunity to meaningfully contribute), better integrating our enforcement and policy functions, improving our interagency engagement, upgrading our technology infrastructure and business processes over time, and better aligning our entire workforce to address BIS’s highest priorities.

Conclusion

As you can see, we have an ambitious agenda before us. We’re enthusiastic about the next the six months, and we look forward to working with you—and keeping you informed—of our progress.

In closing, I want to thank you again for your thoughtful contribution to trade policy issues and for your courtesy and kind attention this morning.

At this time, I would be delighted to answer your questions.