



Highlights of [GAO-07-69](#), a report to congressional requesters

# EXPORT CONTROLS

## Agencies Should Assess Vulnerabilities and Improve Guidance for Protecting Export-Controlled Information at Companies

### Why GAO Did This Study

The U.S. government controls exports of defense-related goods and services by companies and the export of information associated with their design, production, and use, to ensure they meet U.S. interests. Globalization and communication technologies facilitate exports of controlled information providing benefits to U.S. companies and increase interactions between U.S. and foreign companies, making it challenging to protect such exports.

GAO assessed (1) how the government's export control processes apply to the protection of export-controlled information, and (2) steps the government has taken to identify and help mitigate the risks in protecting export-controlled information. To do this, GAO analyzed agency regulations and practices and interviewed officials from 46 companies with a wide range of exporting experiences.

### What GAO Recommends

To improve oversight of export-controlled information at companies, GAO recommends Commerce and State strategically assess vulnerabilities and improve guidance for protecting such exports. Commerce agreed with GAO's recommendations. State agreed to improve its guidance, but disagreed on the need to improve risk assessments. Broader assessments would increase its knowledge of risks and help improve its guidance to companies. [www.gao.gov/cgi-bin/getrpt?GAO-07-69](http://www.gao.gov/cgi-bin/getrpt?GAO-07-69).

To view the full product, including the scope and methodology, click on the link above. For more information, contact John Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

### What GAO Found

U.S. government export control agencies, primarily the departments of Commerce and State, have less oversight on exports of controlled information than they do on exports of controlled goods. Commerce's and State's export control requirements and processes provide physical checkpoints on the means and methods companies use to export controlled goods to help the agencies ensure such exports are made under their license terms, but the agencies cannot easily apply these same requirements and processes to exports of controlled information. (These checkpoints are summarized in table 1.) For example, companies are generally required to report their shipments of export controlled goods overseas with Customs and Border Protection for exports made under a license, but such reporting is not applicable to the export of controlled information. Commerce and State expect individual companies to be responsible for implementing practices to protect export-controlled information. One third of the companies GAO interviewed did not have internal control plans to protect export-controlled information, which set requirements for access to such material by foreign employees and visitors.

**Table 1: Key Agency Checkpoints on Exports of Controlled Goods and Information**

Summary of Agency Requirements and Processes	Applicable to Exports of	
	Goods	Information
<b>Means of transportation or transfer reported on export license documentation</b>		
• Shippers' Export Declaration Form	Yes	No
• License applications	Yes	No
<b>Reporting requirements</b>		
Companies report all instances of an export under a specific export license to the government.	Yes	No
<b>Monitoring</b>		
Agencies have documentation and data that enables them to track when an export leaves the U.S.	Yes	No

Source: GAO analysis.

Commerce and State have not fully assessed the risks of companies using a variety of means to protect export-controlled information. The agencies have not used existing resources, such as license data, to help identify the minimal protections for such exports. As companies use a variety of measures for protecting export-controlled information, increased knowledge of the risks associated with protecting such information could improve agency outreach and training efforts, which now offer limited assistance to companies to mitigate those risks. GAO's internal control standards highlight the identification and management of risk as a key element of an organization's management control program. GAO also found that Commerce's and State's communications with companies do not focus on export-controlled information. For example, Commerce's and State's Internet Web sites do not provide specific guidance on how to protect electronic transfers of export-controlled information, a point raised by almost one fourth of the company officials GAO interviewed.