



Fact Sheet: Updated China Dual-Use Export Regulations ***Bureau of Industry and Security*** ***U.S. Department of Commerce***

The new Commerce Department's update to U.S. licensing policy for dual-use exports to the People's Republic of China removes license requirements for exports to trusted customers while imposing new restrictions on a targeted list of items that could enhance China's military capabilities.

Key elements of the updated regulation:

Facilitates Exports Through the "Validated End User" (VEU) Program

- Under VEU, certain "trusted customers" in China, companies that qualify, with a track record of responsible civilian use of U.S.-controlled technology will be able to receive certain items without individual export licenses.
- The VEU program creates a market-based incentive for companies to use U.S. items responsibly by giving such companies easier access to controlled technology.
- The regulations establish clear procedures for companies to apply for the VEU program, similar to those already in effect for other special Commerce Department licenses or authorizations.
 - Customers in China may apply directly, or exporters may initiate the application process on behalf of their customers.
 - Applicants will be required to submit general business information such as ownership structure, nature of business, items to be imported, plans to transfer or re-export the items, and internal control and recordkeeping procedures.
 - A U.S. government End-User Review Committee will decide on applications, considering such factors as the applicant's record of engagement in civil end-uses; compliance with U.S. export controls; agreement to allow on-site reviews by U.S. Government officials; and relationships with U.S. and foreign companies.
 - The Commerce Department expects to publish an initial list of approved Validated End-Users in China as soon as next month. For more information, visit www.bis.doc.gov.

***The VEU program
will facilitate U.S.
exports to trusted
civilian customers in
China.***

Imposes New Restrictions on Dual-Use Technologies Destined for Military End-Use

- The definition of military end-use is similar to one already in the export regulations and well understood by exporters.
- The updated regulations impose new controls on a focused list of items if they are destined for military end-uses in China. The list covers some 20 distinct products and associated technologies and software, as described in 31 entries on the Commerce Control List (see list below).
- Licenses will be required for these items if the exporter knows that they are destined for a military end-use in China, such as the use, development, or production of military weapons systems.

Items Subject to Military End-Use Control

	Items	Related ECCNs
1	Depleted Uranium	1A290
2	Carbon Fiber and Prepregs for use in Composite Structures	1C990 1D993 (related software) 1D999 (related software) 1E994 (related technology)
3	Certain Hydraulic Fluids	1C996
4	Certain Bearings and Bearings Systems	2A991
5	Machine Tools (two types)	2B991 (numerically controlled better than 9 μm) 2B992 (non-numerically controlled)
6	Certain Dimensional Inspection/Measuring Systems	2B996
7	Certain Oscilloscopes	3A292.d 3E292 (related technology)
8	Flash X-Ray Machines and Components of Pulsed Power Systems	3A999.c
9	High Performance Computers (exceeding 0.5 Weighted Teraflops)	4A994 4D994 (software “specially designed or modified for “development, “production”, or “use” of equipment controlled by 4A101).
10	Program Validation Software	4D993
11	Telecommunications Equipment Operating Outside Normal Temperatures	5A991.a 5D991 (related software) 5E991 (related technology)
12	Radio Equipment Using Quadrature-Amplitude Modulation	5A991.b.7 5D991 (related software) 5E991 (related technology)
13	Phased Array Antennae	5A991.f. 5D991 (related software) 5E991 (related technology)
14	Certain Lasers	6A995
15	Certain Optical Sensing Fibers	6C992
16	Certain Airborne Communications & Inertial Navigation Systems	7A994 7D994 (related software) 7E994 (related technology)
17	Certain Avionics Production and Test Equipment	7B994
18	Certain Underwater Systems	8A992 8D992 (related software) 8E992 (related technology)
19	Aircraft	9A991.a 9D991 (related software) 9E991 (related technology)
20	Aero Gas Turbine Engines	9A991.c 9D991 (related software) 9E991 (related technology)

No Incremental Administrative Burden for U.S. Exporters

- To facilitate U.S. government end-use checks for certain controlled items exported to China, the regulations require exporters to obtain an End-User Statement from China’s Ministry of Commerce (MOFCOM) for certain licensed exports.
- The dollar threshold for obtaining such Statements for most controlled items has been raised in this regulation from \$5,000 to \$50,000, helping reduce the administrative burden for some exporters.
- Although the updated regulations expand the requirement for End-User Statements to a broader range of items, the higher dollar threshold means that there should be no net increase in the number of End-User Statements issued by MOFCOM as a result of this update.

For more information, call the Bureau of Industry and Security Office of Congressional and Public Affairs at 202-482-2721 or visit www.bis.doc.gov.

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