



Report In Brief

U.S. Department of Commerce Office of Inspector General

March 2005



Why We Did This Review

The inspectors general of the departments of Commerce, Defense, Energy, and State, in consultation with the Director of Central Intelligence and the Director of the Federal Bureau of Investigation, are required by the National Defense Authorization Act (NDAA) for Fiscal Year 2000 to assess the adequacy of current export controls and counterintelligence measures to prevent the acquisition of sensitive U.S. technology and technical information by countries and entities of concern until 2007. To meet the NDAA's FY 2005 requirement, OIGs evaluated whether U.S. export licensing current practices and procedures help deter the proliferation of chemical and biological weapons.

Background

The United States controls the export of sensitive goods and technologies for national security, foreign policy, antiterrorism, and nonproliferation reasons under the authority of several different laws. The Commerce Control List (CCL) identifies the specific dual-use items subject to control and the conditions under which they may be exported. BIS received 15,506 export license applications in FY 2004. 2,801 were for chemical and biological commodities listed on the CCL.

To view the full report, visit www.oig.doc.gov/oig/reports/2005/BIS-IPE-16946-03-05.pdf

Bureau of Industry and Security

The Export Licensing Process for Chemical and Biological Commodities is Generally Working Well, but Some Issues Need Resolution (IPE-16946)

What We Found

Among other things, we found the following:

- ♦ License processing is generally timely, but lacks specific timeframes for completing a license application after approval by the referral agencies.
- ♦ BIS guidance on analyzing export license applications is unclear and consists of memos and documents issued over an 11-year period, housed in different places within BIS.
- ♦ BIS lacks the systems and resources to analyze the cumulative effect of prior technology transfers made to end users listed on chemical and biological license applications.
- ♦ Although BIS cannot prevent the export of chemical and biological dual-use items not on the Commerce Control List, BIS took an average of 11 months prior to 2004, and 6 months in 2004, to get items newly regulated by the Australia Group onto the CCL.
- ♦ While BIS outreach to the biological exporting community was reasonably robust, outreach to the chemical exporting community was limited.
- ♦ There is no system for tracking cases that BIS' Treaty Compliance Division forwards to BIS' Office of Export Enforcement for industry noncompliance with Chemical Weapons Convention (CWC) end-use certificate submittal requirements.

What We Recommended

We made 11 recommendations to improve the process, including:

1. Establish specific timeframes for reviewing and signing off on license applications after approval by the referral agencies.
2. Develop and maintain clear, consolidated, and up-to-date guidance, or an internal operations handbook, to strengthen current license application review practices and help ensure that they are consistently applied.
3. Work with the intelligence community to develop a method to analyze and track the cumulative effect of dual-use exports to countries and entities of concern
4. Sustain recent improvements in the timeliness of U.S. publication of Australia Group guidelines and rule changes that impact the CCL.
5. Explore ways to do more outreach to the chemical exporting community, including lower cost outreach alternatives.
6. Direct the Office of Export Enforcement to inform the Treaty Compliance Division of the outcome of the CWC-related investigations upon completion.