

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

September 16, 2010

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President:

A vital component of maintaining the competitiveness of U.S. companies abroad is an effective and efficient export control system – one that safeguards our most critical technologies and strengthens the U.S. industrial base. We applaud your leadership in launching the Export Control Reform Initiative and believe it is critical for the Administration to remain focused on transforming the current system.

As you noted last month when outlining the Administration's reform efforts, "by enhancing the competitiveness of our manufacturing and technology sectors, they'll help us not just increase exports and create jobs, but strengthen our national security as well." Modernizing U.S. export controls will encourage domestic investments in research, development, and manufacturing activities of cutting edge technologies that support our fighting men and women and facilitate potentially tens of billions of dollars of secure exports. In particular, we believe it is vital that the Administration work diligently to complete the Phase I and Phase II efforts it has announced, particularly the revisions to the control lists and the corresponding licensing policies, as soon as possible.

As the "blueprint" for reform was being created, the Administration solicited ideas from industry and trade groups as to the most vital areas for reform. We believe that process could be more formalized. In particular, we recommend that the Administration consult with the President's Export Council Subcommittee on Export Administration (PECSEA), and, as appropriate, the full President's Export Council (PEC), on its vision and implementation plans, including proposed regulatory and statutory changes. We also believe it is important for industry to have an opportunity to comment on the Administration's criteria and related policies to determine which items and technologies are controlled under the new three tier system. In this manner, the full expertise of the PEC can provide a valuable resource for needed changes.

Another important component to consider as part of the overall effort to reform export controls is the Technology Release process managed by the Department of Defense (DoD). As Secretary Gates and General Jones have noted, we need to gravitate toward a system that builds "higher walls around fewer systems," ensuring that our resources are aimed at protecting truly critical technologies. The process is an important part of that equation, as it sets the "technology transfer bar" for specific regions and countries with which the United States works as part of our national security strategy. We believe this is an area the DoD should continue to assess to identify measures that could both streamline and strengthen the technology release process.

Finally, given the complexity of the export control regime, the PEC urges the Administration to provide resources that will allow for more outreach and assistance to small businesses to comply with laws and regulations. The goal should be to simplify the current system to enable more robust compliance for all businesses.

A reformed and robust export control system will enhance national security, strengthen the industrial base and foster the competitiveness of U.S. companies abroad. As your team continues to pursue export control reform, the PECSEA is prepared to provide support for this critically important effort.¹

Sincerely,

A handwritten signature in black ink, appearing to read "John McFerrin". The signature is fluid and cursive, with a long horizontal stroke at the end.

¹ Please note that this letter has been prepared by the private-sector appointed members of the PEC.