Chairman Akaka, Senator Voinovich, Members of the Subcommittee.
I appreciate the opportunity to appear before you today to discuss the Department of Defense’s (DoD’s) role in the export control process.

While DoD is not a regulatory authority, we provide the national security perspective to the Departments of State and Commerce in the export control process. In this role DoD, possesses unique capabilities to provide technical expertise, develop and validate coalition and interoperability requirements, and provide program insight necessary to ensure exports and technology security controls protect U.S. national security.

Within the Department, the Under Secretary of Defense for Policy has delegated the Defense Technology Security Administration (DTSA) the responsibility for all matters related to export control. DTSA’s contribution to technology protection is multifaceted -- it includes participation in a robust export license review process within the U.S. Government, and active participation in international control regimes and bilateral dialogues with key international partners.

Our mission involves two inherent tensions: maintaining the U.S. military technological advantage while supporting interoperable coalition forces, and protecting critical U.S. technology while assuring the health of the U.S. defense industrial base. In this era of uncertainty and surprise, these two tensions will continue to intensify and require us to remain at the forefront of technological advancements and to build partnership capacity to meet the challenges of the ever-changing global security environment. The strategic goals of DTSA summarize it best:

1. **Preserve critical U.S. military technological advantages.** We must ensure our fighting men and women not only have the best equipment, but have a significant technological edge that provides them an advantage over any potential adversary.

2. **Support legitimate defense cooperation with foreign friends and allies.** DTSA annually processes over 40,000 export licenses a year. Roughly 75% of those export licenses reflect direct commercial sales to our closest foreign friends and allies.
3. **Assure the health of the defense industrial base.** DTSA will continue to balance national security issues while being receptive to the needs of the U.S. industrial defense base.

4. **Prevent proliferation and diversion of technology that could prove detrimental to U.S. national security.** DTSA works with government agencies and friendly nations to impede Weapons of Mass Destruction (WMD)-related trafficking and improve controls over existing weapons, materials and expertise.

    DTSA is a full partner in the interagency export license process, with over 200 military, career civil service, and contractor personnel supporting the review and adjudication of these cases. We review these license applications to ensure that national security and the security of the warfighter are taken into consideration.

    To that end, three DTSA directorates which contribute to the export control process are comprised of highly capable civilian servants and military personnel with extensive backgrounds in DoD and with other U.S. Government agencies, as well as the U.S. defense industry.

    The Licensing and Policy Directorates are comprised of highly qualified civilian and military national security, foreign affairs, and intelligence specialists. These experts bring a wide range of backgrounds and experience to bear which qualify them to represent DoD and assess the national security implications of technology transfers as well as the global challenges we face.

    DTSA’s Technology Directorate is comprised of military and civilian scientists and engineers, all with advanced degrees. With extensive knowledge of DoD acquisition programs as well as work experience in various defense research laboratories and the U.S. defense industry, this directorate plays a vital role in DTSA’s evaluation of the technical implications of export licenses.

    In addition to our internal review of license applications, we closely consult and coordinate with the Military Services, the Joint Staff, and regional and functional offices in the Office of Secretary of Defense and, as required, other DoD components on license applications.

    We continue to see an increase in the number of licenses sent to DoD for review every year. Since 2001, DTSA has seen an average yearly increase of 9.5% in munitions licenses and 11.6% in dual-use licenses. At the same time, we have increased efficiency in the process with DoD average processing time dropping by 8 days for State licenses and by 3 days for Commerce licenses.

    In 2007 DTSA reviewed 23,868 munitions licenses with an average processing time of 15 days. That same year, DTSA reviewed 15,578 dual-use licenses, with an average case processing time of 13 days.

    In 2008 we anticipate receiving 2,400 more munitions licenses than we did in 2007, and approximately 1,200 more dual-use licenses. Processing time for 2008 is currently averaging 13 days for munitions reviews and 12 days for dual use.
To meet these timelines for both State and Commerce licenses, we continually review the processes used to adjudicate license applications. DTSA utilizes a daily license prescreening process in which every license staffed from State and Commerce is reviewed by senior members of the licensing, technology and policy directorates. Following formal standard operating procedures, each license is reviewed to determine if it can be recommended for immediate approval based on precedent, the level of technology and/or the nature of the transaction. Using the prescreening process, DTSA is able to evaluate and provide a DoD recommendation for roughly a third of referred licenses back to State and Commerce in 1-to-5 days.

In addition, we use an electronic licensing system to receive, staff, adjudicate, and return our recommendation to the appropriate regulatory authority. This electronic licensing system is used for approximately 70% of the licenses we receive from the State Department and 100% of the licenses we receive from the Commerce Department. This has had a significant impact on our ability to be more efficient in the way we process export license recommendations. This reflects a dramatic improvement over past practices which required hand-delivery of hard-copy licenses.

Efficiency and timeliness, however, are not our only priorities. Prescreening and electronic licensing allow DoD reviewers to concentrate their attention on more complicated and sensitive requests dealing with commodities or capabilities not previously exported, or involving special end-user or regional stability concerns. To this end, we also utilize cross-functional teams comprised of experts to focus on the most complex export control programs and issues.

Finally, as Director, I have established internal procedures that allow the staff and external reviewers the opportunity to bring the most challenging and complex cases to my attention to receive guidance and adjudication during weekly license review meetings. The meetings also highlight licenses supporting key acquisition programs and support to military operations in Iraq and Afghanistan.

Combined, these initiatives create the right blend of synergy within our organization to address the constantly increasing caseload. DTSA’s license review process is not “one-size-fits-all.” We carefully review the totality of the export, the technology, end-user and end-use and develop a DoD recommendation specific to the item to be transferred and the country of destination. This process enables DTSA to focus our resources on licenses and issues which truly impact national security.

The U.S. export control process must be supplemented with complementary efforts by friends and allies aimed at protecting sensitive technology, ensuring that it is not used against U.S. and coalition forces. DTSA, together with other Departments and Agencies, works with partner countries and international control regime members to guard against proliferation and diversion of controlled items, including sensitive technology and WMD, to countries of concern. Accordingly, DTSA actively participates in the development of proposals for international
regimes such as the Wassenaar Arrangement, the Missile Technology Control Regime, and the Australia Group.

We face significant challenges as the lines between commercial and military technology become more blurred. The capability of commercial technology is more and more on par with that used in military systems, at the same time the DoD is increasingly dependent on commercial off-the-shelf technology. Because of this changing environment, DoD participates in commodity review proceedings to identify jurisdictional control over items and technology, to include commodity jurisdiction process under the International Traffic in Arms Regulations, and the commodity classification process, under the Export Administration Regulations.

Overall, our Departments work effectively together in the export control process. Not surprisingly, the roles and missions of the three Departments are different; our equities are not the same, but the balance between our perspectives makes for a healthy interagency debate.

The Export Control initiatives announced by President Bush in January address the need to reform the export control process to ensure proper levels of control for continued U.S. economic competitiveness and innovation while protecting national security. We are committed to working with our colleagues at Commerce and State to implement these initiatives.

Mr. Chairman, this concludes my statement. I appreciate the opportunity to join you today and would be happy to answer any further questions you may have regarding this subject.