

**Opening Statement of the Honorable Ed Royce (R-CA), Chairman  
House Committee on Foreign Affairs  
Hearing on “Export Control Reform: The Agenda Ahead”  
April 24, 2013**

(As Prepared for Delivery)

Today we meet to discuss the agenda for advancing United States export control reform.

The U.S. has long had in place a system of strategic export controls. These controls restrict the commercial export of both arms and “dual-use” items – that is, items that have civil and military applications – in order to advance our national security, foreign policy, and economic interests.

The main goal of our export controls is to restrict the flow of sensitive technology to terrorists, state sponsors of terrorism, or other countries that may be hostile to the United States.

Under this system, the State Department is responsible for regulating arms exports while the Commerce Department is responsible for regulating exports of dual-use items. The Department of Defense identifies and helps protect militarily critical technologies, including by providing technical expertise. Several agencies, including the Departments of Justice and Homeland Security, are responsible for export enforcement.

This Committee has jurisdiction over all aspects of U.S. strategic export controls.

And for many years, this system has been regarded as the “gold standard” of national export control regimes.

But over time, however, the GAO and many others have observed that the complexities of the system had begun to erode its effectiveness. In particular, the nature of our controls became out of step with changes in defense acquisition policy, global manufacturing trends and technology development. The world economy left our bureaucracy behind.

As we will hear today, the Administration has begun a comprehensive restructuring of the U.S. export control system. The goal of that reform effort is to better tailor U.S. export controls to our national security interests. These interests include helping our industry shed needless bureaucracy and compete in a global marketplace, strengthening our economy.

Indeed, this reform will affect a broad swath of American business, including the defense industry, aerospace, the commercial satellite and space industry, electronics, semiconductors, information and communications technology. The goal is a more transparent and efficient system.

However, some caveats are in order. The primary beneficiaries of the current reforms are expected to be small and medium sized enterprises. But they and others in industry initially may struggle to adapt to the intricacies of a new regulatory regime. Likewise, it is uncertain whether Executive Branch agencies themselves are fully prepared for these changes, both with respect to licensing and enforcement functions. Effective outreach to business will be critical. Missteps in implementation are inevitable. The Committee will be watching, and lend a hand when we can.

Meanwhile, there is a large reform agenda still ahead. More effort should be placed on enhancing licensed defense trade with friends and allies. Implementation of multilateral regime changes should be accelerated. The increasingly elaborate Export Administration Regulations need to be simplified. Some of these goals can be accomplished by the Executive Branch, but Congress also has an important role to play.

In this regard, I look forward to working with the Ranking Member on bipartisan legislation to advance common sense reforms. As with the historic reforms of U.S. satellite controls that passed Congress last year, we hope to cooperate closely on these matters with the Executive Branch. Here, I would suggest it is long past due to reassess the status of the lapsed Export Administration Act.

Let's ensure that we are guarding against those enemies that are determined to hurt us with our own technology.

I turn now to the Ranking Member for his opening statement.