



United States Government Accountability Office
Washington, DC 20548

April 12, 2012

Congressional Committees

Subject: *Export Promotion: The Export-Import Bank's Financing of Dual-Use Exports*

Since October 1994, the Export-Import Bank of the United States (Ex-Im) has had statutory authority¹ to provide loans, guarantees, and insurance to facilitate the financing of U.S. exports of defense articles and services, provided that Ex-Im determines that these items are nonlethal and primarily meant for civilian use.² These dual-use exports include items such as vehicles used by the military mainly for civilian or humanitarian purposes. Legislation providing this authority requires us to report annually on the end uses of dual-use exports financed by Ex-Im during the second preceding fiscal year.

This report identifies (1) the dual-use exports, if any, that Ex-Im financed in fiscal years 2010 through 2011 and (2) the end uses of any such exports. Ex-Im did not finance any dual-use exports in fiscal years 2010 and 2011, according to our review of relevant data on Ex-Im authorizations.

To identify the financing of the dual-use exports, if any, in fiscal years 2010 through 2011 and the end uses of those exports, we reviewed Ex-Im data on dual-use determinations. In addition, we interviewed Ex-Im officials who monitor end-user compliance with dual-use requirements, which included the Vice President of the Engineering and Environment Division. We determined that Ex-Im data on the end uses of dual-use exports financed by Ex-Im are sufficiently reliable for this review.

We conducted this performance audit from March to April 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹The Export-Import Bank Reauthorization Act of 2006 (P.L. 109-438, Dec. 20, 2006) extended through September 30, 2011, provisions in 1994 legislation (P.L. 103-428, Oct. 31, 1994) authorizing Ex-Im to finance certain dual-use exports. Under this legislation, Ex-Im can use up to 10 percent of its total annual loan, guarantee, and insurance authority to support the sale of these dual-use exports. The Consolidated Appropriations Act of 2012 (P.L. 112-74) extended Ex-Im's dual-use financing authority through fiscal year 2012.

²According to Ex-Im, a dual-use export is eligible for financing if convincing evidence exists that the export is nonlethal in nature, and the export will be used mainly for civilian activities. Furthermore, Ex-Im may require the buyer or end user to provide certification to that extent.

We are not making any recommendations in this report.

We provided Ex-Im a draft of this report. The agency commented orally that the information in the correspondence is accurate.

We are sending copies of this report to interested congressional committees and to the President and Chairman of the Export-Import Bank, the Secretary of Defense, and the Secretary of State. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff has any questions about this report, please contact me at (202) 512-4101 or gomezj@gao.gov. Key contributors to this report were Celia Thomas, Assistant Director; Rhonda Horried; and Kye Printup.

A handwritten signature in black ink that reads "Alfredo Gomez". The signature is written in a cursive, flowing style.

Alfredo Gomez
Acting Director
International Affairs and Trade

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