



Highlights of [GAO-09-767T](#), a testimony to the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

In 2007, GAO designated ensuring the effective protection of technologies critical to U.S. national security interests as a high-risk area. Each year, the Department of Defense spends billions of dollars to develop and produce technologically advanced weaponry. To enhance its foreign policy, security, and economic interests, the U.S. government must approve selling these weapons and defense-related technologies overseas and has a number of programs to identify and protect the critical technologies involved in these sales. These programs include export control systems for weapons and defense-related technologies, the foreign military sales program, and reviews of foreign investments in U.S. companies. Yet, these weapons and technologies continue to be targets for theft, espionage, reverse engineering, and illegal export.

This testimony (1) provides an overview of the safety net of government programs and processes aimed at ensuring the effective protection of technologies critical to U.S. national security interests and (2) identifies the weaknesses and challenges in the U.S. export control system—one of the government programs to protect critical technologies. This statement is based on GAO's high-risk report and its extensive body of work on the government's programs designed to protect technologies critical to U.S. national security interests.

View [GAO-09-767T](#) or [key components](#). For more information, contact Anne-Marie Lasowski at (202) 512-4841 or lasowskia@gao.gov.

EXPORT CONTROLS

Fundamental Reexamination of System Is Needed to Help Protect Critical Technologies

What GAO Found

U.S. government programs for protecting critical technologies may be ill-equipped to overcome challenges in the current security environment. The eight programs that are intended to identify and protect weapons and defense-related technology exports and investigate proposed foreign acquisitions of U.S. national security-related companies—as well as the myriad of related laws, regulations, policies, and processes—are inherently complex. Multiple agencies participate in decisions about the control and protection of critical technologies, including the Departments of Defense, State, Commerce, Homeland Security, the Treasury, Energy, and Justice. Each agency represents various interests, which at times can be competing and even divergent. Moreover, in the decades since these programs were put in place, globalization and terrorist threats have heightened the challenge of appropriately weighing security and economic concerns.

As with many of the government's programs to protect critical technologies, the U.S. export control system has faced a number of challenges. Specifically, poor interagency coordination, inefficiencies in processing licensing applications, and a lack of systematic assessments have created significant vulnerabilities in the export control system.

- Poor coordination among the agencies involved in export controls has resulted in jurisdictional disputes and enforcement challenges. Notably, State and Commerce—the two regulatory agencies for weapons and defense-related technologies—have disagreed on which department controls certain items. These disagreements create considerable challenges for enforcement agencies in carrying out their inspection, investigation, and prosecution responsibilities. The Department of Justice recently established a task force with other agencies to address jurisdictional and coordination issues in export control enforcement.
- State's backlog of licensing applications topped 10,000 cases at the end of fiscal year 2006. While application reviews may require time to ensure license decisions are appropriate, they should not be unnecessarily delayed due to inefficiencies. Recently, State took steps to restructure its workforce to reduce processing times and the number of open cases.
- Finally, neither State nor Commerce has systematically assessed the overall effectiveness of their export control programs nor identified corrective actions that may be needed to fulfill their missions—despite significant changes in the national security environment. Commerce officials stated they conducted an ad hoc review of its system and determined that no fundamental changes were needed. However, we were unable to assess the sufficiency of this review because Commerce did not document how it conducted the review or reached its conclusions.

As the effectiveness of the system depends on agencies working collectively, we have called for the executive and legislative branches to conduct a fundamental reexamination of the current programs and processes.