

Why GAO Did This Study

The U.S. government controls the export of sensitive defense and dual-use items (having both military and commercial use). The five agencies primarily responsible for export control enforcement—the Departments of Commerce, Homeland Security (DHS), Justice, State and the Treasury—conduct inspections and investigations, and can levy punitive actions against violators. A challenging aspect of export control enforcement is the detection of illicit transshipments—the transfer of items from place of origin through an intermediary country to an unauthorized destination, such as Iran. In 2010, the President announced reforms to the U.S. export control system to address weaknesses found by GAO and others. GAO was asked to address how the export control enforcement agencies allocate resources, as well as the challenges they face and the potential impact of export control reform on enforcement activities. GAO reviewed documents and met with enforcement agency officials as well as with U.S. and foreign government and company officials in Hong Kong, Singapore, and the United Arab Emirates, which have a high volume of trade and have been identified as potential hubs for illicit transshipments.

What GAO Recommends

GAO recommends that Commerce, DHS, Justice, and State take steps individually and with other agencies through the national Export Enforcement Coordination Center to better manage export control enforcement resources and improve the license determination process. Agencies agreed with GAO's recommendations.

View [GAO-12-246](#). For more information, contact Belva Martin at (202) 512-4841 or martinb@gao.gov.

EXPORT CONTROLS

Proposed Reforms Create Opportunities to Address Enforcement Challenges

What GAO Found

Agencies use a risk-based approach, including workload and threat assessment data, to allocate resources, but most do not fully track those used for export control enforcement activities. As their missions are broader than export controls, agencies can use staff resources for other activities based on need, making tracking resources used solely for export control enforcement difficult. Only Commerce's Office of Export Enforcement allocates its resources exclusively to export control enforcement as that is its primary mission. Other agencies, such as State and the Treasury, have relatively few export control enforcement staff to track. While several agencies acknowledge the need to better track export enforcement resources and have taken steps to do so, they do not know the full extent of their use of these resources and do not use this information in resource allocation decisions. In some cities, agencies are informally leveraging export enforcement resources through voluntarily created local task forces that bring together enforcement resources to work collectively on export control cases.

Enforcement agencies face several challenges in investigating illicit transshipments, both domestically and overseas, which potentially reduce the effectiveness of enforcement activities and limit the identification and investigation of illicit transshipments. These include:

- *License Determination Delays.* License determinations—which confirm whether an item is controlled and requires a license, and thereby help confirm whether an export control violation has occurred—are often not timely, potentially hindering investigations and prosecutions.
- *Limited Secure Communications and Cleared Staff.* Investigators have limited access to secure communications and staff with high-level security clearances in several domestic field offices, limiting investigators' ability to share timely and important information.
- *Lack of Trend Data on Illicit Transshipments.* While there is a good exchange of intelligence between enforcement agencies and the intelligence community—to seize shipments and take other actions against export control violators—officials noted that no formal process or means existed for these groups to collectively quantify and identify statistical trends and patterns relating to information on illicit transshipments.
- *Lack of Effectiveness Measures Unique to the Complexity of Export Controls.* Investigative agencies lack measures of effectiveness that fully reflect the complexity and qualitative benefits of export control cases.

Some of these challenges may be addressed by ongoing export control reform initiatives, but reform presents both opportunities and challenges. Revising the control list could simplify the license determination process, but could also result in the need for increased enforcement activity overseas to validate the recipient of the items as fewer items may require U.S. government approval in advance of shipment. As most staff located overseas have other agency and mission-related priorities, their availability may be limited. The newly created national Export Enforcement Coordination Center is intended to help agencies coordinate their export control enforcement efforts as well as share intelligence and law enforcement information related to these efforts. However, it is unclear whether the center will address all of the challenges GAO found, as detailed plans for its operations are under development.