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United States Government Accountability Office  
Washington, DC 20548

September 15, 2010

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 authority<sup>1</sup> to provide loans, guarantees, and insurance to help finance U.S. exports of defense articles and services, provided that it determines these items are nonlethal and meant primarily for civilian use (dual-use).<sup>2</sup> These exports, referred to as “dual-use” exports, include such items as vehicles that are used by the military primarily for civilian or humanitarian purposes. Legislation providing this authority requires us to report annually on the end uses of the dual-use exports financed by Ex-Im during the second preceding fiscal year. This report covers Ex-Im financing for dual-use exports in fiscal years 2007 through 2009.

### **Ex-Im Did Not Finance Dual-Use Exports in 2007, 2008, or 2009**

Ex-Im did not finance any dual-use exports in fiscal years 2007, 2008, or 2009. According to Ex-Im’s Vice President of the Engineering and Environment Division, and our review of relevant data on Ex-Im authorizations, Ex-Im last financed dual-use exports in fiscal year 2002.

### **Agency Comments**

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

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<sup>1</sup>The 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.

<sup>2</sup>According to Ex-Im, a dual-use export is eligible for financing if convincing evidence exists that the export is nonlethal in nature, the export will be used mainly for civilian activities, and the buyer or end-user provides certification to that effect.

## Scope and Methodology

To determine the extent of financing and end uses of the dual-use exports financed in fiscal years 2007 through 2009, we reviewed Ex-Im data on dual-use determinations. In addition, we interviewed an Ex-Im official who monitors end-user compliance with dual-use requirements, 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 our work from July 2010 to September 2010 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions.

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We are sending copies of this report to interested congressional committees. We will also send copies to the President and Chairman of Ex-Im, the Secretary of Defense, and the Secretary of State. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff has any questions about this report, please contact me at (202) 512-4347 or [yagerl@gao.gov](mailto:yagerl@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Celia Thomas, Assistant Director; Jennifer Young; David Dornisch; and Ernie Jackson.



Loren Yager  
Director, International Affairs and Trade

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