



Highlights of [GAO-10-952](#), a report to the Committee on Foreign Affairs, House of Representatives.

Why GAO Did This Study

The U.S. government exports billions of dollars of defense articles and services annually to foreign entities, generally through direct commercial sales (DCS) from U.S. companies under licenses issued by the State Department (State) or through the Department of Defense (DOD) Foreign Military Sales (FMS) program. GAO has previously reported on weaknesses in the export control system. As requested, GAO (1) identified the magnitude and nature of defense articles and services exported and (2) assessed information currently reported on defense exports and any gaps and limitations in defense export data.

To conduct this work, GAO analyzed export data from DOD for FMS and the Department of Commerce's U.S. Census Bureau (Census) for DCS for 2005 through 2009; reviewed relevant laws and regulations; assessed State and DOD reports on defense exports; reviewed agency data systems documentation; and interviewed officials from State, DOD, Homeland Security, and Census.

What GAO Recommends

GAO suggests that Congress consider whether it needs specific data on exported defense services and is recommending that State publicly report consolidated defense export data on DCS and FMS in a consistent manner. In the absence of additional direction and resources from Congress, State did not agree. GAO believes the recommendation remains valid.

[View GAO-10-952 or key components.](#)

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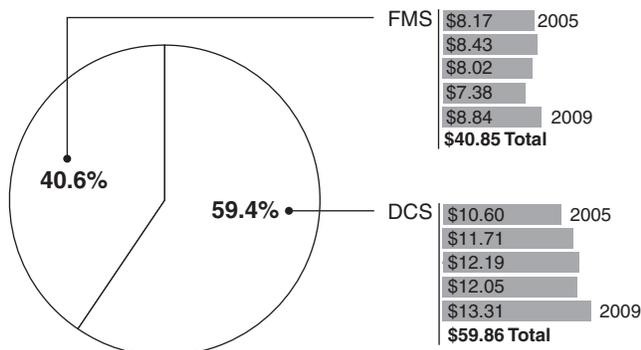
DEFENSE EXPORTS

Reporting on Exported Articles and Services Needs to Be Improved

What GAO Found

U.S. exports of defense articles—such as military aircraft, firearms, and explosives—ranged from about \$19 billion to \$22 billion annually in calendar years 2005 to 2009. Of these defense articles, about 60 percent have been exported by companies to foreign entities through DCS licenses, while the remaining 40 percent were exported under the FMS program. Aircraft and related parts constitute the largest category of such exports—about 44 percent—followed by satellites, communications, and electronics equipment and their related parts. U.S. exports of defense articles were concentrated in a few countries: about half went to Japan, the United Kingdom, Israel, South Korea, Australia, Egypt, and the United Arab Emirates. Although no data are available on the export of defense services—such as technical assistance and training—provided through DCS, exports of defense services through FMS were stable, accounting for about one-third of the value of FMS exports.

Exports of Defense Articles through Direct Commercial Sales and Foreign Military Sales, Calendar Years 2005 through 2009



Source: GAO analysis of DOD and census data.

Note: All values in billions adjusted to 2009 constant dollars and may not add to total due to rounding.

Congress does not have a complete picture of defense exports under current reporting—including which method of export is used more often by individual countries or for certain types of items. State—which has overall responsibility for regulating defense exports—and DOD, report to Congress in response to various requirements. However, their annual reports on DCS and FMS exports have several information gaps and inconsistencies—in part, because of the differing purposes of the agencies' data systems and different reporting methodologies. For example, State does not obtain data from U.S. companies on the export of defense services under DCS licenses, although it authorizes several billion dollars of such exports annually. State officials noted that they do not have an operational requirement to collect such information and doing so could be burdensome on exporters. Other limitations on defense export data include differences in agencies' item and country categorizations and the inability to separate data on some permanent and temporary exports. Further, while State's report is available on its Web site, DOD's is not. These differences and limitations may inhibit congressional oversight and transparency into the entirety of U.S. defense exports.