

GAO Highlights

Highlights of [GAO-15-611](#), a report to congressional committees

Why GAO Did This Study

Since 1994, Ex-Im has had the authority to facilitate the financing of dual-use exports, which include construction equipment used by foreign militaries to build roads. After a 9-year hiatus, Ex-Im financed three dual-use exports in fiscal year 2012, accounting for \$1.03 billion, or just under 3 percent of Ex-Im's \$35.8 billion financing for that year. The Consolidated and Further Continuing Appropriations Act, 2015, extends a provision for GAO to report annually on the end uses of dual-use exports financed by Ex-Im during the second preceding fiscal year.

In August 2014, GAO reported that monitoring-related documents from borrowers required by the financing agreements were missing or late and that Ex-Im's dual-use monitoring policy did not specify what actions Ex-Im officials should take if the bank did not receive the required documents. GAO recommended that Ex-Im establish steps staff should take in cases where borrowers do not submit required end-use documentation within the time frames specified in their financing agreements and ensure that these efforts are well documented. Ex-Im agreed with GAO's recommendation and revised its guidance.

This report (1) examines how Ex-Im addressed weaknesses in monitoring the end uses of the dual-use exports it finances and (2) identifies what dual-use exports, if any, Ex-Im reported it financed in fiscal year 2014. GAO reviewed Ex-Im documents and interviewed Ex-Im officials.

View [GAO-15-611](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

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EXPORT-IMPORT BANK

Dual-Use Export Monitoring Guidance Revised and Implemented

What GAO Found

The Export-Import Bank of the United States (Ex-Im) addressed weaknesses in monitoring the end use of exported "dual-use" items by revising and implementing its guidance for monitoring these items, as GAO recommended in August 2014. Dual-use items are defense articles and services that Ex-Im has determined are nonlethal and primarily meant for civilian use. Specifically, Ex-Im revised its 1997 memorandum on the implementation of its dual-use policy for military applications and disseminated it to relevant staff on March 11, 2015. The updated memorandum clarified the responsibilities of Ex-Im staff for monitoring end use, and GAO found that bank staff have now taken the following steps:

- **notified buyers** of end-use documentation coming due; staff will alert buyers and the bank's Office of General Counsel if there are any overdue documents so that the bank can respond as appropriate;
- **documented their dual-use monitoring activities and decisions**, including any decisions that modify reporting requirements in the financing agreements, such as the requirements related to progress and technical operating reports; and
- **made determinations**, in what is to be an annual process, as to whether the information received was adequate to demonstrate that the transaction complied or failed to comply with the bank's dual-use policy.

As a result, Ex-Im has received in a timely manner all documents required since GAO's last report, issued in August 2014.

Documentation Received by Ex-Im for Fiscal Year 2012 Dual-Use Exports as of June 15, 2015

Dual-use export	Progress reports on construction of financed export	Technical operating reports on exported item once it is in use	Annual end-use certification and report
Satellite for French company Eutelsat • Launched Aug. 2013. • Became operational Nov. 2013.	 For 2013 – received late or not at all.  For 2014 – no longer required, now that satellite is operational.	 For 2013 – received on time.  For 2014 – received on time.	 NOT REQUIRED.
Three satellites for the government of Mexico • One operational, one destroyed on launch May 2015, one to launch fall 2015.	 For 2013 – received late or not at all.  For 2014 – received on time.	 For 2013 – received late or not at all.  For 2014 – received on time.	 For 2013 – received late.  For 2014 – received on time.
Construction equipment for the government of Cameroon • Shipped to Cameroon military and put to use in 2013.	 NOT REQUIRED.	 NOT REQUIRED.	 For 2013 – received late.  For 2014 – received on time.

Ex-Im = Export-Import Bank of the United States.

Source: GAO analysis of Ex-Im documents. | GAO-15-611

Ex-Im did not finance any new exports under its dual-use authority in fiscal year 2014, according to Ex-Im authorizations data and Ex-Im officials.

United States Government Accountability Office