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***Extension of ITAR Exemption to Qualified Countries***

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This proposal establishes a new approach to unclassified exports for treaty allies that meet U.S. requirements for commonality and reciprocity in export control and industrial security, long-standing and successful cooperation in intelligence sharing and law enforcement and guaranteed reciprocal market access.

Specifically, this initiative applies to allied countries that adopt and demonstrate export controls and technology security systems that are comparable in scope and effectiveness to those of the United States. The exemption would be limited to unclassified exports to the foreign government and to companies that are identified as reliable by the U.S. Government in cooperation with the foreign government.

Among allied countries, the United Kingdom and Australia have a long history of cooperation with the U.S. in a number of relevant security areas, export control and technology security systems that are most the most compatible with the United States, and also have significant industrial linkages with U.S. firms. Because of this, the U.S., lead by the State Department, will initiate negotiations first with these governments on the agreements.

Upon the negotiation of the bilateral agreement on export controls, which will include end use and re-transfer assurances, the Department of State will publish an ITAR exemption for certain unclassified exports to qualified firms in each country. For example, this exemption will enable qualified foreign firms to freely exchange certain unclassified technical data with U.S. firms, greatly enhancing their ability to cooperate during the earliest phases of the R&D process. U.S. exporters using this exemption will be required to file appropriate documentation with the U.S. Government to facilitate law enforcement efforts.

By enabling State and DoD to focus export-licensing resources on high-risk cases, the proposed exemption will improve the effectiveness of the U.S. export control system in protecting security. In addition, extending the exemption to qualified firms in countries that adopt stringent export control and technology security systems will create a strong incentive for other countries to improve their own systems.

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