

D-Trade: The New PM/DDTC Electronic Licensing System

Lincoln P. Bloomfield, Jr., Assistant Secretary for Political-Military Affairs
On-The-Record Briefing
Washington, DC
February 18, 2004

(2:30 p.m. EST)

ASSISTANT SECRETARY BLOOMFIELD: (In progress) -- sort of summarize the importance of this day. One of the significant facts is that Secretary Powell and Deputy Secretary Armitage have taken time to come up here to Columbia Plaza to meet with a large workforce of 122 people, who handle Defense Trade Controls. And in the history of the Office of Munitions Control, we can't find an instance when the Secretary of State has been able to break away and come to this office, even when it was in Rosslyn, as well as in Columbia Plaza.

So I think from a standpoint of direct hands-on leadership, we're very appreciative that the Secretary walked the halls and said "hi" to as many as he could and the Deputy Secretary as well. So there's a very strong show of support to the folks in the PM/DDTC directorate.

The second significance, of course, is that this is the formal roll-out of our fully electronic licensing system, D-Trade. And the significance of it becomes more evident when, as I just did with the Secretary, you walk around and look at the mailroom, and you look at the licenses that have accumulated just in the last day or two, the incoming licenses, which are really starting to pile up. And then you see this one over here, which is one license in seven copies, which in the traditional manner, has to be hand-carried around to -- or has, through various manual systems, to be fanned out to whichever offices need to review them.

All of this is now possible electronically, and we did a little demo for the Secretary. Ruth Jackson, one of our licensing team leaders, did a very concise summary of how this works. It's not just the form, which may be two pages, but all of the attachments of tech data, supporting documentation about the end users, and all of the other things that we need to know from a law enforcement standpoint and an approval review standpoint.

All of that can be submitted electronically. It can be referred electronically. It can then be sent back to the exporter/applicant electronically. So it is literally a paperless system. And I gave a few remarks giving credit to a number of the information technology offices including the Chief Information Officer Bruce Morrison in the State Department. The OMB has an Office of Electronic Government Information Technology, which has been extremely helpful to us.

We credited the IT team, which does not belong to the PM Bureau actually, it belongs to the Verification and Compliance Bureau, VC/VO, an exceptional group. Ned Williams is here with us today. Glen Johnson is the chief of that team. Paula DeSutter, the Assistant Secretary, was here, and I was very happy to thank her for that.

But we've benefited from the participation of, I believe, 18 private companies who were essentially the, if you will, guinea pigs for our six-month pilot project. You can't roll-out a system like this unless you know whether people will use it. And the way to do that is to make sure that you have worked through whatever kinds of glitches show up when you road test it.

And so we beta-tested this system with large companies and small companies alike, so as to make sure we could handle the large volume exporters but also not disadvantage any of the small businesses and sole proprietorships who, for one reason or another, need a license in order to do their, whatever they're going to do.

So there was a lot of credit to go around. And Secretary Powell gave some remarks, which I imagine will be on the web, probably within a day. And so you can see what he had to say about the importance and significance of this.

And with that, I'd be happy to take your questions.

Please, sir.

QUESTION: I've heard that certain license applications cannot be handled on the system, like Manufacturing License Agreements. Can you talk about what the system can handle and what it can't handle, including whether it can handle classified information, classified applications?

ASSISTANT SECRETARY BLOOMFIELD: It's an Internet system, but let me ask Ned Williams to answer that question.

MR. WILLIAMS: The Manufacturing License Agreements and the Technical Assistance Agreements, those forms are commonly used in here working with the Directorate of Defense Trade Controls. We have decided to combine them into one application and the application will be intelligent enough to guide the exporter as to whether or not it should be a Manufacturing License Agreement or a Technical Assistance Agreement.

Currently, we have implemented the Technical Assistance Agreement. But what -- shortly to roll out here, probably over the next month or so, you will see that the new format combines the MLA, the Manufacturing License Agreement, with the TAA, the Technical Assistance Agreement, because some exporters have been confused about the appropriate use of the MLA or the TAA, so we have encoded the application to guide the applicant through the process and make the correct selection, which --

ASSISTANT SECRETARY BLOOMFIELD: And the timeframe for that?

MR. WILLIAMS: (Inaudible.)

ASSISTANT SECRETARY BLOOMFIELD: How many weeks or months?

MR. WILLIAMS: We have completed the analysis, working with the licensing experts and the agreements officers in DTC. I was just talking with the OMB rep. She says that we can get the form on a fast track. I would expect in probably a month and a half, we should have that new form.

ASSISTANT SECRETARY BLOOMFIELD: So it's coming soon.

MR. WILLIAMS: But right now, they do already have a Technical Assistance Agreement, which could be used as such.

And of course, we have the DSP-5, the permanent export. That's the form that's used to export probably 80 percent of our cases. We would not do classified over the Internet. The system is capable of handling the classified documents internal to DDTC, but to put classified documents over the Internet, the PKI Security, which is about a Level Three, has not been approved for that level of classified data. So right now, that's sort of a minor issue, considering the small volume of classified data that we actually receive.

ASSISTANT SECRETARY BLOOMFIELD: Thanks, Ned.

MR. SUCHAN: But actually, recall that classified licenses account for only a few hundred licenses a year, out of the 56, 57,000 that we do.

Sir.

QUESTION: (Inaudible) from *Business Week*. What percentage of applications is approved?

ASSISTANT SECRETARY BLOOMFIELD: I will tell you that approximately -- well, what's the percentage that's handled in house? Mike?

MR. DIXON: I think we're in the 90th percentile, because a lot of applications, you know, are weeded out within the industry itself. I mean, they have lots of mechanisms they can use to determine whether a proposal would be approved without submitting an actual application. For instance, we have a whole system called "Advisory Opinions" so if a company thinks it may be crossing a red line or nearing a red line, it could come into us without going through the process of negotiating with a foreign party committee and spending a lot of resources, and request an advisory opinion as to whether we're likely to approve that proposal.

ASSISTANT SECRETARY BLOOMFIELD: So in other words, they self-select out disapprovals before going through the review process. If they think that they will never get it, they won't apply. But I would -- but we keep, I'd say, the majority of the cases never have to be referred. We can handle those in-house. What -- 70 --

MR. DIXON: About 70 percent.

ASSISTANT SECRETARY BLOOMFIELD: 70 percent. The 30 percent are referred for further review. And frankly, the most common answer would be yes with certain provisos or conditions. So they would get a limited release, or under certain conditions that would safeguard the technology.

MR. SUCHAN: So if -- the answer is about 90 percent of the applications are approved. The balance, most of those are, in fact, returned without action, which is essentially -- that's a denial without prejudice.

ASSISTANT SECRETARY BLOOMFIELD: You mean the other 10.

MR. SUCHAN: Yeah. Yeah (inaudible.) The actual denial is, again, only a few hundred, only a few hundred out of the net -- you know, there's a whole bunch of reasons to, as Mike said, an advisory opinion thing. People come in and ask, "Would you approve something like this for Yemen?" for example, and if the answer comes back, "Probably not," then they don't even bother to apply and so there's never, you know, there's not a denial on that. What's more, we have an embargo list that is public, unlike most countries do, Section 126.1 of the ITAR says don't even bother to these countries.

QUESTION: But if that's the case, is there any move afoot to redefine what has to come to you in the first place if you're approving such a high percentage of them?

ASSISTANT SECRETARY BLOOMFIELD: Yes.

QUESTION: Would you speed up the process a little bit?

ASSISTANT SECRETARY BLOOMFIELD: Yes. Before we even built the architecture for fully electronic licensing, we did a comprehensive front-to-back review of the process. We reengineered our process. I wanted to know, first of all, you know, who does what? When it comes through the front door, what happens next? Who do you send it to?

And when you go through and reengineer the process, you begin to look at the criteria for referrals. You begin to look at the question of, if the Navy has to look at this program, do we need to send them the whole package, or is there just a subset that they're interested in? So how do we economize the referral? We have the regional bureaus, six regional bureaus, at the State Department, whose desk officers, or regional affairs offices, will give a foreign policy review. Do we want to show some restraint for foreign policy reasons?

They may have already seen a case just like that in recent weeks and so they don't want to keep getting asked the same question. So we're looking at ways to memorialize, if you will, and economize the referral process. So we've improved, we've improved that quite a bit so that we're not sort of gratuitously sending things that people aren't interested in seeing.

Did you want to add something?

MR. SUCHAN: We have been reviewing the U.S. munitions list over the last three years. And we've gone through most of the categories of it now. The changes in the munitions list, in other words, the things that you have to come in for a license for, those changes have not been profound, okay? So you might ask yourself, well, you know, if you're going to approve 90 percent of your licenses, why are you even making people come in to ask, "Mother, may I?" in the first place?

Two good reasons for it. One, of that 90 percent, maybe a third of those have provisos on them, okay, where the State Department, or more likely, the Department of Defense, has put a condition on the license, so that, for example, if it's a Manufacturing Licensing Agreement and somebody wants to produce those night-vision goggles that Ruth was talking about in the demonstration here, it might be that, you know, you cannot release technical data beyond -- you know, of a sensitivity beyond a certain level. The focal plane arrays cannot be more sensitive than such-and-such, you know, a parameter and things like that. So there is that element of control that's important both for foreign policy and national security reasons.

Second, every one of those licenses that comes in, whether it's in paper or in electrons, is checked against the watch list, okay? For example, you know, if it's only a company that is registered with us, that can legally apply for an export license, the 4300-some entities that are registered. And second, you know, the U.S. exporter, the freight forwarder, the shipper, the foreign recipient, his agents, the names are all on the license and they're all checked against the watch list. This is what helps you find the guy who's going to push it out the back door to the wrong thug.

ASSISTANT SECRETARY BLOOMFIELD: Right. There's a third reason, which is that although most of the applicants are in good standing and maybe don't trigger any hits on the watch list, the fact of applying and the fact of

signing their name to it, electronically as well as in ink, is a law enforcement act. So as soon as that license is submitted and signed, if they then break the Arms Export Control Act, the electronic submission and the paper submission are both documents which can be taken to court, if the Justice Department chooses to prosecute. And at the same time, I have administrative powers delegated through the ITAR for penalizing them or debarring them or both.

Please.

QUESTION: If the State Department gets U.K. -- a U.K. and ITAR exemption, an overall exemption, how will this process help facilitate trade with English allies, in fact, on the Joint Strike Fighter and other programs?

ASSISTANT SECRETARY BLOOMFIELD: Well, we have many different kinds of specialized licenses. The agreement that we have negotiated with the United Kingdom, which is now being considered by the Congress, is an important agreement and we think a good one which will take us into a much better relationship to manage defense trade on both sides of that relationship.

But frankly, this D-Trade system will help with all manner of licenses, the Joint Strike Fighter global project authorization and many of the license innovations which were announced by the previous administration in May of 2000, the DTSI initiatives.

So in every case, if they utilize this system, as Secretary Powell made clear, we'll have a much higher -- we will reduce the error rate, in his words, hopefully to zero. We'll have a much better handle on the data. We will be able to spend more time on the tough cases, as he said, and less time sort of wasting time on something which is presumptively going to be approved. And so it's a much more efficient use of our time and a much higher confidence level in the data.

I think another benefit that Deputy Assistant Secretary Suchan, Mr. Maggi, who's the managing director and I will want to know is, we want to be able to use this data to profile activity.

If I'm going to travel to a foreign capital, I wouldn't mind knowing what's happened over the last six to twelve months. So we hit a button, we pull some data forward, and we can see what, what I might get asked about.

That is a much higher level of focus. As I have told my folks here, I want to see a lot better out of the windshield of DDTC and perhaps smell a little bit less of the exhaust. And this helps us in both respects.

QUESTION: Excuse me, to give some fidelity to the ITAR exemption issues, last November in the bilateral agreement Bush and Blair came up, came out in a high priority from a license. You know what the language said. You know, three months later now, how successful do you think you're going to be with the Hill to get Hyde and others to approve it?

ASSISTANT SECRETARY BLOOMFIELD: Well, obviously our colleagues in the Congress will speak for themselves.

QUESTION: Yeah.

ASSISTANT SECRETARY BLOOMFIELD: There is a dialogue going on. We welcome -- the more dialogue the better -- but we think we have a very good story to tell.

One of the things that we, that, the realities that we cannot escape is that defense industry is becoming more multinational. Even the Pentagon's own systems are probably 25 percent foreign content. The supplier bases are now multinational.

The business deals that are put together around major weapons system developments are very complicated and involve foreign countries. And now we've gone into electrons. So the Joint Strike fighter, the development phase that we're in now, involves no hardware whatsoever. It is purely a question of USML data being sent through a Virtual Private Network among some 3- to 400 companies in the United States and abroad in seven or eight countries.

How do you monitor that to the level that -- in the sort of 20th century USML monitoring we used to do with paper and with watch lists and all of that? We need to have partners on both sides of that equation and that really is -- that's the story that we're telling on the Hill and we hope -- and we think that we'll be persuasive. So the conversation continues, and we welcome it.

QUESTION: You anticipate passage, though, at some point?

ASSISTANT SECRETARY BLOOMFIELD: Well, I believe -- I negotiated the U.K. ITAR agreement and I feel that,

I feel that once our story is told the members of Congress will see that we've managed risks quite well and there are tremendous upsides to this which take us a lot further than the status quo.

Sir.

QUESTION: How long does it take for a typical paper application to get through? How long does it take for the electronic version? And how difficult is it for companies to learn how to use it, and do they have to buy -- is it just the software?

ASSISTANT SECRETARY BLOOMFIELD: Those are four questions, and they're all good. This is sort of DTC-101, so I'll get some help here. But when, but -- I showed Secretary Powell the mail room, and in my own mind I have a proverbial wheelbarrow -- although I guess there isn't one -- but the idea of carting around --

MR. SUCHAN: Shopping carts.

ASSISTANT SECRETARY BLOOMFIELD: Pardon?

MR. DIXON: Shopping carts.

ASSISTANT SECRETARY BLOOMFIELD: Shopping carts. But the idea of pushing mountainous amounts of paper around on a daily basis -- 57,000 licenses a year times that -- you can see that all of these have to go to different agencies, to the Pentagon; no wonder licenses got lost. No wonder we couldn't find out exactly where everything was at all times: Have we heard back from the European Bureau? Have we heard back from the Air Force?

And so this allows -- this will cut down on the transportation time alone between this building and the State Department because there's proprietary data in these license applications, so we can't just let anybody -- there has to be a controlled flow of information from one node to the next. So I think that that will save us some time.

But as for, you know, the other aspects, I think, you know, we don't know yet exactly how much this will change the speed or the cost. As for how much does it cost an applicant to be able to use the system, I -- we've pushed very hard not to make it expensive because we're concerned about a sole proprietor or a mom and pop company. So -- what do they have to buy in order to use it?

MR. WILLIAMS: There are no costs to use our software, to use our system. The only requirement is your PKI certificate that's required for security. I spoke of using the e-authentications program out of GSA, and I think the cost there is nominal. I think you can get a certificate for as little as about \$45 or you can get one with a higher level of assurance for about \$90.

ASSISTANT SECRETARY BLOOMFIELD: And those PKI certificates will let you access other federal agencies. We bought into something, so there are several other agencies that will make use.

How are we going to educate people? We've created a CD-ROM that's a training CD. What's the status of that?

MR. WILLIAMS: And there is no cost for the training CD. We issued about 300 beta copies last week at the Society for International Affairs Conference in Salt Lake City. We actually conducted web-inars, where we trained almost 300 companies and over 2,000 individuals, and all the training is free.

ASSISTANT SECRETARY BLOOMFIELD: Did I answer the other one?

QUESTION: And do all the agencies that are going to receive a copy of that, are they all capable of doing it online or electronically?

ASSISTANT SECRETARY BLOOMFIELD: We spent a lot of time trying to blend our DNA with the DNA of the Defense Department precisely so that they could do referrals in the most comfortable manner for them. And it all had to do with trying to access the community of experts, because they're really far flung.

When you start to get into the services, and you get down to the level of depots, where the experts on artillery may be, or the experts on wing design, they may not all have the same computer systems that people sitting in the Pentagon would have.

And so we've worked closely with them, and they've actually upped their game considerably so that their network is compatible with ours and we have high-risk management and security of data.

Did you want to add to that, Ned?

MR. WILLIAMS: Yes, sir. As far as the data sharing capability, it's all based on open architecture we have and published XML schema, this extensible mark-up language, so it's all web-based. And we did compatibility testing with other federal agencies as well as industry, and the XML schema that we use is completely compatible and everyone is able to interpret it and use it in their own applications.

ASSISTANT SECRETARY BLOOMFIELD: There was an Inspector General report signed by four or five different cabinet agencies. All the IGs essentially told us, "Don't be duplicating your IT systems." And we -- I want to give credit to Lisa Bronson, the Deputy Under Secretary of Defense for Technology Security. I'm sure there are others in the IT field who helped us out a great deal, but we worked -- there was real leadership on the DoD side and on our side to try to work our way through all the technical issues and make sure that our teams stayed focused on getting the two systems compatible.

We need much more articulate data management than they do. We're a law enforcement agency in many respects. Our data has to be totally uncorrupted. We have to be able to service court, court proceedings. They don't. I think that's fair to say.

MR. WILLIAMS: Yes, sir.

ASSISTANT SECRETARY BLOOMFIELD: They simply have to make technology judgments, which are very, very important. And so we have different levels of granularity and capability in our systems. And marrying those two was a very hard thing to do. It took more than a year and it -- but it could not have happened without the positive, the good will and the great leadership shown by our friends at DoD. And they really came through.

Please.

QUESTION: And you are anticipating, you know, what percentage of those applications do you think will come in electronically for this next year? And, you know, is there a cutoff as to when you're no longer allowed to do it on paper?

ASSISTANT SECRETARY BLOOMFIELD: Good questions. You know, the answer is, we don't know. And -- as I came into this position in May of 2001, we looked at the initiatives that had been offered the previous year, the DTC initiatives, and many of those licensing, those license formats seemed like a real improvement, but they weren't being utilized very much. And I think that the lesson that we drew from that as we came into this exercise was, we've got to involve industry at the ground floor.

So we invited industry, and we actually recruited some small business participants as well to be our guinea pigs. And they had to spend extra time on this than they normally would.

There was no benefit for them other than to help us get this system right, but the hope was, particularly with the major users, the ones that use 3- and 4,000 licenses a year that their export licensing experts would get familiar with our team, familiar with our system, and already be thinking now that this is a real advance for them, and we will encourage them to use it. But at some point, we can't force anyone to use it.

Your second question about paper licensing arose when the Secretary was here, too. It's my belief that, as a federal agency, we have to be able to receive a paper license. I don't think we can say no. There are reasons why an individual might want a license. Somebody mentioned hunting, there's --

MR. WILLIAMS: Sorry, that -- we found that as the particular case where individuals going hunting overseas and --

ASSISTANT SECRETARY BLOOMFIELD: I don't want to be --

MR. WILLIAMS: -- definitely wouldn't want to enforce --.

ASSISTANT SECRETARY BLOOMFIELD: Yeah. We don't want to be an agency that makes an individual have to do some extraordinary IT process and study how to use it on the CD just to be able to get a one-time license. That, to me, seems excessive.

So I think we'll always be able to process a paper license, but we're really going to encourage the defense industry to use this system.

MR. SUCHAN: I would point out in that context that the Commerce Department with its new electronic system is going to require submission electrically, although it will allow for exceptions.

ASSISTANT SECRETARY BLOOMFIELD: Oh, really?

MR. SUCHAN: And the Automated Export System that the Customs Service has, that is absolutely mandatory. It has to be filed electronically.

ASSISTANT SECRETARY BLOOMFIELD: Well, we may be moving in that direction. But I do want to know, if we're stepping on the toes of individual Americans or small business, that will be an issue for me. So, for now, we're accepting paper.

MR. DIXON: I think an indication of what Assistant Secretary Bloomfield is saying is the fact that we now receive through a semi-electronic process 60 percent of our 50,000-plus caseload, and so you have to ask yourself, if I'm industry and I'm sending in my forms electronically, if I had a easy-to-use capability to include my supporting documentation, why wouldn't I convert? That's the dynamics I think that we'll see over the coming year.

ASSISTANT SECRETARY BLOOMFIELD: Yeah, they're already doing the DSP-5 and the DSP-83, which is just a couple of pages, and then you've got seven copies of all the tech data. Where is that tech data? It's already on a CD so they're printing it out from a computer to begin with. There may be a few documents that have to do with shippers and intermediaries that they have to scan, but that's a small step to take.

Yes.

QUESTION: A follow-up on some of the things you were talking about, proprietary data. How is this -- so this data is encrypted, obviously. You know, what safeguards exist to make sure that propriety data isn't somehow accessible, you know, through this vast network of hackers we have out there?

ASSISTANT SECRETARY BLOOMFIELD: Well, let me ask Ned not only to talk about security of propriety data, but also the "air gaps" in the system.

MR. WILLIAMS: Yes, sir. Going into the design of D-Trade, that was one of our first big red flags, if you will, was how were we going to secure the data and protect the industry proprietary data, as well as our own national security data. And we did reviews with the National Security Agency, as well as DoD and the rest of our counterparts here in IRM and Diplomatic Security.

And we arrived at the solution to encrypt the data in transit using the PKI certificates, and they could also encrypt the data "at rest." However, no data is stored on our Internet capture system. Data is removed from the Internet capture system approximately three times a day. So even though it's encrypted, it's only out there for a couple of hours, and that's -- and it (inaudible) no more risk than it did, than it experienced when it was in transit. The data is physically moved through an "air gap" into the internal system. The demonstration we did for the Secretary today is on the internal system. There are no external connections to the network here in the Defense Trade Center.

ASSISTANT SECRETARY BLOOMFIELD: So you literally put it on a disk?

MR. WILLIAMS: Yes, sir, on CD-ROM.

ASSISTANT SECRETARY BLOOMFIELD: And move it from one --

MR. WILLIAMS: They move it about three times a day. And what's left on the Internet capture system, the industry, is only status information since industry has the original application and all the data there and, of course, the license, once it's approved, and it's again encrypted. So that industry only has access to the information that they submitted, only the status on it, and the actual information stores is only here inside of DDTTC.

Referrals to other agencies, as well as the State bureaus, may be another "air gap". No data is resident over except on the highest level of secured networks that we operate, both at DoD and at State. That data is not accessible via the Internet. And that was how we overcame the security challenge.

ASSISTANT SECRETARY BLOOMFIELD: I don't know if -- there won't be hackers getting into this system. There may be -- if there's a virus for any reason, it will be contained within our system. If there's a virus on the DoD system, there's an "air gap" so -- and the host for this industry submissions is separated as well.

MR. WILLIAMS: So we'll really look at the Internet system as sacrificial. We have no one identical to it. Should something happen with a virus, we plug in the other one and keep going. No data is stored there, other than status information.

ASSISTANT SECRETARY BLOOMFIELD: Sir. Go ahead.

QUESTION: Are you combining the Manufacturing License Agreement and the Technical Assistance Agreement just for D-Trade or for paper as well?

ASSISTANT SECRETARY BLOOMFIELD: Or for -- what was --

MR. WILLIAMS: For the application, right?

MR. DIXON: Well, we hope D-Trade will be the, sort of the system the people will use. And yes, I mean, there is no TAA form in hard copy, nor is there an MLA form in hard copy. So really, this is a completely new format that has been developed especially for electronic, but I think its applicability could well, you know, be projected into the paper world. But we hope that, certainly, that people will use D-Trade. As Ned mentioned, the idea is that an MLA is, in many ways, more sophisticated than the TAA, and so, in fact, as you move through the process you can decide, and the form will help you decide, which one you really need to apply for, and it will help guide you with, I guess, some real form of artificial intelligence, or logic at least --

MR. WILLIAMS: Yes, that's the logic.

MR. SUCHAN: -- that will walk you through that process. So yes, it was made for D-Trade but certainly the applicability could spill over into hard copy. But we're concentrating on the electronic forms because we want people to use D-Trade, thinking it will be much more efficient.

ASSISTANT SECRETARY BLOOMFIELD: Please.

QUESTION: Do you see the system giving U.S. companies a competitive advantage at all, or on at least parity with the international competitions, where a big unknown might be, is the U.S. Government going to allow them to sell sensitive stuff in the first place?

ASSISTANT SECRETARY BLOOMFIELD: Well, there's two issues embedded there, and I'm trying to separate them with every step we take. One is sort of whether the process itself impairs a company from doing something that it would, at the end of the process, be allowed to do. I'm keen if that if the answer is going to be yes, that it be a timely yes. I mean, the alternative is unacceptable to me.

The second issue is releasability. Now, the licenses come to the Secretary of State and we are the licensing authority, but we fan them out, as you know, to the Pentagon and the services where the expertise on whether that technology, if in the hands of that applicant, that end user, would potentially pose either a diversion risk or ultimately a war-fighting problem for us or for our allies, and we look at both the impact on our own forces in the field but we also look at whether it would impair our allies potentially at their level of military capability.

That's a different question because, at the end of the day, our releasability policy is always there. What we want to do is bring it into focus. We want to bring it into focus so that we don't confuse the issue, for example, in talking to the NATO alliance countries and NATO headquarters. We've had a lot of conversations. Former Secretary General, then Secretary General Lord Robertson, was well aware of our role and twice Ms. Bronson and I briefed the NAC on the progress of the work that you're hearing about today.

And the issue that we're trying to show is that the old excuse that the U.S. system is too slow, too cumbersome, we always get kicked back without action, too many provisos that don't make sense, et cetera, I accept some of those criticisms. I'll just tell you, there was a pile of reports waiting on essentially the President's doorstep when he took office, even before he was -- before the election, that said, you know, "To the next administration." And I read every one of those reports and I took notes on every one of those reports, as Greg knows, and we worked our way through all of those issues, and we've pulled from them a lot of process concerns.

Part of that is still under deliberation in the presidential policy review. But the goal that Lord Robertson identified is, frankly, he didn't -- his concern was allied defense spending; i.e., it's too low. And he wanted to be able to say you can't use that old excuse anymore that the American licensing system is cumbersome. And I think we're at a point today where the new Secretary General won't have that problem. We've actually told the folks at NATO last summer that this is coming. And, frankly, the process is not the problem. As of today, if they have an argument with us, it's that they want to get more technology than the United States of America is willing to give them, and we'll have that discussion.

QUESTION: This would give a competitive advantage at some point?

ASSISTANT SECRETARY BLOOMFIELD: You raise the issue of competitive advantage. And, frankly, the way I look at it is, if you were sitting in our chair, you'd say are we -- because the way we hear about it is either from members of Congress or from companies directly or from allied governments, who say you're at a competitive disadvantage because I can't get -- I can't market my thing on time, I can't get my bid in front of -- along with the other bids in a timely manner.

I've traveled around to all of our major exporting countries. I was in Tokyo less than two weeks ago meeting with American defense reps and with Japanese export licensing experts just to start talking to them about -- I told the Japanese press -- a red tape initiative. They've got red tape, we've got red tape. There's no magic to it. We just want to make sure that we're not impairing things that would be approved once we finished our process.

So my -- I guess I would say your question implicitly -- I'll answer it this way. We do not want to be disadvantaging U.S. business unduly. They may not always like the answer they get. That's as it may be. We'll give them the answer we're going to give them. We're not going to say yes to everything. But we want to be able to say yes, no, or yes with conditions, in a timely, expeditious manner that doesn't impair their competitiveness. And I think we're moving very much in that direction.

Any other questions?

(No response.)

ASSISTANT SECRETARY BLOOMFIELD: Thank you all very much for coming today. I really do appreciate it. We're doing all that we're doing, and if nobody knew that it was happening that would be a burden on us. So the more that we can get our story out, the better it is for us.

Thanks very much.

2004/179

Released on February 19, 2004

This site is managed by the Bureau of Public Affairs, U.S. Department of State.

External links to other Internet sites should not be construed as an endorsement of the views or privacy policies contained therein.

[Copyright Information](#) | [Disclaimers](#)