

U.S. DEPARTMENT OF STATE

Assistant Secretary of Political-Military Affairs Andrew J. Shapiro

Opening Remarks to the Defense Trade Advisory Group

December 4, 2009

CORE MESSAGE:

- The new Administration is committed to making long overdue improvements to the Defense Trade Export Control System, and Political-Military Affairs is committed to partnering closely with industry to make it happen.

Good Afternoon. My thanks to all of you for taking time out of your schedules to participate in this meeting of the Defense Trade Advisory Group. I would especially like to thank Bill Schneider and Sam Sevier and the members of the DTAG for all the hard work and the invaluable service you provide me and the Department.

Coming to the Bureau of Political-Military Affairs after nearly a decade as then-Senator Clinton's primary foreign affairs and defense policy advisor, I come to you today with an unshakable conviction that a robust partnership among the Departments of State, Defense, and industry are essential to facing the serious security challenges that our nation — and our world — face today.

When it comes to defense trade, we know what's at stake: protecting sensitive U.S. technologies is key to maintaining military superiority. We must continue to arm the men and women of our armed forces and of our allies with the best technology available to counter shared security challenges, while preventing it from falling into the hands of our adversaries. In doing so, we must also strike the right balance between protecting technology against diversion and facilitating legitimate business transactions by U.S. companies.

Defense trade also represents an important avenue by which we can leverage U.S. industry's powerful global appeal and innovative capacity to further America's vital security interests and those of our international partners. In this regard, defense trade is an essential diplomatic tool for broadening and deepening our partnerships with emerging powers, as well as strengthening long-time security ties with steadfast friends and allies. These partnerships – new and old alike – are essential to capacity building efforts to address shared security concerns, an essential component of Secretary Clinton's foreign policy vision.

To this end, I'm here to tell you today that the Obama Administration is committed to making long overdue improvements to the Defense Trade Export Control System, and the Political-Military Affairs Bureau is committed to partnering

closely with industry to make it happen. While the review process is currently in its early stages, I must stress that the overarching theme of the Administration's effort will be to enhance national security in a way that complements U.S. foreign policy priorities and economic interests. I know that your input will be invaluable in taking in making these improvements.

Let me assure you, however, that work on the overall export control system will not prevent us from continuing to work on the existing system where changes will provide near term improvements. As such, I look forward to the reports of the working groups on the "by or for" exemption and the regulatory requirements for brokering. I'm happy to say that the team in the PM Bureau's Directorate of Defense Trade Controls that has improved responsiveness and consistency in the existing Defense Trade Export Control System in recent years remains in place, and are more committed than ever to continually improving your export control process. Changes made since 2007 have improved the United States' ability to control sensitive technologies while at the same time opening up new industry opportunities to collaborate with foreign companies and export products in a more timely, transparent and predictable manner than ever before.

Speaking of international collaboration, I would like to give you a brief update on the U.S.-UK and U.S.-Australia Defense Trade Cooperation Treaties — a priority for the Obama Administration. These are a critical element of my defense trade agenda. The Treaties, if ratified, will help the United States and these key allies develop and field the next generation technology that is needed to save lives and protect our countries' security and foreign policy interests. I am fully engaged with the Senate Foreign Relations Committee and their staff in seeking a way forward. I will testify next week on the Treaties with Assistant Secretary Baker from the Department of Justice. I'm optimistic that we will have a successful hearing on this topic

In closing, let me stress that despite my optimism in the auspicious alignment of factors in favor of Defense Trade Export Control reform, I have no illusions about the challenges ahead. The review is, and must be seen as, as an effort to enhance our national security. To cast it as anything else will provide a convenient excuse for those who would oppose reform in favor of maintaining an outmoded status quo. Similarly, while the Department will reach out to all interested parties to solicit recommendations, outside support that relies solely on the "business case" for export control reform could jeopardize future Congressional support required to achieve fundamental change.

I am quite hopeful that we can work collaboratively with Congress and the Administration intends to work collaboratively with the concerned committees. I hope that you will join us in this effort, not least because I know you can offer valuable ideas based on your expertise in the defense trade arena.

Thank you Bill for the opportunity to address the DTAG and to participate today.

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