



22 U.S.C. 2785: End-Use Monitoring of Defense Articles and Defense Services; 22 U.S.C. 2785(c): Report to Congress

This report summarizes the Department of State’s administration of the Blue Lantern end-use monitoring program for Fiscal Year (FY) 2024. The Blue Lantern end-use monitoring (EUM) program fulfills requirements stipulated in section 40A of the Arms Export Control Act (AECA) (22 U.S.C. 2785) and delegated to the Department of State in Executive Order 13637 (March 8, 2013).¹ The program monitors the end-use of defense articles, including technical data, and defense services exported through direct commercial sales channels, as well as brokering activities, subject to State licenses or other approvals under section 38 of the AECA and the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130), which implement section 38 of the AECA. The Blue Lantern program is managed by the Country and End-Use Analysis Division (CEA), Office of Defense Trade Controls Policy, Directorate of Defense Trade Controls (DDTC), Bureau of Political-Military Affairs.

The Blue Lantern program’s mission is to help ensure the security and integrity of U.S. defense trade. The program is designed to support U.S. interests by minimizing the risk of diversion and unauthorized use of U.S. defense articles to countries and other parties that aim to harm the U.S. and its allies. It combats illicit arms trafficking, uncovers security problems that can then be mitigated, and builds confidence and cooperation among defense trade partners.

¹ Section 40A(c) of the AECA requires the annual submission to Congress of a report describing actions taken to implement the end-use monitoring of defense articles and defense services exported abroad, including a detailed accounting of the costs and number of personnel associated with the monitoring program and the numbers, range, and findings of end-use monitoring of U.S. transfers of small arms and light weapons. The end-use monitoring program for transfers made pursuant to direct commercial sales is commonly known as the “Blue Lantern” program.

Blue Lantern end-use monitoring comprises pre-license, post-license/pre-shipment, and post-shipment checks to verify the bona fides of foreign consignees and end-users, confirm the legitimacy of proposed transactions, and to the extent practicable, provide “reasonable assurance that –

- (i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of defense articles and defense services; and
- (ii) such articles and services are being used for the purposes for which they are provided.”²

DDTC primarily targets its Blue Lantern end-use monitoring efforts on specific technologies and commodities, as well as parties identified on its Watch List, an internal screening tool containing over 241,600 entries that range from entities requiring further review to restricted or denied persons. DDTC uses this Watch List to flag parties on export authorization applications for additional scrutiny and possible Blue Lantern checks. In FY 2024, CEA reviewed 102,907 Watch List by-name matches (or “hits”) while making 2,417 new entries and 3,239 modifications to the Watch List itself. In addition to these sources for targeting Blue Lantern visits, DDTC may focus checks for other reasons, including on a particular region or country to assess the security of defense articles or on an entity referred to the Department by other government agencies, including those within the law enforcement community.

In FY 2024, seven Department of State full-time employees and four contractors managed the Blue Lantern program, among their other duties, at a total price tag of approximately \$2.24 million. With respect to end-use checks themselves, these are largely conducted by U.S. embassy personnel, who reported an estimated cost of \$287,854 for inquiries closed in FY 2024—a 155 percent increase from the FY 2023 estimate of \$113,000. This increase can be attributed to a combination of two phenomena: a higher volume of checks conducted last year (341 closed in FY 2024 vs. 284 closed in FY 2023) and a significant rise in cost per check.

² Section 40A(a)(2)(B) of the AECA (22 U.S.C. 2785(a)(2)(B)).

Specifically, with an upsurge in defense trade last year³ and ongoing conflicts in various regions globally, the Department saw a boost in the number of export authorizations requiring Blue Lantern reviews. Additionally, with the threat of COVID largely abated by October 2023, embassy personnel, who had often resorted to “virtual” checks during the pandemic period, began to rely on the more preferred “in-person,” checks. These checks permit Blue Lantern officers in the field to physically verify security apparatuses and hardware in an end-user’s possession. In general, in-person checks are more costly than virtual checks due to the transportation, overnight billeting, and time-related expenses that visits to foreign facilities often require. Additionally, 2024 also saw a steady uptick in inflation in many parts of the world, which contributed to the higher overall cost of checks that increased from \$653 in FY 2023 to \$1,255 in FY 2024. These factors also directly impacted CEA’s Blue Lantern Post Support Program, which facilitates end-use monitoring efforts by funding in-country travel costs associated with in-person site visits or end-use monitoring training. In FY 2024, this program expended \$22,886 (a 76 percent increase from FY 2023’s total of \$13,000).

Last year, CEA staff also supported in-person overseas outreach visits with embassy personnel, host government officials, and foreign businesses engaged in the trade of ITAR-controlled items. These visits to Bangladesh and Mexico helped educate foreign defense trade partners about the Blue Lantern program and U.S. defense trade controls and policy. They also helped foster increased cooperation and compliance with U.S. defense trade controls. The cost of these trips totaled \$12,472.

Blue Lantern End-Use Inquiries Initiated in FY 2024

In FY 2024, DDTC approved 24,691 export authorization requests. CEA initiated Blue Lantern checks on 292 export authorizations or authorization requests (93 pre-license checks, 149 post-shipment checks, and 44 checks that

³ As of Feb 28, 2025, DDTC estimates that Direct Commercial Sales license adjudications for defense articles and defense services rose 27.5 percent between FY 2023 and FY 2024.

involved both pre-license and post-shipment elements) in 70 countries.⁴ As such, Blue Lantern checks in FY 2024 were performed on over 1 percent of the license applications approved. Figures 1 and 2 illustrate the regional distribution of export authorizations and Blue Lantern inquiries, respectively.⁵

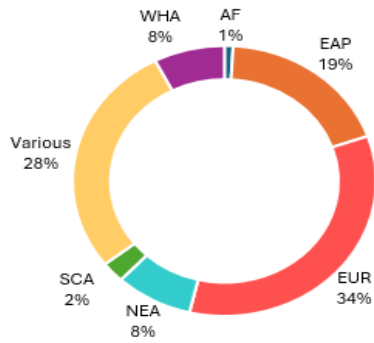


Figure 1 – FY 2024 DCS Authorizations by Region

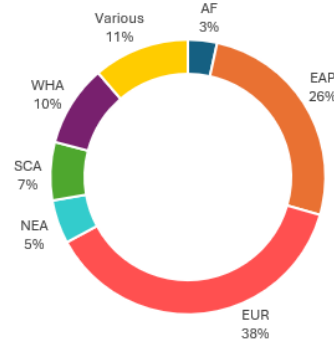


Figure 2 – FY 2024 Blue Lantern Checks by Region

Note that several Blue Lantern checks not only reviewed specific transactions but also analyzed the management structure and security controls of foreign companies that may pose a risk of diversion of defense articles due to their acquisition by another foreign entity.

In FY 2024, DDTC built on the previous year’s achievement of codifying its method for conducting EUM in non-permissive environments through a combination of “standard” and “persistent” checks. The persistent checks help enable comprehensive monitoring of U.S. defense articles from initial shipment through integration to final receipt and deployment. DDTC conducted three Blue Lanterns in Ukraine under this model, supporting EUM objectives and providing valuable information to U.S. policymakers, while prioritizing the safety of U.S. personnel and the operational security of the host nation partner. Similarly, DDTC was able to seamlessly leverage this approach to maintain continuity in conducting EUM in Israel, further

⁴ The number of checks is based on total licenses or authorizations subject to a check for parties for a specified region other than the United States or international waters. The same authorization may be subject to multiple checks to provide assurances for separate parties or in separate phases (e.g., pre-license and post-shipment).

⁵ The regions are based on the areas of responsibility of State Department regional bureaus: AF for African Affairs (Sub-Saharan), EAP for East Asian and Pacific Affairs, EUR for European and Eurasian Affairs, NEA for Near Eastern Affairs (North Africa and the Middle East), SCA for South and Central Asian Affairs, and WHA for Western Hemisphere Affairs.

showcasing the adaptability and effectiveness of the Blue Lantern EUM program.

Through these efforts, the Blue Lantern program reinforced U.S. security by improving accountability of and ensuring the safeguarding of sensitive U.S.-origin defense articles and technology sold, leased, or exported under Department of State licenses or other approvals. The program also helped foster greater trust and cooperation with and among international partners, promoting stronger bilateral relationships and cultivating a favorable environment for international trade that permits U.S. manufacturers to operate internationally with minimal disruption. The combined effect of these factors helped bolster defense trade and cooperation.

Blue Lantern End-Use Inquiries Closed in FY 2024

CEA closed Blue Lantern checks on 341 export authorizations or requests in FY 2024. Figure 3 illustrates the number of Blue Lantern cases closed, by region. Of the authorizations checked, 213 (62.46 percent) reported “favorable” results. These favorable checks verified defense articles were received and secured by authorized end-users, confirmed the bona fides of parties (primarily foreign intermediaries), and enhanced the parties’ understanding of U.S. export laws and regulations. CEA also closed six checks (2 percent) as “No Action” due to logistical constraints that prevented Post from completing a check or changes to the original license request that obviated the need for a check (1 percent).

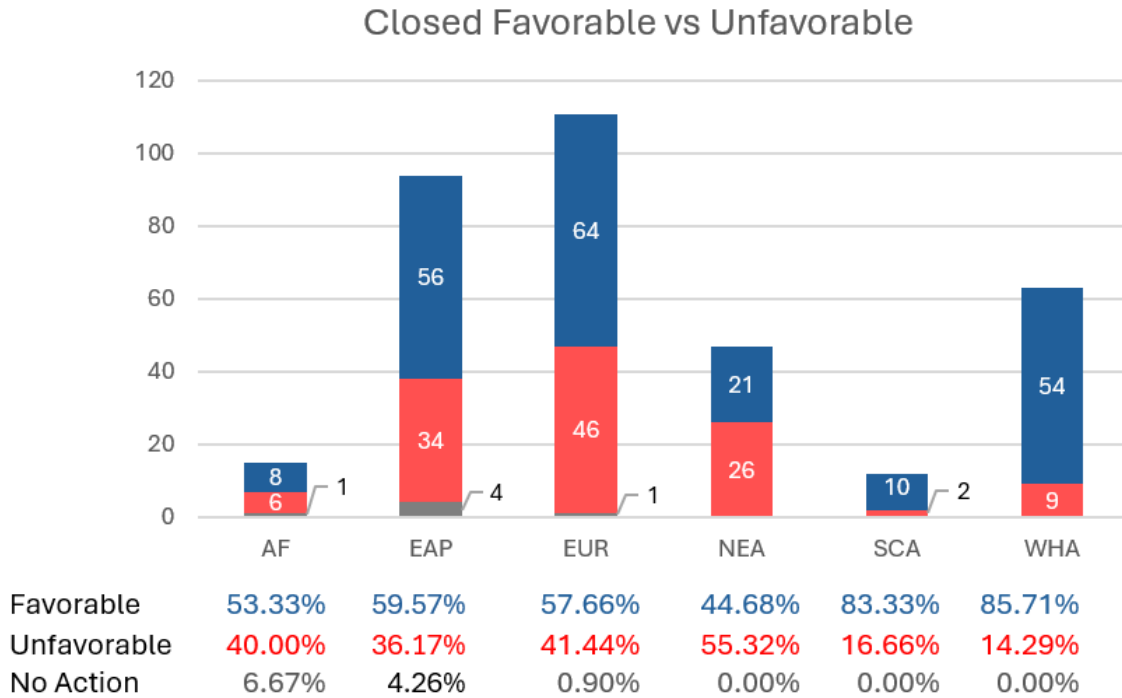


Figure 3 – Checks Closed in FY 2024 by Region

Unfavorable Checks in FY 2024

CEA closed checks on 123 authorizations as “unfavorable” in FY 2024 (or 36.1 percent of all authorizations checked). This rating applies to cases where the findings of fact are inconsistent with information in the license application or where certain information cannot be verified. The most common reasons for closing cases as “unfavorable” last year were unresponsiveness of a foreign party, and discrepancies between information provided by the visited party and what was actually authorized on the license. In FY 2024 the rate of unfavorable findings was slightly higher than that of the previous five fiscal years (approximately 30 percent).

Blue Lantern checks are selected based on several risk factors, including but not limited to new or unknown foreign parties, sensitivity of the technology involved in the transaction, and unusual shipping patterns. Because the selection process is risk-based, transactions targeted for closer scrutiny are

more likely to result in unfavorable findings than would a random sampling of license applications.

Reason for Unfavorable Outcome of a Check	Count
Refusal to cooperate	32
Derogatory information/unreliable foreign party	27
Unlicensed party	22
Other	21
Lack of secure storage facilities	11
Unable to confirm order or receipt of goods	10
Unauthorized reexport/retransfer	4
Inability to confirm existence of foreign party	1

Figure 4 – Reasons for Unfavorable Results and Number of Instances (FY 2024)⁶

Figure 4 depicts the various reasons checks were closed as unfavorable. Because a case may be designated “unfavorable” for more than one reason, the cumulative total for this table exceeds the total number of unfavorable cases recorded for the year. In FY 2024, the leading causes of an unfavorable finding were *refusal to cooperate*⁷ (32 checks) and *derogatory information/foreign party deemed unreliable recipient of USML*⁸ (27 checks). Excluding the category “Other,” which includes a range of reasons that do not neatly fall into the categories in Figure 4, the remaining reasons were *unlicensed party*⁹ (22 checks), *lack of secure storage facilities*¹⁰ (11 checks), *unable to confirm order or receipt of goods*¹¹ (10 checks), and *unauthorized reexports/retransfers*¹² (4 checks). For FY 2024, CEA documented no instance of *indications of potential or actual diversion*.¹³

⁶ Multiple reasons may be associated with a single case.

⁷ Party failed to provide a fulsome response in a timely manner.

⁸ Inquiry generated information calling into question the foreign party’s ability to comply with the ITAR.

⁹ Inquiry identified the participation of an entity not listed on the license or authorization request.

¹⁰ Inquiry revealed inadequate physical or information security protocols in place to safeguard U.S. defense articles.

¹¹ Parties were unable to confirm the request for or receipt of goods requested in the original authorization.

¹² Inquiry revealed unapproved transfers due to a misunderstanding of, or lack of sufficient training in, the ITAR.

¹³ Intentional actions to change end-use or end-user for nefarious purposes.

Unfavorable Blue Lantern cases resulted in several types of actions, including returning without action or denying license applications, removing parties from licenses, updating the DDTC Watch List, or referring cases to DDTC's Office of Defense Trade Controls Compliance (DTCC) and/or U.S. law enforcement agencies for appropriate civil and/or criminal enforcement investigation and action. CEA referred **12** unfavorable Blue Lantern checks to DTCC in FY 2024. Blue Lantern checks and DDTC Watch List screening led CEA to recommend removal of entities on 206 license applications.

Regional Distribution of Unfavorable Cases in FY 2024

In FY 2024, the **EUR** region had the highest unfavorable rate (37.09 percent), with the primary reason being "unlicensed party" (12 cases). **EAP** was the region with the second highest unfavorable rate (28.23 percent), "refusal by the foreign party to cooperate in a timely manner" (12 cases) and "unlicensed party" (10 cases). **NEA** followed with 20.97 percent due primarily to "derogatory information on the foreign party" (13 cases), "other" (10 cases) and "refusal to cooperate" (3 cases). **WHA** (7.26 percent) was next with "other" (4 cases) and "derogatory information on the foreign party" (3 cases), then **AF** (4.84 percent) due to "refusal to cooperate" (5 cases). Lastly, **SCA** had the lowest unfavorable rate (1.61 percent), with the primary reason being "refusal to cooperate" (2 cases). In all instances, CEA has targeted those parties receiving an unfavorable check for either future outreach, further end-use inquiries, referral to DTCC, and/or addition to the Watch List.

Blue Lantern Checks on Firearms Closed in FY 2024

Of the 292 closed authorizations checked in FY 2024, 81 authorizations involved U.S. Munitions List (USML) Category I (Firearms and Related Articles). Of these, 24 of these cases were closed as unfavorable. Figure 5 depicts the regional breakdown of firearms cases. The unfavorable rate for checks involving USML Category I articles was 28 percent for FY 2024.

USML CAT 1 Favorable vs. Unfavorable

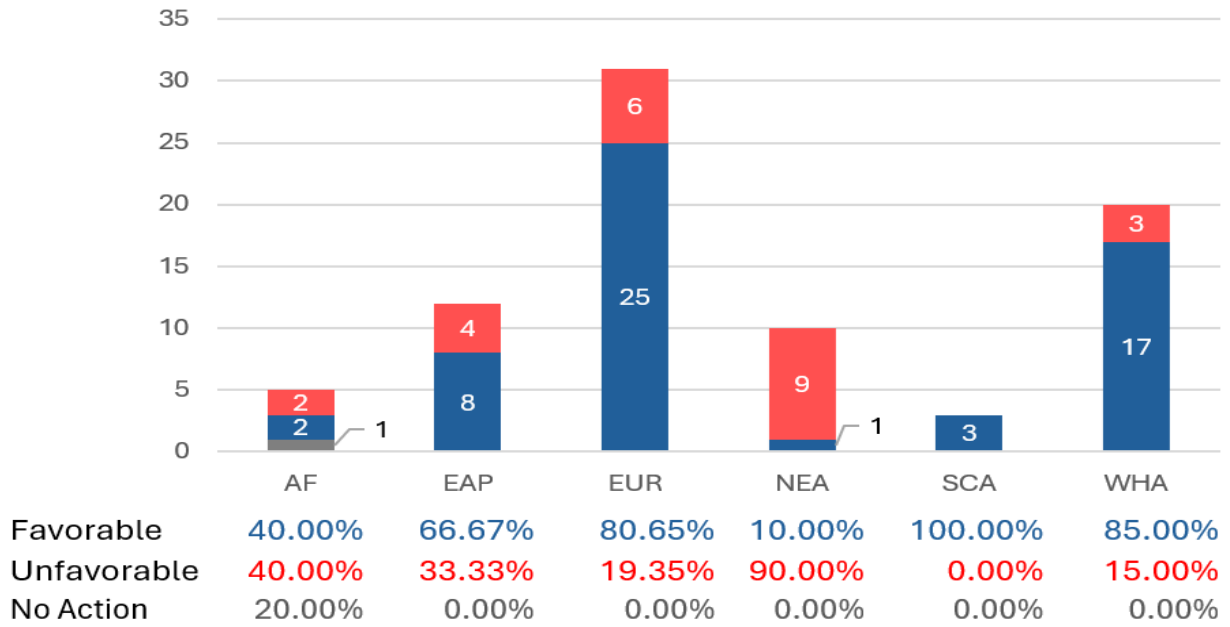


Figure 5: Checks Closed by Region (USML Category I)

For additional information on Blue Lantern End-Use Monitoring please see the DDTC Public Portal at https://www.pmdtcc.state.gov/ddtc_public/ddtc_public.