



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) 2025. 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 and defense services exported through direct commercial sales channels, as well as brokering activities, subject to Department of State licenses or other approvals under section 38 of the AECA and the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130). 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, Department of State.

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 or defense services 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.

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 –

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.

- (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 EUM efforts on specific technologies and commodities, as well as parties identified on its Watch List, an internal screening tool containing approximately 295,000 entries ranging from entities requiring further review to restricted or denied persons. DDTC uses the Watch List to flag parties on export authorization applications for additional scrutiny and possible Blue Lantern checks. In FY 2025, CEA reviewed 173,514 Watch List by-name matches (or “hits”) while making 3,750 new entries and 578 modifications to the Watch List itself. In addition to relying on these sources for targeting Blue Lantern visits, DDTC may conduct checks for other reasons, including focusing on a particular region or country or on an entity referred to the Department by other government agencies to include recommendations from the law enforcement community.

Throughout FY 2025, the Blue Lantern program remained strong and effective, boasting a record number of cases initiated as U.S. defense trade experienced sustained growth throughout the period. This growth, to some degree, underscores the role of rigorous end-use monitoring in building partner confidence, mitigating diversion risk, and reinforcing compliance with U.S. export control requirements—factors that support an uptick in licensing approvals, especially for those that relate to the export of more-sensitive technologies. In direct support of the Blue Lantern program, eight Department of State full-time employees and four contractors helped manage its operations alongside their other duties at a total cost of approximately \$1.93 million. With respect to conducting the end-use checks themselves, these primarily were accomplished by U.S. embassy personnel. The estimated cost for inquiries closed in FY 2025 was \$111,720, representing a 61 percent decrease from the FY 2024 estimate of \$287,854, despite a higher number of checks completed in FY 2025 (355 compared to 341 in FY 2024).

This decrease is primarily due to a reduction in the average cost per check, reflecting Posts’ success in implementing cost-cutting measures while conducting these checks despite a rise in the number of export authorizations and a corresponding increase in Blue Lantern checks. Notable efficiencies include improved logistical planning and

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

resource allocation, both of which permitted the Department to conduct more checks at a lower cost, even as travel and on-the-ground engagement remained essential to executing the program. In-person checks, critical for verifying security apparatuses and hardware in the end user’s possession, were managed more effectively, reducing transportation, lodging, and time-related expenses associated with visits to foreign facilities. These operational improvements enabled the Department to maintain more rigorous end-use monitoring while controlling costs in a dynamic and ever-changing global environment.

These factors also contributed to a reduction in expenditures for CEA’s Blue Lantern Post Support Program, which funds in-country travel for site visits and end-use monitoring training, where a lack of funds at Post exists. In FY 2025, the program expended \$14,974, representing a nearly 35 percent decrease from the FY 2024 total of \$22,886.

Blue Lantern End-Use Inquiries Initiated in FY 2025

In FY 2025, DDTC adjudicated over 26,500 export authorization requests. CEA initiated Blue Lantern checks on over 390 export authorizations or authorization requests in 82 countries.³ Further, Blue Lantern checks in FY 2025 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.⁴

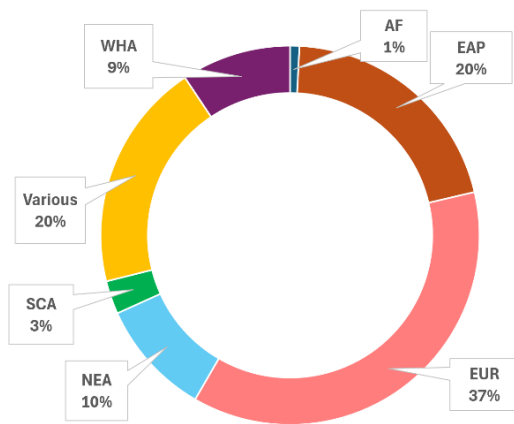


Figure 1 – FY 2025 DCS Authorizations by Region

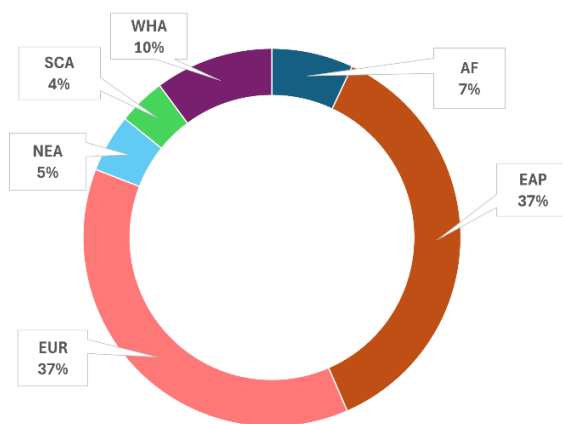


Figure 2 – FY 2025 Blue Lantern Checks by Region

³ 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).

⁴ 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.

Of note, several Blue Lantern checks were used to not only review specific transactions but to also analyze the management structure and security controls of foreign companies that might pose a risk of diversion of defense articles due to their acquisition or investment by a suspect foreign entity. These “Foreign Acquisition of Foreign Defense Entities” verification visits provide DDTC deeper insight into corporate ownership structures and internal compliance controls. Based on information obtained during these visits, DDTC determined there was no evidence of diversion risk among any of these parties. Conversely, the visits demonstrated that in nearly every instance, existing oversight mechanisms had been appropriately tailored to ensure the proper level of vigilance was maintained.

Throughout FY 2025, DDTC leveraged the EUM vetting framework while integrating best practices from its own experience, as well as from other EUM programs implemented across the U.S. government, including the Department of Commerce’s Bureau of Industry and Security (BIS) and the Department of War’s Defense Security Cooperation Agency (DSCA). A significant application of this framework came with the implementation of a new exemption under the trilateral security partnership between Australia, the United Kingdom, and the United States. In support of this exemption, CEA developed a comprehensive checklist for the Authorized User List (AUL), a key component of the partnership. This checklist was specifically designed to accommodate unknown and unvetted foreign parties to fully vet their bona fides and security protocols. In all, DDTC completed 51 checks on AUL candidates for the new Australia and UK exemption, rigorously applying the framework to ensure each prospective participant met established security standards. As of the end of FY 2025, there are over 850 users on the AUL.

By adopting this approach, DDTC contributed to a streamlined and secure defense trade system, enabling U.S. industry to better connect with reliable and trusted foreign partners. This collaborative and adaptive effort underscores the value of leveraging collective expertise to advance U.S. security objectives while facilitating responsible defense cooperation. Through these efforts, the Blue Lantern program reinforced U.S. security by improving accountability and ensuring the protection of sensitive U.S.-origin defense articles and defense services sold, leased, or exported under Department of State licenses or other approvals. The program also fostered greater trust and cooperation with international partners, promoting stronger bilateral relationships and cultivating a favorable environment for international trade, allowing U.S. manufacturers to operate internationally with minimal disruption.

Blue Lantern End-Use Inquiries Closed in FY 2025

CEA closed Blue Lantern checks on over 350 export authorizations or requests in FY 2025. Figure 3 illustrates the number of Blue Lantern cases closed, by region. Of the authorizations checked, 72 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 1 percent checks as “no action” due to logistical constraints that prevented Post from completing a check or changes to the original license request obviating the need for a check. As discussed below, CEA closed 27 percent checks as “unfavorable.”

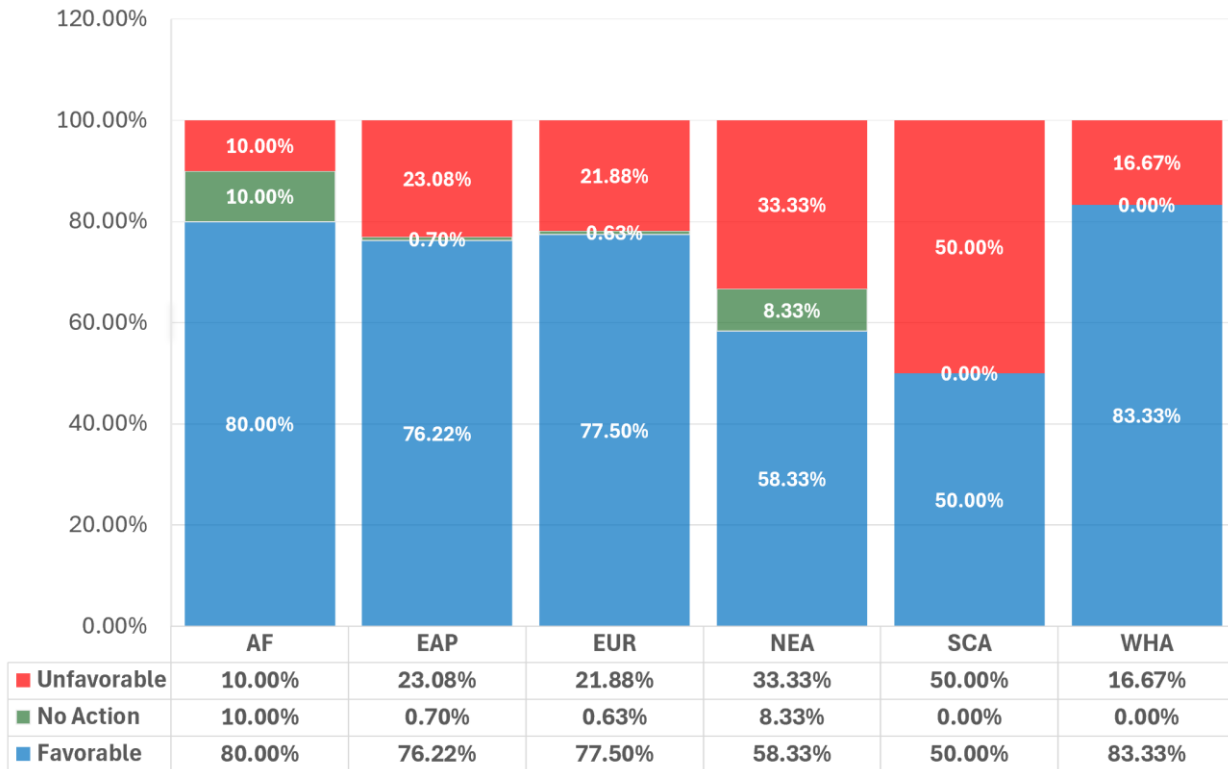


Figure 3 – Checks Closed in FY 2025 by Region

Unfavorable Checks in FY 2025

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 in nature, transactions targeted for closer scrutiny are more likely to result in an unfavorable rating than would a random sampling of license applications. By definition, the rating of “unfavorable” is limited to cases where the findings of fact are inconsistent with information presented in a license application or where certain information is deemed unverifiable. As noted previously, in FY 2025, CEA closed

checks on 27 percent of authorizations checked as “unfavorable.” For comparison, this rate was marginally better than that for the previous five fiscal years (roughly 30 percent).

Figure 4 list the most common reasons for closing cases as “unfavorable.”

Reason for Unfavorable Outcome of a Check	Count
Refusal to cooperate	55
Multiple Reasons	34
Derogatory information/unreliable foreign party	29
Other	21
Unable to confirm order or receipt of goods	20
Inability to confirm existence of foreign party	9
Unauthorized reexport/retransfer	6
Lack of secure storage facilities	5

Figure 4 – Reasons for Unfavorable Results and Number of Instances (FY 2025)⁵⁶

Last year, unfavorable Blue Lantern cases resulted in the Department taking various remedial actions, including returning without action or denying license applications, removing parties from approved or pending license requests, updating the DDTC Watch List, and/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 **five** unfavorable Blue Lantern checks to DTCC in FY 2025. Blue Lantern checks and DDTC Watch List screening led CEA to recommend removal of entities on over 500 license applications.

Regional Distribution of Unfavorable Cases in FY 2025

In FY 2025, the **SCA** region had the highest unfavorable rate —50 percent—with the primary reason being refusal by the foreign party to cooperate in a timely manner; however, those results are likely skewed due to SCA’s relatively small number of checks—26 total. **NEA** was the region with the second highest unfavorable rate —33 percent—due primarily to “refusal by the foreign party to cooperate in a timely manner” and “unable to confirm order or receipt of goods.” **EAP** followed with 23

⁵ Multiple reasons may be associated with a single case.

⁶ Because a case may be designated unfavorable for more than one reason, the cumulative total in the above table exceeds the total number of unfavorable cases recorded for the year.

percent due primarily to “refusal to cooperate,” “other,” “unlicensed foreign party,” “lack of secure storage facilities,” and “unauthorized re-export/retransfer/diversion.” **EUR**, with a 22 percent unfavorable rate, was next with “refusal to cooperate” and “unlicensed foreign party,” then **WHA**, with a rate of 17 percent, due to “refusal to cooperate.” Lastly, **AF** had the lowest unfavorable rate —10 percent—with the primary reason being “refusal to cooperate.” 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 2025

Of the over 350 closed authorizations checked in FY 2025, over 120 authorizations involved U.S. Munitions List (USML) Category I (Firearms and Related Articles). Of these, 37 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 30 percent for FY 2025.

