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CHAPTER 11

Significant Items; Hot Section Technology (Section 742.14)

Export Control Program Description and Licensing Policy

Certain items transferred from the United States Munitions List to the Commerce Control List (CCL) are subject to “enhanced control.” These items are designated on the CCL by the acronym “SI” which stands for “Significant Items.” “Hot section” technology for the development, production, or overhaul of commercial aircraft engines, components and systems is controlled for SI reasons and is included in Export Commodity Control Number (ECCN) 9E003 on the CCL.

The licensing policy for “hot section” technology is as follows:

- A.** The United States requires a license for exports and reexports to all destinations, except Canada, for hot section technology, which also is controlled for national security reasons.
- B.** The United States reviews all license applications for the hot section technology on a case-by-case basis to determine whether their export or reexport is consistent with U.S. national security and foreign policy interests.

Analysis of Control as Required by Section 6(f) of the Act

A. The Purpose of the Control

This control provides a mechanism for the United States to monitor the export of these items in order to prevent their use in instances that would adversely effect our weapons of mass destruction non-proliferation goals or the military balance within a region.

B. Considerations and/or Determinations of the Secretary of Commerce

- 1. *Probability of Achieving the Intended Foreign Policy Purpose.*** The Secretary of Commerce has determined that the control is likely to achieve the intended purpose of denying exports when the export would be contrary to U.S. national security or foreign policy interests.
- 2. *Compatibility with Foreign Policy Objectives.*** The Secretary has also determined that the controls are compatible with the foreign policy objectives of the United States. The control is consistent with U.S. foreign policy goals to promote peace and stability and to prevent U.S. exports when they would contribute to inappropriate military capabilities abroad.
- 3. *Reaction of Other Countries.*** The Secretary has determined that the reaction of other countries to this control is not likely to render the control ineffective in achieving its intended foreign policy purpose or to be counterproductive to U.S. foreign policy interests. Other allied countries control hot section technology for commercial jet engines as dual-use commodities. These countries also recognize the desirability of restricting goods that could compromise shared security and foreign policy interests.
- 4. *Economic Impact.*** In FY 2001, The Bureau of Export Administration (BXA) approved 130 licenses for technology for ECCN 9E003 and returned without action two applications. Of the 130 licenses approved, most involved “hot section” technology. The total dollar value of these approvals was \$31.0 million.
- 5. *Enforcement of Control.*** The United States does not experience any unusual problems in enforcing these controls. Manufacturers and intermediary companies are familiar with U.S. controls on these products and technology. These items are also subject to multilateral controls, therefore, cooperation from foreign government enforcement agencies is useful in preventing and punishing violators.

C. Consultation with Industry

As needed, BXA consults with the Transportation Technical Advisory Committee, although no major changes are envisioned to controls on the Commerce Control List.

On November 7, 2001, the Department of Commerce, via the *Federal Register* and via BXA’s webpage, solicited comments from industry on the effectiveness of foreign policy-based export controls. No comments were received specific to the controls described in this chapter. A more detailed review of the other comments is available in Appendix I.

D. Consultation with Other Countries

The United States has taken the lead in international efforts to stem the proliferation of sensitive items, urging other supplier nations to adopt and apply export controls comparable to those of the United States. The major industrial partners of the United States maintain export controls on this equipment and technology and control them as dual-use commodities. Pursuant to their agreement to establish a regime for the control of conventional arms and sensitive dual-use goods and technologies, the participants in the Wassenaar Arrangement have agreed to control these items and to ensure that transfers of such items are carried out responsibly and in furtherance of international peace and security.

E. Alternative Means

The United States has undertaken a wide range of diplomatic endeavors, both bilateral and multilateral, to encourage the proper control over these items. The United States has specifically encouraged efforts to prevent the unauthorized use or diversion of these items to activities contrary to U.S. security and foreign policy concerns.

F. Foreign Availability

Although the United States has been the world leader in this technology, other countries produce hot section technology. Most producers of hot section technology are members of the Wassenaar Arrangement and control these items as dual-use items in accordance with their national licensing policies.