

GAO Highlights

Highlights of [GAO-19-307](#), a report to congressional requesters

Why GAO Did This Study

The U.S. government implements an export control system to manage risks associated with exporting sensitive items while facilitating legitimate trade. State currently controls the export of most firearms, artillery, and ammunition. Regulatory changes proposed by State and Commerce would transfer this responsibility for many of these items to Commerce, which implements export controls under different legal and regulatory authorities. The proposed changes are part of a larger export control reform effort since 2010 to transfer control of less sensitive items from State to Commerce.

GAO was asked to review the proposed changes to export controls of firearms, artillery, and ammunition. This report assesses (1) the volume and value of commercial export license applications State reviewed for these items in fiscal years 2013-2017, (2) how certain export controls differ between State and Commerce, and (3) what is known about the resource implications for State and Commerce due to the proposed transfer. GAO reviewed the proposed rules and related laws and regulations; analyzed data and documents related to licensing, end-use monitoring, and staff resources; and interviewed agency officials.

What GAO Recommends

GAO recommends that if the proposed regulatory changes become final, State and Commerce develop a process for sharing State's internal watch list with Commerce to enhance oversight of firearms, artillery, and ammunition exports. State and Commerce agreed with GAO's recommendations.

View [GAO-19-307](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

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EXPORT CONTROLS

State and Commerce Should Share Watch List Information If Proposed Rules to Transfer Firearms Are Finalized

What GAO Found

The Department of State (State) reviewed approximately 69,000 commercial export license applications for firearms, artillery, and ammunition valued at up to \$45.4 billion during fiscal years 2013 to 2017. About two-thirds of these applications were for firearms, and the majority involved the export of non-automatic and semi-automatic firearms, which are among the items proposed for transfer from State to Department of Commerce (Commerce) control.

Examples of Firearms and Ammunition Proposed to Transfer from Department of State to Department of Commerce Control



Source: Bureau of Alcohol, Tobacco, Firearms and Explosives. | GAO-19-307

GAO identified several differences in Commerce's and State's export controls including those related to registration, licensing, end-use monitoring, and congressional notification that, according to the agencies, would apply to firearms, artillery, and ammunition proposed for transfer. Some of these differences are due to varying requirements in applicable laws and regulations. For example, the law requires manufacturers, exporters, and brokers to register with State for items controlled by State but not for items controlled by Commerce. Additionally, while Commerce and State both screen parties to licenses against relevant watch lists, Commerce officials said they do not have direct access to State's internal watch list, which contains derogatory information from past screening of licenses for firearms, artillery, and ammunition exports. State and Commerce officials stated that, while they have held some discussions, they have not established a process for sharing watch list information. Without access to State's watch list, Commerce may lack critical information to effectively screen parties to exports of firearms and related items. State and Commerce also both have end-use monitoring programs to confirm the legitimacy of end-users but some differences exist. For example, State relies on embassy staff to conduct end-use monitoring whereas Commerce relies primarily on several officers positioned overseas specifically for this purpose. In addition, a statutory requirement to notify Congress of proposed firearms exports over \$1 million would no longer apply to firearms that transfer from State to Commerce, according to Commerce officials.

According to the proposed rules and agency officials, the proposed transfer, if finalized, would result in a decline in licenses and revenues for State and an increase in licenses for Commerce, but the precise extent of these changes is unknown. State estimates that the transfer would result in a decline in revenue from registration fees but officials stated it is difficult to predict the extent of this decline. Commerce officials stated that they expected their licensing and enforcement workload to increase as a result of the transfer, if finalized, but they believe they have sufficient staff resources available to absorb the increase.