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Congressional Hearing Notes
Export Controls, Arms Sales, and Reform: Balancing U.S. Interests Part II
House Foreign Affairs Committee
February 7, 2012

The following recap of this congressional hearing was originally published on SpacePolicyOnline.com on February 7, 2012 under the title "*AIA: U.S. Lost Thousands of Jobs, Billions of Dollars Because of Export Law.*"

The Aerospace Industries Association (AIA) released a new report and several fact sheets today about the negative impact of U.S. export controls on that industry. AIA concludes that changes made in 1999 that put all satellites and their components on the U.S. Munitions List cost the satellite manufacturing industry \$20.8 billion between 1999 and 2009, which translates into 27,893 jobs lost annually during that time period.

AIA released its most recent [report](#) on the impact of export controls on the aerospace industry and the satellite industry-specific [fact sheets](#) in conjunction with a House Foreign Affairs Committee hearing on export reform. AIA's President, Marion Blakey, [testified](#) along with [Patricia Cooper](#), President of the Satellite Industry Association (SIA).

As they have for many years, the two associations recounted the loss of global market share for U.S. companies since the late 1990s when Congress dictated that all satellites and their components be treated as munitions under U.S. export laws. Congress acted in the wake of an investigation that concluded U.S. satellite manufacturing companies aided the development of China's launch vehicles, close cousins of missiles with their obvious national security implications. At the time, U.S.-made satellites could be exported to China for launch. After several Chinese launch vehicle failures where U.S.-built satellites were lost, satellite manufacturers Loral and Hughes (now Boeing) aided China in its accident investigations, but did not adhere to the export control restrictions in place at the time.

The so-called Cox Committee, chaired by then-Rep. Christopher Cox (R-CA) investigated the Loral-Hughes incident. Its findings led to language in the FY1999 National Defense Authorization Act ([P.L. 105-261](#)) placing satellites and their components on the U.S. Munitions List of items whose exports are controlled by the State Department.

For most of the 1990s, commercial communications satellites were under the jurisdiction of the dual-use Commerce Control List administered by the Department of Commerce. The Cox committee and the new law changed that. No U.S. satellites, or satellites containing U.S. components, can be exported to China now under the International Traffic in Arms Regulations (ITAR). European satellite manufacturers have used the opportunity to build "ITAR-free"

satellites that can be exported to China for launch, an advantage for satellite owners who thus can take advantage of China's relatively low launch prices.

Ordinarily the Executive Branch determines what items are on each list, and SIA's Patricia Cooper testified today that her organization wants that responsibility returned to the Executive Branch. "Satellites are the only category of products mandated by Congress for blanket treatment as munitions....SIA asks that Congress remove this blanket requirement and restore Executive Branch authority over regulation of satellite export controls," she said.

At the same time, she insisted that the satellite industry is not seeking any changes in how exports to China are handled: "Further, SIA and its members do not seek any legislative erosion of safeguards already in place that have effectively prohibited satellite technology exports to China."