

What Export Control Reform Means for You: Let Us CI-EAR Up Changes to the International Traffic in Arms Regulations (ITAR) – Episode I: The Basics – Five Points to Remember about Export Control Reform

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The first major wave of the much-discussed U.S. Export Control Reform measures will break on October 15, 2013 as the first round of rule changes take effect. While many in the affected industries expect that the October changes will be a welcome relief from certain burdensome regulations, many are concerned, confused, and overwhelmed by the complex regulatory shifts being announced by the U.S. State and Commerce departments.

This article is the first in a series addressing various aspects of the ECR changes. We will do our best to offer a bit of fundamental clarity, provide lay-person explanation, and lend some guidance in parsing nuanced regulations. We also hope to bring an entirely new concept to the ECR discussion: comprehensibility. We welcome your feedback by email through our open discussion on Twitter at [@ReidGlobalTrade](https://twitter.com/ReidGlobalTrade).

Our first article will not repeat the [detailed ECR coverage](#) already provided in this blog. Instead, we will provide five important points to keep in mind as you keep track of the ECR effort. With those points laid out, we will move right into the details in [Episode II: The First Change – Reevaluating your ITAR Aircraft Parts](#).

Point 1. Keep an Eye on the Calendar.

The changes to ITAR controls are scheduled to be rolled out by category. For your convenience, the following is a general outline of the schedule so far (to be updated in our monthly ECR editions):

Point 2. The Controls May Open Up Your Business to the World, and the World to your Business.

Many U.S. manufacturers have complained of being excluded from foreign markets by the ITAR. The problem is that some foreign OEMs source parts only from non-U.S. companies or demand ITAR-free components. The reason is that, under the ITAR, a single ITAR component can render an entire system subject to ITAR controls. Thus, foreign OEMs often try to avoid U.S.-origin parts so that their final product will not be pulled under ITAR control by a single ITAR element. As the ECR shifts certain parts and components from the ITAR to the EAR, U.S. manufacturers will be able to market their products across a new map of open regions (nope, still not China. More on that in Episode III). OEMs will now have more options for their supply chains as whole catalogues of new commodities become available for use under EAR controls, rather than ITAR controls.

Point 3. The “R” is for Reform, not Release

In cases where the ECR moves an item off of the United States Munitions List, that item is not suddenly free of all export controls. Items and technology moved to the EAR will fall under differing levels of control for licensing purposes depending on their technological capabilities and their destination. Exporters must now carefully review the EAR and the Commerce Control List to determine the applicable controls. This is especially true for parts moved onto the new EAR “600 Series,” where careful review (or consultation with counsel) may be warranted. China and other countries under U.S. arms embargoes will remain off limits generally for items moved from the ITAR to the EAR. The ECR will change the rules of the game for exporters. It will not, however, eliminate those rules.

Point 4. You Have Plenty of Time to Ease into the Changes . . . You Do Not Have Infinite time to Ease into the Changes.

Exporters will not wake up on October 15 and suddenly race to resubmit their commodity jurisdiction requests, renew their licenses, and renegotiate their agreements. There are effective dates for the rule changes, but there will be a transition period for existing licenses. So don't panic! The following table presents timelines for activities affected by the rule changes.

The 1-inch column width and 10-point font that makes the Federal Register so popular may make the reading difficult. The ECR regulations are not so overwhelming, however, once take the time to see how the changes are applied, listen to people discussing them, and ask your own questions about them. The U.S. Departments of Commerce and State have undertaken a massive education outreach campaign in an effort to ensure that the regulated industries understand the upcoming changes. The [Export.Gov Blog](#) provides timely updates on the changes themselves and the tools to understand those changes. Assistant Secretary of Commerce for Export Administration Kevin Wolf has been on a world tour of teaching sessions. He has given over 300 presentations on the ECR so far (we must thank him for much of the insight we are able to provide here). The Bureau of Industry and Security is even rolling out online [decision tree tools](#) to assist you as you decide where your commodities fall under the new regimes.

Point 5. The Regulations ARE Approachable.

So give the online tools a try, review the secondary sources on the ECR changes, or attend a [BIS conference](#) to learn more. The only way to get a handle on these complex machinations is to get your hands on them and see how they work. We will provide more hands-on review in [Episode II: The First Change – Reevaluating your ITAR Aircraft Parts](#).

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National Law Review, Volume III, Number 193

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