

OPENING STATEMENT AS PREPARED FOR DELIVERY



Chairman Steve Chabot

Committee on Small Business

“Export Control Reform: Challenges for Small Business? (Part I)”

February 11, 2016

Good Morning. I call this hearing to order. Thank you all for joining us today for our Committee on Small Business hearing on the Export Control Reform Initiative (ECRI). This is part two of our hearing series on the ECRI—yesterday the Subcommittee on Agriculture, Energy and Trade held a hearing where Members heard directly from small businesses and trade compliance specialists on their firsthand experiences with the new export control system. I’ll mention, we heard some good things about the current status of the ECRI, and—perhaps unsurprisingly—we heard some bad things. And, now that we have identified some of the challenges America’s small businesses face when navigating the export control system, I hope we can take the opportunity that this hearing presents to address some of these concerns and figure out just how the Administration plans to better assist small businesses engaged in trade.

As a longtime member of the House Foreign Affairs Committee and current Chair of the Committee on Small Business, international trade has continued to be one of the topics I am most passionate about. And, I will also note, that I understand the importance of the United States export control system and the underlying implications for our national security goals, foreign relations, and economic growth. Defense materials and products and services that serve a civilian and military purpose—also known as dual-use items—should undoubtedly be scrutinized when they are leaving the country and being sold to a foreign buyer.

However, small businesses should not carry the burden of navigating a complex export control system and, since the Administration has moved to implement the ECRI, it looks like they agree.

As I mentioned, we heard yesterday from some small business directly engaged in the export control system. They all agreed that, while the goal of improving the export control system is a good one, government agencies are asking too much of exporters—particularly, small business exporters. These businesses are often discouraged from exporting due to their limited time and resources that can't be redirected to navigating the complexities of the export control system.

I recognize that generally the ECRI has been met with broad support from American businesses, and good or bad, change is hard. I believe there is a certain level of responsibility on the government to ensure that this transition doesn't overburden small businesses and I am concerned with their lackluster outreach efforts. Additionally, we have heard that the export control lists aren't completely synchronized and that's creating some confusion. There are also valid concerns about the long delays in the agencies' licensing approval processes and the cumbersome paperwork requirements. So, clearly, much work still remains to be done.

I look forward to hearing from our Administration witnesses about what progress the ECRI is making in the simplification of export controls but I am more interested in hearing about how the Administration is alleviating pressures on small business exporters.

Thank you again, and I now yield to the Ranking Member for her opening remarks.