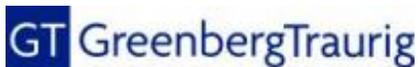


U.S. Government Announces Significant Changes to Export Controls on Spacecraft and Satellites



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The **U.S. Government** has issued changes to its **export controls** on **spacecraft** and **satellites**. The changes will become effective later this year, resulting in the migration of a large number of equipment, parts, components, software, and related technology and services now regulated under the **Department of State's International Traffic in Arms Regulations** (ITAR) to the jurisdiction and licensing authority of the **Department of Commerce's Export Administration Regulations** (EAR). The changes may in the long run reduce some export compliance obligations, but initially will create a burden on manufacturers and exporters to re-evaluate product classifications for individual space and satellite related items including hardware, software and technology.

Under the new rules, a number of spacecraft with civil applications, particularly certain commercial communications satellites, and their parts and components will transition to the licensing authority of the Department of Commerce. Most of the changes take effect on November 10, 2014, with certain products migrating to the EAR on June 27, 2014.

Although the changes theoretically result in the reduction of U.S. government export controls on most commercial satellites and other spacecraft, significant restrictions remain. For example, most items migrating to the EAR will still require export licenses, and some commercial spacecraft that exceed specific performance parameters will remain subject to the licensing requirements of the ITAR. In

addition, all exports to China of migrating space-related items and technical data will be subject to a policy of denial, while all items that remain under the licensing jurisdiction of the ITAR will continue to be subject to the U.S. arms embargo against China.

As the revised controls come into effect over the next six months, companies engaged in the manufacturing and/or exporting of spacecraft and related items should conduct a thorough assessment of their product classifications, as well as existing export authorizations, procedures, and compliance programs. At a minimum, we recommend that manufacturers and exporters of space and satellite related goods, software, technology and services follow these compliance steps:

- Conduct a self-classification of all space and satellite-related goods, software, technology and services to determine the appropriate control regime under the new regulations, whether ITAR or EAR;
- Depending upon results of the company's product self-classification, determine whether ITAR registrations should be maintained;
- Review existing ITAR export authorizations (licenses, agreements, exemptions) to determine (1) whether existing authorizations will remain valid; (2) whether new
- EAR export authorizations must be obtained; or (3) whether the underlying items no longer require specific U.S. government export authorization; and
- Refresh export controls training to educate employees with export compliance functions about these significant changes.

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