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**BEFORE THE SUBCOMMITTEE ON OVERSIGHT AND ACCOUNTABILITY,
HOUSE FOREIGN AFFAIRS COMMITTEE (HFAC)**

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“Reviewing the Bureau of Industry and Security, Part I: U.S. Export Controls in an Era of Strategic Competition”

Good morning, Chairman Mast, Ranking Member Crow, and members of the Committee. My name is Steve Coonen. It is an honor to testify before your committee.

Following more than two decades in uniform as a U.S. Army artillery and foreign affairs officer, I spent nearly fourteen years as an analyst at the Defense Technology Security Administration (DTSA), the Pentagon’s unit for developing export control and technology security policies. By the end of my tenure, I was the DTSA’s Senior Foreign Affairs Advisor for China. In this position, I had the responsibility of preventing China from obtaining sensitive American technologies which could be adapted for military use against U.S. military personnel. In July 2020, the Office of the Secretary of Defense bestowed on me an Award for Excellence for my work on China.

In November 2021, I voluntarily resigned in protest from my post.

I could no longer in good conscience continue to serve when I believe that too many officials refuse to recognize and correct U.S. export control policy failures concerning China. I felt like I was watching a car crash in slow motion every time the federal government approved a technology transfer that fed the buildup of an adversarial Chinese military or furthered its modernization efforts. Technologies American companies are permitted to sell to China today can be leveraged to kill American warfighters in the Pacific tomorrow. Too few inside the system seemed willing to recognize or address this danger.

I have submitted to you my written statement. That statement is a 7,000 word paper I released yesterday through a group called China Tech Threat. My thesis is that a willful blindness characterizes the various actors regulating technology sales to Chinese entities. Their refusal to stop China from legally capturing American technologies undermines American national security and dishonors our forces’ willingness to sacrifice for our country.

At the center of our export control system is the Commerce Department's Bureau of Industry and Security, or BIS. In my view, BIS is failing to prioritize national security in its decision-making:

- BIS is grossly underestimating how Xi Jinping's Military-Civil Fusion strategy is diverting dual-use technologies to the People's Liberation Army.
- BIS is failing to deny technologies that, according to U.S. export control law, "make a significant contribution to the military potential" of the PLA.
- As evidenced in BIS's report on "U.S. Trade with China" that came out this week, in 2022, BIS approved 91% of applications for the export of controlled technologies to China.
- From my vantage point, the main problem is that BIS takes a business-first view of applications. Though there are scores of military uses for controlled technologies, BIS will rubber stamp applications unless they have specific intelligence of diversion.
- The problem with that approach is it is obviously extremely difficult to obtain intelligence on PLA diversion, even though we know it is happening, such as in the case of China's hypersonics.
- Second, Xi Jinping himself has told us that through his Military-Civil Fusion strategy, that the CCP **will** divert any technology for military purposes. So, we shouldn't need formal evidence of diversion to know the CCP's intent for controlled U.S technologies. Chinese assertions that they will only be used for civilian purposes are lies from a regime characterized by dishonesty and non-transparency.
- Third, unlike with every other trading partner, the U.S. has no effective mechanism to verify how controlled U.S. technology exported to China is ultimately being used.

In close, we are failing to recognize the significant and decades-long shortcomings associated with having a federal bureaucracy whose inherent interests are not aligned with our national security interests. Given the length of time that these problems have endured over several administrations, be it Republican or Democrat, I believe that only Congress can implement change. My paper offers 8 specific suggestions, but in deference to time limitations, I urge you to quickly implement the following 3 recommendations to fix our broken export control system:

First - Make a presumption of denial policy the standard position for National Security (NS)-controlled technologies and other critical technologies bound for the PRC.

Second - Give the Departments of Defense, State, and Energy greater authorities to determine the outcomes of BIS-dominated license reviews and enhance their ability to quickly add controls for emerging and unlicensed technologies for which they have the greatest equity.

Third - Request a GAO audit. I note a number of BIS process fouls in my paper. A GAO audit should be conducted immediately to assess the risk these violations are causing to national security. That audit should also contain recommendations for stopping these fouls.

I look forward to discussing these issues in greater detail with you. Thank you again for having me.