



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 23, 2010

### **S. 3581** **Defense Trade Cooperation Treaties Implementation Act of 2010**

*As ordered reported by the Senate Committee on Foreign Relations on September 21, 2010*

S. 3581 would implement two treaties to facilitate trade in defense articles and services on the U.S. Munitions List. Businesses seeking to export defense articles and services on that list generally require export licenses from the Department of State. In 2007, the United States signed bilateral treaties with the United Kingdom and Australia that would waive the licensing requirement for exports of certain goods and services to those countries. This legislation would implement those treaties.

The Directorate of Defense Trade Controls (DDTC) at the Department of State issues export licenses and maintains a registry of manufacturers or providers of defense articles and services. The DDTC is funded primarily through annual appropriations but has the authority to collect and spend registration fees. It is also responsible for ensuring compliance with rules and regulations governing defense trade, and has the authority to assess civil and criminal penalties for violations.

Based on information from the DDTC, CBO estimates that most of the DDTC's workload would be unaffected by the treaties and that implementing the bill would have insignificant effects on spending subject to appropriation. Enacting S. 3581 could affect collections of civil and criminal penalties and registration fees, thus affecting federal revenues and direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that such collections and spending would not be significant in any year.

CBO has not reviewed S. 3581 for intergovernmental or private-sector mandates because section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that the bill falls within that exclusion.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.