

Statement
Mr. Mario Mancuso
Under Secretary of Commerce for Export Administration-Designate
Senate Committee on Banking, Housing and Urban Affairs
May 10, 2007

Chairman Dodd, Senator Shelby, and other distinguished members of this Committee:

It is a great honor to be before you today as the President's nominee to be Under Secretary of Commerce for Export Administration. I want to thank the President and Secretary Gutierrez for their trust and confidence in me, and for the privilege to be considered to lead, and serve alongside, the talented men and women of the Bureau of Industry and Security.

I would also like to thank my wife, Leesa Klepper, and our daughter, Maia, for their love and support, and my family and friends who are here with me today.

Finally, I want to thank you and your respective staffs. I appreciate the time you have taken to meet with me and to share your perspectives on the issues facing the Bureau of Industry and Security. I look forward, if confirmed, to working closely with you and them in the future.

In late summer 2001, I was in the private sector practicing corporate law at a leading law firm, much as I had done for the better part of the previous decade. I represented U.S. companies and investment banks as they made their way in a competitive, fast-moving, and dynamic new international business environment. It was the best of times. Then 9/11 happened—and everything changed.

Soon after Johnny Mike Spann, a friend and jump school classmate, was identified as the first combat fatality in Afghanistan, I volunteered to serve a combat tour as a mobilized reservist. Despite my best efforts, I did not have the opportunity to serve in Afghanistan. However, I would later have the great privilege of leading U.S. troops in *Operation Iraqi Freedom*.

The personal details of my service, however, are less important than the lesson I learned in Iraq and as a senior official in the Department of Defense: that is, while we are fortunate to have the world's most vaunted military, national security does not rest upon our military power alone. Instead, our national security depends upon preserving our military capabilities and advantages and integrating these with *all* of the elements of our national power, including the economic power of U.S. workers and companies.

As this Committee knows well, the Bureau of Industry and Security (BIS) advances U.S. national security, foreign policy, and economic objectives by ensuring an efficient and effective dual-use export control system and by promoting continued U.S. strategic technology leadership. While this mandate encompasses a variety of important activities, BIS's core mission is to keep sensitive dual-use items away from dangerous countries, organizations (like Al Qaeda) and individuals in a manner that preserves the innovative and productive capacity of American industry.

BIS uses two primary tools to do this: issuing regulations and enforcing them. These functions are synergistic and both are vitally important. If confirmed, I will work diligently to ensure that these tools are used fully and judiciously. If confirmed, I will also work with this

Committee in support of the reauthorization of the Export Administration Act, pending long-term fundamental reform of the dual-use export control system.

While export controls are not new, applying them wisely is more challenging today than in previous years in light of dramatic changes in the global economy and the international system.

For many years, the unrivaled position of the U.S. as the economic and technology leader of the world made it possible for the U.S. to generally administer export controls without the need to give equal weight to the economic trade-offs of reduced exports, particularly since our closest competitors were also our allies, and they agreed with export controls designed to prevent sensitive items from reaching the Soviet Union or its satellites. Today, given dramatic changes in the global economy and the international system, investment capital, technology, and intellectual talent are more widely distributed, while national perceptions of security risk are no longer universally shared. In light of these tectonic changes, the decisions BIS makes every day affect the bottom-line of U.S. workers and companies. If confirmed, I will never forget that. Moreover, I will use my executive experience in the private and public-sectors to help U.S. businesses sell their products internationally, create jobs for U.S. workers, and enhance our national security.

As a former corporate lawyer and venture fund executive, I fully appreciate the fundamental importance of having a vibrant, resilient, and innovative economy. A strong industrial base and healthy export markets create jobs in our country and generate resources for research and development, which fuels innovation. And, in light of the relationship between healthy

export markets, R&D spending, and technology innovation on the one hand, and the increasing importance of cutting-edge commercial technologies to our military on the other, healthy export markets are not just important for workers and companies, but great for our country and its security.

Should I be confirmed, I will take a multi-faceted approach to export controls and energetically strive to make our controls as targeted and multi-lateral as possible. In every instance, I will seek maximum possible input from this Committee, interested members of the executive branch, and industry to ensure that our export control system is smart, efficient and effective and takes into account the real, bottom-line impacts on U.S. workers and companies.

Mr. Chairman, thank you for this hearing and for your consideration of my nomination. I would be delighted to answer your questions.