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Matt Axelrod and Christopher Timura Discuss the Commerce Department's Use of Revenue-Sharing Agreements in Export Licensing with GIR

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Partners Matt Axelrod and Christopher Timura recently spoke to Global Investigations Review (GIR) about the Commerce Department's use of revenue-sharing agreements in export licensing — a break with traditional national security policy that raises both legal and procedural questions.

Export controls have historically been used to safeguard sensitive technologies, Matt explained. By monetizing this tool, the Commerce Department is injecting commercial incentives into a process typically governed by national security imperatives. Calling this "a sharp departure from what's happened in the past," Matt said: "Either an item is going to be dangerous for our national security if it goes abroad or it's not, and the government taking a percentage of revenue from it shouldn't change that calculus."

Christopher added that many companies are wondering if there is now a pay-to-play model. "There are many, many, many companies that can't afford to lose any margin on their products and still remain profitable, so the idea of somehow conditioning the approval of a licence on some sort of revenue-sharing model is not one that's sustainable for the broad swath of American exporters," he said.

Related People

Matthew S. Axelrod

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Related Capabilities

Export Controls

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