From: Tina Seale <tina.seale@ericsson.com>
To: PublicComments@bis.doc.gov
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Subject: Ericsson Inc STA Response for Public Comment

Ericsson appreciates the opportunity to provide feedback to the BIS' proposed regulations concerning the Strategic Trade Authorization License Exception. Accordingly, please see attached for our comments. We trust that if you have any question concerning our submission, you would not hesitate to contact us.

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Ericsson Group's comment on the proposed Strategic Trade Authorization License Exception

The Ericsson Group would like to thank the Bureau of Industry and Security (BIS) for the opportunity to give comments on the Strategic Trade Authorization License Exception (STA).

Ericsson welcomes the approach to reform the export controls by building higher walls around the export of the most sensitive items while allowing the export of less critical ones under less restrictive conditions. Below please find our detailed comments on the STA.

Additional Administrative Burden

First of all we would like to point out that additional administrative work would create burden on U.S. exporters that would outweigh any benefit of the proposed license exception. The proposed license exception requirements to obtain written acknowledgement from the non-U.S. consignee and follow through on all subsequent re-exportations involving any STA shipments would slow down any planned shipment. As a result, it would not be an effective option for many supply chains as it would disrupt the flow of goods from the U.S. It is our opinion that the administrative responsibilities alone have been grossly underestimated by BIS. If, as BIS states, the countries allowed for the STA license exception are "low risk" we believe the requirement for consignee acknowledgement to be in direct opposition of the "low risk" stance. It also appears that STA mimics the already existing Special Comprehensive License.

Impact on Non-U.S. Consignees

Non-U.S. consignees could show reluctance to subject themselves to U.S. government regulations. As BIS points out, this requirement alone may make the license exception not feasible for many companies. It is unlikely that non-U.S. companies will accept these additional responsibilities.

Accountability

The language is not entirely clear on who will have accountability to the U.S. government for STA reporting and compliance. From the proposed language, it appears that both the U.S. exporter and the non-U.S. consignee would have shared responsibility. The language for the exception indicates that STA would impose significant responsibilities for non-U.S. parties that receive items pursuant to this exception and that it is a departure from any other license exception currently in place. As pointed out above, since non-U.S. companies are not likely to accept the additional compliance responsibilities, we believe that all the responsibility for compliance would then fall on the U.S. exporter. This is a risk/responsibility the U.S. exporters may not be willing to take. It is our opinion that complete details on the responsibilities of each party should be defined in the regulations for this license exception.

What are the effects on encryption?

The language is not very clear on whether the STA license could be applied for encryption items and how it would affect the ENC license exception. Unless the proposed STA language simplifies encryption requirements and makes STA more effective we believe that the ENC license exception, which is otherwise applicable for encryption items and technology, is better tailored for controlling encryption items in the telecommunications industry. If the ECCNs that are contributed to encryption items and encryption technology are allowed under STA, will there be reporting requirements for these items that go beyond the proposed STA requirements?

When the process of reforming the export controls continues Ericsson will be available to give further comments from an Industry perspective.

Yours sincerely,

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