Export Group for Aerospace & Defence

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8th September 2011

Regulatory Policy Division,
Bureau of Industry and Security, Room
2099B, U.S. Department of Commerce,
14th St. and Pennsylvania Ave., NW.,
Washington, DC 20230
United States of America

**Ref: RIN 0694–AF17**

Dear Sir,

The US Federal Register (Vol. 76, No. 136 / Friday, July 15, 2011) sought comment, by 13th September 2011, on "*Proposed Revisions to the Export Administration Regulations (EAR): Control of Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML)*".

This response to this request for comments is provided by the Export Group for Aerospace and Defence (EGAD), on behalf of UK Industry, to these proposals. EGAD is a non-profit making special interest industry group focusing exclusively on all aspects of export and trade control matters, and is the only dedicated national industrial body in the UK dealing exclusively with export control issues. EGAD operates under the joint auspices of the ADS Group Ltd (A|D|S), the British Naval Equipment Association (BNEA), INTELLECT and the Society of Maritime Industries (SMI).

We have been watching from the UK as the plans have been announced and progressed for the on-going overhaul of US export controls with great interest. We strongly support the plans for the proposed reforms, from the viewpoint of UK Industry, and are aware that other Industry trade bodies, in other EU Member States (and I am convinced further afield) have equally been watching what has been happening with great interest.

We believe that the fundamental concepts behind the on-going reforms, as outlined by President Barrack Obama on 11th March 2010, and by Secretary of Defense Robert Gates on 20th April 2010 are vitally important and that it is essential for the continued health of the US Defense Industry for them to be successfully implemented. Already, we are aware, from a survey of our c.250 Members which we conducted a few years' ago, that (at that time) they were reporting that some 60% of their customers were apparently adopting a "Buy American Last" policy, purely and exclusively for export control reasons.

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We have now had the opportunity to study the FRN. The first thing to be said is that we in UK Industry believe that it is, in general, very much on the right lines, and, thus, is to be warmly welcomed. The creation of a, possibly temporary, home for such items in a new '600 series' seems realistic. The placing of these items on the CCL, subject to DoC jurisdiction, will considerably reduce the bureaucracy, costs and risks associated with ITAR-controlled items; the availability of General Exceptions, such as RPL (replacement parts), TMP (temporary exports) and STA (strategic trade authorisations) will also be helpful, while the availability of a de minimis rule, even at the comparatively low level of 10%, is a move in the right direction.

We look forward therefore to the early and comprehensive implementation of these proposals, together with the associated reconstruction of the USML.. At the same time we have two observations:

- First, the reasoning behind a 10% de minimis rule for '600 series' items lacks logic. Is it really necessary to reduce the level from the usual 25% to the 10% considered appropriate for embargoed states when the items are destined for trustworthy allies?

- Secondly, we would suggest reconsideration of the scope of destinations covered by the GOV and STA exceptions, the STA-36, with the aim of including other close US allies. They include Argentina and South Korea, for example, but not India or Saudi Arabia.

We would be happy to provide further clarification on any of the above issues, if that may be deemed to be useful and beneficial to you in your endeavours.

Regards

Brinley Salzmann

Brinley Salzmann - Secretary, EGAD