**DRS Technologies, Inc.**
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13 September 2011

Regulatory Policy Division
Bureau of Industry and Security, Room 2705
U.S. Department of Commerce
14th and Pennsylvania Avenue
Washington, DC 20230

**Subject: Response to 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) RIN 0694-AF17**

Dear Sir or Madam:

DRS Technologies, Inc. is fully supportive of the U.S. Government efforts to reform the regulations and systems for controlling exports. As a 10,000 employee company with products and customers in both the international commercial and defense markets, we are very familiar with the current export control systems. The reforms are much needed to help the U.S. export control apparatus stay in step with the ever evolving and changing global markets and national security climates.

We appreciate the opportunity to comment on the Proposed Rule regarding revisions to the Export Administration Regulations (EAR) for the Control of Items the President Determines No Longer Warrant Control Under the United States Munitions List (USML). This proposed rule is a very positive step towards reforming the antiquated U.S. export control system. The current regulatory approach of controlling every part and component that make up defense items places an incredible administrative burden on the U.S. government to control such benign items as screws, bolts, and batteries while simultaneously placing an incredible burden on industry in the form of ensuring compliance with the regulations and severely limiting supply chain and market options.

The proposed rule does a good job of setting the framework to address the above deficiencies while ensuring sufficient controls and safeguards are in place for these articles, once under the control of the EAR. In reviewing the proposed rule we identified a few areas that we believe require further clarification or modification to help ensure the goal of successfully reforming the export control system is met.

Our first concern is with the definition of "Specially Designed" in §772.1 The sub-paragraphs for this definition identify requirements that would determine an item to not be specially designed. There is no provision in these requirements for items that do not meet any of the requirements yet have already been determined to not be under the jurisdiction of the International Traffic in Arms Regulations (ITAR) and further, to be under the jurisdiction of the EAR and to be controlled at a level less than those identified for the new 600 series ECCNs (ex. classified as EAR99). We recommend adding an additional paragraph to this section that states "Items determined to not be

under the jurisdiction of the ITAR (22CFR §§120-130) by a Commodity Jurisdiction Determination (re. 22CFR §120.4), and further to be under the jurisdiction of the EAR, are controlled by the ECCN issued with the jurisdictional determination or any subsequent CCAT issued by BIS."

Our second concern is regarding the definitions in §772.1 for End-Item and Component. The definition of an End-Item is new to the EAR. The proposed definition is similar to the current ITAR definition in 22CFR §121.8. The one key difference is the proposed definition adds the qualifier "stand-alone" in front of intended use. This additional qualifier for an end-item actually creates confusion as to what an end item is. This confusion is further supported by the discussion in the definition of a Component. The example cited is that for an automobile, components include the engine, transmission, and battery. The engine and transmission meet the definition of a component as they are only useful when used in conjunction with the end item. These two components are substantially transformed once installed in the automobile such that the automobile functions as an automobile. The battery however, undergoes no such substantial transformation. It is ready for its intended useful as a power source regardless of it being installed in the automobile or not. What confuses this is the "stand-alone" qualifier in the proposed definition. As such, we recommend that "stand-alone" be removed from the definition of an end-item and that the example of a component be amended to just use items that meet the proposed definition of a component.

Our third concern is with the proposed de minimus guidance for the 600 series items. There is a single de minimus threshold of 10 percent. The guidance does not provide any allowance for situations where de minimus content must be calculated for both 600 series and non-600 series articles. For example, in a situation where a foreign end item contains 1% 600 series items and 12% non-600 series. Would this article be eligible for the 25% threshold currently in the EAR? We recommend the guidance be expanded to include situations where there is a combination of both 600 and non-600 series content.

We sincerely appreciate the efforts the administration has undertaken to reform the U.S. export control system. We firmly believe that such efforts will help to improve both U.S. government oversight and industry compliance efforts on truly critical defense items while greatly reducing the regulatory burden to U.S. industry for benign, very non-critical items. Focusing on those truly important items, rather than each and every item will help to increase our national security.

Should you have any questions in this matter or require additional information, please contact Mr Greg Hill at (703) 412-0288, ghill@drs.com.

Sincerely,

Heather C. Sears
Vice President, Trade & Security Compliance
& Associate Corporate Counsel
DRS Technologies, Inc.