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Ms. Hillary Hess
Regulatory Policy Division
Bureau of Industry and Security, Room 2099B
U.S. Department of Commerce
14th and Pennsylvania Ave., NW
Washington, DC 20230

Subject: **RIN 0694-AF65, Proposed Revisions to the Export Administration Regulations: Implementation of Export Control Reform; Revisions to License Exceptions After Retrospective Regulatory Review**

Dear Ms. Hess:

Alliant Techsystems Inc. (ATK) appreciates the opportunity to comment on the subject proposed rule to provide insight and guidance on the transition of USML controlled commodities to the CCL and make corresponding revisions to license exceptions. ATK appreciates the longer validity period for BIS issued licenses and the ability to request a longer period under certain circumstances and with justification. ATK also appreciates standardization of the de minimis threshold for all CCL items at 25%, with a 0% to certain destinations. ATK, however, provides the following comments for areas of further refinement based on our review of the proposed rule.

- **Implementation Period**
  Given the efforts necessary for implementation, ATK requests the Bureau allow at least 180 days from the date of publication of each category until the effective date of the transition.

- **Note 2 to paragraph (c) of §740.20**
  Clarification is requested for the requirement of a previous approval for the "purchaser, intermediate consignee, ultimate consignee, and end user."
  - Does the requirement of "previously been approved on a license issued by BIS or the [DDTC]" apply to the United Stated Government or a person in the United States? AIA recommends the note be amended to exclude the United States Government and persons in the United States.
  - Does the "previous approval" requirement apply to the commodity and party being contemplated for STA exception use? Or if a previous approval was obtained for commodity 1 to end user A, can commodity 2 be exported to end user A (assuming the transaction meets all the other requirements of the exception)?
  - How is industry to proceed if a purchaser, intermediate consignee, ultimate consignee, or end user previously approved on a license changes names? Is an approval identifying the new name necessary prior to use of the STA exception?

- What if the purchaser, intermediate consignee, ultimate consignee, or end user previously approved on a license has multiple operating locations within the same country? Is a separate authorization necessary for each physical location prior to use of the STA exception?
- What if the purchaser, intermediate consignee, ultimate consignee, or end user previously approved on a license moves locations? Is an authorization necessary citing the new physical location prior to use of the STA exception?
- Does a license stating the purpose as end use by the Government of X, although the Government end user is not a signatory to an ITAR Part 124 agreement, meet the requirement of "previously been approved on a license"?

- **§740.20(d)(2)(vi)**
  The paragraph requires the consignee to agree to "permit an end-use check;" however, to use the STA exception, the ultimate end use must be "a government of a country listed in §740.20(c)(1), the United States Government, or a person in the United States." How can a consignee be expected to agree to such an inspection of end use given whom the end users must be to qualify for exception use?

- **License Processing**
  The proposed rule fails to address the discrepancy between the published processing times of the DDTC and the BIS. How will BIS enhance license processing to reduce the license cycle times?

- **General Order No. 5**
  During the transition period, can exporters apply for BIS licenses for the same activities authorized by a DDTC authorization and return the DDTC authorization upon approval of the BIS license to allow for a smoother transition?

- **Commodity Jurisdiction and Classifications**
  ATK recommends the Bureau confirms that commodities subjected to the Commodity Jurisdiction process, resulting in an EAR determination and subsequent ECCN assigned by the BIS would not be moved to the "600 series" as a result of the transition. Rather those commodities will continue to exist in the categories previously assigned by the Bureau. If the Bureau insists on moving those commodities to the "600 series," then the Bureau should identify those commodities and so inform the party that submitted the classification request of the reassignment to the "600 series."

- **Possible Violations Involving Transitioned Items**
  Persons are "strongly encouraged to consult with DDTC or BIS as appropriate" when a possible violation is identified. ATK requests clarification and examples of situations where a person should contact the DDTC versus the BIS, if a possible violation is identified involving transitioned items.

- **§743.5 – Congressional Notification**
  ATK encourages the Bureau to consider removal of the Congressional Notification requirements under the proposed section. The Export Administration Regulations do not contain a Congressional Notification requirement, self imposing the requirement will further delay licenses and exports, contrary to the intent of the Export Control Reform. Additionally, proposed paragraph (d) requires a signed contract, another burden not currently required under the Export Administration Regulations.

- **SNAP-R**
  Although not addressed in the Bureau's proposed transition rule, ATK feels this matter warrants consideration and attention. Based on public comments made by Bureau staff, the Bureau has no intentions of allowing for electronic interfacing between SNAP-R and third party systems. Currently, DTRADE allows for third party interfacing, offering ATK the ability to generate applications in an internal electronic environment and then through batch uploading, submit applications to and track status through DTRADE. This internal system facilitates the requesting, processing, generating, submitting, tracking status and post approval implementation and compliance.

  Not allowing for third party interfacing with SNAP-R will add significant time, burden and waste to ATK's internal processes. ATK requests reconsideration and revision of the Bureau's position on this matter. Additionally, the Bureau should delay the issuance and effective date of this final rule and the publication of any "600 series" items until SNAP-R allows for third party interfacing.

- **Amending Licenses**
  22CFR123.25 and 124.1(d) allow for the amending of ITAR licenses and agreements, respectively. Allowable amendments under 22CFR123.25 are typically processed and approved by the DDTC in a matter of days, and amendments under 124.1(d) are effective before submission to the DDTC. Currently, the Bureau does not have a comparable process or method for such amendments and did not offer such as a part of the proposed rule. ATK requests the Bureau implement a license amendment capability that mirrors those available under the ITAR.

- **Distribution Agreements (DAs)**
  Currently DDTC approved DAs allow for a foreign entity to warehouse and sell products within an established territory – specific end users are not required to be identified in the DAs. Currently, the Bureau does not have a comparable licensing mechanism and did not offer such as part of the proposed rule. ATK requests the Bureau implement such a warehouse and distribution capability that is similar to that available under the ITAR.

Since all the Categories have yet to be published in draft form, it is difficult to fully assess the impact of the transition rule on ATK's commodities. Regardless, ATK again thanks the Bureau for the opportunity to comment on the proposed rule and applauds the Bureau's continued efforts on Export Control Reform.

Sincerely,

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Alliant Techsystems Inc.