

REVISIONS TO THE COMMERCE CONTROL LIST;
REMOVAL OF LICENSING EXEMPTION FOR EXPORTS AND REEXPORTS
OF MISSILE TECHNOLOGY-CONTROLLED ITEMS DESTINED TO CANADA

PROPOSED RULE
December 20, 2001 (66 FR 245)

PUBLIC COMMENTS

- MTC-1 Aerospace Daily (1/31/02)
- MTC-2 CDIA (the Canadian Defence Industries Association) (2/12/02)
- MTC-3 Michael Bukovic ((2/13/02)
- MTC-4 Danbee Aerospace, Inc (2/13/02)
- MTC-5 Aerospace Industries Association of Canada (2/14/02)
- MTC-6 Navhouse (Aerospace Navigation & Control Systems) (2/15/02)
- MTC-7 Honeywell (2/18/02)
- MTC-8 Canadian Government; Department of Foreign Affairs and International Trade (2/18/02)
- MTC-9 Com Dev Space (2/18/02)
- MTC-10 ICOTT (Industry Coalition on Technology Transfer) (2/19/02)
- MTC-11 DynCorp (2/19/02)
- MTC-12 Boeing (2/19/02)
- MTC-13 Mitsugi Tanaka (2/19/02)
- MTC-14 Bruce Campbell (2/20/02)
- MTC-15 CAE USA (2/21/02)
- MTC-16 NCITD (The National Council on International Trade Development) (2/22/02)
- MTC-17 CAE USA Inc., Military Simulation and Training

Central Region, Office of the Regional Counsel, 901 Locust, Room 506, Kansas City, Missouri 64106.

Issued in Kansas City, Missouri, on December 11, 2001.

Michael Gallagher,

Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 01-31298 Filed 12-19-01; 8:45 am]

BILLING CODE 4910-13-U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98-CE-57-AD]

RIN 2120-AA64

Airworthiness Directives; Cessna Aircraft Company 150, 172, 175, 180, 182, 185, 206, 210, and 336 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Proposed rule; Withdrawal.

SUMMARY: This document withdraws a notice of proposed rulemaking (NPRM) that would have applied to certain Cessna Aircraft Company (Cessna) 150, 172, 175, 180, 182, 185, 206, 210, and 336 series airplanes. The proposed AD would have affected those airplanes equipped with 0513166 series plastic control wheels. The proposed AD would have required you to repetitively inspect these wheels for cracks, conduct a pull test on these wheels, and replace any control wheels that are cracked or that do not pass the pull test. Replacement of the control wheels would have been with ones that were FAA-approved and were not 0513166 series plastic control wheels. After evaluating all the comments received on the proposal, we have determined that the cracking or failure of the control wheel is not a safety hazard and that a special airworthiness information bulletin would be more appropriate. There have been only four service difficulty reports made in the FAA database; however, there were neither associated accidents nor incidents. Most of the affected airplanes have dual control wheels with each wheel having two handles for redundancy, which would provide an alternative means to control the airplane should actual failure occur. For these reasons, we are withdrawing the NPRM.

ADDRESSES: You may look at information related to this action at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No.

98-CE-57-AD, 901 Locust, Room 506, Kansas City, Missouri 64106, between 8 a.m. and 4 p.m., Monday through Friday, except holidays.

FOR FURTHER INFORMATION CONTACT: Eual Conditt, Aerospace Engineer, Wichita Aircraft Certification Office, FAA, 1801 Airport Road, Room 100, Wichita, Kansas 67209; telephone: (316) 946-4102; facsimile: (316) 946-4407.

SUPPLEMENTARY INFORMATION:

Discussion

What Action Has FAA Taken to Date?

We issued a proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would have applied to certain Cessna Aircraft Company (Cessna) 150, 172, 175, 180, 182, 185, 206, 210, and 336 series airplanes. The proposal was published in the **Federal Register** as an NPRM on December 29, 2000 (65 FR 82954). The comment period was extended from February 2, 2001, to April 4, 2001 on January 22, 2001 (66 FR 6499). The proposed rule would have required you to:

- Repetitively inspect and pull test the 0513166 series control wheels; and
- Replace any control wheels that fail the inspection or pull test.

Was the Public Invited to Comment?

The FAA invited interested persons to participate in the making of this amendment. The comments, in most part, reflect the public's desire to have FAA withdraw the proposal and instead issue a special airworthiness information bulletin or general aviation alert. The reason for this is because there are only four service difficulty reports of control wheel cracks in the FAA database and most of the affected airplanes have dual control wheels with each wheel having two handles for redundancy, which would provide an alternative means to control the airplane should actual failure occur.

The FAA's Determination

What Is FAA's Final Determination on This Issue?

After re-evaluating all information related to this subject, we have determined that:

- The unsafe condition is appropriately addressed through a special airworthiness bulletin (No. CE-01-41);
- Because there are only four service difficulty reports of control wheel cracks in the FAA database regarding this subject on the affected airplanes, there is no need for the NPRM, Docket No. 98-CE-57-AD; and

—We should withdraw the NPRM.

Withdrawal of this action does not prevent us from taking or commit us to any future action.

Regulatory Impact

Does This Proposed AD Withdrawal Involve a Significant Rule or Regulatory Action?

Since this action only withdraws a proposed AD, it is not an AD and, therefore, is not covered under Executive Order 12866, the Regulatory Flexibility Act, or DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979).

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Withdrawal

Accordingly, FAA withdraws the notice of proposed rulemaking, Docket No. 98-CE-57-AD, published in the **Federal Register** on December 29, 2000 (65 FR 82954) with the comment period extended from February 2, 2001, to April 4, 2001 on January 22, 2001 (66 FR 6499).

Issued in Kansas City, Missouri, on December 11, 2001.

Michael Gallagher,

Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 01-31299 Filed 12-19-01; 8:45 am]

BILLING CODE 4910-13-U

DEPARTMENT OF COMMERCE

Bureau of Export Administration

15 CFR Parts 738 and 742

[Docket No. 011019257-1257-01]

RIN 0694-AC48

Removal of Licensing Exemption for Exports and Reexports of Missile Technology-Controlled Items Destined to Canada

AGENCY: Bureau of Export Administration, Commerce.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Bureau of Export Administration (BXA) is reviewing the existing license exemption contained within the Export Administration Regulations (EAR) for the export of missile technology (MT)-controlled items to Canada, because of the recommendations contained in the Government Accounting Office Report entitled: "Export Controls: Regulatory

Change Needed to Comply with Missile Technology Licensing Requirements” (GA-01-530). BXA is seeking comments on how removing the existing licensing exemption for MT-controlled exports to Canada would affect industry and more specifically the exporting community.

DATES: Comments must be received by February 19, 2002.

ADDRESSES: Written comments (three copies) should be sent to Sharron Cook, Regulatory Policy Division, Office of Exporter Services, Bureau of Export Administration, Department of Commerce, 14th and Pennsylvania Avenue, NW, PO Box 273, Room 2705, Washington, DC 20230; E-Mailed to: scook@bxa.doc.gov; or faxed to 202-482-3355.

FOR FURTHER INFORMATION CONTACT: Steven Goldman, Director, Office of Nonproliferation Controls and Treaty Compliance, Bureau of Export Administration, Telephone: (202) 482-4188. Copies of the referenced GAO Report are available at the GAO website: <http://www.gao.gov>.

SUPPLEMENTARY INFORMATION:

Background

The Government Accounting Office (GAO) Report entitled: “Export Controls: Regulatory Change Needed to Comply with Missile Technology Licensing Requirements” (GA-01-530), recommended that the Department of Commerce amend the Export Administration Regulations (EAR) to require a license for the export of dual-use items controlled pursuant to the Missile Technology Control Regime (MTCR) to Canada. The GAO based its recommendation on a provision in the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1991, which amended the Export Administration Act (EAA) of 1979 to require a license for any export of dual-use Missile Technology Control Regime (MTCR) controlled goods or technology to any country. In 1991, the Department of Commerce implemented the NDAA requirements in EAR by controlling MTCR Annex items on the Commerce Control List (CCL) under a new designated reason for control, “missile technology (MT)” and generally requiring a license for the export or reexport of these items and technologies. Many of these items were already on the CCL and controlled under foreign policy or national security reasons. However, the Department of Commerce did not revise the EAR’s existing license exemption for exports to Canada to require licenses for MT-controlled items to Canada. The license exemption for Canada existed in the

EAR many years prior to the enactment of the MT provisions of the EAA. Since the Hyde Park Declaration of 1941, the United States has authorized nearly all dual-use goods intended for consumption in Canada to be exported without a license, although any reexport of U.S.-origin items controlled for MT concerns from Canada would require a license from the U.S. Government. The Department of Commerce is interested in evaluating the impact on U.S. exporters of removing the existing licensing exemption for MT-controlled exports to Canada.

The current missile technology (MT) controls maintained by the Bureau of Export Administration (BXA) are set forth in the Export Administration Regulations (EAR), parts 742 (CCL Based Controls) and 744 (End-User and End-Use Based Controls). A regulatory implementation would entail adding an “X” in the row for Canada under the column from “MT 1” in the “Missile Tech” column of Supplement No. 1 to part 738, Commerce Country Chart. In addition, section 742.5 of the EAR would be revised to remove the phrase “except Canada” in the third sentence of paragraph (a)(1).

To ensure maximum public participation in the review process, comments are solicited for the next 60 days on the removal of the existing licensing exemption for the export of MT-controlled goods and technologies to Canada. BXA is particularly interested in the experience of individual exporters with the licensing exemption for MT-controlled exports to Canada, with emphasis on economic impact and specific business circumstances. BXA is also interested in industry information relating to the following:

1. Information on the effect of a licensing requirement for the export of MT-controlled items (commodities, software, and technology) to Canada on sales of U.S. products and market-share.
2. Information on joint-ventures or U.S. industry owned facilities in Canada that would be affected by the removal of a licensing exemption for the export of MT-controlled items to Canada.
3. Information on controls maintained by U.S. trade partners (i.e., to what extent do other MTCR Partners have similar exemptions for the export of MT-controlled goods and technology to other countries)?
4. Additional suggestions for revisions to the Canadian licensing exemption policy.
5. Data or other information as to the effect of a Canadian licensing requirement on overall trade, either for

individual firms or for individual industrial sectors.

Parties submitting comments are asked to be as specific as possible. Accordingly, the Department encourages interested persons who wish to comment to do it at the earliest possible time.

The period for submission of comments will close February 19, 2002. The Department will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. The Department will not accept public comments accompanied by a request that a part or all of the material be treated confidentially because of its business proprietary nature or for any other reason. The Department will return such comments and materials to the persons submitting the comments and will not consider them in the development of final regulations. All public comments on these regulations will be a matter of public record and will be available for public inspection and copying. The Department requires comments be submitted in written form, which will be a matter of public record and will be available for public review and copying.

The public record concerning these comments will be maintained in the Bureau of Export Administration, Office of Administration, U.S. Department of Commerce, Room 6883, 14th and Constitution Avenue, NW, Washington, DC 20230; (202) 482-0637. This component does not maintain a separate public inspection facility. Requesters should first view BXA’s FOIA website (which can be reached through <http://www.bxa.doc.gov/foia>). If the records sought cannot be located at this site, or if the requester does not have access to a computer, please call the phone number above for assistance.

List of Subjects in 15 CFR Parts 738 and 742

Exports, Foreign trade.

Dated: December 14, 2001.

James J. Jochum,

Assistant Secretary for Export Administration.

[FR Doc. 01-31322 Filed 12-19-01; 8:45 am]

BILLING CODE 3510-33-P

12/18/02

Aerospace Daily, January 31, 2002

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Aerospace Daily

January 31, 2002

SECTION: Vol. 201, No. 21; Pg. 3

LENGTH: 331 words

HEADLINE: AIA opposes licensing proposal for missile exports to Canada

BYLINE: Marc Selinger (marc_selinger@AviationNow.com)

BODY:

The Aerospace Industries Association hopes to derail a U.S. Commerce Department proposal that would end a licensing exemption for American exports of dual-use missile technology to Canada, an AIA official said Jan. 30.

Christopher Lombardi, manager of international affairs at AIA, told the DAILY that he is writing a letter to the Commerce Department's **Bureau of Export Administration** (BXA) expressing industry opposition to the proposal. BXA, which regulates dual-use exports, or those that can have both civilian and military uses, unveiled the "advance notice of proposed rulemaking" in the Dec. 20 Federal Register and said it will accept public comments until Feb. 19. Lombardi said the proposal would not help national security, since the affected items are available from other countries and have been sold to Canada without licenses for decades. But ending the exemption would impose a significant financial cost on many AIA members, he added.

One member company has estimated it would incur increased costs of \$ 6 million to \$ 10 million a year because it would have to seek an additional 3,000 to 4,000 licenses a year. The company's cost estimate does not include the lost sales that could result from delays caused by the added administrative requirements.

Exports that could be affected by the proposed rule include inertial guidance systems and Global Positioning System equipment that can be used to guide missiles, Lombardi said.

BXA said in the Federal Register notice that it is considering ending the licensing exemption at the recommendation of the General Accounting Office. According to BXA, the GAO said the exemption should be ended to conform with a 1991 law requiring licenses for all exports of dual-use goods and technology controlled by the international Missile Technology Control Regime. The Commerce Department changed its rules in 1991 to comply with the law, but left in place a long-time license exemption for Canada, BXA said.

URL: <http://www.aviationnow.com>

COMPANY: AEROSPACE INDUSTRIES ASSOCIATION (92%); AMERICAN INSURED MORTGAGE INVESTORS (91%); US DEPARTMENT OF COMMERCE (91%);

LOAD-DATE: February 05, 2002

Source: All Sources > News > News Group File, Most Recent 60 Days ⓘ

http://www.lexis.com/research/retrieve?_m=fd777969cf3b47d440d6d31900b8a990&_browseT... 2/6/02

February 12, 2002

Ms. Sharron Cook
Department of Commerce
Bureau of Export Administration
Regulatory Policy Division, PO Box 273, Room 2705
14th and Pennsylvania Ave. NW
Washington, DC. 20230

Subject: Proposed Withdrawal of Canadian MTCR Licence Exemption

Reference: A. U.S. Federal Registry 65666 dated 20 Dec 2001

Executive Summary

The Canadian Defence Industries Association (CDIA) is very concerned about the potential impact of the proposal to eliminate the existing licence exemption granted to Canada for dual use items described in the Commerce Control List (CCL) for Missile Technologies (MT). It is our assessment that the combination of the additional bureaucracy with the typical long lead time for licence approval will force Canadian companies to source product components from non-U.S. suppliers. The net effect will be a reduction in the business relationships between Canadian and United States defence contractors, with a corresponding negative impact on the highly desirable attribute of interoperability between Canadian and U.S. military forces.

Canada / U.S. Mutual Support

Since the Hyde Park agreement in 1941, Canada and the United States have strived for increased co-operation between their defence and security industries. Subsequent to the Hyde Park agreement, in excess of 2500 other agreements were signed to facilitate the development of a highly interconnected, mutually supportive defence industrial base. The Defence Development Sharing Agreement (DDSA), and the Defence Production Sharing Agreement (DPSA) were typical of the many agreements intended to foster a "freeflow" of technology between the two countries. These agreements further ensured that bureaucratic processes did not significantly interfere with the business relationships that needed to exist between companies in both countries. It is generally **recognised** that these agreements were essential components of the effort made to ensure a continual supply of defence goods and services to the United States during

the Vietnam War and the recent Gulf War.

One of the decisions made to encourage this spirit of co-operation was to ensure that most of the technology transfer between Canada and the United States would be licence free. The various bilateral agreements were successful in achieving the objective of a closely-knit binational defence industrial base. Between 1941 and 1999 the Canadian and U.S. defence industry became highly integrated. To maintain a competitive position, large defence and aerospace corporations rationalised their facilities and gave their different divisions product mandates with little regard to which of the two countries the division resided in.

A Disturbing Reversal

Since 1999, the trend toward a highly integrated defence industrial base has been harmed as a result of the U.S. removal and then the subsequent reinstatement of significantly amended Canadian exemption clauses in the International Trade in Arms Regulations (ITAR's). We have noted an alarming degradation in the ability of Canadian and U.S. defence contractors to quickly enter into mutually supportive contractual relationships. The single greatest impediment is attributed to the unacceptably long delays in getting US government approval for licences, Technical Assistance Agreements and/or Manufacturing Licence Agreements. In the majority of cases, there was no problem with the technology transfer; the problems are virtually always caused by the time it takes the US bureaucracy to "process the paperwork". It is noteworthy that the ITAR (Canadian Exemption) changes made in 1999 are known to have caused some Canadian manufacturers to source material and machinery outside of the United States. In many of these cases the incumbent suppliers were from the United States.

Requiring Licences for Export to Canada

The withdrawal of the Canadian exemption from requiring a licence for those Missile Technology Control Regime (MTCR) goods and technologies imported from the United States will accelerate the degradation of business relationships between the defence industrial base companies in both countries. The additional bureaucracy and time delays are expected to force Canadian companies to look elsewhere for items that are controlled by the US but are not controlled by other countries. It should be noted that the CCL MT list, unlike the MTCR, controls the access to the machinery used to make products (e.g. the weaving machinery used for structural composites and the isostatic presses for ceramic products). As both countries move towards Commercial Off The Shelf (COTS) products for their military organisations, the machinery to produce those products are the same whether the products are destined for military or commercial use. Canadian companies cannot afford to have their production line needs and equipment held hostage to the vagaries of export permits, especially if these same lines are producing uncontrolled goods for non-military use. They will be forced to turn to other sources in order to satisfy their requirements. The CDIA firmly believes this

will significantly harm the integration and interoperability of both our defence forces and our defence industrial bases.

In summary, the withdrawal of the licence exemption is expected to:

- Force Canadian companies to seek business relationships and equipment sources outside of the United States;
- Cause interruptions and delays in binational defence supply lines;
- Negatively impact the intent and spirit of many of the bilateral agreements on defence issues signed since the 1941 Hyde Park Agreement; and
- Negatively impact the integration and interoperability of our defence and security forces.

Given the foregoing the CDIA requests that the Department of Commerce continue to allow MT goods and technology be licence-free when exported from the United States to Canada. If the Department of Commerce concludes that they must bring their regulations in line with those of the State Department, the CDIA would request that the Department of Commerce change their MT list to exactly replicate the U.S. State Department's MTCR list.

Sincerely,

Patrick J. O'Donnell
President

cc: Mr. E. Weybrecht – DFAIT
Mr. Alan Williams – DND
Mr. John Banigan – IC
Ms. Jane Billings – PWGSC
Mr. Douglas Patriquin - CCC

From: "Bukovic, Michael" <MBukovic@tagaviation.com>
To: <scook@bxa.doc.gov>
Date: 2/13/02 3:01 PM
Subject: 15CFR Parts 738 and 742 (Docket No.01 1019257-1257-01) RIN 0694-AC48

Dear Sharron,

Last week I received a letter from Litton Systems Canada regarding a proposed change removing the existing license exemption for shipment of commercial inertial navigation equipment to Canada from the USA including items exported for repair.

It is my understanding that shipping our inertial navigation equipment to Canada for repair will require a Department of Commerce export license. We operate an aircraft with an inertial navigation system installed which occasionally needs to be sent back to the manufacture for repair, in this case it is Litton Systems of Canada.

My concern is that this new requirement will negatively impact turn-time for equipment repairs ultimately increasing our operating costs. This change would also put the financial burden on us to absorb the costs associated with obtaining an export license and administering compliance with these Export Administration Regulations. In the event that we contract with a third party to handle these transactions I have to believe there will be additional costs associated because of this change.

Sincerely,
Mike Bukovic
Maintenance Manager
TAG Aviation USA
St.Louis Base

From: "DAN BATCHELOR" <dbatchelor@danbee aerospace.com>
To: <scook@bxa.doc.gov>
Date: 2/13/02 3:38PM
Subject: Fw: licensing exemption of MTCR items

----- Original Message -----

From: DAN BATCHELOR
To: scook@bxa.doc.gov/
Sent: Wednesday, February 13, 2002 2:43 PM
Subject: licensing exemption of MTCR items

Dear Ms. Cook: I am in the commercial Aviation business, my company is Danbee Aerospace, Inc. I have just finished reading the changes being proposed to remove the exemption currently being enjoyed by Litton Systems Canada. Litton manufactures the navigational system for quite a few commercial aircraft. Danbee Aerospace sends items out for repair to manufacturers worldwide. We find it ludicrous for us, as well as anybody else in our industry to have to go through the trouble of getting an export license for each time we need to repair one of these units. This will not be an expense just for me, but this will ultimately trickle down to the flying public, you as well, to carry this burden. I, for one, and I am sure you would have to agree, that at this point in our lives we are suffocating under the weight of government regulations. The aerospace industry is, for the most part, a self regulating industry. We do not require another regulating industry to place another broom stick in the spokes of our bike!!!!

Please re-think this and do the right thing!!!

Sincerely

Daniel Batchelor
resident
Danbee Aerospace Inc.



Aerospace Industries / Association des industries
Association of Canada / aérospatiales du Canada

Suite 1200, 60 Queen Street, Ottawa, Ontario K1P 5Y7
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February 12, 2002

Ms Sharon Cook
Regulatory Policy Division
Office of Export Services
Bureau of Export Administration
Department of Commerce
14th and Pennsylvania Avenue, N.W.
P.O. 273, Room 2705
Washington, D.C., 20230

Dear Ms. Cook

On behalf of the member companies of AIAC, I wish to underscore the serious impairment to Canada/United States aerospace trade and business partnering that will occur if the current licensing exemption under the Export Administration Regulations (EARs) for the export of missile technology (MT) controlled items to Canada is removed.

To understand the serious impact that removal of the EAR, MT licensing exemption for Canada would have, one only needs to look at the integrated nature of the U.S. and Canadian aerospace industries. Importantly, 6 of the 10 largest aerospace companies operating in Canada are subsidiaries of U.S. firms. Canadian aerospace exports to the United States totaled approximately \$15 billion dollars (Cdn) in 2001. Stated another way, U.S. firms rely upon Canada's aerospace industry to supply leading edge, niche goods, technologies and services at competitive prices that in turn heightens their own competitiveness in a very demanding global market place. Similarly, U.S. government entities, particularly the Department of Defense and the U.S. Armed Forces draw upon the capabilities of Canadian companies for the protection of America's national security.

Through collaborating in the development of new technologies and partnering that combines their capabilities, the aerospace **firms** of our two nations have enjoyed phenomenal growth over the past decade. Removing the EAR, MT-exemption for transfer to Canada would imperil the business interests of both Canadian and U.S. companies. It could lead to loss of significant market share by the aerospace industries of both countries who are already experiencing major workload declines following the tragic events of September 11th, 2001.

Removing the EAR MT-licensing exemption for Canada under the EARs would negate the considerable progress that both the U.S. and Canadian governments made in reaching an accommodation which restored the 'Canadian Exemption' under the International Traffic in Arms Regulations. Industry on **both** sides of the border applauded their doing so.

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- 2 -

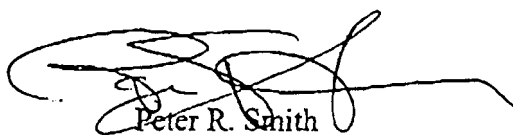
I believe that we can build on this success to achieve a similar outcome on the EAR, MT-licensing issue. One that protects the national security interests of both countries while allowing the cross border flow of goods and technologies critical to the competitiveness of our industries and the performance of our national economies. AIAC is most willing to work with both governments, as well as U.S. industry, to achieve this end.

Perhaps, a practical way to move ahead on **this** issue would be to suspend any action to remove the EAR, MT-exemption for transfers to Canada until a complete review is undertaken of the Missile Technology Control Regime (MTCR). The objective of this review being to ensure that controls apply only to those goods and technologies that pose significant risk to the national security interests of the U.S. and its allies. For most regulatory regimes there is a natural tendency for them to become outdated. In respect to the MTCR, over time many of the goods, technologies and types of production equipment listed are no longer primarily military in nature but are now widely diffused throughout commercial manufacturing sectors.

The competitiveness of the aerospace industries of our two nations is being constrained by a regulatory regime that has not kept pace with rapid evolutions in technology and manufacturing. Indeed, for many of the items listed on the MTCR, governments of other nations do not themselves impose controls giving their firms a significant advantage in the global market place. A need exists, therefore, to vet the MTCR to remove those items that do not pose significant risks to national security.

In closing, on behalf of the member companies of AIAC, we strongly advocate that the EAR, MT-licensing exemption for Canada not be removed. We are confident of the ability of the U.S. and Canadian governments with the support of their respective aerospace industries to move forward to create an environment that promotes trade and business relationship while at the same protecting the safety and security of their citizens.

Yours sincerely,



Peter R. Smith
President

c.c. Mr. Paul Cellucci, United States Ambassador to Canada
Mr. John Douglas, President & CEO, Aerospace Industries Association



10 Loring Drive, Bolton
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E-Mail: info@navhouse.com

12 February, 2002

US Department of Commerce
Regulatory Policy Division
Bureau of Export Administration
14th & Pennsylvania Ave.
N.W. P.O. Box 273, Room 2705
Washington, DC
20230 USA

Attn: **Sharron** Cook [Department of Commerce]

Reference: Export License **exemptions**

Dear Ms. **Sharron** Cook:

This letter is in response to the news of possible removal of Canadian exemption from Export Licensing by the US Department of Commerce on Canadian **Defense Industries**.

Canada is and has been in a second **place** position for some time under the US for Foreign Military Sales [FMS] contracts. The US seem to want to control these contracts and keep them within the borders of the US even though Canadian companies possess the technology and approvals to perform. In most cases there is a distinct price advantage in Canada for the customer owing to the present Canadian dollar trading position. We **have** operated as an ally to the United States on military goods that in some cases **were** designed and **manufactured** in Canada for the USA or under license to US companies where design ownership was the US. We have a vested interest in common technology.

This new imposition will only cement any **further free** flow of these contracts to Canadian suppliers.

Navhouse, Division **Derlan** Aerospace, is an approved defense repair and overhaul supplier to the United States Navy, European military as well as Middle East and Pacific

rim military installations for Inertial navigation equipment and similar marine, land based products.

The commercial aviation world utilizes similar products, mostly western made and as such this comes under the dual usage classification [ECL Section I]. **These** may also be affected by this possible obstacle.

If the US invokes additional roadblocks to foreign trade for Canadian defense suppliers to either the US or other foreign countries, this will severely impede our ability to compete and possibly survive in our niche market.

Navhouse operates as a maintenance and overhaul supplier to the military and commercial **trade** worldwide for various emergency situations such as OAG, spares, and overhauls and any further delays for **beaurocracy** and or export licenses will only hamper the process beyond tenable.

It is our distinct opinion that Canada must stand up and be counted as one of the key allies to the US. If additional security measures must be imposed, other means must be considered to insure **proper** trade in the military goods supply and movement other than more restrictions on trade for **Canada**.

This possible Obstacle must be removed.

I would appreciate you considering our position and dilemma in supplying the USA with Defense products and services.

I have written to our Ministry and DFATT to see if we can be of assistance in developing controls without severely hampering the two country's abilities to unify trade in the defense regard.

Yours truly,



David C. Moore
President, Navhouse Division **Derlan** Aerospace Ltd. [a Canadian defense supplier]

Cc: Sheryl Crowhurst [**Industry** Canada], Peter Boag [**AIAC**], Brian **Hatchett** [**NRC** **Canada**], Judy Korecky [**DFAIT**]

Honeywell
1001 Pennsylvania Avenue, N.W.
Suite 700 South
Washington, DC 20004

202 662-2650

February 18, 2002

Ms. Sharron Cook
Regulatory Policy Division
Office of Exporter Services
Bureau of Export Administration
U.S. Department of Commerce
14th Street & Pennsylvania Avenue, NW,
P.O. Box 273, Room 2705
Washington, DC 20230

Subject: Comments against the Proposed Changes to the Export Administration
Regulations to Remove the Existing License Exemption for MT-controlled
Exports to Canada

Reference: Federal Register Notice 66 FR 65666-67 dated December 20, 2001

Dear Ms. Cook:

Honeywell is strongly opposed to the proposed change to the Export Administration Regulations (EAR) to remove the existing licensing exemption for MT-controlled exports to Canada. As pointed out in the referenced notice, the trade between U.S. and Canada for dual-use goods have flourished because of the "license-free status" accorded to Canada since 1941. The reasons against the proposed change are listed below:

1. Canada has done an excellent job in complying with U.S. export control laws and regulations. To ensure tightening the export control for Munitions List items, the Canadian Government recently worked very closely with the U.S. Department of State to implement the "Controlled Goods Registration Program" similar to the registration program under the International Traffic in Arms Regulations (ITAR).
2. Honeywell products controlled for MT-reasons that are exported to Canada are used in commercial civil passenger aircraft and are for end-use in Canada. Hence, a requirement to obtain license for these exports simply creates an unnecessary and added burden to the industry and the BXA. Furthermore, export license applications for products and technology for MT-reasons invariably take 60 days or more for processing. Since the related software and technical data is also controlled for MT-reasons, additional licenses will have to be obtained for these exports. Also, there is no evidence to show that our customers in Canada have violated the reexport provisions under the EAR.

3. Honeywell has wholly owned subsidiaries and repair facilities in Canada. There are frequent exchanges of assigning nationals of Canada to work in U.S. facilities. If export licenses have to be obtained for export of products controlled for MT-reasons, the related software and technology will also require licenses. This will result in disruption in the free flow of engineers between our facilities in Canada and the United States as licenses under "dcmcd-exports" rule will have to be obtained.
4. We would like to draw your attention to the recent efforts by the Defense Technology Security Administration and the Department of State to ease the export control for Munitions List items under the ITAR by creating numerous exemptions for NATO countries, Japan, Australia and Sweden as also expanding the Canadian Exemptions under ITAR 126.5. Imposing the proposed new rule on Canada by BXA creates a more restrictive regime and will seriously hurt the relationship between the two countries. Instead of creating export license requirements to Canada, we urge the Department of Commerce to consider easing the export restrictions to NATO countries, Japan, Australia and Sweden following the footsteps of the U.S. Department of State. This will bring these U.S. allies to enjoy the license-free zone for MT controlled items.

The following provides the data from Honeywell Aerospace Electronic Systems facilities with regard to the specific products, technology and software that will be affected by the proposed changes.

Honeywell Inertial & Sensor Products:

Honeywell Inertial & Sensor Products, Redmond, Washington manufactures and exports accelerometer models QA700, QA700 Triax, QA700 Multi Axis and QA650 that are controlled under ECCN 7A101 for MT reasons. During the year 2001, this facility has obtained 47 export licenses for the sale of accelerometers from the Department of Commerce for countries other than Canada. The facility has sold these controlled products to Canada, which would have otherwise, required a minimum of 14 licenses.

Honeywell Commercial Aviation Products:

Honeywell Commercial Aviation Products in Minneapolis and Commercial Avionics Systems in Phoenix manufactures and exports Inertial Navigation Systems used by international airlines around the world.

There are at least 25 aerospace customers in Canada for Honeywell. At least one third of these customers purchase Honeywell products controlled for MT reasons under ECCN 7A001, 7A002, 7A101, 7A003 and 7A 103. Some of these customers receive technical data and software under ECCN 7E001, 7E003 and 7D101 not eligible under License Exception TSU and would require Licenses,

During the year 2001, Honeywell Commercial Avionics Systems in Phoenix obtained 42 export licenses for the sale of Inertial Navigation Systems and other products that are controlled under ECCNs having MT controls. The facility has sold these controlled products to Canada, which would have otherwise required several licenses.

With the existing free flow of technology between U.S. and Canada, Honeywell depends on several Canadian companies to write various technical publications. Many of these publications are eligible for License Exception TSU or can be exported under NLR; but in order for the companies to do their work, Honeywell Commercial Aviation Products provides these Canadian companies with inertial navigation technology controlled for MT reasons. One such company in Canada has produced 20 different technical manuals for Honeywell.

Honeywell Commercial Aviation Products employs a foreign national from Canada who works as a lead quality software engineer in the development of our commercial inertial navigation technology. If the proposed changes were to be implemented, Honeywell would be forced to seek a "deemed-export" license for this foreign national to cover ECCNs 7A001, 7E003, 7E004, 7D101 etc.,

Honeywell Commercial Aviation Products has alliances with a number of Canadian companies during the development of integrated systems, including Applanix, Canadian Marconi, Pelorus and future alliances such as Novatel. If the proposed changes were to be implemented, such alliances could be severely impacted.

We hope that the U.S. Department of Commerce would do the right thing by letting the license-free zone with Canada continue to prevent disruption of free trade.

If you require additional information, feel free to contact the undersigned at 202-662-2681.

Sincerely



George Rao

Director, Export Control & Compliance

Department of Foreign Affairs
and International Trade



Ministère des Affaires étrangères
et du Commerce international

125 Sussex Drive
Ottawa, Ontario
CANADA, K1A 0G2

February 18, 2002

File No. EPE-3861

Ms Sharon Cook
Regulatory Policy Division
Office of Export Services
Bureau of Export Administration
Department of Commerce
14th and Pennsylvania Avenue, N.W.
P.O. 273, Room 2705
Washington, D.C., 20230
Fax: 1-202-482-3355
E-mail: scook@bxa.doc.gov

Rs: Federal Register Notice Vol. 66, No. 245 Docket No. 011019257-1257-01

Dear Ms. Cook,

Enclosed please find a response by the Government of Canada to the Bureau of Export Administration of the Department of Commerce call for comments in its review of the existing license exemption contained within the Export *Administration Regulations* for the export of missile technology-controlled items to Canada.

Export Controls Division
Department of Foreign Affairs and
International Trade

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

INTRODUCTION

It is understood that the Department of Commerce (DOC), under the Export Administration Regulations and the Commerce Control List (CCL), controls the export of many Category II MT'CR goods and technology. The remainder of the MTCR Category II goods and technology as well as all MTCR Category I goods and technology (this includes missile systems) are controlled by the Department of State (DOS) under the International Traffic in Arms Regulations (**ITAR**) and the U.S. Munitions List (USML).

The MTCR Category II goods and technology covered under the CCL comprise goods and technology such as gas turbine engines, propellants, structural composites, navigation, **flight** control, avionics, computers and other specific electronics. All of the MTCR Category II goods and technology covered by the CCL are classed as civil, **dual-**use. While some of these goods and technology have applications in some **defence-**related goods, the nature of their designs and functions are directed primarily at civil, commercial applications such as civil manned aircraft, satellites and replacements for manned aircraft.

Q1: Information on the effect of a licencing requirement for the export of MT-controlled items (commodities, software and technology) to Canada on sales of U.S. products and market-share

Both U.S. and Canadian industry use many MTCR Category II goods in commercial/civilian items ranging in nature from civilian airliners, geological survey equipment, engine repair and overhaul, navigation systems and general flight maintenance servicing. The CCL controls also capture the machinery and processes to manufacture many commercial products, such as injection moulding machines and machines used in the production of high pressure gas bottles. At present, the equipment and technology for these goods and services enter Canada licence-free.

The potential impact of a licensing requirement would be felt in many sectors. For example, both our governments and militaries (including NASA) purchase operational systems and equipment which are not used in missile production but contain CCL MTCR goods embedded within them. The availability of the CCL MTCR goods are essential to the integrated logistics support of these systems and equipment to maintain operational readiness. Both U.S. and Canadian industry perform a significant percentage of repair and overhaul for our respective Governments (federal, provincial, state) and as such require access to CCL MTCR goods to provide the integrated logistics support in a timely manner. In addition, associated, joint research and technology development is performed on both sides of the border. A licensing requirement would affect the existing close relationships by adding another level of complexity to technological exchanges between North American research institutes, aerospace and defence firms and government agencies. At the same time, the impact of such a licensing requirement will significantly affect both U.S. and Canadian Small and Medium Enterprises (SMEs) which have limited resources to manage the additional administrative burden of managing export controls. Lengthy licensing reviews and the uncertainty as to whether an export licence will be granted may force many of these companies to source elsewhere.

U.S. firms rely upon Canada's aerospace industry to supply leading edge, niche goods, technologies and services at competitive prices that in turn heightens their own competitiveness in a very demanding global market place. Similarly, U.S. government entities, particularly the Department of Defense and the U.S. Armed Forces draw upon the capabilities of Canadian companies for the protection of America's national security, Canadian aerospace exports to the U.S. totalled approximately \$6.6 billion (U.S.%) in 2000. As well, several of the largest U.S. aerospace companies maintain Canadian subsidiaries, for example, Pratt & Whitney (United Technologies), Honeywell, General Electric, Goodrich, General Dynamics, Bell Helicopter, Lockheed Martin and Boeing, to name but a few, and these account for a significant percentage of bilateral defence and aerospace trade.

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

Through collaborating in the development of new **technologies** and partnering that combines their capabilities, the aerospace firms of our two nations have enjoyed phenomenal growth over the past decade. Removing the **CCL/MTCR** exemption for transfer to Canada would imperil the business interests of both Canadian and U.S. companies. It could lead to loss of significant market share by the aerospace industries of both countries.

In April 1999 when changes to the "Canadian Exemptions" provisions of the *International Traffic in Arms Regulations (ITAR)* came into effect whereby **ITAR/MTCR** goods and technology became subject to licensing to Canada, the Canadian Department of National Defence, both directly and indirectly through its commercial subcontractors, experienced delays in obtaining equipment to support existing systems as well as in the development of new systems. Such delays have had an impact on companies on both sides of the border. We believe there would be a similar impact and effect with respect to **CCL MTCR** items should they become subject to licensing. Overall, the long-term consequence of this would be a further degradation in the inter-operability of our forces, and would further impact negatively on the well-established, well-integrated North American Defence Industrial Base.

In summary, given the broad range of **CCL/MTCR** items covered by **DOC**, we believe that the impact of licensing would include the following:

- A significant number of U.S. suppliers would be required to apply for export **authorisation** when selling controlled goods and technology to Canada or servicing controlled goods in Canada;
- Time lost in making determinations as to control status and increased turn around time due to the licensing process would result in delays and increased costs for U.S. industry;
- Licensing would introduce an element of uncertainty and could delay the timely execution of a project, including joint **U.S.-Canadian** Government **programmes**;
- Many US. contractors and sub-contractors, that continue to rely on Canadian affordable and technically comparable items, may seek less cost-effective and less technologically advantageous sources of supply;
- In certain instances, it would be more expedient for Canadian companies to source **CCL MTCR** goods and technology outside the U.S. because of more **favourable** licensing arrangements in most other Western countries;

Government of Canada - Response to **Federal Register** Notice Vol. 66, No. 245

- It would hinder **transboundary** industrial co-operation for government, military and industry and severely limit transborder R&D;
- Removal of the exemption would directly impact on the **commercial** and financial interests of those key U.S. firms that have a significant presence in Canada; and
- In the long run, a licensing requirement would affect global competitiveness of U.S. product and negatively impact on market share, particularly due to the significant integration of the North American commercial and **defence** sectors.

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

02: Information on joint-ventures or U.S. industry owned facilities in Canada that would be affected by the removal of a licensing exemption for the export of MT-controlled items to Canada

As a result of an extensive range of bilateral agreements going back to the Hyde Park Declaration of 1941, a high level of integration exists between U.S. and Canadian industry. Currently there are approximately 2500 bilateral agreements between the Canadian Department of National Defence (DND) and the United States Department of Defense (DOD) underscoring the high degree of cooperation between the two departments. Canada and the U.S. have recognized and encouraged integrated military planning, and extensive cooperation in terms of defence production and trade. Both the Pentagon and Congress have recognized the Canadian defense sector as part of the U.S. defense industrial base (Ref FY '93 Defense Authorization Legislation). All of these agreements have greatly facilitated the direct integration of Canadian and U.S. industries since it is private industry that makes the system work

The most notable arrangements are the Defence Development Sharing Arrangement (DDSA-1963) and the Defence Production Sharing Arrangement (DPSA-1959). These arrangements provide the impetus for joint R&D and joint procurement aimed at sharing development costs and reducing respective procurement costs. Essentially, these agreements and arrangements set the framework for greater integration of U.S. and Canadian military development and production, greater standardization of military equipment, establishment of supplemental sources of supply, removal of obstacles to the flow of defence supplies and equipment and the accordance of equal consideration to the business communities of both countries.

Other arrangements of significance that have encouraged and promoted North American defence industrial integration include the North American Technology and Industrial Base Activities (NATIBO-2001); the Master Data Exchange Agreement, (MDEA-1984); the Technology Research and Development Projects Memorandum of Understanding (TRDP); and, the **Canada-U.S.** Test and Evaluation Program, (CANUSTEP-1993)

The retention of **licence free** access to CCL MTCR goods and technology would **ensure that all** of these arrangements which have been crafted over the past 50-60 years to facilitate and foster a more unified and seamless North American **defence** and security umbrella will continue to reinforce the strength and competitiveness of the North American Defence Industrial Base.

Due in large part to the above agreements, major U.S. aerospace and defense companies have established production facilities in Canada that supply both the defense and civil markets. **In the** rationalization process, these companies have been given specific product

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

mandates in order to improve productivity and international competitiveness, On the aerospace and defense side, some of the key U.S. companies with significant operations in Canada include:

General Motors
Pratt & Whitney
Boeing Ltd.
Raytheon
Litton Systems
Lockheed Martin
General Dynamics

There are many other U.S. companies with operations in Canada that could be affected if export licenses were required for the export to Canada of Category II MTCR goods and technology. It is estimated that in the year 2000, approximately 30 per cent of Canada's \$13 billion (U.S.\$) aerospace and **defence** sales were by U.S. owned firms. In addition, firms with significant operations in both countries would be affected by these changes as goods and technology flow in both directions across the border.

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

03: Information on controls maintained by U.S. trade partners (i.e., to what extent do other MTCR Partners have similar exemptions for the export of MT-controlled goods and technology

MTCR Requirements: The MTCR does not require partner countries to licence exports of Category II goods and technology to other MTCR partner countries. As such, several U.S. trade partners maintain provisions to exempt from individual licensing the export of CCL MTCR controlled goods and technology to other MTCR partner countries.

European Union (EU): It is understood that the European Union considers all MTCR Category II goods and technology as dual-use items and covers these under the *EU Dual-use List*. These items are transferred licence-free if destined from one EU member to another EU member. In addition, the EU maintains a general licence for Category II goods and technology when destined to Canada, the United States, and all other MTCR countries.

Japan: It is understood that the Japanese use a general license called a "bulk licence" for the export of MTCR Category II goods and technology to MTCR countries.

Switzerland: It is understood that dual-use MTCR goods and technology may be exported from Switzerland under an Ordinary General Licence to countries which are members of all of the following regimes: Wassenaar Arrangement, Missile Technology Control Regime, Australia Group and Nuclear Supplier's Group,

Canada: Canada exempts MTCR Category II goods and technology to the U.S.. Individual permits are required for all other destinations.

Government of Canada - Response to **Federal** Register Notice Vol. 66, No. 245

Q4: Additional suggestions for revisions to the Canadian licensing exemption, policy

We do not see a rationale for changing the **current** arrangement of the Canadian licensing exemption policy. Longstanding practice, including the exemption **from** licensing of most CCL items to Canada, has served our mutual defense, industrial and strategic interests.

Government of Canada - Response to Federal Register Notice Vol. 66, No. 245

OS: Data or other information as to the effect of a Canadian licensing requirement on overall trade either for individual firms or for individual industrial sectors

Canada and the U.S. enjoy the largest trading relationship in the world. Canada is by far the U.S.'s largest trading partner with U.S.\$202.4 billion in goods and services being exported to Canada each year, or 19% of U.S. export trade,

It is anticipated that if export licences were required for the export to Canada of CCL MTCR Category II goods and technology, then many trading sectors on both sides of the border would be affected, including the electronics, software, aerospace and defence industries to name just a few. The aerospace and defence industries would be two of the hardest hit by the proposed changes, These two industries are highly integrated with U.S. firms due to past defence agreements, and because of the large proportion of U.S. owned aerospace and defence companies which operate in Canada. The aerospace and defence industry sectors alone import over \$4.15 billion (U.S.\$) in material and supplies from the U.S.. Imposing further U.S. licensing on many of the goods that this industry purchases from the U.S. will push Canada's industry to procure equipment from Europe, for example, where individual licensing requirements for such goods to Canada do not exist. This would only further hurt the competitiveness of American industry.

With respect to particular aerospace and defense products that could be **affected** by the proposed changes, Canada is a major supplier to the U.S. of some key articles that include U.S. origin CCL MTCR Category II goods and technology. For example, small gas turbine engines, flight simulators and gas turbine parts. This is a reflection of the integrated nature of our defence and aerospace sectors

Imposing the MTCR Category IT **licencing** requirement to Canada on the components that go into these and other goods will create delays that could affect American production and provision of key equipment to U.S. industry and government, including the military.

COM DEV Ltd
155 Sheldon Drive
Cambridge, ON
N1R 7H5

Tel: (519) 622-2300
Fax: (519) 622-1691

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Via Fax: 703-644-3116
This transmission consists of two pages
18 February 2002

Mrs. **Sharron** Cook,
Regulatory Policy Division
Office of Exporter Sewices
Bureau of Export Administration
U.S. Department of Commerce
14th **Street** and Pennsylvania Avenue, NW
P.O. Box 273, Room 2705
Washington, **D.C.** 20230 USA

Dear Mrs. Cook,

Subject: Impact of Proposed **Changes** to the EAR

Background:

The U.S. Department of Commerce has published a proposal to amend the Export **Administration** Regulations (EAR) [**Ref 1**] thereby removing the Canadian Exemption for the export of dual-use **Missile** Technology Control Regime Items to Canada. This proposed change is **motivated** by a (US) General **Accounting Office** (GAO) report, The proposed regulatory action **would** change **an** agreement between the Governments of Canada and the **United States** that has been in effect for over sixty **years**.

Impact:

The **changes** to the EAR and International **Traffic** In Arms Regulations (**ITAR**) implemented in **June** 1999 and the subsequent amendment to the **ITAR** described in 22 **CFR** Part 126, effective May **30th**, 2001, have **resulted** in **significant** confusion amongst U.S. suppliers. The reading of these regulations has created problems for U.S. **suppliers** attempting to **assign** the correct ECCN or Munitions **List** category to "space" components. **Unfortunately**, the **over-classification** of "**ITAR-controlled**" goods has enwured unnecessary export licensing applications being **submitted** to the US. Department of State. in some instances, U.S. vendors have applied a wmmodlty **jurisdiction** to Items also available from the **commercial catalogue** of a non-U.S. manufacturer. **Increasingly**, when faced with this situation, a Canadian company will **select** a **non-U.S.** Supplier because **of** the **confusion** and additional 'red tape.'

A further proposed change to the EAR, **motivated** by the GAO report with the additional requirements for obtaining export **licences** for **shlpments** to Canada will only add to the existing confusion, further extending **delivery** schedules, increasing overhead **costs**



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associated with additional licencing requirements, and compounding the deterioration of U.S.-Canadian business arrangements. Ultimately the impact of the additional licencing requirements will be felt within the Bureau of Export Administration of the U.S. Department of Commerce and the Canadian Export Control Division of the Department of Foreign Affairs and International Trade because of the "automatic" processing of license applications that the Canadian Government is currently reviewing. To maintain the existing legal flow of U.S. goods to Canada, governmental departments on both sides of the U.S./Canada border will be forced to handle both the increased volume of licence applications and applications of increasing complexity.

Ultimately Canadian companies will be forced to accelerate plans to identify and develop non-U.S. suppliers to maintain a competitive position within the international marketplace.

COM DEV procures approximately \$8 million (Cdn) of goods controlled under ECCNs 3A001 end 3A101, each year.

The removal of the Canadian Exemption for goods controlled under ECCNs 3A001 and 3A101 affect items that are used for commercial communication applications. U.S. companies would be required to obtain licences for these goods being shipped to Canada and additionally, there would be the need to address the issue of re-export licences when including these goods within Canadian manufactures. This introduces significant complexity to the day-to-day business, especially as the final products are still subject to Canadian export permit requirements.

Kcf 1 Federal Register: December 20, 2001 (Volume 66, Number 245, pp 65666-67), 15 CFR Parts 738 and 742, "Removal of Licensing Exemption for Exports and Re-exports of Missile Technology-Controlled Items Destined to Canada".

Sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Doran', written over a large, loopy oval scribble.

Nigel Doran
VP Engineering.
Tel: (519) 622-2300 ext. 2527

cc Mr. Mike Pley

19

ICOTT INDUSTRY COALITION ON TECHNOLOGY TRANSFER

1400 L Street, N.W., Washington, D.C. 20005 Suite 800 (202) 371-5994

February 19, 2002

VIA FACSIMILE AND FIRST CLASS MAIL

Ms. Sharron Cook
Regulatory Policy Division, Office of Exporter Services
Bureau of Export Administration
Room 2705, U.S. Department of Commerce
14th St. & Pennsylvania Ave., N.W.
P.O. Box 273
Washington DC 20230

**Re: Removal of Licensing Exemption for Exports and Reexports of Missile
Technology-Controlled Items Destined to Canada, 66 Fed. Reg. 65666 (2001)**

Dear Ms. Cook:

The Industry Coalition on Technology Transfer (ICOTT) appreciates the opportunity to comment on the advance notice of proposed rulemaking regarding MTCR-controlled exports to Canada. We recognize that the National Defense Authorization Act for Fiscal Year 1991 contained a provision requiring licenses for exports of MTCR-controlled items. We agree wholeheartedly, however, with the Department's view that Congress is well aware of the special export control arrangements with Canada that have existed since 1941 and accordingly should not be viewed as having abrogated that arrangement *sub silentio*.

Moreover, continuing this longtime arrangement in respect of MTCR items would not be inconsistent with the treatment of such items by other MTCR member nations. Specifically, and as detailed in the enclosed memorandum, the European Union-whose membership includes many MTCR member nations-permits most MTCR items to be exported to Canada without a license. Thus the United States hardly could be accused by others of departing from the established norm.

Furthermore, the more sensitive MTCR-controlled items are not even regulated by BXA, but are on the U.S. Munitions List, which is administered by the Department of State. By definition, then, the MTCR-controlled items under BXA's jurisdiction are those of relatively less concern.

The United States and Canada have something approaching a license-free zone when it comes to export controls. Like the disruption wrought by the State Department's cutbacks in the

Canadian exemption of several years ago (many of them subsequently restored), a requirement that all MTCR-controlled items be licensed to Canada would cause considerable dislocation without yielding any corresponding benefit in terms of control or security. Absent an enactment of the Congress that *expressly* extends the MTCR license requirement to Canada, we strongly urge that the existing rules not be altered.

Founded in 1983, ICOTT is a group of major trade associations (names listed below) whose thousands of individual member firms export controlled goods and technology from the United States. ICOTT's principal purposes are to advise U.S. Government officials of industry concerns about export controls, and to inform ICOTT's member trade associations (and in turn their member firms) about the U.S. Government's export control activities.

Sincerely,



Eric L. Hirschhom
Executive Secretary

Enclosure

cc: Hon. Kenneth Juster (w/encl.)
Hon. James Jochum (w/encl.)
Hon. Matthew Borman (w/encl.)

ICOTT Members

American Association of Exporters and Importers (AAEI)
Electronic Industries Alliance (EIA)
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association (SIA)

February 2002

Subject: EU General License to Canada (EU+8) vs. MTCR Items

EC Council Regulation 1334/2000 of 22 June 2000 sets up a European Community regime removing license requirements for exports of dual-use items to EU+8 (which includes Canada) except for items listed in Annex IV.

Annex IV lists the following MT items that are subject to Commerce Department jurisdiction and hence would require licenses to Canada under the EU rules:

Stealth technology-namely, ECCNs 1C001, 1C101, 1D103, 1E101 for 1C101 and 1D103, 1E102 for 1D103, 6B008, and 6B108; and

MTCR technology-namely, ECCNs 7B001 for 7A117, 7D 101 for the foregoing, 7E001 and 7E002 and 7E 101 for the foregoing, and 9D101 for 9B116

This leaves the following *one hundred seven* MT-designated, Commerce-jurisdiction items *not* listed in Annex IV and hence *not* requiring a license for export from the EU to Canada under EC Council Regulation 1334/2000:¹

1A002, 1B001, 1B101, 1B116, 1C007, 1C010, portion of 1C011.b, 1C107, portion of 1C111, 1C116, 1C117, 1C118, 1D001, 1D002, 1D101, 1D102, 1E001, remainders of 1E101 and 1E102, 1E103, 1E104, 2B004, 2B009, 2B104, 2B109, 2B116, 2D001, 2D101, 2E001, 2E002, 2E101, 3A001, 3A101, 3D101, 3E001, 3E101, 3E102, 4A001, 4A002, 4A003, 4A101, 4A102, 4D001, 4D002, 4D102, 4E001, 5A101, 5D101, 5E101, 6A002, 6A007, 6A008, 6A107, 6A108, 6D001, 6D002, 6D102, 6D103, 6D104, 6E001, 6E002, 6E101, 6E102, 7A001, 7A002, portion of 7A003, 7A004, 7A006, 7A101, 7A102, portion of 7A103, 7A104, 7D001, 7D002, 7D003, 7D101, 7D102, remainders of 7E001 and 7E002, 7E003, 7E004, portion of 7E101, 7E102, 9A001, 9A101, portions of 9A106 and 9A110, 9A120, 9B001, 9B002, 9B003, 9B004, 9B005, 9B007, 9B105, 9B106, 9B117, portions of 9D001, 9D002, 9D003, and 9D004, remainder of 9D101, and portions of 9D102, 9E001, 9E002, 9E101, and 9E102.

¹This list omits:

Non-Annex-IV MT items subject to Department of State jurisdiction;

CCL MT items that appear on the Wassenaar Munitions List, e.g., 1B018, 1D018, 2B018, 2D018, 2E018;

Non-MT-designated items that overlap MTCR, e.g., 1A002, 1C010, 1C225, 1C226, 1C228, 1C230, 1C234, 3A001 .a.2 and a.5, 9B006.

On the other hand it includes items marked MT which are not MTCR, e.g., 1D002, 1D102, 4A003, 4D001, 4D102, 6D001, 6D104, 7D001.

DynCorp International LLC

International Technical Services
Contractor **Logistics** Support

Reference No. LCCSA-0212093
19 February 02

Ms. **Sharron** Cook
Regulatory Policy Division
Office of Exporter Services
Bureau of Export Administration
Department of Commerce
14th and **Pennsylvania Avenue**, NW
PO Box 273, Room 2705
Washington, DC 20230

Subject: Commerce Department Removal of Licensing Exemption for Exports and Reexports of Missile Technology-Controlled Items destined to Canada, **Proposed** Rulemaking

Reference: (a) Federal Register dated 20 December 2001 – **partial** copy attached

Dear Ms. Cook:

DynCorp International LLC (**DI**) has reviewed the referenced advance notice of proposed **rulemaking** as it relates to the existing license exemption for export of missile technology (MT)-controlled items to Canada. **This** includes the Litton Systems commercial airborne **inertial** navigation equipment systems, instruments, circuit cards and spares, as **well** as those items exported for repair. The **affected** part numbers are 7564977-03 1 for the Inertial Navigation **System(INS)** and 7564978-021 for the Control Display **Unit(CDU)** respectively.

DI shipments of commercial inertial navigation equipment to Canada (Litton Systems) under Army Life Cycle Contractor Support (**LCCS**) Contract, **DAAH23-00-C-0226**, would require a Department of Commerce export **license** under the new requirements. Under Contract -0226, **DI** is responsible for providing support activities for a worldwide **fleet** of Government-owned **fixed-wing** aircraft. **DI** believes that this new requirement will **negatively** impact turn-around time for equipment repairs and ultimately increase the Government's operating costs and readiness **rates** for the affected aircraft.

Based upon the above, **DI** strongly urges you to review **Reference** (a) and retain the existing exemption for the export of missile technology (**MT**)-controlled items to Canada.

If you have questions **concerning** this **letter** or desire additional information, please contact Mr. Randy Rinn or Mr. Gary Jacobs at (817) **570-2858**.

Sincerely,



Martin Craft
Director, Business Administration
DynCorp LCCS Program

cc: Pat **Oler**, Program Director, **DynCorp** LCCS Program
Rebecca Glasgow, **ACO**
Carol West, AMCOM **PCO**
David Finch, Director, **Litton** Systems Canada

One Ridgmar Centre • 6500 West Freeway, Suite 600 • Fort Worth, TX 76116-2187 • (817) 570-2858 • fax (817) 570-2128 •

[Federal Register: December 20, 2001 (Volume 66, Number 245)]
[Proposed Rules] [Page 65666-65667]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr20de01-18]

DEPARTMENT OF COMMERCE Bureau of Export Administration

15 CFR Parts 738 and 742 [Docket No. 011019267-1257-01] RIN 0894-AC48

Removal of Licensing Exemption for Exports and Reexports of Missile Technology-Controlled Items
Destined to Canada

AGENCY: Bureau of Export Administration, Commerce.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Bureau of Export Administration (BXA) is reviewing the existing license exemption contained within the Export Administration Regulations (EAR) for the export of missile technology (MT)-controlled items to Canada, because of the recommendations contained in the Government Accounting Office Report entitled, "Export Controls: Regulatory

[[Page 65667]]

Change Needed to Comply with Missile Technology Licensing Requirements" (GA-01-530) BXA is seeking comments on how removing the existing licensing exemption for MT-controlled exports to Canada would affect industry and more specifically the exporting community.

DATES: Comments must be received by February 19, 2002.

ADDRESSES: Written comments (three copies) should be sent to Sharron Cook, Regulatory Policy Division, Office of Exporter Services, Bureau of Export Administration, Department of Commerce, 14th and Pennsylvania Avenue, NW, PO Box 273, Room 2709, Washington, DC 20230; E-Mailed to: scook@bxa.doc.gov; or faxed to 202-482-3355.

FOR FURTHER INFORMATION CONTACT: Steven Goldman, Director, Office of Nonproliferation Controls and Treaty Compliance, Bureau of Export Administration, Telephone: (202) 482-4188. Copies of the referenced GAO Report are available at the GAO website: <http://www.gao.gov>.

SUPPLEMENTARY INFORMATION:

Background

The Government Accounting Office (GAO) Report entitled: "Export Controls: Regulatory Change Needed to Comply with Missile Technology Licensing Requirements" (GA-01-530), recommended that the Department of Commerce amend the Export Administration Regulations (EAR) to require a license for the export of dual-use items controlled pursuant to the Missile Technology Control Regime (MTCR) to Canada. The GAO based its recommendation on a provision in the National Defense Authorization Act (NOAA) for Fiscal Year (FY) 1991, which amended the Export Administration Act (EAA) of 1979 to require a license for any export of dual-use Missile Technology Control Regime (MTCR) controlled goods or technology to any country. In 1991, the Department of Commerce implemented the NDAA requirements in EAR by controlling MTCR Annex items on the Commerce Control List (CCL) under a new designated reason for control, "missile technology (MT)" and generally requiring a license for the export or reexport of these items and technologies. Many of these items were already on the CCL and controlled under foreign policy or national security reasons. However, the Department of Commerce did not revise the EAR's existing license exemption for exports to Canada to require licenses for MT-controlled items to Canada. The license exemption for

Canada existed in the EAR many years prior to the enactment of the MT provisions of the EAA. Since the Hyde Park Declaration of 1941, the United States has authorized nearly all dual-use goods intended for consumption in Canada to be exported without a license, although any reexport of U.S.-origin items controlled for MT concerns from Canada would require a license from the U.S. government. The Department of Commerce is interested in evaluating the impact on U.S. exporters of removing the existing licensing exemption for MT-controlled exports to Canada. The current missile technology (MT) controls maintained by the Bureau of Export Administration (BXA) are set forth in the Export Administration Regulations (EAR), parts 742 (CCL Based Controls) and 744 (End-User and End-Use Based Controls). A regulatory implementation would entail adding an "X" in the row for Canada under the column from "MT 1" in the "Missile Tech" column of Supplement No. 1 to part 738, Commerce Country Chart. In addition, section 742.6 of the EAR would be revised to remove the phrase "except Canada" in the third sentence of paragraph (a)(1). To ensure maximum public participation in the review process, comments are solicited for the next 60 days on the removal of the existing licensing exemption for the export of MT-controlled goods and technologies to Canada. BXA is particularly interested in the experience of individual exporters with the licensing exemption for MT-controlled exports to Canada, with emphasis on economic impact and specific business circumstances. BXA is also interested in industry information relating to the following:

1. Information on the effect of a licensing requirement for the export of MT-controlled items (commodities, software, and technology) to Canada on sales of U.S. products and market share.
2. Information on joint-ventures or U.S. industry owned facilities in Canada that would be affected by the removal of a licensing exemption for the export of MT-controlled items to Canada.
3. Information on controls maintained by U.S. trade partners (i.e., to what extent do other MTCR Partners have similar exemptions for the export of MT-controlled goods and technology to other countries)?
4. Additional suggestions for revisions to the Canadian licensing exemption policy.
5. Data or other information as to the effect of a Canadian licensing requirement on overall trade, either for individual firms or for individual industrial sectors.

Parties submitting comments are asked to be as specific as possible. Accordingly, the Department encourages interested persons who wish to comment to do it at the earliest possible time. The period for submission of comments will close February 19, 2002. The Department will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. The Department will not accept public comments accompanied by a request that a part or all of the material be treated confidentially because of its business proprietary nature or for any other reason. The Department will return such comments and materials to the persons submitting the comments and will not consider them in the development of final regulations. All public comments on these regulations will be a matter of public record and will be available for public inspection and copying. The Department requires comments be submitted in written form, which will be a matter of public record and will be available for public review and copying. The public record concerning these comments will be maintained in the Bureau of Export Administration, Office of Administration, U.S. Department of Commerce, Room 6883, 14th and Constitution Avenue, NW, Washington, DC 20230; (202) 482-0637. This component does not maintain a separate public inspection facility. Requesters should first view BXA's FOIA website (which can be reached through <http://www.bxa.doc.gov/foia>). If the records sought cannot be located at this site, or if the requester does not have access to a computer, please call the phone number above for assistance.

List of Subjects in 15 CFR Parts 738 and 742

Exports, Foreign trade.

Dated: December 14, 2001.

James J. Jochum,

Assistant Secretary for Export Administration.

[FR Doc. 01-31322 Filed 12-19-01; 8:45 am] BILLING CODE 3510-33-P

Robert D. Bauerlein
Vice President
International Operations
Washington, D.C. Office

The Boeing Company
1200 Wilson Boulevard MC AS-00
Arlington, VA 22209

February 19, 2002



Ms. Sharon Cook
Regulatory Policy Division, Office of Exporter Services
Bureau of Export Administration
U.S. Department of Commerce
14th Street and Pennsylvania Avenue, N.W.
P.O. Box 273, Room 2705
Washington, DC 20230

Re: **BXA** Advance Notice of Proposed Rulemaking: Removal of
License **Exemption** for Exports and Re-exports of Missile
Technology-Controlled Items Destined for Canada
Federal Register/Volume 66, No. 245/December 20, 2001

Dear Ms. Cook:

The Boeing Company is extremely concerned over the implications of the Department's Notice of Proposed **Rulemaking** to remove the current license exemption for exports and re-exports of missile technology-controlled items destined for one of our closest allies, the Canadians.

The Boeing Commercial **Airplane** Business Unit (hereafter referred to as "Boeing") relies on its Canadian subsidiaries in Winnipeg, **Amprior** and Toronto, and on other subsidiaries and external Canadian entities, as suppliers of commercial airplanes components, systems, **and** structures. Boeing also has a significant number of employees who are Canadian citizens.

As you know, Canada has been the **only** country in the world that does not require an export **license** for items on the Commerce Control List (CCL) that Boeing exports to Canada and to Canadian **persons** and entities in the U.S. We have relied on this license-free environment to establish flexible and **efficient** relationships with Canadian suppliers. This has not only allowed us to reduce airplane design and manufacture costs but has also enhanced our competitive position in the world market against our European counterparts who enjoy significant government support,

BOEING PROPRIETARY ATTACHED



Boeing has identified eighteen items on the Commerce Control List that are currently exported and/or may be exported in the future to Canada or to Canadian citizens in the U.S. without an export license (see attached ECCN list). Clearly, the imposition of a new licensing requirement would make it significantly more difficult and costly to do business with our Canadian subsidiaries and other Canadian suppliers, including employment of Canadian citizens. *In short, the existing exemption is critical to our operations.*

Finally, it is our understanding that the European Union-whose membership includes many MTCR member countries-allows the export of all the items described on the attached list to Canada without a license. We are extremely concerned that removing our ability to utilize this critical exemption could put us on an uneven playing field vis-à-vis Europe,

We urge the Department to withdraw its proposal to remove this exemption for Canada. We are prepared to have our experts on this issue meet with you and other U.S. government representatives at your convenience to discuss this critical issue in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert D. Bauerlein".

Robert D. Bauerlein

BOEING PROPRIETARY ATTACHED

From: "MITSUGI TANAKA(JAL MCP/L)" <mitsugi.tanaka@jal.co.jp>
To: "SHARRON COOK" <SCOOK@bxa.doc.gov>
Date: 2/19/02 8:57PM
Subject: Re: Removal of Licensing Exemption for MTCR Items

Dear Mr. Sharron Cook,

Thank you for your quick response.

As a result of our review, there may be two different cases regarding the new rule making of the subject.

If the export license once renewed adding SRU mentioned below and obtained with the validity for the timeframe of two years (same as EAR Part 748.4(e)),

and the requirement is the necessary description on documentation and record keeping, our burden would be minimal.

All we have to process is to renew the license once in every two years .

However, if we are required to apply for the license every time a shipment occurs, it is quite a different

story. Because, based on our record, JAL has shipped to Canada the applicable units more than one

hundred each year for repair or exchange. Considering the lead time of application and issuance of license,

which may be more than one week , we may suffer tremendous financial damage caused by flight interruption

or even flight cancel due to crucial situation of spare part control such as shortages or AOG.

Your brief comment on above uncertainty may make us at ease.

Best Regards.

Mitsugi Tanaka
 Manager - Sales and Contracts Group
 Planning Department-Component Services Business Division
 Japan Airlines

Mitsugi Tanaka
 Japan Airlines-Sales & Contracts
 E-mail mitsugi.tanaka@jal.co.jp
 Tel 81-3-3747-3694
 Fax 81-3-3747-3693

----- Original Message -----

From: SHARRON COOK <SCOOK@bxa.doc.gov>
 To: <mitsugi.tanaka@jal.co.jp>
 Cc: <akira.kato@jal.co.jp>; <kazuyoshi1.yamaguchi@jal.co.jp>;
 <mikako.yamamoto@jal.co.jp>; <toshikatsu.fujikawa@jal.co.jp>;
 <yoshihiro.kagiwada@jal.co.jp>; <m.yamashiroya@jaluxam.com>;
 <s.fukasawa@jaluxam.com>; <y.taniguchi@jaluxam.com>; <Eady.Dave@littonlsl.com>;
 <Finch.David@littonlsl.com>; <Mandarello.Gerry@littonlsl.com>
 Sent: Tuesday, February 19, 2002 11:35 PM
 Subject: Re: Removal of Licensing Exemption for MTCR Items

Dear Mitsugi Tanaka,

If this proposal were to be finalized as a new rule, it would mean that all the parts you mentioned would require a license whenever you exported them to Canada.

How would this affect your business?

Sincerely,

Sharron Cook

>>> "MITSUGI TANAKA(JAL MCP/L)" <mitsugi.tanaka@jal.co.jp> 02/17/02 11:57PM >>>
Dear Mr. Sharron Cook,

This message is to inquire you our biggest concern regarding 15 CFR Parts 738 and 742 [Docket No. 011019257-1257-01] RIN 0694-AC48 Titled " Removal of Licensing Exemption for Exports and Reexports of Missile Technology-Controlled items Destined to Canada".

Japan Airlines has shipped the inner parts of Delco Carousel IV/IV-A Inertial Nav. Unit to Canada via Jalux America (Subsidiary company of JAL) in Los Angels for repair or exchange under mutual maintenance service agreement between JAL and Litton System Canada.(LSC).

JAL has been authorized to export Qty 200 each of PN 7886580-011 etc which is Carousel IV INU under the US Export License D252878.

The inner parts JAL has shipped to LSC are SRU (shop Replaceable Unit) are as follows.

P/Name	P/N
1. Z-Gyro	7882700-031
2. X-Y Gyro	7882700-021
3. Z-Accel	7879100-031
4. Accelerometer	7879100-021
5.	(INS) ANN MAINT

NO.1 through NO.4 are detail units (SRU) and NO.5 is the general term which covers above 4 SRU, since JAL and LSC signed the contract three year's ago.

Our biggest concern and question is;
Under these circumstances, does JAL have to renew the existing export license in order to cover SRU or the top assembly PN 7886580-011 Carousel IV INU include SRU and does not need to renew the export license ?

Your official review and reply in your earliest convenience would be most appreciated.
Best Regards.

M.Tanaka

Mitsugi Tanaka
Japan Airlines-Sales & Contracts
E-mail mitsugi.tanaka@jal.co.jp

Tel 81-3-3747-3694
Fax 81-3-3747-3693

CC: <akira.kato@jal.co.jp>, <kazuyoshi1.yamaguchi@jal.co.jp>, <mikako.yamamoto@jal.co.jp>, <toshikatsu.fujikawa@jal.co.jp>, <yoshihiro.kagiyada@jal.co.jp>, <m.yamashiroya@jaluxam.com>, <s.fukasawa@jaluxam.com>, <y.taniguchi@jaluxam.com>, <Eady.Dave@littonlsl.com>, <Finch.David@littonlsl.com>, <Mandarello.Gerry@littonlsl.com>

-- **From:** <Bruce.Campbell@crowm.com>
To: <scook@bxa.doc.gov>
Date: 2/20/02 3:18PM
Subject: MT-Controlled Exports

We are a corporate flight department based in Ohio. We operate an aircraft that uses an inertial navigation system built and serviced by Litton Systems of Canada. These units are shipped to Canada every few years for repairs or service. For our company to get and maintain some kind of missile technology export license is just not feasible. It would not be practical for us to obtain one let alone maintain it. The past reply from the Commerce Department, I'm sure, would be to use some agent to do our shipments. This would only add additional costs and time to our repair process. There are hundreds of businesses and aircraft operators that are going to be affected by this decision. We would like the Commerce Department to consider these businesses and how it will affect them. Thank You

CC: <Tony.Landis@crowm.com>



The National Council on International Trade Development
8 18 Connecticut Avenue, NW, Washington, DC 20006
202-872-9280 phone • 202-872-8324 fax
cu@ncitd.org • <http://www.ncitd.org>

February 22, 2002

Ms. Sharron Cook
Regulatory Policy Division, Office of Export Services
Bureau of Export Administration
U.S. Department of Commerce
14th Street and Pennsylvania Avenue, NW
PO Box 273
Room 2705
Washington, D.C. 20230

Dear Ms. Cook:

Subject: BXA Advance Notice of Proposed Rulemaking: Removal of License Exemption for Exports and Reexports of Missile Technology Controlled items destined for Canada.

The National Council on International Trade Development (NCITD) is pleased to respond to the request for comments on a proposed rule that would remove the current license exception for exports of missile technology (MT) - controlled items to one of the U.S.'s closest allies, Canada. NCITD is a nonprofit trade association of large and small U.S. exporters and importers who are advocates of EAR policies that are consistent with national security, foreign policy, and a flexible export transaction process that promotes export trade.

Removing the existing licensing exemption for MT-controlled exports to Canada would affect industry and the exporting community. The resources that companies would be required to devote to obtaining these licenses could be better used to enhance export compliance in trade with countries that pose greater threats to U.S. national security than Canada. The rule will add to the licensing burden of many of our members. While the NCITD strongly supports policies that are consistent with national security, we do not believe that imposing a new licensing requirement for MTCR-controlled items to Canada would achieve this objective.

Many of our members have subsidiaries in Canada, employ Canadian citizens, and export to Canada. This rule would significantly complicate these partnerships. The imposition of this new

license requirement would be extremely detrimental to the flexible and efficient trade that our members now enjoy with Canadian customers. The new requirement would make it more difficult and more expensive for our member companies to export to Canada while not providing corresponding benefits to the U.S.

Sincerely,

Mary O. Fromyer
Executive Director



The National Council on International Trade Development
8 18 Connecticut Avenue, NW, Washington, DC 20006
202-872-9280 phone • 202-872-8324 fax
cu@ncitd.org • <http://www.ncitd.org>

February 22, 2002

Ms. Sharron Cook
Regulatory Policy Division, Office of Export Services
Bureau of Export Administration
U.S. Department of Commerce
14th Street and Pennsylvania Avenue, NW
PO Box 273
Room 2705
Washington, D.C. 20230

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Sincerely,

Mary O. Fromyer
Executive Director

From: "Wayne Ferguson" <Wayne.Ferguson@cae.com>
To: <scook@bxa.doc.gov>
Date: 12/21/01 7:47AM
Subject: Re: 66 Fed. Reg. 65666

Dear Ms. Cook;

As our parent company is in Montreal, Canada, CAE USA Inc. is wholeheartedly in favor of subject change.

Thanks.

Wayne E. Ferguson
Export Compliance Officer
CAE USA Inc., **Military Simulation** and Training
Tel. **813-887-1423**
FAX 813-887-1367

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