



Getting to Grips with ITAR

NDIA Small Business Breakfast

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September 29th, 2010

Who is ARC...

- ***Aerospace industry consulting firm specializing in facilitating the product development process for aerospace industry companies.***
- ***Provides strategic consulting, business capture & program management services.***
- ***Incorporated in the State of Virginia, ARC is a small US business, registered with the US State Dept. & has US/Canada Joint Certification Approval.***

Our clients have confidence they are working with a US organization who knows the aerospace business & understands & respects ITAR

Key issues

- ***Find an experienced legal counsel, proficient with export compliance matters***
- ***Get to grips with the fundamentals & ramifications of ITAR, establish an Export Compliance Management plan & introduce ITAR “culture” across organization***
- ***Understand how to work with State Dept (DDTC):-***
 - a) *Get registered (<http://www.pmddtc.state.gov/registration>)*
 - b) *Enable D-Trade on your company computer(s)*
 - *Digital certificate (IdentTrust: <http://www.identrust.com/certificates/aces.html>)*
 - c) *Electronic submission of License/Agreement*
 - *<http://www.pmddtc.state.gov/dtrade/index.html>*
- ***Cost drivers: Include ITAR training, legal counsel & State Dept. administration fees***

Business Implications

- ***FEAR FACTOR associated with stiff penalties for ITAR non-compliance***
 - *poses challenge to performing business involving defense exports*

- ***The Challenge: To convince potential US clients it's worth the effort and perceived risk to work with foreign vendors/service providers.***
 - *offer to take on responsibility for export license submission process from your client, releasing the burden from them*

Export license lead time often precludes foreign vendors/service providers from bidding on US company RFPs

License Approval Process With US State Dept. takes time

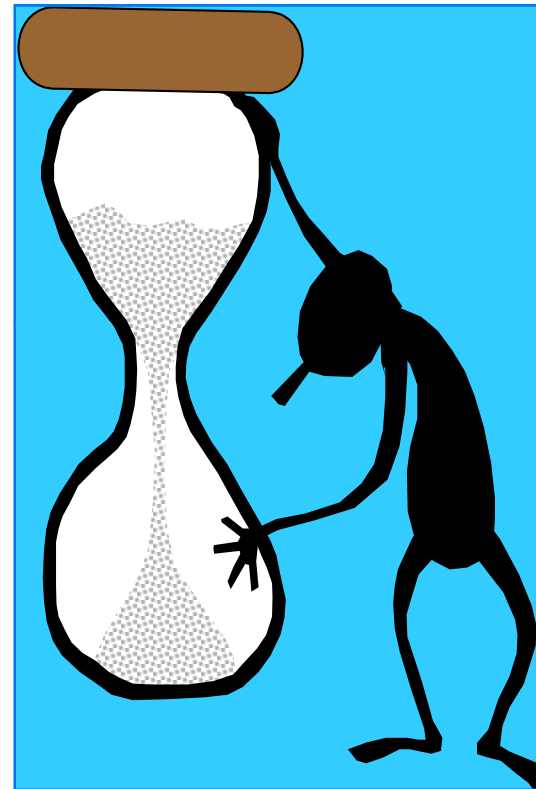
DSP-05: ~ 17 bx days*

TAA: ~ 30-45 bx days*

* Note: If DDTC decides to staff out the application to DTSA, these times can be increased considerably.

DDTC: Directorate of Defense Trade Controls
Controls the export and temporary import of defense articles and defense services covered by the United States Munitions List (USML).

DTSA: Defense Technology Security Administration
Administers the development and implementation of DoD technology security policies on international transfers of defense-related goods, services & technologies.



Important to start application process well in advance of a new project

Business Implications cont'd

Need to convince the large Primes it is in their business interests to increase their Small Business vendor base (including those with offshore partners).

- ***Small businesses provide an expanded skills & capabilities resource, are more flexible, efficient and have lower overhead***
- ***Defense contractors receive credit for contracting with a small business entity***

Refer to Federal Acquisition Regulations (FAR) # 52.219-10 regarding Small Business Incentives.

ITAR 'modernization'

➤ **Obama administration initiative to reform ITAR**

"...in recent years there has been a growing chorus of concern that the current system of export controls is undermining our nation's competitiveness in the global economy, undermining our science and technology enterprise, and weakening our national security - not strengthening it."

Chairman Bart Gordon (D-TN), House Committee on Science & Technology

➤ **State Dept. improving their efficiency** *(D-trade now covering both DSP-5 & TAA)*

➤ **License applications being processed more expeditiously and can be monitored on-line** *(ELISA, D-Trade)*

Questions?

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