



December 4, 2006

Ms. Sheila Quarterman
U.S. Department of Commerce
Bureau of Industry and Security
Regulatory Policy Division
Office of Exporter Services
14th St. and Constitution Avenue, NW
Room 2705
Washington, DC 20230

RIN 0694-AD75

RE: Proposed Rulemaking Concerning Revisions and Clarification of Export and Re-export Controls for the People's Republic of China (PRC) and New Authorization Validated End-User (71 Fed. Reg. at 38,313, July 6, 2006)

Dear Ms. Quarterman,

Thank you for the opportunity to comment on the above referenced notice of proposed rulemaking by BIS to revise and clarify Export and Re-export Controls for the People's Republic of China.

The member companies of the Electronic Industries Alliance, which includes manufacturers from across the spectrum of the high-tech industry, have significant concerns with this proposed rule. Specifically, our members:

- question the practicality and value of the 'Validated End User' proposal;
- believe that the rule imposes a competitiveness burden on U.S. firms; and
- believe that the 47 listed items represent too broad a swath of goods.

We believe that efforts to control critical and sensitive technologies will founder if they are not properly coordinated with other nations to ensure the application of similar policies on companies that export or re-export comparable goods. Notwithstanding the efforts of the U.S. government to promote the adoption of rules comparable to this one by U.S. trading partners, we question whether that is the case in this instance. Other signatories to the Wassenaar accord are unlikely to implement controls comparable to those proposed in this rule. Until and unless non-U.S. producers of covered products are required to adhere to the same rules, efforts to promote security will prove fruitless, and U.S. firms will find their competitiveness undercut. We

question the benefit of adopting a measure such as that proposed, which will hamper U.S. competitiveness at a time when important allies are not contemplating similar reforms.

We appreciate the opportunity to provide comment on the foreign availability of relevant products. In one specific example, we would like to note that Mobile Cellular Phones (ECCN 5A992) are manufactured globally in many different companies and are available as mass market products. Currently, the U.S. does not require any license to export/re-export 5A992 products to China, and the imposition of this rule may impose substantial additional burdens on U.S. companies. The availability of mobile terminals throughout the world and the lack of multilateral restrictions create a burdensome and costly control requirement not only for U.S. companies but also for foreign-based companies utilizing U.S. technologies (de minimis). The availability of such items by multiple non-U.S. companies and the lack of appropriate export controls by many countries means that U.S. businesses are placed in an unfair competitive arena, yet have the resulting additional costs in maintaining effective export control programs to ensure compliance. The deterrent works neither as an economic sanction nor as an anti-terrorist control when such items are supplied by other countries.

Again, thank you for the opportunity to comment. We look forward to working with you as this proposed rule is considered further.

Sincerely,

A handwritten signature in black ink that reads "Dave McCurdy". The signature is written in a cursive, flowing style.

Dave McCurdy
President
Electronic Industries Alliance