



**AEROSPACE EXPORTS
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The Aerospace ITAR Supplier Registry^(TM)¹

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BACKGROUND

1. 10,000 plus DDTC Registered Organizations²
2. 6,600 AS9100 Registered Organizations³
3. Over 11,500 9001:2008 Registered Organizations⁴
4. 2013 the DDTC increased data gathering from DDTC registered organizations, including increased scrutiny of registrants. Compliance teams will have to coordinate closely with corporate governance to ensure that information regarding company ownership is accurate and up to date⁵.
5. Increased measurement of EO's knowledge and process implementation.
6. Most export violations occur outside of the DoS jurisdiction.
7. Violations in 2014 to date have resulted in the largest amount of fines in recent history.
8. Majority of Aerospace firms do not have full time personnel dedicated solely to Export Compliance. This includes Manufacturers of Defense Articles and those participate in exporting Defense Articles and/or Dual-Use Items.
9. NAS Standards about to be released, customer flow-down requiring compliance is increasing.

² DoS DDTC

³ OASIS Database

⁴ IAAR

⁵ Holland & Knight, November 11, 2013



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INTRODUCTION

Every organization that engages (within the United States) in the business of manufacturing defense articles is required⁶ to register with the Directorate of Defense Trade Controls. Engaging in such a business requires only one occasion of manufacturing and a manufacturer who does not engage in exporting must nevertheless register.

Although the U.S. Government has worked to reform export control regulations, there still continues to be a mix of acceptance, lack of understanding, even laissez-faire attitudes and in some rare cases negligent incompetence. Within the aerospace supply chain there is a complete absence of an industry ITAR auditing & reporting certification program. This lack of accountability leads to inadvertent and sometimes even willful ITAR violations and possible escapes in U.S. national security.

PROBLEMS FACING THE SUPPLY CHAIN

1. Lack of awareness, unfamiliarity with the various statutes and regulations. Misunderstand the applicability of the ITAR:
 - 1.1. Assume they are exempt from registering with the DDTC when accepting work that is enumerated on the USML.
 - 1.2. Believe that it is sufficient to simply be registered, but however not implement a compliance program.
 - 1.3. Because they do not export parts that they are exempt from registering with the DDTC.
2. Lack of eligible transactions to warrant full-time dedicated position(s) to maintain awareness of changes to the regulations.
3. No industry resource guide of DDTC Registered companies and U.S. Export compliant suppliers.
4. No 1st, 2nd & 3rd party accredited audit capability (similar to ISO & Nadcap).

⁶There are exemptions to this requirement as defined within §122.1 (b)



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PROBLEMS FACING PRIMES

1. Prime contractors have excellent compliance programs in place and strictly adhere to them, however they avoid directly assisting their sub-tiers in developing compliance programs due to potential liability.
2. No visibility to DDTC registered and compliant organizations:
 - 2.1. Supplier quality personnel tasked with monitoring supplier performance do not validate that an effective compliance system is implemented.

DDTC Registered verses ITAR compliant

Of the companies that are registered, there is no system in place that requires a certification of an organization's compliance program.