Responses to Regulatory Reform Comments and Other Feedback

On January 30, 2017, the President issued Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs. On February 24, 2017, the President issued Executive Order 13777, Enforcing the Regulatory Reform Agenda.

On July 14, 2017, the Department published a Request for Comments in the Federal Register (82 FR 32493) to get feedback from the public on how it could achieve meaningful burden reduction while continuing to achieve the Department’s statutory obligations. The Department sought comments on the Department regulations, guidance documents, and collections of information that members of the public believe should be removed or modified to alleviate unnecessary burdens. The Department also requested economic data to support any proposed changes.

In response to the July 14, 2017 request for comments, the Department received several comments related to the International Traffic in Arms Regulations (ITAR). The Department has concluded its review of two of the comments and has accepted one of the changes suggested. The Department received several additional comments, which we are beginning to review. Any response to these additional comments, none of which are relevant to this rulemaking, will be done via a separate rule. These comments and the Department’s responses are set forth below. The Department has also received feedback from the public, the regulated industry, and other government and private sector experts, through a variety of formal and informal channels, that several entries on the United States Munitions List (USML) to remove items that do not warrant continued control on the USML.

One commenter requested that the Department eliminate the requirement to return licenses for tech data, in § 123.22(b)(3)(i) and (c)(2) (all citations are to 22 CFR). Exporters are required to return licenses for the export of technical data to the Department after the initial export of all of the approved technical data. Exporters are also required to return all licenses that are exported against, but not electronically decremented. The Department has reviewed the comments and the use of the returned licenses and has determined that it can garner the necessary information via other means. The Department accepts these changes and will remove the relevant language in § 123.22(b)(3)(i) and (c)(2).

Two commenters requested that the Department eliminate the Initial Export Notification in § 123.22(b)(3)(ii). The Department does not accept these changes. Section 123.22(b)(3)(ii) requires that prior to the initial export of any technical data or defense services under an Agreement, the Agreement holder inform DDTC that exports are beginning. These notifications are for exports of defense articles and defense services that are generally not reported to the U.S. government through the Automated Export System and as such, these notifications are often the only way that the Department knows that the export has occurred.

Two commenters requested that the Department eliminate the notification of termination in § 124.6. The Department does not accept these changes. Section 124.6 requires that an Agreement holder inform DDTC of the impending termination of the agreement not less than 30 days prior to the expiration date of such agreement. The Department uses this notification as part of its compliance assessment practices. However, the Department is undertaking a modernization of its IT systems for export licensing and will review whether an IT solution can be put in place to allow the elimination of this notification requirement.
Two commenters requested that the Department eliminate the annual status letter on agreements in § 124.4(a). The Department does not accept these changes. Section 124.4(a) requires that if the agreement is not concluded within one year of the date of approval, the applicant notify DDTC in writing and provide the status of the agreement, unless and until the agreement is concluded, or a decision is made not to conclude the agreement. The Department uses this notification as part of its compliance assessment practices.

Two commenters requested that the Department eliminate the requirement in § 123.1(c)(4) that purchase documents be submitted with licenses in furtherance of agreements. The Department does not accept these changes. Submitting purchase documentation with a license application is an important tool to ensure only bona fide transactions are approved and to minimize the risk of diversion of approved exports.

One commenter requested that the Department eliminate the requirement that defense articles be U.S. origin to use the temporary import exemption in § 123.4(a)(1). The Department does not accept this change. Non-U.S.-origin defense articles sent to the United States for repair and maintenance do not require approval from the U.S. government for future reexports and retransfers, the way that U.S.-origin defense articles do. Therefore, the Department does not allow non-U.S.-origin defense articles to be sent to the United States for servicing without individually approving the end-use and end-user.

One commenter requested that the Department create an exemption for temporary exports of defense articles for repair/replacement by foreign Original Equipment Manufacturer ("OEM"). The Department believes that it may be possible to implement such an exemption in a way that maintains U.S. foreign policy and national security interests. The Department is working on this effort and any change to the ITAR to this effect will be published separately.

One commenter requested that the Department streamline the Canadian Exemption in § 126.5 by integrating the excluded technologies list (ETL), currently in Supplement No. 1 to part 126, into § 126.5. The Department does not accept this change. The ETL applies to the Canadian Exemption, as well as the Defense Trade Cooperation Treaties with Australia and the United Kingdom; therefore, the ETL would be reduced if it were moved out of Supplement No. 1 to part 126 and the Department were required to recreate it in the sections for the treaties as well.

One commenter requested that the Department implement certain definitions that were proposed in the Department’s June 6, 2015 Federal Register proposed rule (80 FR 31525). The Department continues to work on the definitions that were not included in the June 3, 2016 interim final rule (81 FR 35611) or the September 8, 2016 final rule (81 FR 62004). Any change to the ITAR to this effect will be published separately.

One commenter requested that the Department establish a definition of manufacturing. The Department believes that the implementation of a definition for manufacturing is a matter that should be subject to public review and comment. Any change to the ITAR to this effect will be published separately.

One commenter asserted that the definition of U.S. person in the ITAR does not include U.S. citizens. This is incorrect. Section 120.15 defines U.S. persons to include protected individuals as defined by 8 U.S.C. 1324b(a)(3). This provision includes all U.S. citizens within the scope of protected individuals.

One commenter asserted that there is an inconsistency between the definition of defense service in § 120.9 and the definition of export in § 120.17 and requested that the Department revise them. The Department does not accept this change. The definition of defense service defines when a defense service occurs. The definition of export, in part, describes when the performance of a defense service constitutes an export and requires approval from the Department prior to performance.

One commenter noted that there is an inconsistency between the text in USML Category IV(j) and XV(j) related to mission integration and launch failure analysis, as the text in Category IV(j) includes the limiter “to a foreign person,” which in the text in Category XV(j) does not. The commenter suggested resolving this inconsistency. The Department accepts this change, and revises USML Category XV(f) to achieve consistency between the provisions. However, the Department notes that this does not change the scope of the controls. The definition of export, as detailed above, provides that an export of a defense service occurs when it is performed for, or on behalf of, a foreign person.

One commenter requested that the Department remove the record keeping requirements under § 123.22(b)(3) and (b), asserting that they are duplicative of the record keeping requirement in § 123.22(b)(3)(ii). The Department does not accept this change. The requirement in § 123.22(b)(3)(ii) is only to maintain records that exist. The requirement in § 125.6 is to create documents that provide the necessary assurance against diversion and information about the transaction to allow these exports to occur under exemptions, without individual licenses for each export.

One commenter requested that the Department implement an IT system that includes a single input and single output, to reduce compliance burdens. The Department is undertaking to modernize its IT systems for export licensing and will review whether an IT solution can be put in place to allow a single output document that sufficiently protects U.S. foreign policy and national security interests.

The Department received feedback from industry that industry is not certain as to the jurisdiction of certain satellites and spacecraft thrusters. Some manufacturers reclassified satellites and spacecraft thrusters, formerly controlled under USML Category XV, as rocket engines under USML Category IV(d), following the revisions to USML Category XV in 2014 and 2017. Some manufacturers reclassified these same, or similar, thrusters as subject to the Export Administration Regulations (EAR) under ECCN 9A515. Thrusters for satellites and spacecraft may meet certain USML Category IV(d) controls, such as based on total impulse, but such thrusters are not rocket or missile power plants per se. Therefore, the Department is adding Note 2 to USML Category IV(d) to clarify that it does not control such thrusters. For controls on satellite and spacecraft thrusters, exporters should review USML Category XV(e)(12) and ECCN 9A515.

The Department received feedback from industry that, as currently structured, USML Category V maintains control over the items described in the EAR on the Commerce Control List (CCL) in Export Control Classification Number (ECCN) 1C608, if they include a material described in USML Category V. The Department added a new Note 3 to USML Category V to clarify that for materials described in USML Category V, except for the materials described in paragraph (c)(6), (h), or (i), approval from the Department is not required for any export, reexport, or retransfer when the defense articles are incorporated into an item subject to the EAR and classified under ECCN 1C608.

The Department received feedback from industry that commercial drone technologies have evolved to the state where the industry is developing flight control systems for cooperative
operations, and there is concern that the control text in USML Category VIII(h)(12), for unmanned aerial vehicle (UAV) flight control systems and vehicle management systems with swarming capability, will capture these commercial drone flight control systems and vehicle management systems. The Department believes that swarming is a military capability that continues to warrant control on the USML. However, the current text describes swarming capabilities as UAVs interacting with each other to avoid collisions and stay together, or, if weaponized, coordinate targeting. The Department believes that this control could be more precise.

Swarming is not simply the ability to avoid collisions, maintain formation, and work cooperatively. Swarming requires the ability to adapt in real-time to changes in operational/threat environment or to deliver munitions on a target. Therefore, the Department revised USML Category VIII(h)(12).

The Department received feedback from industry that commercial drones will make use of airborne radars that are currently described by the control text in USML Category XI(a)(3)(i) and XI(a)(3)(xii). The Department recognizes the importance of commercial drones to the U.S. economy and the importance that those drones have effective detect-and-avoid radar to minimize collisions. Therefore, the Department has added a note to USML Category XI(a)(3)(i), to allow commodity jurisdiction reviews for radars, such as those meeting the criteria of the forthcoming Federal Aviation Administration (FAA) Minimum Operational Performance Standards (MOPS) to support sense and avoid operations of UAVs, and revised the Note to USML Category XI(a)(3)(xii) to increase the power threshold of articles that are not controlled by the paragraph.

The Department received feedback from industry that the control text in USML Category XII(c)(4) will capture electronic components required for 5G wireless technology. The Department does not intend the USML to include civil communications systems. Therefore, the Department revised USML Category XII(c)(4) to implement power thresholds that will exclude those components necessary for 5G wireless technology, but maintain control on those items that do provide the United States a critical military or intelligence advantage.

Comment Submissions

Interested parties may submit comments within 45 days of the date of publication. Comments received after that date may be considered if feasible, but consideration cannot be assured. Those submitting comments should not include any personally identifying information they do not desire to be made public or information for which a claim of confidentiality is asserted because those comments and/or transmitted emails will be made available for public inspection and copying after the close of the comment period via the Directorate of Defense Trade Controls website at www.pmddtc.state.gov. Parties who wish to comment anonymously may do so by submitting their comments via www.regulations.gov, leaving the fields that would identify the commenter blank and including no identifying information in the comment itself.

Regulatory Findings

Administrative Procedure Act

This rulemaking is exempt from section 553 (Rulemaking) and section 554 (Adjudications) of the Administrative Procedure Act (APA) pursuant to 5 U.S.C. 553(a)(1) as a military or foreign affairs function of the United States Government. Although the Department is of the opinion that this rule is exempt from the rulemaking provisions of the APA, the Department is publishing this rule as a final rule with 45-day provision for public comment, without prejudice to its determination that controlling the import and export of defense services is a military or foreign affairs function. The Department will review and respond to all relevant comments and make any necessary amendments.

Regulatory Flexibility Act

Since the Department is of the opinion that this rule is exempt from the provisions of 5 U.S.C. 553, there is no requirement for an analysis under the Regulatory Flexibility Act.

Unfunded Mandates Reform Act of 1995

This rulemaking does not involve a mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector of $100 million or more in any year and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

The Department does not believe this rulemaking is a major rule under the criteria of 5 U.S.C. 804.

Executive Orders 12372 and 13132

This rulemaking does not have sufficient federalism implications to require consultations or warrant the preparation of a federalism summary impact statement. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities do not apply to this rulemaking.

Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributed impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule is being treated as a “significant regulatory action,” although not economically significant, under section 3(f) of Executive Order 12866. Accordingly, the rule has been reviewed by the Office of Management and Budget (OMB). The Department believes that benefits of the rulemaking, narrowing and clarifying the scope of existing USML controls and removing certain notification requirements, outweigh any costs to implement these changes.

Executive Order 12988

The Department of State has reviewed this rulemaking in light of sections 3(a) and 3(b)(2) of Executive Order 12988 to eliminate ambiguity, minimize litigation, establish clear legal standards, and reduce burden.

Executive Order 13175

The Department of State has determined that this rulemaking will not have tribal implications, will not impose substantial direct compliance costs on Indian tribal governments, and will not preempt tribal law. Accordingly, the requirements of Executive Order 13175 do not apply to this rulemaking.

Paperwork Reduction Act

This rulemaking does not impose or revise any information collections subject to 44 U.S.C. Chapter 35.

Executive Order 13771

This final rule is being reviewed as an E.O. 13771 deregulatory action. This rule will remove regulatory uncertainty regarding the controls on the
commercial aspects of these technologies that could prevent U.S. companies from investing in next generation technologies.

List of Subjects
22 CFR Part 121
Arms and munitions, Classified information, Exports.
22 CFR Part 123
Arms and munitions, Exports, Reporting and recordkeeping.
For reasons stated in the preamble, the State Department amends 22 CFR parts 121 and 123 as follows:

PART 121—THE UNITED STATES MUNITIONS LIST

1. The authority citation for part 121 continues to read as follows:

2. Section 121.1 is amended as follows:
   a. In Category IV, redesignate Note to Paragraph (d) as Note 1 to Paragraph (d) and add Note 2 to paragraph (d);
   b. In Category V, add Note 3 to USML Category V;
   c. In Category VIII, revise paragraph (h)(12);
   d. In Category XI, add Note to Paragraph (a)(3)(i), revise Note to Paragraph (a)(3)(xii), and revise paragraph (c)(4); and
   e. In Category XV, revise the second and third sentences of paragraph (f).
   The additions and revisions read as follows:

§ 121.1 The United States Munitions List.

Category IV—Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs, and Mines

* * * * *
(d) * *

Note 2 to Paragraph (d): This paragraph does not control thrusters for spacecraft.

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Category V—Explosives and Energetic Materials, Propellants, Incendiary Agents, and Their Constituents

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Note 3 to USML Category V: Items controlled in this Category, except for materials described in paragraph (c)(6), (h), or (i), are licensed by the Department of Commerce when incorporated into an item subject to the EAR and classified under ECCN 1C608.

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Category VIII—Aircraft and Related Articles

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(h) * * *
(12) Unmanned aerial vehicle (UAV) flight control systems and vehicle management systems with swarming capability (i.e. UAVs that operate autonomously (without human input) to interact with each other to avoid collisions, fly in formations, and are capable of adapting in real-time to changes in operational/threat environment, or, if weaponized, coordinate targeting) (MT if for an aircraft, excluding manned aircraft, or missile that has a “range” equal to or greater than 300 km):

* * * * *

Category XI—Military Electronics

(a) * *
* (3) * * *
(i) * * *

Note to Paragraph (a)(3): This paragraph does not control radars that:
   (1) Are incapable of free space detection of 1 square meter Radar Cross Section (RCS) target beyond 8 nautical miles (nm);
   (2) Contain a radar update rate of not more than 1Hz;
   (3) Employ a design determined to be subject to the EAR via a commodity jurisdiction determination (see § 120.4 of this subchapter).

* * * * *
(xii) * *

Note to Paragraph (a)(3): This paragraph does not control radars not otherwise controlled in this subchapter, operating with a peak transmit power less than or equal to 550 watts, and employing a design determined to be subject to the EAR via a commodity jurisdiction determination (see § 120.4 of this subchapter).

* * * * *

(c) * *

(4) Transmit/receive modules, transmit/receive monolithic microwave integrated circuits (MMICs), transmit modules, and transmit MMICs having all of the following:
   (i) A peak saturated power output (in watts), Psat, greater than 505.62 divided by the maximum operating frequency (in GHz) squared [Psat > 505.62 W / GHz2/2GHz2 * Hz2] for any channel;
   (ii) A fractional bandwidth of 5% or greater for any channel;
   (iii) Any planar side with length d (in cm) equal to or less than 15 divided by the lowest operating frequency in GHz (d / 15 cm / GHz / GHz); and
   (iv) At least one electronically variable phase shifter per channel.

* * * * *

Note 1 to Paragraph (c)(4): A MMIC: (a) Is formed by means of diffusion processes, implantation processes, or deposition processes in or on a single semiconducting piece of material; (b) can be considered as indivisibly associated; (c) performs the function(s) of a circuit; and (d) operates at microwave frequencies (i.e., 300 MHz to 300 GHz).

Note 2 to Paragraph (c)(4): A transmit/receive module is a multifunction electronic assembly that provides bi-directional amplitude and phase control for transmission and reception of signals.

Note 3 to Paragraph (c)(4): A transmit module is an electronic assembly that provides amplitude and phase control for transmission of signals.

Note 4 to Paragraph (c)(4): A transmit/receive MMIC is a multifunction MMIC that provides bi-directional amplitude and phase control for transmission and reception of signals.

Note 5 to Paragraph (c)(4): A transmit MMIC is a MMIC that provides amplitude and phase control for transmission of signals.

Note 6 to Paragraph (c)(4): USML Category XI(c)(4) applies to transmit/receive modules and to transmit modules, with or without a heat sink. The value of length d in USML Category XI(c)(4)(iii) does not include any portion of the transmit/receive module or transmit module that functions as a heat sink.

Note 7 to Paragraph (c)(4): Transmit/receive modules, transmit modules, transmit/receive MMICs, and transmit MMICs may or may not have N integrated radiating antenna elements, where N is the number of transmit or transmit/receive channels.

Note 8 to Paragraph (c)(4): Fractional bandwidth is the bandwidth over which output power remains constant within 3 dB (without the adjustment of other operating parameters), divided by the center frequency, and multiplied by 100. Fractional bandwidth is expressed as a percentage.

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Category XV—Spacecraft and Related Articles

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(f) * *

Defense services include the furnishing of assistance (including training) to a foreign person in the integration of a satellite or spacecraft to a launch vehicle, including both planning and onsite support, regardless of the jurisdiction, ownership, or origin of the satellite or spacecraft, or whether technical data is used. It also includes the furnishing of assistance (including training) to a foreign person in the launch failure analysis of a satellite or spacecraft, regardless of the jurisdiction, ownership, or origin of the satellite of
**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[Docket No. USCg–2018–0925]

**Drawbridge Operation Regulation; Trent River, New Bern, NC**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of deviation from drawbridge regulation.

**SUMMARY:** The Coast Guard has issued a temporary deviation from the operating schedule that governs the U.S. 70 (Alfred C. Cunningham) Bridge across the Trent River, mile 0.0, at New Bern, NC. The deviation is necessary to accommodate the free movement of pedestrians and vehicles during the 2018 Mumfest celebration. This deviation allows the bridge to remain in the closed-to-navigation position.

**DATES:** This deviation is effective from 9:30 a.m. on October 13, 2018, to 6:30 p.m. on October 14, 2018.

**ADDRESSES:** The docket for this deviation, [USCG–2018–0925], is available at [http://www.regulations.gov](http://www.regulations.gov). Type the docket number in the “SEARCH” box and click “SEARCH”. Click on Open Docket Folder on the line associated with this deviation.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this temporary deviation, call or email Mr. Mickey Sanders, Bridge Administration Branch Fifth District, Coast Guard; telephone (757) 398–6587, email Mickey.D.Sanders2@uscg.mil.

**SUPPLEMENTARY INFORMATION:** The Event Director, Swiss Bear Inc., with approval from the North Carolina Department of Transportation, who owns and operates the U.S. 70 (Alfred C. Cunningham) Bridge, has requested a temporary deviation from the current operating regulations to accommodate the free movement of pedestrians and vehicles during the 2018 Mumfest. The bridge is a double bascule bridge and has a vertical clearance in the closed position of 14 feet above mean high water.

The current operating schedule is set out in 33 CFR 117.843(a). Under this temporary deviation, the bridge will be maintained in the closed-to-navigation position and open every two hours, on the hour, from 9:30 a.m. to 7:30 p.m. on Saturday, October 13, 2018, and from 9:30 a.m. to 6:30 p.m. on Sunday, October 14, 2018. From 7:30 p.m. on Saturday, October 13, 2018, to 9:30 a.m. on Sunday, October 14, 2018, the drawbridge will open on signal.

The Alfred C. Cunningham Bridge is used by a variety of vessels including recreational vessels, tug and barge traffic, fishing vessels, and small commercial vessels. The Coast Guard has carefully considered the nature and volume of vessel traffic on the waterway in publishing this temporary deviation. Vessels able to pass through the bridge in the closed position may do so at anytime. The bridge will be able to open for emergencies and there is no immediate alternate route for vessels unable to pass through the bridge in the closed position. The Coast Guard will also inform the users of the waterways through our Local and Broadcast Notices to Mariners of the change in operating schedule for the bridge so that vessel operators can arrange their transits to minimize any impact caused by the temporary deviation.

In accordance with 33 CFR 117.35(e), the drawbridge must return to its regular operating schedule immediately at the end of the effective period of this temporary deviation. This deviation from the operating regulations is authorized under 33 CFR 117.35.

Dated: September 27, 2018.

Hal R. Pitts,

Bridge Program Manager, Fifth Coast Guard District.

[FR Doc. 2018–21620 Filed 10–3–18; 8:45 am]

**BILLING CODE 4710–04–P**

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**


**Air Plan Approval; California; San Diego County Air Pollution Control District; Stationary Source Permits and Exemptions**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is taking final action to approve and conditionally approve revisions to the San Diego County Air Pollution Control District (SDAPCD or “District”) portion of the California State Implementation Plan (SIP). These revisions concern the District’s New Source Review (NSR) permitting program for new and modified sources of air pollution under section 110(a)(2)(C) and part D of title I of the Clean Air Act (CAA or the Act). This action updates the SDAPCD’s applicable SIP with current SDAPCD permitting rules.