**CONFIRMED MINUTES**

**JUNE 23, 2015**

**MONTRÉAL, QUÉBEC, CANADA**

 **These minutes are not final until confirmed by the Sub-Team or overseeing Committee in writing or by vote at a subsequent meeting. Information herein does not constitute a communication or recommendation from the Sub-Team and shall not be considered as such by any agency.**

**MONDAY, JUNE 22**

# OPENING COMMENTS

## Call to Order / Quorum Check

The Nadcap Management Council (NMC) Export Control Sub-Team was called to order at 1:00p.m., 22-Jun-2015.

## It was verified that only NMC Members and invited guests were in attendance during this restricted voting members only meeting.

David Soong, NMC Export Control Sub-Team Lead, accepted the following participants as INVITED GUESTS:

* Stan Trull – Honeywell Aerospace
* Nelson Dong (ouside counsel-participated via WebEx® Conference Call)- Partner of Dorsey & Whitney, LLP

A quorum was established with the following representatives in attendance:

***Subscriber Members/Participants Present (\* Indicates Voting Member)***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | NAME |  | COMPANY NAME |  |
|  |  |  |  |  |
| \* | Latchezar | Anguelov | SAFRAN Group |  |
| \* | Nicolas | Barthelemy | Airbus Helicopters |  |
| \* | Richard | Blyth | Rolls-Royce | NMC Vice Chairperson |
| \* | Craig | Bowden | BAE Systems – MAI |  |
| \* | Russell | Cole | Northrop Grumman |  |
| \* | Hidekazu | Furugori | Mitsubishi Aircraft Corporation |  |
| \* | Martha | Hogn-Battisti | The Boeing Company |  |
| \* | Scott | Iby | UTC Aerospace (Hamilton Sundstrand) |  |
| \* | Masahiro | Kawamoto | Mitsubishi Heavy Industries |  |
| \* | Bob | Koukol | Honeywell Aerospace |  |
| \* | Ralph | Kropp | MTU Aero Engines AG |  |
| \* | Scott | Maitland | UTC Aerospace (Goodrich) |  |
| \* | Frank | Mariot | Triumph Group Inc. |  |
| \* | Jean-Philippe | Mathevet | SAFRAN Group |  |
| \* | Steve | McGinn | Honeywell Aerospace |  |
| \* | Frank | McManus | Lockheed Martin Corporation |  |
| \* | Michael | Murray | Beechcraft |  |
| \* | Scott | Porterfield | Triumph Group Inc. |  |
| \* | Fabrizio | Quadrini | AgustaWestland |  |
| \* | Mark | Rechtsteiner | GE Aviation |  |
| \* | Brad | Richwine | Raytheon Company |  |
| \* | Scott | Severson | Rockwell Collins, Inc. |  |
| \* | David | Soong | Pratt & Whitney | Sub-Team Chairperson |
|  | Stan | Trull | Honeywell Aerospace |  |

***Other Members/Participants Present (\* Indicates Voting Member)***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | NAME |  | COMPANY NAME |  |
|  |  |  |  |  |
|  | Nelson | Dong | Dorsey & Whitney, LLP |  |

***PRI Staff Present***

|  |  |
| --- | --- |
| Mark | Aubele |
| Mike | Graham |
| Scott | Klavon |
| Jennifer | Kornrumpf |
| Jim | Lewis |
| Bob | Lizewski |
| Christine | Sanz |

## Approval of Previous Meeting Minutes– OPEN

The minutes from the March 2015 NMC Export Control Sub-Team meeting in Berlin, Germany were approved as written.

## RAIL Review – OPEN

The Rolling Action Item List (RAIL) was reviewed.

For specific details, please see the current (TASK GROUP) Rolling Action Item List posted at [www.eAuditNet.com](http://www.eAuditNet.com), under Public Documents.

# PRESENTATION FROM OUTSIDE COUNSEL ON THE IMPACT OF EXPORT CONTROL REFORM TO THE AEROSPACE INDUSTRY AND THE NADCAP PROGRAM

Christine Sanz introduced Nelson Dong, outside counsel, a Parnter with Dorsey & Whitney, LLP of Seattle, Washiongton, USA. (Nelson attended via WebEx® Call.) Nelson Dong gave a brief review of his credentials and his background with regards to Export Control. He reviewed the attached presentation on Export Control which he authorized us to share via the posted meeting minutes.



There was discussion about the approach Subscribers are taking with regards to the new Export Control rules and regulations since the vast majority of Nadcap Job Audits are likely no longer ITAR restricted, but are more likely EAR according to the current regulations.

Latchezar Anguelov (SAFRAN) asked if Auditors can view EAR-99 information, which Nelson Dong answered the something classified as EAR-99 can go anywhere other than embargoed countries. Craig Bowden (BAE Systems) suggested that this presentation appears to focus on hardware, or tangible items, which Nelson Dong explained that intangible information is handled that same as hardware. Also, for clarification the term “BIS” stands for the Bureau of Industry Security, which is responsible for developing export control policies, issuing export licenses, and prosecuting violations.

Suggestions from Nelson Dong for a path to move forward include provide all Nadcap participants with a short “plain English” explanation of Export Control Regulation changes and consider updating eAuditNet to allow suppliers to select 1) “ITAR” for audits involving ITAR data (using only U.S. national auditors that may be more costly, time-consuming); or 2) “EAR” audit involving no ITAR data (allowing a greater leeway auditors of other nationalities that may be less costly, time-consuming in place of the current choice of a single ITAR /EAR designation).

# RESIDENCY CONSIDERATIONS WHEN HANDLING ITAR-RESTRICTED DATA

Stanley Trull of Honeywell reviewed the following presentation. His concerns were discussed while Mr. Dong was on the webex.



* + Oversight audit of Heat Treat included proper designation of auditors as “restricted” or “unrestricted”:
		- General handbook does not define requirements
		- Does residency affected this?
		- Are there restrictions on Green card holders?
		- Not clear if auditors identified correctly
	+ Nationality
	+ Citizenship
	+ Permanent residency
	+ Employment by USA or other country
		- Work visas?
	+ Ask: are these clear?
		- Not USA based only; regulations from other countries; is discussion with TGs needed
	+ Which combination would constitute a restricted?
	+ Which required to be known by the facility prior to entry?
* NOT PROCEDURIZED In Nadcap procedures – auditors used for other tasks
	+ Hard copy contracts are used and are personal and confidentuial
	+ Address for compensation is the only means PRI has for determining residency.
	+ Currently there are no green card holders living outside of US
	+ Residency Issue resulted from: PRI Staff person moved to Romania – still SE for PRI (SEs conducts audits as auditors)
	+ Vetting Process for classifying auditors (rts/unrts) exists outside formal Nadcap procedures but is a PRI responsibility for ensuring compliance.
* Requirements
	+ Answers (Theoretical Discussion)
		- US Citizen lives in Cuba US Citizen (can see rts work regardless of residency)
		- Cuban Citizen becomes US National = ITAR – Restricted (yes); EAR = Restricted (no) {EAR law looks at current residence}
		- Non-US citizen of restricted country = ITAR – Restricted; EAR = Restricted
		- Example describes a work vise non US national with US citizenship living in restricted country = {Same as first example}
	+ Other Countries = US controls key to same common listed countries
	+ Comments made by several Subscribers as well as Mr, Dong that based on new regulations, Nadcap should consider separating ITAR and EAR declarations.
	+ Scott Klavon: In 25 years PRI has never violated Export Control Policy, what problem are we solving?
		- Bob Lizewski mentioned that the definition for Restricted and Unrestricted auditors are found in OP 1103 and provides criteria. The NMC members reviewed the process and based on today’s discussion with Mr. Dong, believes this adequately addresses the concern raised by Mr. Trull related to PRI’s classification of Auditors.

# ACTION ITEM REVIEW

Action Item 1 – Need to resolve these issues to give Task Groups guidance

Action Item 2 – Pending Action Item 1

Action Item 3 – Pending Action Item 1

Action Item 4 – Closed

Action Item 5 – Closed

Action Item 6 – Closed

Action Item 7 – Closed

Action Item 8 – Pending Action Item 1

The Sub-Team gave concurrence to Close the noted Action Items.

ADJOURNMENT – 22-Jun-2015 – Meeting was adjourned at 3:07 p.m.

Minutes Prepared by: Jennifer Kornrumpf jkornrumpf@p-r-i.org