

AeA
Alliance for Network Security
Business Roundtable
Business Software Alliance
Coalition for Employment through Exports
Computer Coalition for Responsible Exports
EDA Consortium
Information Technology Industry Council
National Association of Manufacturers
National Foreign Trade Council
Semiconductor Industry Association
Software & Information Industry Association
Telecommunications Industry Association
U.S. Chamber of Commerce
US-China Business Council
United States Information Technology Office

August 2, 2006

Dear Mr. Secretary:

We are writing to express our concern over the “conventional arms catch-all” regulation for China that was proposed on July 6. As representatives of U.S. manufacturers, we support an effective export control system to protect U.S. national security. We also recognize the risks and opportunities that trade with China presents, but we believe this regulation is not clearly integrated into our China policy and will seriously hinder U.S. competitiveness.

This seems to be part of a scattershot pattern of regulatory developments that includes the “deemed export” issue and the defense acquisition regulations. Despite numerous meetings between our representatives and government officials, we remain unclear as to whether there are items covered by the new regulation that are not already subject to tight controls or else widely available.. In such circumstances, it is hard to see how this proposal could advance U.S. national security interests, while it is clear that its broad scope of coverage will add significantly to companies’ compliance burdens, which, in time, will reduce our competitiveness.

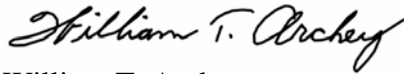
Our second concern is that the United States stands alone. Though the regulation is purportedly pursuant to a multilateral commitment, to our knowledge not a single other Wassenaar Arrangement member (including close allies such as the United Kingdom, Germany and Italy) are applying or plan to apply it to similar exports to China. A unilateral control on widely available products will not be effective. As we have seen with night vision equipment, a unilateral approach inevitably undermines both U.S. competitiveness and security, encouraging other countries to design U.S. technology out of their products. We feel strongly that multilateral action is the most effective long-term strategy and, if we act alone now, it will undercut our ability to negotiate common guidelines with other supplier countries

We believe that the development and implementation of a broader China policy in conjunction with our allies should balance national security and economic interests. To that end, we urge you and Secretaries Rice and Rumsfeld to take the lead in suspending work on the current regulation while our China policy is thoroughly reviewed to ensure that export controls are consistent with long-term U.S. objectives.

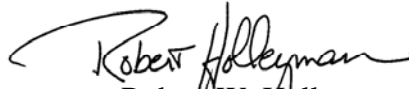
We recognize that China policy is complicated and multi-faceted, but we are concerned that U.S objectives towards China will not be sufficiently met and U.S. competitiveness will be negatively impacted by excessively broad, unilateral export controls.

We appreciate your consideration of this important issue.

Sincerely,



William T. Archey
President & CEO
AeA



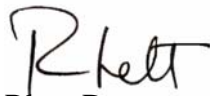
Robert W. Holleyman, II
President & CEO
Business Software Alliance



John J. Castellani
President
Business Roundtable



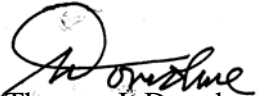
Dan Hoydys
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Computer Coalition for Responsible Exports



Rhett Dawson
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Pamela Parrish
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Thomas J. Donohue
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William A. Reinsch
President
National Foreign Trade Council



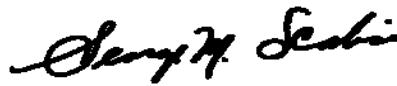
John Engler
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Edmund B. Rice
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Coalition for Employment through Exports



Matthew J. Flanigan
President
Telecommunications Industry Association



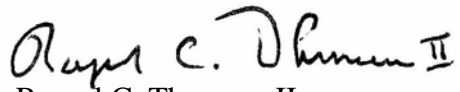
George Scalise
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cc: Secretary Rice
Secretary Rumsfeld
Stephen Hadley
Allan Hubbard