



Commercialization and Innovation Working Group Findings and Recommendations

May 2019

Presented to: COMSTAC

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Federal Aviation
Administration

F&R #1: Enable Launch Campaigns Abroad

BACKGROUND: American launch companies are in negotiations to conduct launch campaigns from international spaceports and launch locations, such as in the United Kingdom, Japan, and Brazil. FAA has the authority to encourage, facilitate, and promote US commercial space launch and reentry globally. FAA should continue to advance its larger vision of creating a business friendly global environment that encourages both safe launch and reentry practices, and consistent and predictable licensing everywhere.

RECOMMENDATION: COMSTAC recommends that the FAA should continue to work collaboratively with our international partners to establish legal and regulatory conditions that encourage safe launch and reentry practices, and consistent and predictable licensing globally.

F&R #2: Implement Wassenaar Arrangement Controls on Air-Launch Platforms

BACKGROUND: Current U.S. government policy is to reduce export controls to only those technologies critical to National Security and enable U.S. companies to compete in international markets with innovative systems and services, especially for US space companies that have been under stricter controls in recent decades. To this end, in December 2018, the United States Government agreed with the Wassenaar Arrangement's 47-Participating States to create a new entry (9.A.4) in Category 9 of the List of Dual-Use Goods & Technologies to cover "aircraft specially designed or modified to be air-launch platforms for space launch vehicles." This new entry means that the United States and its international counterparts recognize that air-launch platforms are *not* inherently "military" items, but rather "dual-use" items that can have a variety of civil and commercial applications (in addition to any potential military applications). Accordingly, in implementing this update, the United States can include air-launch platforms on the Commerce Control List (CCL) under the Export Administration Regulations (EAR), rather than the more onerous U.S. Munitions List (USML) under the International Traffic in Arms Regulations (ITAR).

F&R #2: Implement Wassenaar Arrangement Controls on Air-Launch Platforms (continued)

RECOMMENDATION: During interagency discussions, the Department of Transportation should advocate to the Department of State and the Department of Commerce that the Directorate of Defense Trade Controls and the Bureau of Industry and Security ensure that U.S. companies with aircraft specially designed or modified to be air-launch platforms for USML Category XV items also receive the benefit of the new Wassenaar entry. (For example, the text of the new entry as implemented by the United States should include air-launch platforms “for space launch vehicles, spacecraft, or other space vehicles” rather than just “for space launch vehicles.”) If the United States implements the Wassenaar text without this modification, then U.S. companies developing air-launch platforms for “spacecraft” or “space vehicles” listed in USML Category XV would face uncertainty on the applicability of this new entry to their air-launch platforms; whereas, U.S. companies developing air-launch platforms for “space launch vehicles” listed in USML Category IV would have the benefit of regulatory certainty.

RECOMMENDATION: The Department of Transportation should advocate to the Department of State and the Department of Commerce that the Directorate of Defense Trade Controls and the Bureau of Industry and Security ensure that U.S. companies with aircraft specially designed or modified to be air-launch platforms for USML Category XV items also receive the benefit of the new Wassenaar entry.

F&R #3: Support for Ex-Im

BACKGROUND:

- The Export-Import Bank (“Ex-Im”) plays a vital role in supporting a variety of commercial space transportation-related activities via the financing of launches, ranges, and the manufacture of spacecraft.
- At the peak of Ex-Im’s activity in 2012, the Bank financed \$35.8B in transactions, supporting thousands of small businesses and 255,000 U.S. jobs.
- From 2015 until this May, Ex-Im was not able to approve loans above \$10 million due to the lack of a quorum on its board of directors.
- In 2017, Ex-Im supported just \$3.4B in transactions, less than 10% of its activities in 2012.
- The vacuum left by Ex-Im’s unavailability has been filled by active Export Credit Agencies in foreign countries, benefitting foreign competitors to the U.S. Space Industry.
- Earlier this month, the Senate confirmed a sufficient number of Directors to support a quorum for the first time since 2015 allowing the Bank to return to full operation.
- However, the Ex-Im must be reauthorized by Congress before September 30th, 2019 to remain in existence and continue to operate, and ensure a level competitive playing field, including for U.S. commercial space interests.

F&R #3: Support for Ex-Im

RECOMMENDATION: In interagency discussions and other dialogues with relevant policymakers, the FAA AST should express strong support for the reauthorization and continued operation of the Export-Import Bank to ensure the health and growth of the domestic commercial space launch industry, U.S. satellite manufacturing, and American global aerospace competitiveness generally.