Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 701

[Docket No. 150825780–5780–01]

RIN 0694–AG38

Export Control Reform: Conforming Change to Defense Sales Offset Reporting Requirements

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Proposed rule.

SUMMARY: This proposed rule would require reporting of offsets agreements in connection with sales of items controlled in ''600 series'' Export Control Classification Numbers (ECCNs) on the Commerce Control List (CCL) except for certain submersible and semi-submersible cargo transport vessels and related items that are not on control lists of any of the multilateral export control regimes of which the United States is a member. Since the early 1990s, BIS has required reporting of offsets agreements in connection with sales of items controlled on the United States Munitions List (USML). Those reporting requirements would continue, unchanged by this rule. Beginning on October 15, 2013, some items have been removed from the USML and added to 600 series ECCNs as part of the Administration's Export Control Reform Initiative. These items were subject to offsets reporting requirements prior to being added to 600 series ECCNs. In addition, as part of that same initiative, some items that were subject to the Export Administration Regulations (EAR) have also been added to 600 series ECCNs. These items were not subject to offsets reporting requirements prior to being added to 600 series ECCNs. This proposed rule would require reporting of offsets agreements in connection with sales of items controlled in 600 series ECCNs regardless of whether the item was added to a 600 series ECCN simultaneously with its removal from the USML or was subject to the EAR prior to its inclusion in a 600 series ECCN.

BIS is proposing this action because, except for the vessels and related items noted above, items controlled in 600 series ECCNs are of a military nature. BIS believes that collecting information regarding offsets requirements in connection with the sale of such items is necessary to make a report to Congress mandated by the Defense Production Act complete.

DATES: Comments must be received no later than February 1, 2016.

ADDRESSES: You may submit comments by either of the following methods:

- By the Federal eRulemaking Portal: *http://www.regulations.gov.* The identification number for this rulemaking is BIS–2015–0045.
- By email directly to *publiccomments@bis.doc.gov.* Include RIN 0694–AG38 in the subject line.

FOR FURTHER INFORMATION CONTACT: Ronald DeMarines, Strategic Analysis Division, Office of Strategic Industries and Economic Security, 202–482–3755, or *ronald.demarines@bis.doc.gov.*

SUPPLEMENTARY INFORMATION:

Background

Part 701 of Title 15, Code of Federal Regulations—Reporting of Offsets Agreements in Sales of Weapon Systems or Defense-Related Items to Foreign Countries or Foreign Firms—(herein the Offsets Reporting Regulations) requires that U.S. firms report certain offset agreements to BIS annually. BIS uses the information so reported to develop a ''detailed annual report on the impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the United States'' (herein ''the offset report to Congress''), that is submitted to the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives, as required by Section 723 of the Defense Production Act of 1950, as amended (DPA) (50 U.S.C. app. 2172(a)(1). An offset for purposes of the Offsets Reporting Regulations is compensation required by the purchaser as a condition of the purchase in government-to-government or commercial sales of defense articles or services. This compensation can take a variety of forms, including: Co-production, technology transfer, subcontracting, credit assistance, training, licensed production, investment, and purchases. An agreement to provide offsets with a value exceeding $5,000,000 must be reported to BIS. Performance of an existing offset commitment for which offset credit of $250,000 or more has been claimed must also be reported to BIS.

The Defense Production Act describes the items for which the offset report to Congress must be submitted as ''weapon system[s] or defense-related item[s].'' (*See* section 723 of the DPA) (50 U.S.C. app. 2172(c)(1). The Offsets Reporting Regulations currently require reporting of offsets in connection with ''defense articles and/or defense services'' as defined by the Arms Export Control Act and the International Traffic in Arms Regulations (22 CFR parts 120–130) (ITAR). *See* 15 CFR 701.2(a). The ITAR includes the USML (22 CFR part 121), which describes the defense articles that it regulates. Beginning on October 15, 2013, as part of the Administration's Export Control Reform Initiative, a series of rules removed a number of defense articles from the USML and added them to the CCL (15 CFR part 774, Supp. No. 1). BIS created a new series of ECCNs in the EAR, identified as the ''600 series'' because the third character in the ECCN is the numeral ''6,'' for those defense articles. The 600 series items formerly controlled on the USML were subject to offsets reporting requirements before being added to the 600 series.

Simultaneously with adding former USML defense articles to the 600 series ECCNs, BIS added to those ECCNs some items that are of a military nature but that were already subject to the EAR. BIS took this step to provide consistent treatment for all military items that are subject to the EAR. Some of these items were in existing ECCNs. Others were subject to the EAR, but not set forth in any ECCN. Such items are designated under the EAR as EAR99 items. Items that were subject to the EAR prior to being added to 600 series ECCNs were not subject to offsets reporting requirements.

This proposed rule would require reporting of offsets agreements in connection with sales of all items controlled in 600 series ECCNs, except for certain submersible and semi-

submersible cargo transport vessels and related items that are not on control lists of any of the multilateral export control regimes of which the United States is a member, regardless of whether the item was controlled on the USML or subject to the EAR prior to being controlled under a 600 series ECCN.

Nature of 600 Series ECCNs

600 series ECCNs control items of a military nature. They are structured in the same manner as other ECCNs. That structure is described in detail at 15 CFR 738.2. However, a brief overview is given here. An ECCN has five characters. The first character identifies the category on the CCL to which the ECCN belongs. There are ten categories numbered 0 through 9. The second character identifies the product group and is one of the letters A through E. In the 600 series ECCNs, the third character identifies the ECCN as part of the 600 series. The fourth and fifth characters identify the category on the Wassenaar Arrangement Munitions List to which the ECCNs most closely relate. These last two characters also serve to identify related ECCNs across different product groups. The product groups and illustrative examples of their application in the 600 series are as follows:

Product Group A—End items, equipment, accessories, attachments, parts, components, and systems. For example, ECCN 0A606 applies to ground vehicles and related commodities.

Product Group B—Test, inspection and production equipment. For example, 0B606 applies to equipment specially designed for the development, production, repair, overhaul, or refurbishing of commodities enumerated in ECCN 0A606 or USML Category VII (the USML category that applies to ground vehicles).

Product Group C—Materials. For example 0C606 applies to materials specially designed for commodities controlled by ECCN 0A606 not elsewhere specified in the USML. In some instances a product group C ECCN may apply to materials for its related product group B ECCN as well as to its related product group A ECCN.

Product Group D—Software. For example, ECCN 0D606 applies to software specially designed for the development, production, operation, or maintenance of ground vehicles and related commodities controlled by ECCNs 0A606, 0B606, or 0C606. A software ECCN may apply to software for any or all of the items in its related product groups A, B or C.

Product Group E—Technology. For example, ECCN 0E606 applies to technology required for the development, production, operation, installation, maintenance, repair, overhaul, or refurbishing of ground vehicles and related commodities in 0A606, 0B606, 0C606, or software in 0D606. A technology ECCN may apply to technology for items in any or all of its related product groups A, B, C or D.

For brevity, the discussions of ECCNs below generally will refer to ''related'' test, inspection and production equipment, materials, software or technology rather than spell out the full relationship in terms such as ''required,'' ''specially designed,'' ''development,'' ''production,'' etc. Detailed terms will be used only where necessary to draw accurate distinctions between the items being discussed. Readers who desire a fuller description of the relationship than that provided above may refer to the full text of the ECCNs in 15 CFR part 774, Supplement No. 1.

600 Series ECCNs

Most of the items controlled in the 600 series ECCNs were, prior to the creation of those ECCNs, subject to the ITAR. Those items that were subject to the EAR prior to inclusion in a 600 series ECCN will be discussed separately below.

Military explosive devices: ECCNs 0A604, 0B604, 0D604 and 0E604. These ECCNs control commodities related to military explosive devices and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related software and related technology. These ECCNs became effective on July 1, 2014.

Ground vehicles: ECCNs 0A606, 0B606, 0C606, 0D606 and 0E606. These ECCNs control ground vehicles and parts, components, accessories, and attachments therefor; related test, inspection and production equipment; related materials; related software and related technology. These ECCNs became effective on January 6, 2014.

Military training equipment: ECCNs 0A614, 0B614, 0D614 and 0E614. These ECCNs control military training equipment and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related software and related technology. These ECCNs became effective on July 1, 2014.

Miscellaneous military equipment: ECCNs 0A617, 0B617, 0C617, 0D617 and 0E617. These ECCNs control miscellaneous military equipment and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related materials; related software and related technology. These ECCNs became effective on January 6, 2014.

Energetic materials: ECCNs 1B608, 1C608, 1D608 and 1E608. These ECCNs control energetic materials and related commodities; related test, inspection and production equipment; related materials; related software and related technology. These ECCNs became effective on July 1, 2014.

Armored and protective equipment: ECCNs 1A613, 1B613, 1D613 and 1E613. These ECCNs control armored and protective equipment and parts, components, accessories and attachments therefor; inspection and production equipment; related software and related technology. These ECCNs became effective on July 1, 2014.

Surface vessels: ECCNs 8A609, 8B609, 8C609, 8D609 and 8E609. These ECCNs control surface vessels of war and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related materials; related software and related technology. These ECCNs became effective on January 6, 2014.

Submersible vessels: ECCNs 8A620, 8B620, 8D620, 8E620. These ECCNs control submersible vessels, oceanographic and associated commodities and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related software and related technology. These ECCNs became effective on January 6, 2014.

Launch vehicles, missiles, and rockets: ECCNs 9A604, 9B604, 9D604, 9E604: These ECCNs control commodities related to launch vehicles, missiles, and rockets and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related software and related technology. These ECCNs became effective on July 1, 2014.

Military aircraft: ECCNs 9A610, 9B610, 9C610, 9D610 and ECCN 9E610. These ECCNs control military aircraft and parts, components, accessories, and attachments therefor; related test, inspection and production equipment; related materials; related software and related technology. These ECCNs became effective on October 15, 2013.

Military gas turbine engines: ECCNs 9A619, 9B619, 9D619 and 9E619. These ECCNs control military gas turbine engines and parts, components, accessories and attachments therefor; related test, inspection and production equipment; related software and related

technology. These ECCNs became effective on October 15, 2013.

Military electronics: ECCNs 3A611, 3B611, 3D611 and 3E611. These ECCNs control military electronics and parts, components accessories and attachments therefor; related test, inspection and production equipment; related software and related technology. These ECCNs became effective on December 30, 2014.

Cryogenic and superconducting equipment for vehicles: ECCNs 9A620, 9B620, 9D620, 9E620: These ECCNs control cryogenic and superconducting equipment for military vehicles (land, sea or air); related test, inspection and production equipment; related software and related technology. These ECCNs became effective on December 20, 2014.

All of the items in the 600 series ECCNs discussed above were on the USML, and therefore subject to offsets reporting requirements, prior to the dates on which the ECCNs became effective except the items discussed below.

Items Controlled in 600 Series ECCNs That Previously Were Subject to the EAR

Certain unarmed armored vehicles that are derived from civilian vehicles are controlled under ECCN 0A606.b. Prior to the effective date of ECCN 0A606, these vehicles were controlled under ECCN 9A018.b.

Induction hardening machines for tank turret rings and sprockets are controlled within the general paragraph 0B606.a. Prior to the effective date of ECCN 0A606, these machines were controlled under ECCN 2B018.m. Related software for these machines is controlled in ECCN 0D606. Prior to the effective date of ECCN 0D606, this software was EAR99. Related technology for these machines is controlled in ECCN 0E606. Prior to the effective date of ECCN 0E606, this software was EAR99.

Construction equipment built to military specifications, including equipment specially designed for airborne transport; and specially designed parts and accessories for such construction equipment, including crew protection kits used as protective cabs, is controlled in ECCN 0A617.y.1 and .y.2. Prior to the effective date of ECCN 0A617, this equipment was controlled in ECCN 0A018.m. Related test, inspection and production equipment, software and technology were EAR99. The related software and technology for the test, inspection and production equipment was also EAR99.

Power controlled searchlights controlled in ECCN 0A617.y.5 were, prior to the effective date of ECCN 0A617, controlled in 0A918.a. Related test, inspection and production equipment, related software and related technology were EAR99. Related software and technology for the test, inspection and production equipment was also EAR99.

Test, inspection and production equipment in ECCN 1B608.a (related to energetic materials in ECCN 1C608.a) prior to the effective date of ECCN 1B608 were controlled in ECCN 1B018.a, .b and .x. Related software for 1B608.a was EAR99. Related technology for *development* and *production* of equipment in ECCN 1B608.a was controlled in ECCN 1E001. Related technology for *operation, installation, maintenance, repair, overhaul* or *refurbishing* of energetic materials in ECCN 1C608.a was EAR99.

Energetic materials and related commodities in ECCN 1C608.b through .m were controlled under ECCN 1C018.b through .m prior to the effective date of ECCN 1C608. Related technology for the development and production of equipment in 1B608.a was controlled in ECCN 1E001. Related software for the energetic materials in ECCN 1C608.b through .m was EAR99. Related technology for the *development* and *production* of energetic materials in ECCN 1C608.b through .m was controlled in ECCN 1E001. Related technology for *operation, installation, maintenance, repair, overhaul* or *refurbishing* of energetic materials in ECCN 1C608.b through .m was EAR99.

Military helmets providing less than National Institute of Justice (NIJ) level III protection controlled in ECCN 1A613.c and conventional military steel helmets controlled in ECCN 1A613.y were controlled under ECCN 0A018 prior to the effective date of ECCN 1A613. Related test, inspection and production equipment for these helmets controlled in ECCN 1B613, and related software controlled in 1D613 for the helmets and the test, inspection and production equipment was EAR99. Related technology controlled in 1E613 for the helmets, the test, inspection and production equipment and the software was also EAR99.

Diesel engines controlled in ECCN 8A609.b were controlled in ECCN 8A018.b.3 prior to the effective date of ECCN 8A609. Related test, inspection and production equipment for those engines controlled in ECCN 8B609, related materials for those engines controlled in ECCN 8C609, related software for those engines controlled in ECCN 8D609 and related technology controlled in ECCN 8E609 for those engines were EAR99. Additionally, related software controlled in ECCN 8D609 for the test, inspection and production equipment and the materials was EAR99. Related technology controlled in 8E609 for the test, inspection and production equipment, the materials and the software was EAR99.

Submarine and torpedo nets controlled in ECCN 8A620.e, and closed circuit and semi-closed circuit rebreathing apparatus controlled in ECCN 8A620.f were controlled in ECCN 8A018.b.4 and 8A018.a, respectively, prior to the effective date of ECCN 8A620. Test, inspection and production equipment for those nets and rebreathing apparatus was EAR99. Software for those nets, rebreathing apparatus and test, inspection and production equipment was EAR99. Technology for those nets, rebreathing apparatus, test inspection and production equipment was EAR99.

Ground equipment for aircraft controlled in ECCN 9A610.f, pressurized breathing equipment controlled in ECCN 9A610.g and military parachutes, canopies, harnesses, platforms and electronic release mechanisms controlled in ECCN 9A610.h were controlled in ECCN 9A018.c, .d and .e, respectively, prior to the effective date of ECCN 9A610. Related test, inspection and production equipment controlled in ECCN 9B610 for that ground equipment, pressurized breathing equipment, and those military parachutes, canopies, harnesses, platforms and electronic release mechanisms were EAR99 prior to the effective date of ECCN 9B610. Related materials controlled in ECCN 9C610 for that ground equipment, pressurized breathing equipment, those military parachutes, canopies, harnesses, platforms and electronic release mechanisms, and that test, inspection and production equipment was EAR99 prior to the effective date of ECCN 9C610. Related software controlled in ECCN 9D610 for the *development* or *production* of that ground equipment, pressurized breathing equipment, and those military parachutes, canopies, harnesses, platforms and electronic release mechanisms was controlled in ECCN 9D018 prior to the effective date of ECCN 9D610, and related software for the *operation* or *maintenance* of those commodities was EAR99. Related software for that test, inspection and production equipment and those materials was EAR99. Related technology controlled in ECCN 9E610 for the *use* of that ground equipment, pressurized breathing equipment, those military parachutes, canopies, harnesses, platforms and electronic

release mechanisms was controlled in ECCN 9E018 prior to the effective date of ECCN 9E610. Related technology controlled in ECCN 9E610 for the *operation, installation, maintenance, repair, overhaul* or *refurbishing* of those commodities was EAR99 prior to the effective date of ECCN 9E610. Related technology controlled in ECCN 9E610 for the test, inspection and production equipment; materials and software was EAR99 prior to the effective date of ECCN 9E610.

Rulemaking Requirements

1. Executive Orders 13563 and 12866 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, distributive impacts, and equity). This rule does not impose any regulatory burden on the public and is consistent with the goals of Executive Order 13563. This rule has been determined to be not significant for purposes of Executive Order 12866.

2. Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. The collection of offset reports has been approved by OMB under control number 0694–0084. The estimated number of annual responses is 30 and the estimated number of burden hours is 360. BIS believes that this rule would not materially change the number of responses or burden hours authorized under 0694–0084 because the primary impact of this rule is to restore reporting requirements that have lapsed since those estimates were made, and to retain reporting requirements that otherwise would lapse in the coming months. Although this rule would create new reporting requirements for some items that were subject to Department of Commerce export control jurisdiction prior to being added to 600 series ECCNs, the impact of those additions on the burden is likely to be insignificant because those items are primarily low value items such as military ground vehicles designed for non-combat use, which are not usually the subject of offset agreements. The higher value items that typically trigger offset requirements by the foreign government purchaser, such as combat aircraft, strategic airlifter aircraft, ships, missiles and missile defense systems, are remaining on the USML and their offset reporting requirements have not changed. In addition, any increase in the reporting burden by the imposition of offsets reporting requirements on items that have moved to 600 series ECCNs is likely to be offset by a reduction in that burden resulting from the removal of items from the USML and additions to non-600 series ECCNs, which are not subject to offsets reporting requirements. Those items are: commercial spacecraft including satellites and related items, and certain energetic materials. Send comments regarding this burden estimate or any other aspect of these collections of information, including suggestions for reducing the burden, to Jasmeet K. Seehra, Office of Management and Budget, by email at *jseehra@omb.eop.gov* or by fax to (202) 395–7285 and to William Arvin at *william.arvin@bis.doc.gov.*

3. This proposed rule does not contain policies with Federalism implications as that term is defined under Executive Order 13132.

4. The Regulatory Flexibility Act (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), 5 U.S.C. 601 *et seq.,* generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to the notice and comment rulemaking requirements under the Administrative Procedure Act (5 U.S.C. 553) or any other statute, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Under section 605(b) of the RFA, however, if the head of an agency certifies that a rule will not have a significant impact on a substantial number of small entities, the statute does not require the agency to prepare a regulatory flexibility analysis. Pursuant to section 605(b), the Chief Counsel for Regulation, Department of Commerce, certified to the Chief Counsel for Advocacy, Small Business Administration that this proposed rule, if promulgated, will not have a significant impact on a substantial number of small entities for the reasons explained below. Consequently, BIS has not prepared a regulatory flexibility analysis.

Small entities include small businesses, small organizations and small governmental jurisdictions. For purposes of assessing the impact of this proposed rule on small entities, a small entity is defined as: (1) A small business according to the ''Table of Small Business Size Standards Matched to North American Industry Classification System Codes,'' effective January 22, 2014, published by the Small Business Administration (the SBA size standards); (2) a small governmental jurisdiction that is a government of a city, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field. BIS has determined that this proposed rule would not affect any of these categories of small entities.

SBA's size standards classify businesses in various North American Industry Classification System (NAICS) codes as small based on their annual revenue or number of employees. For example, in 2014, the maximum annual revenue for a small business was $33.5 million and the maximum number of employees was 1,500. Since BIS began collecting data in 1994, virtually all of the submissions that it has received have been from a small number of very large companies that exceed the SBA size standards for a small business. Since 1994, the number of companies that submitted data to BIS pursuant to this regulation has not exceeded 26 per year. On average, the companies that submit data to BIS have annual revenues well in excess of $1 billion. For instance, in 2013, the most recent year in which BIS collected data pursuant to this regulation, only one of the 26 companies that submitted data had reported revenue of less than $1 billion. That company had revenue of $120 million.

Some small businesses likely are involved in fulfilling offset obligations by acting as subcontractors to the large prime contractors that report directly to BIS, meaning that they report indirectly to BIS pursuant to this section. However, this proposed rule will not significantly increase the burden on such companies. The information collected by BIS pursuant to this section is already collected by such small businesses so that they can accurately account for their obligations under the offset agreement (which is imposed at the behest of the foreign buyer) and report them to the prime contractor. The only new reporting requirement in this proposed rule is the classification of offset agreements and transactions by NAICS code. Even subcontractors involved in the manufacture of defense articles are likely to conduct business with the U.S. government and, therefore, be required to classify their products and services in accordance with the NAICS (*See* System for Award

Management User Guide—V. 1.8, July 23, 2012, Section 3.4, page 92, available at *https://www.sam.gov/sam/transcript/SAM_User_Guide_v1.8.pdf*). In addition, the U.S. government takes steps to facilitate selection of the correct NAICS code by private parties. The U.S. Census Bureau posts instructions on its Web site on how to properly classify products and services in accordance with the NAICS. BIS has included illustrative examples in § 701.4(c)(1)(iii) and § 701.4(c)(2)(iv) on classifying military export sales and offset transactions by NAICS codes.

In addition, small governmental entities and small organizations are not likely to be involved in international defense trade, and would therefore have no reason to submit data to BIS pursuant to this regulation. Consequently, this proposed rule, if promulgated, will not have a significant impact on a substantial number of small entities.

List of Subjects in 15 CFR Part 701

Administrative practice and procedure, Arms and munitions, Business and industry, Exports, Government contracts, Reporting and recordkeeping requirements.

Accordingly, 15 CFR part 701 is proposed to be amended as follows:

PART 701—[AMENDED]

■ 1. The authority citation for 15 CFR part 701 is revised to read as follows:

Authority: 50 U.S.C. app. 2061 *et. seq.,* E.O. 13603, 77 FR 16651, 3 CFR, 2012 Comp., p. 225.

■ 2. Revise paragraphs (a) and (b) of § 701.2 to read as follows:

§ 701.2 Definitions.

(a) *Offsets*—Compensation practices required as a condition of purchase in either government-to-government or commercial sales of:

(1) Defense articles and/or defense services as defined by the Arms Export Control Act and the International Traffic in Arms Regulations; or

(2) Items controlled under an Export Control Classification Number (ECCN) that has the numeral ''6'' as its third character in the Commerce Control List found in Supplement No. 1 to part 774 of this chapter other than semi-submersible and submersible vessels specially designed for cargo transport and parts, components, accessories and attachments specially designed therefor controlled under ECCN 8A620.b; test, inspection and production equipment controlled in ECCN 8B620.b, software controlled in ECCN 8D620.b and technology controlled in ECCN 8E620.b.

(b) *Military Export Sales*—Exports that are either Foreign Military Sales (FMS) or commercial (direct) sales of:

(1) Defense articles and/or defense services as defined by the Arms Export Control Act and International Traffic in Arms Regulations; or

(2) Items controlled under an Export Control Classification Number (ECCN) that has the numeral ''6'' as its third character in the Commerce Control List found in Supplement No. 1 to part 774 of this chapter other than semi-submersible and submersible vessels specially designed for cargo transport and parts, components, accessories and attachments specially designed therefor controlled under ECCN 8A620.b; test, inspection and production equipment controlled in ECCN 8B620.b; software controlled in ECCN 8D620.b; and technology controlled in ECCN 8E620.b.

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■ 3. Revise paragraph (a) of § 701.3 to read as follows:

§ 701.3 Applicability and scope.

(a) This part applies to U.S. firms entering contracts that are subject to an offset agreement exceeding $5,000,000 in value and that are for the sale to a foreign country or foreign firm of: (1) Defense articles and/or defense services as defined by the Arms Export Control Act and International Traffic in Arms Regulations; or

(2) Items controlled under an Export Control Classification Number (ECCN) that has the numeral ''6'' as its third character in the Commerce Control List found in Supplement No. 1 to part 774 of this chapter other than semi-submersible and submersible vessels specially designed for cargo transport and parts, components, accessories and attachments specially designed therefor controlled under ECCN 8A620.b; test, inspection and production equipment controlled in ECCN 8B620.b; software controlled in ECCN 8D620.b and technology controlled in ECCN 8E620.b.

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Dated: November 24, 2015.

Kevin J. Wolf,

Assistant Secretary for Export Administration.

[FR Doc. 2015–30421 Filed 12–1–15; 8:45 am]

BILLING CODE 3510–JT–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R09–OAR–2015–0751; FRL–9939–64–Region 9]

Revisions to the California State Implementation Plan, San Joaquin Valley Unified Air Pollution Control District

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to approve a revision to the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) portion of the California State Implementation Plan (SIP). This revision concerns volatile organic compound (VOC), oxides of nitrogen (NO_X), and particulate matter (PM) emissions from internal combustion engines. We are proposing to approve a local rule to regulate these emission sources under the Clean Air Act (CAA or the Act). We are taking comments on this proposal and plan to follow with a final action.

DATES: Any comments must arrive by January 4, 2016.

ADDRESSES: Submit comments, identified by docket number [EPA–R09–OAR–2015–0751, by one of the following methods:

1. *Federal eRulemaking Portal: www.regulations.gov.* Follow the on-line instructions.

2. *Email: steckel.andrew@epa.gov.*

3. *Mail or deliver:* Andrew Steckel (Air–4), U.S. Environmental Protection Agency Region IX, 75 Hawthorne Street, San Francisco, CA 94105–3901.

Instructions: Once submitted, comments cannot be edited or withdrawn. The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. If you need to include CBI as part of your comment, please visit *http://www.epa.gov/dockets/comments.html* for further instructions. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. For the full EPA public comment policy and general guidance on making effective comments, please visit *http://www2.epa.gov/dockets/commenting-epa-dockets.*