



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
22347 CEDAR POINT ROAD, BLDG 2185
PATUXENT RIVER, MD 20670-1547

IN REPLY REFER TO

5223
Ser AIR-4.1D/0064
15 March 2007

MEMORANDUM

From: Commander, Naval Air Systems Command (AIR-4.1D), 22347 Cedar Point Road, Unit 6, Patuxent River
MD 20670-1161

To: The Honorable Christopher Padilla, Assistant Secretary for Export Administration, Bureau of Industry and
Security, Room 3886, U.S. Department of Commerce, Washington, D.C. 20230

Subj: Request for the Office of Technology Evaluation's support and participation.

Dear Mr. Padilla:

1. I am writing to request the support and participation of the Bureau of Industry and Security's, Office of Technology Evaluation (OTE) in the initiation of a defense industrial base assessment of counterfeit electronics and their impact on U.S. defense readiness, supply chain integrity, critical infrastructure, and industrial capabilities.
2. Over the past year, the Naval Air Systems Command (NAVAIR) has experienced a growing number of counterfeit/defective electronics infiltrating into Navy systems, in some cases causing grounding of fielded weapon systems. The introduction of directives requiring the elimination of hazardous materials (particularly lead) is further impacting the supply chain and has the potential to impact aircraft readiness. We are aware that this situation is also affecting Air Force, Army and Marine Corps systems as well. Based on initial surveys and meeting with the Semiconductor Institute of America (SIA), it is clear that counterfeits are negatively impacting our supply chains, particularly for replacement and aftermarket parts.
3. While there is a body of anecdotal information, what is missing is a comprehensive industry survey and assessment of the impact of counterfeit and lead free electronics. An assessment that can be used by defense planners and industry executives to better understand the scope and magnitude of the issue, with findings and potential recommendations regarding how all parties can implement policies and procedures to address this issue, would be very beneficial to the U.S. Government and industry partners.
4. For the purpose of conducting this survey and assessment, NAVAIR is prepared to enter into a project Memorandum of Understanding with BIS as well as provide the necessary funding and technical support needed. We also suggest that BIS coordinate with other interested parties, such as SIA, other Armed Services, and agencies involved with critical infrastructure issues, in order to capture the full impact of counterfeit electronics on the United States.
5. Any questions regarding this project, contact me at robert.ernst@navy.mil or 301-342-2203. We look forward to working with OTE on this important project and await your response to our request.

Sincerely,

Robert P. Ernst
Head, Aging Aircraft IPT