March 28, 2016

Directorate of Defense Trade Controls
U.S. Department of State
c/o DDTCPublicComments@state.gov

Subject: ITAR Amendment – Category XII

Bureau of Industry and Security
U.S. Department of Commerce
c/o publiccomments@bis.doc.gov

Subject: RIN 0694-AF75 Friday, February 19, 2016

Ladies and Gentlemen:

On behalf of Autoliv ASP, Inc., the U.S. subsidiary of Autoliv, Inc. ("Autoliv"), I am sending this letter as our public comments to your proposed revisions to the Export Administration Regulations ("EAR") and International Traffic in Arms Regulations ("ITAR"), requested in your February 19, 2016 Federal Register notices.

I. Autoliv's Safety Products for the Civil Automotive Industry

Autoliv is the worldwide leader in civil automotive safety systems, and develops and manufactures civil automotive safety systems for all major civil automotive manufacturers in the world, including airbags, seatbelt devices, night vision, and other passive and active safety systems. Together with its joint ventures, Autoliv has more than 80 facilities with more than 64,000 employees in 27 countries. In addition, the Company has twenty technical centers around the world, with 20 test tracks, more than any other automotive safety supplier. Sales in 2015 amounted to US $9.2 billion. Autoliv estimates that its civil automotive safety products save over 30,000 lives every year, and prevent 10 times as many severe injuries.

Autoliv's electronics facility in Goleta, California, designs, develops, and produces civil automotive night vision systems that likewise saves lives across the globe. The use of infrared cameras in the civil automotive market has grown throughout the past 10 years. From the first systems which provided an image to drivers allowing them to see 3 to 5 times further than their headlamps, to the current systems providing the driver with warning of pedestrians, cyclist, and animals in the path of vehicle, Autoliv's far infrared night vision systems have made civil automobiles safer.

There are over 100,000 pedestrian fatalities and more than 1.5 million vehicle-deer accidents globally each year. Nearly 70 percent of these fatalities happen at night. Our night vision camera systems are instrumental in reducing accidents and saving lives of pedestrians, vehicle occupants and animals.

The use of our infrared cameras in civilian passenger land vehicles continues to grow as the civil automotive market continues its path to providing safer vehicles. The U.S. Tech Choice Study published by JD Power in April 2015 identified night vision as the second most preferred civil automotive technology (behind only "blind spot detection and prevention"). MarketsandMarkets recently reported that by 2019 the automotive night vision system market will reach $2.5 billion and the automotive driver monitoring system market will reach $4.9 billion. Infrared cameras will also assist in achieving autonomous driving vehicles in the future.

II. General Comments Regarding Proposed Rules

Because of the increased usage of far infrared night vision systems to improve safety and save lives in the civil automotive market, we respectfully request that both the Department of State and the Department of Commerce consider relaxing the current export requirements for civil automotive far infrared components, technology, software, and systems. The February 19, 2016 proposed rules, although much improved from the May 5, 2015 proposal, still limit the advancements of far infrared systems in the civil automotive market in particular by removing the use of License Exception STA for ECCN 6E001 and ECCN 6E002.

Autoliv makes far infrared cameras specially designed for installation in civilian passenger land vehicles, and those cameras are classified in the Commerce Control List ("CCL") under ECCN 6A993.a. because our cameras meet the criteria of Note 3 to ECCN 6A003.b.4. and related Wassenaar Arrangement provisions, including an anti-tamper mechanism. Our cameras include infrared focal plane arrays (IRFPA's) that, if exported separately, are controlled under the current U.S. Munitions List ("USML") Category XII(c), but are subject to EAR controls when exported as part of our civil automotive cameras, in accordance with the current USML Category XII(c). These ITAR and EAR provisions have worked well to ensure export compliance, in addition to providing a "bright line" between the USML and the CCL for the control of our products. In addition, Autoliv designs and develops software for the manufacture, testing, and operation of our ECCN 6A993.a. cameras. We likewise have used License Exception STA in a successful and compliant manner to meet related needs with our affiliate companies in Sweden, Germany, and Canada, and our Canadian national employees. License Exception STA should remain available for this purpose as well.

III. Specific Comments Regarding Proposed Rules

The proposed rule would restrict the use of License Exception STA in a way that would have a direct and unnecessarily negative effect on our current business and future business activities as well as increase the burden of BIS in approving export licenses and renewals to support the total lifetime of the product. Civil automotive vehicle developments typically require a time period greater than three years, models are produced over a time period of 5 to 10 years, and service lasts for an additional time period of 20 to 25 years. For these reasons, civil automotive vehicle OEM's require audits of our products and manufacturing to ensure the highest quality levels, and they must have the ability to review and understand the design, manufacturing and quality of our far infrared night vision systems. Autoliv must also share the design, manufacturing and quality with some of our non-US citizen employees, contractors, and consultants.

Autoliv has successfully ensured related export compliance through the proper use of License Exception STA with our eligible customers, our affiliate companies in Sweden, Germany, and Canada, and our Canadian national employees. License Exception STA also should remain available for our eligible customers in order to permit the parties to verify the quality of the products' design and manufacturing for end use in civilian passenger land vehicles. Our customers must have the ability to tour our facility and verify quality requirements for our cameras, optics, electronics, and integration of the IRFPA, all of which is limited to ECCN 6E001 and ECCN 6E002 technology for cameras (we do not share with our customers sensor technology controlled under ECCN 6E001 or ECCN 6E002, or ROIC technology controlled under ECCN 6E990). That need has been met – and can continue to be met - in a successful and compliant manner through the use of License Exception STA.

IV. Conclusion

The current Category XII(c) and related EAR provisions have worked in an effective manner to ensure export compliance with our customers, employees, and affiliate companies. Autoliv's products include strong and effective anti-tamper features to disable our cameras when removed from the civilian passenger land vehicles for which they have been designed and are used. We hope that DDTC and BIS will continue to allow the use of License Exception STA for our products and related technology and software, and continue to reduce the current controls for our civil automotive cameras.

Thank you for your attention to these comments and suggestions. Please contact Richard Seoane at (805) 562-5930 or richard.seoane@autoliv.com if you have any questions concerning this letter.

Sincerely,

Richard Seoane
General Manager
Autoliv Electronics Night Vision