

May 19, 2005

Defense Acquisition Regulations Council
ATTN: Mr. Euclides Barrera
OUSD (AT&L) DPAP (DAR)
IMD 3 C132
3062 Defense Pentagon
Washington DC 20301-3062

RE: DFARS Case 2003-DO71

Dear Mr. Barrera:

The American Shipbuilding Association (ASA), which represents the six major shipbuilders that build all of the capital ships for the U. S. Navy, as well as more than 60 other supplier companies that manufacture the components that are integrated into these ships, respectfully urges the Department of Defense (DOD) to withdraw its proposed amendment to its Defense Federal Acquisition Regulation Supplement (DFARS), which amendment would *“remove procedures for breaking out components of end items for future acquisitions.”*

ASA applauds the efforts of DOD to consolidate and reduce the size of the DFARS. However, the proposed amendment, which would *“relocate”* the *“procedures”* in a guidance document, is not appropriate because it would provide DOD with the option to unilaterally eliminate the “breaking out” requirement in its entirety. In this regard, if the breakout requirement is relocated into a guidance document, DOD would then have a future opportunity to totally eliminate this requirement without affording the public a regulatory-mandated opportunity to object. Furthermore, to transfer the requirement to a “guidance” document, as opposed to maintaining a regulatory requirement, would de-emphasize the importance of tracking this type of information. Without such information, DOD would not be able to ensure its compliance with existing domestic source laws and regulations.

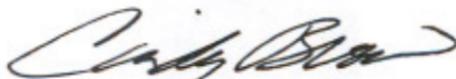
De-emphasizing the importance of this information would also be inconsistent with the on-going initiative of the President of the United States, as reflected in a letter signed by Mr. Michael W. Wynne, which stated that the *“President of the United States of America has established under Section 7 (c) of Public Law 108-195 an interagency team for consultation with foreign nations on limiting the adverse effects of offsets in defense procurement without damaging the economy or the defense industrial base of*

the United States, or United States defense production or defense preparedness.” In this regard, this interagency team, which is chaired by Mr. Wynne, is charged with the responsibility to *“establish a baseline regarding the beneficial and/or adverse effects of offsets”*. Since the issue of offsets is integrally entwined with foreign and domestic sources of major weapon systems and components, the ability to establish a baseline for *“components”* would at best be impaired if the requirement to track the breaking out of components was de-emphasized, and at worst could be potentially impossible to do if the currently required tracking is reduced to a priority of *“guidance”* as opposed to the current mandatory regulatory requirement to do so.

Maintaining the regulatory requirement to break out *“components of end items”* will not create any additional burden on the parties required to break out such data. In fact, this burden should be significantly reduced as the result of the implementation of the Unit Identification Program (UID) that uses the most advanced information technology to track relevant data on *“components.”*

For the above stated reasons, DOD is urged to withdraw its proposed amendment.

Sincerely,



Cynthia L. Brown
President