

Registration with DDTC is Required for Most Suppliers of Goods or Services for Aerojet Customer Contracts

All manufacturers or exporters of defense articles and all providers of defense services are required to register with the Department of State Directorate of Defense Trade Controls (DDTC) *whether they export or not*. See [22 CFR § 122.1](#).

The definition of defense articles and defense services is very broad. Significantly, the reach of the terms “defense articles” includes components of end items included on the U.S. Munitions List. See [22 CFR § 120.6](#) and [22 CFR § 121.1](#). Most products and services that Aerojet provides are considered defense articles or defense services. What that means in simple terms is if Aerojet is purchasing from a supplier something that is considered to be a defense article or that is part of a defense article then the supplier must be registered with DDTC.

Registration is primarily a means to provide the U.S. Government with necessary information on who is involved in certain manufacturing or exporting activities. Information about registration is available on the DDTC website at www.pmdtcc.state.gov/registration/index.html For general questions, please contact the DDTC Response Team by e-mail at DDTCResponseTeam@state.gov or by calling (202) 663-1282.

Why is this requirement being highlighted? Some suppliers may not fully appreciate the requirement to register with the DDTC. A recent case demonstrates the seriousness of the issue. In January 2009, the DDTC fined Analytical Methods, Inc. \$500,000 for failing to register (among other export violations). The DDTC [announcement](#) concerning this violation signaled a warning to commercial companies that provide goods and services to defense and aerospace companies that the DDTC is impatient with the continued failure of many commercial companies to register if their activities include the manufacture of defense articles. DDTC seems to be stepping up their enforcement activity.

The *Analytical Methods* case highlights another point that commercial companies often do not fully appreciate. As Analytical Methods' website states, it provides consulting with respect to dynamic motion analysis of equipment, including military aircraft and missiles. While the service is clearly similar to analysis performed on civilian aircraft and other commercial products, when related to defense articles the consulting (and use of what DDTC acknowledged was dual use software) is a defense service.

Further, it appears DDTC has an expectation that prime contractors and subcontractors will be proactive in determining compliance. As a result, Aerojet has revised its Annual Business Certification to more clearly have a supplier indicate whether they are subject to the requirement to register with DDTC and whether they have done so. Failure to register may mean the supplier will not receive a purchase order from Aerojet.

Below is the applicable text of the regulation. The requirement for registration and the penalties for noncompliance are highlighted for your convenience.