



January 7, 2005

Directorate of Defense Trade Controls
Office of Defense Trade Controls Management
ATTN: ITAR Regulatory Change, 22 CFR parts 122 and 129
U.S. State Department
13th Floor, SA-1
Washington, DC 20522

To whom it may concern:

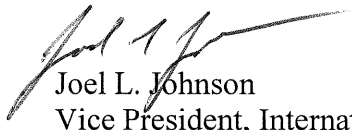
I am responding on behalf of the Aerospace Industry Association to your request for comments contained in the Federal Register dated December 8, 2004 with respect to a proposed fee change for registering with the Department of State in accordance with Section 38 of the Arms Export Control Act. Your proposed changes would increase the fees from \$2,200 for a four year period to \$3,500 for a two year period, and registrations would be limited to two years, rather than the current four years.

We would oppose both changes as currently drafted. Under the proposal, the annualized fees would jump from \$550 a year to \$1,750 a year, an increase of 218%. In a period of low inflation, it is hard to believe increased administrative costs would justify such an increase. Furthermore, we are skeptical of the assertion that such an increase would have no impact on small business. On the contrary, as small companies endeavor to compete in the international marketplace, any uncontrollable cost increase is disadvantageous. Finally, at a time when the aerospace and defense industries are one of the only sectors of our economy that evidences a trade surplus, it seems unwise to increase costs of precisely that sector.

We would also suggest that there is no reason to reduce the duration of the registration period. A significant amount of work is entailed for companies in assembling the registration renewal package, and presumably for the already overextended resources of the Directorate of Defense Trade Controls in processing them. We would suggest that you might examine the possibility of a shorter period for first time registrants, perhaps two years, and then continuing with the four year period for all re-registrants.

We appreciate your consideration of these comments.

Sincerely,



Joel L. Johnson
Vice President, International Affairs