



The Honorable John W. Douglass  
President and Chief Executive Officer

January 18, 2007

Mr. Matthew S. Borman  
Deputy Assistant Secretary of Commerce for Export Administration  
Bureau of Industry and Security  
Department of Commerce  
Washington, DC, 20301-2000

Dear Mr. Borman:

The Aerospace Industries Association (AIA) appreciates the opportunity to submit comments on the Department's proposed rule regarding export controls for the People's Republic of China and the establishment of a Validated End User program for PRC entities.

The aerospace and defense industry acknowledges the increasingly critical role that export controls play in the security of our nation. At the same time, free and fair trade is crucial to our nation's economic prosperity and technological competitiveness.

As such, we are mindful of the immediate challenge that is being addressed by this proposed rule, namely the attempt both to facilitate legitimate trade in dual-use technologies for civil end-use by Chinese entities while preventing diversion of the same technologies for military use. We acknowledge the need and commend the careful consideration given by the Administration in developing a regulation that tries to strike this balance. Having said that, our industry would like to point out some general concerns and supplement more detailed ones you have received from other respondents as the Department of Commerce moves to implement the regulation.

First, AIA hopes that Commerce will continue to avoid any interpretation or implementation of this rule's language that improperly captures the sale of civil aircraft and related dual-use parts and components which not only have a historically demonstrated commercial use but are also readily available to China from Chinese and foreign sources.

Second, clear guidance is required on what information an exporter must obtain to satisfy the threshold of knowledge and obtain certification for end use by both commercial and military-affiliated importers of technologies.

Third, AIA strongly encourages the department's ongoing efforts to coordinate a common approach to regulating the technologies addressed in the rule among our allies and partners in multilateral export control arrangements. Export controls are more effective, and fairer to U.S. suppliers, as the number of cooperating countries increases.

Fourth, regarding the Validated End User (VEU) concept, AIA is eager to work with the Department of Commerce to ensure the implementation and likely adjustment of this program in the coming months allows for maximum benefits to both U.S. national and economic security.

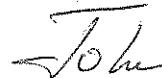
Specifically, we would like to continue the process of sharing our assessments of this proposal with regard to its clarity, implementation and compliance guidelines, requisite administrative resources in the U.S. and China, and possible administrative burdens to industry. We are particularly interested in the possibility of utilizing this same system for other major emerging markets such as India.

Lastly, and most importantly, AIA believes this exercise is an excellent illustration of the challenge faced by the U.S. government and U.S. industry in trying to adapt an outdated U.S. export control system to the realities of the modern geopolitical, economic, and business environment. It is important to give industry stakeholders the opportunity to work with government officials as new methods are put forward to capture both the security and economic benefits of trade regulated by prudent, effective, predictable, efficient, and transparent export controls.

The long overdue and more difficult step is the complete modernization of the nation's entire export control regime. AIA is committed to working with the Department of Commerce, the Administration, and Congress to make these much-needed changes a reality.

Thank you for your time and attention to our views. We stand ready to follow up on any of the issues raised in this correspondence, including organizing a meeting of our member companies to give you more comprehensive and detailed feedback.

With warm regards,  
*and very Respectfully,*



John W. Douglass  
President and CEO

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