



June 29, 2009

Docket No. 080722875-8876-01  
RIN 0694-AE40  
Reporting of Offsets Agreements in Sales of  
Weapon Systems or Defense-Related Items to  
Foreign Countries or Foreign Firms

RE: Proposed amendment to the Bureau of Industry and Security reporting requirements

The Aerospace Industries Association (AIA) applauds the Bureau of Industry and Security (BIS) in their effort to update and provide clarification regarding the information U.S. companies are required to annually submit. However there are specific parts of the proposed amendment that will be cumbersome to industry, significantly exceeding the BIS burden-hour estimates and may disadvantage U.S. companies in the global marketplace.

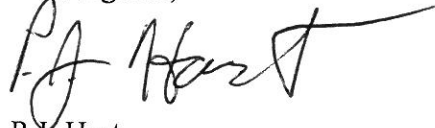
The proposed amendment would require companies to link each offset transaction with a specific offset agreement and provide the date the agreement was signed. Many companies have multiple offset agreements for the same product in the same country. Properly allocating each transaction with an agreement will be time consuming for U.S. companies. Some companies have estimated this requirement could take almost an entire work week to complete. AIA trusts that careful consideration will be given to weighing the potential benefits of this information with the added burden on U.S. companies.

Additionally the proposed changes would require disclosure of the North American Industry Classification System (NAICS) code for each export sale. Industry does not track these codes during sales and many offset transactions could require more than one NAICS code. This requirement would be yet another burden on industry.

AIA also has significant concerns over the unintended consequences of more detailed information being requested. The amendment would create separate reporting requirements for offset agreement performance measures and non-performance penalties. Providing detailed contract information would again not only be cumbersome but more importantly could disadvantage U.S. companies in the global market place. Even if aggregated, making additional detailed information public, like penalty agreements, will further exacerbate U.S. industry's ability to negotiate a fair contract because history has shown that information published in the BIS report has been used by foreign governments to their offset advantage (e.g. requiring larger offset commitments).

Many of the proposed changes are a reordering of a section in a more logical format or clarifying reporting requirements that companies already submit. We support BIS in their efforts and think these changes will help streamline the reporting process. We respectfully suggest, however, that the proposed changes noted above not be incorporated into the final rule. BIS needs to be mindful of the time and resources these specific proposed changes will require from U.S. companies.

Best regards,

A handwritten signature in black ink, appearing to read 'P.J. Hart', with a long horizontal flourish extending to the right.

P.J. Hart

Manager, International Affairs