



Aerospace Industries Association International Legislative Priorities

The Aerospace Industries Association (AIA), representing over 320 aerospace manufacturers and suppliers and more than 2.2 million U.S. workers, urges Congress to affirm its consistent, bipartisan support for international trade during the Fiscal Year (FY) 2025 legislative cycle. AIA requests that as Congress drafts and reviews legislative proposals, they consider aerospace and defense (A&D) priorities that advance cooperation with allies and partners, strengthen U.S. industrial base resiliency, and enable our industry to support the foreign policy and national security objectives of the United States.

Raise Congressional Notification (CN) thresholds

- Raise CN thresholds commensurate with inflation to reflect the current cost of U.S. defense equipment and support operational requirements. AIA remains committed to congressional oversight for arms transfers as an important pillar of U.S. foreign policy. However, unprecedented levels of inflation have led to increased costs of defense trade items. The number of transactions requiring CNs has significantly increased, inadvertently capturing transactions that were previously not subject to CN. Increased CN cases strain congressional resources and delay the delivery of critical capabilities.
- Establish a mechanism to automatically adjust CN thresholds for future inflationary pressure to anticipate unforeseen periods of high inflation.

Reimagine and fund the Special Acquisition Defense Fund (SDAF)

- Given long-term topline funding constraints at the State Department, ensure alternate creative mechanisms for SDAF such as a new Department of Defense (DOD) transfer authority to State to capitalize the program. If properly resourced, SDAF can be a robust, critical tool to speed the sale of critical defense technology to our partners and allies.
- Reimagine a portion of SDAF to create a foreign military sales (FMS) stockpile of critical defense equipment to quickly respond to national security needs and increase alignment with the goals outlined in the new National Defense Industrial Strategy (NDIS).
- Authorize a reporting requirement to direct the U.S. government (USG) to pull information on previous uses of SDAF funding to guide any future congressional action and highlight areas to improve the efficiency of SDAF resources.

Expand U.S. defense financing options for allies and partners

- Authorize the expansion of the foreign military financing (FMF) Loan and Guarantee program in the FY 2025 appropriations bill, increasing appropriations to \$12 billion (loans) and \$50 billion (guarantees), while maintaining or increasing current FMF grant levels. The FMF Loans and Guarantee program allows the U.S. to remain competitive with other major defense exporters (e.g., EU, Russia, China, and South Korea) and strengthens the U.S. A&D industrial base.
- Expand the FMF Loan and Guarantee program to all FMS-eligible nations. Global FMF grant funding availability is limited, and significant pressure from Chinese export credit agencies in Africa and South America requires the U.S. to expand the program to other nations.
- Extend the duration of authority and provide formal guidance on the FMF direct loan and guarantee process. Formal procedural guidance for requesting FMF loans and guarantees that



identify USG stakeholders, eligibility criteria, and decision-making criteria will increase transparency in the FMF process and ensure broad utilization of the authority.

Appropriate funding to ensure the health of the defense security cooperation enterprise

- Appropriate funding to hire additional licensing and contracting officers in support of U.S. security cooperation objectives. The security cooperation licensing and contracting community is understaffed and under-resourced. Additional resourcing would allow the enterprise to support domestic and international interests and add capacity to surge in periods of conflict.
- Provide funding for training programs on security markings, particularly controlled unclassified information (CUI), to ease cooperation and information sharing with allies and partners.
- Given the significant uptick in demand for U.S. defense goods and services through the FMS system, authorize a reporting requirement in the FY 2025 NDAA on the ability of the DOD contracting commands to keep pace with current and projected security cooperation needs, and if not, to provide a report on security cooperation workforce requirements needed to meet current and anticipated demand.
- Appropriate funding for U.S. Exports. U.S. Exports is the backbone of the licensing process. The system is out of date and often fails in times of increased caseloads. For example, the system was down for eight days while the U.S. provided aid to the Israelis; this caused officers to hand carry licenses between the interagency slowing delivery timelines.

Promote supply chain resiliency and strengthen the U.S. industrial base

- Lift trade barriers on international sourcing where domestic supply is unavailable to reduce costs on U.S. manufacturers, suppliers, and customers. For example, pass the *Securing America's Titanium Manufacturing Act of 2024*, which enhances the competitiveness of America's titanium industry by temporarily removing the 15% tariff on titanium sponge imports until such time as domestic titanium sponge production can be reestablished.
- Ensure sourcing requirements and/or mandated transition timelines considered by Congress, aimed at mitigating U.S. national security concerns, are both reasonable and reflective of standard market practices for establishing new suppliers in the A&D industry.
- Enact legislation to encourage sectoral agreements with key trading partners and allies with strong rules of origin and high standards on critical minerals and other critical goods (e.g., semiconductors, batteries, etc.) that the U.S. identifies as critical for resilient supply chains.
- Appropriate funding in line with the full \$1 billion in authority for appropriations for the National Defense Stockpile Transaction Fund that was included in the FY23 NDAA. Continue to authorize new authorities that enhance existing National Defense Stockpile operations to allow for full flexibility to fund recycling initiatives for military surplus, fund studies and qualification of domestic sources, and loan material, among other statutory responsibilities.
- Appropriate funding for DOD investment tools – the Defense Production Act Investments (DPAI) and Innovation Capability and Modernization (ICAM) offices – to support development of domestic critical mineral projects, qualification of domestic suppliers of the critical minerals, and support re-use and recycling with a specific focus on high-purity aerospace applications.