



October 2, 2012

Docket No. 2012-21847
Reporting of Offsets Agreements in Sales of
Weapon Systems or Defense-Related Items to
Foreign Countries or Foreign Firms

RE: Proposed Information Collection; Comment Request; Offsets in Military Exports

Thank you for the opportunity to comment on the Department of Commerce Bureau of Industry and Security (BIS) offset report. The Aerospace Industries Association (AIA) represents the nation's leading manufacturers and suppliers of civil, military and business aircraft, helicopters, unmanned aircraft systems, space systems, aircraft engines, and related components. Since the inception of the report in 1994 our member companies have furnished information to BIS regarding their offset agreements to foreign countries or foreign firms.

Industry has long questioned the value of the BIS offset report to the U.S. government. In fact, there have been instances when foreign governments have used the report to their advantage and to the disadvantage of the U.S. suppliers when negotiating offset agreements. The report was commissioned by the Defense Procurement Act to ensure U.S. companies were not "offsetting away" the American defense industrial base. Seventeen years of BIS offset reports have made it clear that offset agreements do not have any large scale detrimental effect on the U.S. defense industrial base. In fact, in today's competitive international environment the ability to offer competitive offset solutions has more likely had a positive effect. The content of the report is of little value to the U.S. government, and for that matter, U.S. industry.

Additionally, we believe BIS greatly underestimates the amount of time companies spend compiling information to produce the report. Collecting offset information from a broad section of business units spread across the U.S. and then sorting through and compiling all of the pertinent information in a useful format requires a significant amount of human resources and management oversight. On average, AIA member companies estimate they spend approximately 80 man-hours each year collecting information for the (cumbersome) BIS offsets report.

AIA does not see an efficient way forward, short of eliminating the report, on how best to minimize the reporting burden on industry. Large companies have multiple business units spread across the entire country, thereby making obtaining all of the necessary information from a diverse set of interests extremely challenging and requiring a significant amount of time.

We thank BIS for the opportunity to comment.

Best regards,

A handwritten signature in black ink, appearing to read 'P.J. Hart'.

P.J. Hart
Director, International Affairs
Aerospace Industries Association