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June 8, 2010

The Honorable Hillary Rodham Clinton
Secretary
United States Department of State
2201 C Street, NW, Room 7226
Washington, D.C. 20520

RE: THREATS TO U.S. AVIATION EXPORTS

Dear Secretary Clinton:

The Aeronautical Repair Station Association (ARSA), which represents the international aviation maintenance industry, congratulates you and President Obama for the administration's commitment to strengthening the U.S. economy through the National Export Initiative (NEI). Since the vast majority of our members are small to medium-size businesses that serve a global customer base, we are particularly supportive of this effort.

As acknowledged in your recent visit to the Boeing maintenance facility at Pudong International Airport in Shanghai, aerospace is the United States' leading export. In fact, the United States and Canada combined are leading net exporters of aviation maintenance services, enjoying a \$2.4 billion positive balance of trade in this area. The aviation maintenance industry employs 274,634 American workers and has a \$39 billion economic impact on the U.S. economy.

Unfortunately, the U.S. aerospace industry's global leadership is threatened by legislation pending on Capitol Hill. Federal Aviation Administration (FAA) reauthorization bills passed by the House and Senate will drive up costs for aviation maintenance companies serving international customers and make U.S. repair stations less competitive.

In particular, provisions in the House legislation requiring the FAA to inspect foreign repair stations twice annually and imposing mandatory drug and alcohol testing on overseas repair stations will violate international accords, resulting in retaliatory measures by key trading partners. Furthermore, the House bill fails to recognize our longstanding U.S.-Canada Bilateral Aviation Safety Agreement (BASA), which treats certification granted by Transport Canada to an Approved Maintenance Organization (AMO) as the equivalent of an FAA part 145 repair station certificate.

The aviation maintenance industry is already dealing with the repercussions of another poorly thought out law. Congress mandated that the Transportation Security Administration (TSA) develop security rules for foreign and domestic repair stations within a certain timeframe. The TSA failed to meet the deadlines and Congress punished the industry by banning the FAA from certificating new foreign repair stations.

Last fall, the TSA finally released its draft security rules. However, the certification prohibition remains in place until the rules are finalized and TSA conducts security audits of all foreign repair stations. The FAA's inability to certificate new repair stations is hindering economic growth in our industry and the longer the ban is in effect, the more damage it will cause to the country's competitive edge in aviation maintenance services. Indeed, under the current ban, U.S. companies like Boeing cannot get FAA certification to open new facilities like the one you recently visited.

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As the FAA reauthorization process continues, ARSA urges the administration to engage Congress on these important issues and make certain that our bilateral safety agreements and international accords are taken into account.

Specifically, we ask that the requirements and recommendations of the International Civil Aviation Organization (ICAO) be allowed to dictate international safety and security laws and regulations. As the U.S. economy recovers, we should be nurturing small and medium-sized aviation maintenance industry companies, not obstructing their ability to export and compete internationally.

Thank you for your consideration and please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'C. Klein', written in a cursive style.

Christian A. Klein
Executive Vice President

cc: The Honorable Gary Locke
The Honorable Ray LaHood
The Honorable Ron Kirk
The Honorable Lawrence H. Summers
The Honorable Randy Babbitt
The Honorable Karen G. Mills