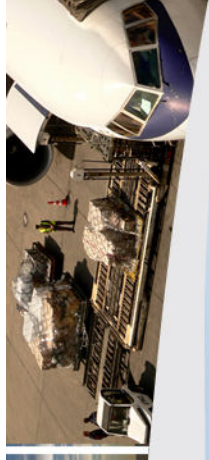
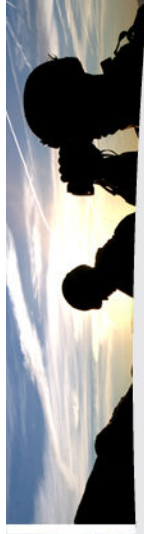
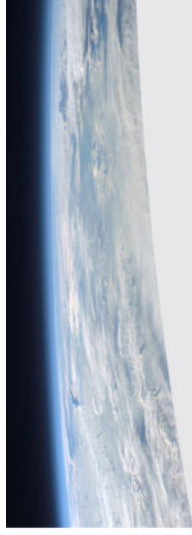


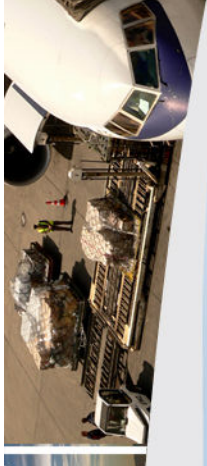
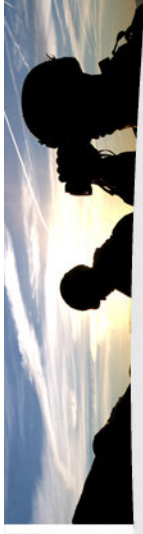
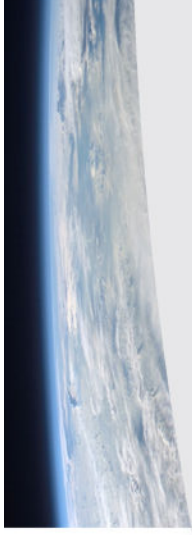
Aerospace Industry: Challenges and Combating Counterfeit Parts

**Kirsten M. Koepsel
Director of Legal Affairs, AIA
December 2, 2009**



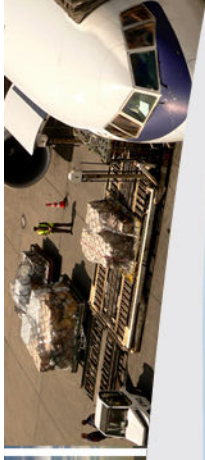
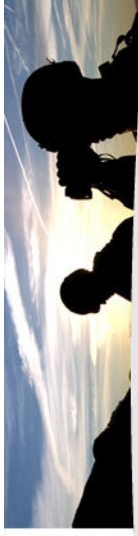
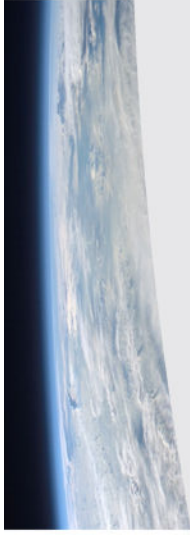
Aerospace Industries Association

- Founded in 1919 – a few years after the birth of flight
- Represents the United States’ major aerospace and defense manufacturers
- 106 Regular members – commercial aviation and avionics, to manned and unmanned defense systems, to space technologies and satellite communications
- 167 Associate members – aerospace and defense suppliers



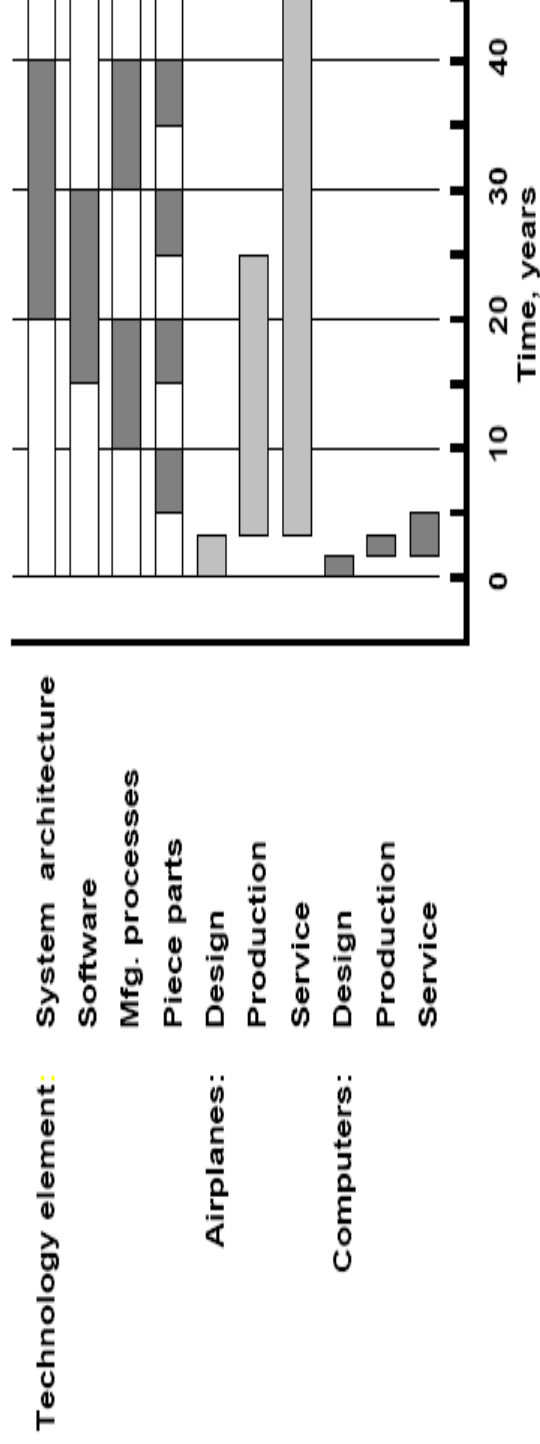
Challenges

- Long life cycle products
- Diminishing manufacturing sources
 - Older platforms have lost their manufacturing base
 - B-52
 - Shuttle fleet
- Parts obsolescence
 - Electronic life cycle is short
- Unanticipated demand for newer developed products

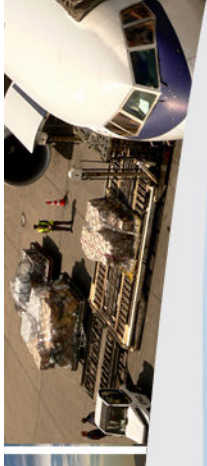
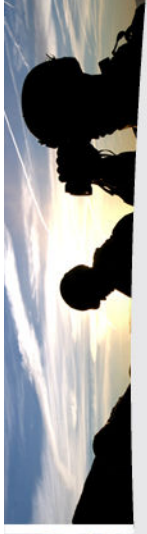
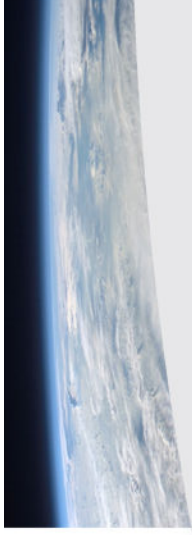


Challenges

- Time line of computer, aircraft and systems architecture development

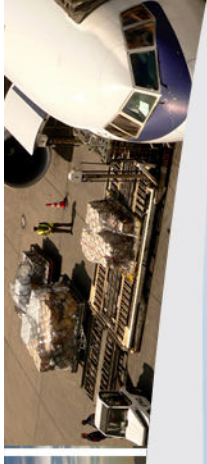
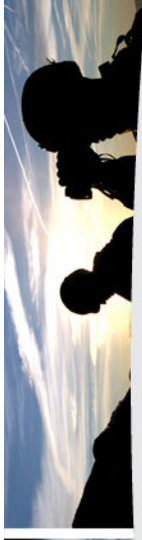
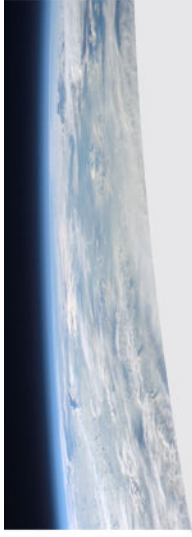


From “Combating Electronic Component Obsolescence by Using Common Processes for Defense and Commercial Aerospace Electronics” http://www.dsp.dla.mil/app_ui/content/documents/ndia_article.pdf



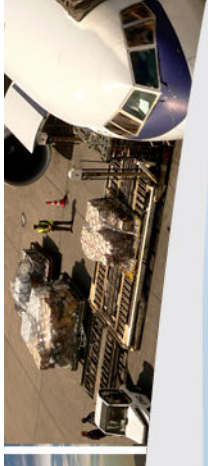
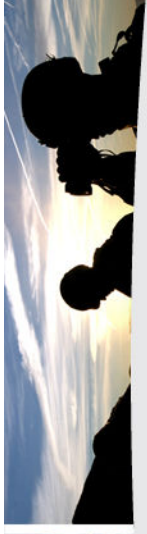
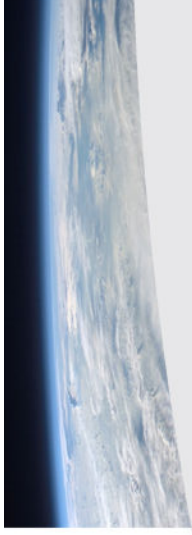
Survey by Department of Commerce as to impact from electronic parts

- Goal – assess the impact of counterfeit electronics on U.S. supply chain integrity, critical infrastructure, and industrial capabilities
- Surveyed OCMs, distributors, board assemblers, prime-sub contractors, Department of Defense



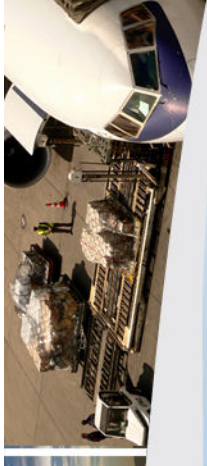
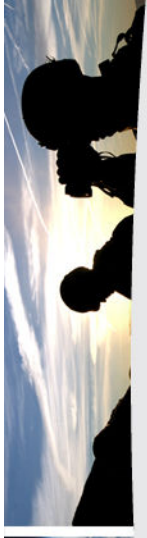
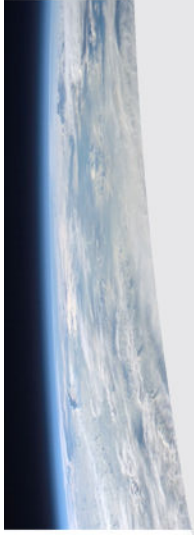
Preliminary results

- Total counterfeit incidents 2005-2008 (as reported by recipients of the survey)
 - 2005 3868
 - 2006 8139
 - 2007 8600
 - 2008 9356
- Counterfeit incidents by product resale value (overall 2008 est) (as reported by recipients of the survey)
 - \$0.11 - \$1.00 1,368
 - \$1.01 - \$10 3,803
 - \$11 - \$100 2,485
 - \$101 - \$500 1,018
- “Used product re-marked at higher grade”
- 2008 data indicates 43% of out of production products and 57% in production products
- Report to be published in 2010 – available at <http://www.bis.doc.gov/defenseindustrialbaseprograms/osies/defmarketresearch/hrpts/default.htm>



What has AIA done to address this issue

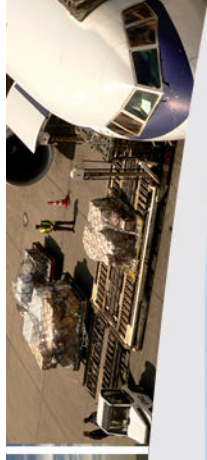
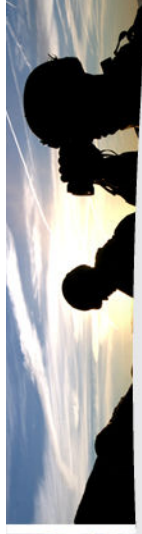
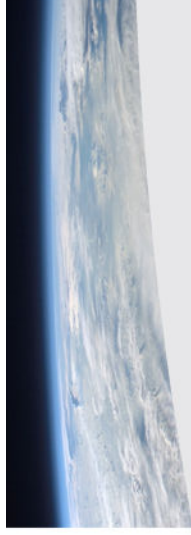
- Created a Counterfeit Parts Integrated Project Team to engage USG and AIA member companies in discussions about acquisition and procurement policies, reporting, technical guidance, program management, verification, and enforcement.
- Are standards needed: government and industry could apply to ensure minimization of introducing counterfeit parts and materials into the supply chain.
- Balance implementation of standards without sacrificing the benefits of buying commercially available products (COTS).
- Engage the US government in discussions concerning enforcement of intellectual property policies such as avoiding/reducing the introduction of counterfeit product into the US.



Challenge: What to do when you find counterfeits?

- Some of the government organizations that counterfeits can be reported to:
 - Air Force Office of Special Investigations
 - Customs & Border Protection
 - Defense Criminal Investigative Service
 - Department of Commerce Office of Inspector General
 - Department of Energy Office of Inspector General
 - Department of Transportation Office of Inspector General
 - Federal Aviation Administration
 - FBI
 - Immigration & Customs Enforcement
 - NASA Office of Inspector General
 - Naval Criminal Investigative Service
 - US Army Criminal Investigative Service

- Along with local and state law enforcement officials



For further information

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