

**Testimony of  
R. Thomas Buffenbarger  
International President  
International Association of Machinists and Aerospace Workers  
Before the Senate Committee on Banking, Housing, and Urban Affairs**

**“Export-Import Bank Reauthorization: Saving American Jobs and Supporting  
American Exporters”  
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Thank you, Chairman Johnson, Ranking Member Shelby, and members of this Committee for the opportunity to testify before you today on the vital importance of the Export-Import Bank to our industrial base and the creation and preservation of American manufacturing jobs. My name is Tom Buffenbarger and I serve as International President of the International Association of Machinists and Aerospace Workers, also known as the IAM. As a broadly diversified manufacturing union and the largest aerospace union in North America, representing over 700,000 active and retired members, the IAM is particularly concerned about the need to fully reauthorize the Ex-Im Bank.

While much of the Ex-Im Bank’s focus relates to the sale of Boeing aircraft, we also represent workers at companies like Caterpillar, Pratt and Whitney, John Deere, General Electric, as well as numerous small and medium sized firms that export a variety of American made products crucial to our economic health. Given our members work with these exporting firms, we are uniquely positioned to share with you our strong belief that the Ex-Im Bank’s reauthorization must be approved immediately. Indeed, the Ex-Im Bank is one of the few tools that we have to support exports that in turn contribute directly to American jobs. At a time when our fragile economy is still

recovering and millions of manufacturing workers are still without work, we are baffled why the Ex-Im Bank's reauthorization and, consequently, its ability to fulfill its critical mission is being held up. This mission, however, cannot be fully accomplished if domestic content requirements are weakened as some have proposed. There is a clear link between American jobs and domestic content. We should look to strengthen, not weaken these vital provisions, otherwise the Ex-Im Bank will be engaging in corporate welfare that would incentivize the offshoring of American jobs.

Global competition has never been more intense and the stakes for our economy have never been higher as U.S. firms and workers struggle to compete in today's global marketplace. Successful countries recognize the importance of a strong manufacturing sector and the true nature of global competition. These countries know that there is no such thing as a "free market," and provide strong support for critical wealth and job creating industries like aerospace.

The U.S., unfortunately, has too often blindly embraced a free market ideology that has opened our domestic markets to foreign goods while offshoring the production of American created technologies and products, as well as millions of good paying jobs. We have repeatedly seen this with electronics, green technologies, and a host of consumer products. The result has been a gaping trade imbalance with the rest of the world. According to the U.S. Census Bureau, our trade imbalance grew by more than 10 percent in 2011 to over \$558 billion. While there was a small positive balance in services, the deficit in goods increased by 14 percent to over \$737 billion with the largest increase coming in our deficit with the People's Republic of China, a rapidly growing country that engages in a variety of unfair trade practices—illegal subsidies,

forced technology transfer, currency manipulation, and an appalling lack of labor rights. The Economic Policy Institute estimates that over the last decade our trade imbalance just with China has cost the U.S. nearly three million jobs. Many of these jobs have been in manufacturing, a sector in which each manufacturing job supports three to four additional jobs in the economy. With our economy struggling with persistent high unemployment and starving for more rapid job creation, it is no surprise that so many working families have such a dim view of the future.

Nor should it come as a surprise that countries across the globe have set their sights on one of the few remaining sectors where the U.S. enjoys a positive balance of trade with the rest of the world--aerospace. For 2011, the U.S. aerospace industry had a trade surplus of \$7.25 billion, the largest of any advanced technology sector. According to a recent study by Deloitte on the economic effect of the U.S. aerospace and defense industries, aerospace products and parts manufacturing contribute over \$40 billion to U.S. payrolls and impact every state. It should be noted that the U.S. military and commercial aerospace sectors are deeply interconnected, particularly in the supply chain. Many of our members will work on both military and commercial aerospace products. Weakening our commercial sector will have a direct impact on the capabilities of the U.S. aerospace defense industrial base.

Since the Ex-Im Bank began in the 1930's, its mission has been "to assist in financing the export of U.S. goods and services to international markets," enabling "large and small companies to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy." Contrary to the position of some organizations, the Ex-Im Bank's mission is directed at facilitating

exports that support U.S. jobs, and it has never been directed to balance the interests of U.S. exporters against the interests of some airlines like Delta Air Lines. If Delta were truly interested in supporting U.S. workers, it would argue that the Bank's rules be changed so that it could be permitted to assist U.S. airlines in the purchase of domestically produced aircraft. Sadly, while Delta recently took advantage of Ex-Im Bank financing to win a contract to perform heavy engine maintenance for a Brazilian airline, it seems that Delta is more interested in destroying one of the U.S. government's most effective tools for spurring export growth and creating American jobs by seeking to insert language in the Ex-Im Bank reauthorization to specifically eliminate financing for widebody aircraft.

Additionally, it is disingenuous to claim to support a robust manufacturing industry and at the same time press for legislation that would undermine the Bank's ability to simply provide loan guarantees for the sale of U.S. manufactured aircraft. If the Bank is hindered, or prevented from supporting the export of aircraft made by U.S. workers, then U.S. workers, the communities where they live, and our nation's economy will lose—and lose big. Valuable jobs will be lost as foreign airlines purchase aircraft made from global competitors whose governments' willingly provide financing. If, for example, Air India is prevented from utilizing Ex-Im Bank financing for the purchase of Boeing widebody aircraft, then they have only one other company to purchase aircraft from, Boeing's European competitor, Airbus. Consequently, Air India would still be flying the same routes—only with European produced wide body aircraft produced by European workers.

According to the U.S. Chamber of Commerce, small businesses make up 87 percent of Ex-Im Bank transactions. While much attention is focused on large corporations, supply chains stretch across the entire U.S. and the Ex-Im Bank's financing affects firms of all sizes. If the Ex-Im Bank is prevented from supporting U.S. manufacturers, thousands of additional American jobs will be lost as U.S. companies ship more production work abroad where they can take advantage of the financing provided by other countries' export credit agencies—financing that they would have preferred to obtain from the Ex-Im Bank.

We must also be clear that our global competitors will not eliminate export credit financing. For the U.S. to do so in the brutal world of the global marketplace would be tantamount to unilateral disarmament. Without Ex-Im Bank financing the U.S. aerospace industry will be at a severe disadvantage, while European competitors will be free to support their companies through their comprehensive industrial policies. Lastly, as China's export credit agency grows dramatically, why would we want to eliminate the only tool the U.S. has to effectively compete with China, particularly as China rushes to develop its commercial aerospace sector?

Similarly, attempts to weaken the Ex-Im Bank's domestic content requirements are dangerous and misguided. Greater domestic content means that a greater percentage of the product for export is made here in the U.S. by American workers. If anything, the Ex-Im Bank's domestic content requirement should be strengthened. Multinational corporations that seek to lower domestic content requirements are the same corporations that have shifted thousands of production jobs outside of the U.S.

If adopted, the current House language on domestic content would increase the likelihood of weakening domestic content guidelines. It mandates that the Ex-Im Bank adopt guidelines relying on factors that would skew the outcome toward lowering domestic content. This is real corporate welfare and the American people will not stand for it. Under the House version, the Ex-Im Bank would review its content guidelines every two years, which would mean that every two years we will have to battle attacks on domestic content just to maintain the current standards.

The Senate bill does not contain any of these provisions. Specifically, it does not require the Bank to develop guidelines based on factors which lean heavily towards lowering domestic content, nor does it require that the Bank conduct a review of its domestic content requirements every two years.

America's global competitors know that exports, and, particularly aerospace exports, are vital to a strong economy and have repeatedly demonstrated a resolve to provide all necessary means of support to enhance export growth. Now is not the time for America to unilaterally disarm and surrender one of our last remaining engines of export growth, the aerospace industry. We strongly oppose any attempt to weaken domestic content requirements. The Ex-Im Bank needs to be fully reauthorized for four years and its lending cap significantly increased. We know firsthand from working with our employers that a short term authorization will add uncertainty to business plans and forestall any possible expansion and employment growth.

Finally, it is clear that both labor and business support the reauthorization of the Ex-Im Bank. As America's working families struggle in today's difficult economy, they have little patience for Beltway politics that continue to stall a proven instrument of

export growth and job creation like the Ex-Im Bank. I strongly urge this Committee and the full Senate to act as quickly as possible to enact pending legislation to fully reauthorize the Ex-Im Bank and expand its lending cap.

I thank the Committee for this opportunity to testify and look forward to your questions.