

Maintain the Domestic Content Requirement for Export-Import Bank Assistance

The Issue:

The U.S. Export-Import Bank was created in 1934 with the explicit mission of creating and sustaining U.S. jobs by increasing U.S. exports. It is a self-sustaining federal agency that provides export financing products to fill gaps in available private financing, including: working capital guarantees (pre-exporting financing), export credit insurance, and loan guarantees and direct loans (buyer financing). For the fiscal year ending on September 30, 2011, the Ex-Im Bank supported \$40.6 billion worth of U.S. exports at more than 3,600 U.S. companies, helping to create or sustain an estimated 290,000 export-related U.S. jobs.

The impact of the Export-Import Bank on the U.S. economy and domestic workers and communities is directly tied to the 85% domestic content requirement for mid- to long-term financing. This high standard guarantees demand for U.S. suppliers, products and workers. Reducing the domestic content requirement would shift our public investment from supporting domestic workers to promoting foreign suppliers, products and workers.

Section 15 of the 2012 reauthorization of the Export-Import Bank (HR 2072) requires the bank to review and report on its domestic content policy. It shall evaluate the effectiveness of the Bank's policy in maintaining and creating jobs in the United States and contributing to a stronger national economy through the export of goods and services.

Astoundingly, the questions submitted for public comment:

- only request job creation data for the previous 3-5 years;
- do not address the negative impact on U.S. companies and workers if the requirement is reduced; and,
- despite only being required to review the policy, the questions include 13 proposals for minimizing the requirement.

The scope of the Export-Import Bank's review extends far beyond the required analysis included in the reauthorization measure and clearly skews the findings towards weakening the bank's exemplary domestic content requirement.

The Importance to SPEEA and the Aerospace Industry:

The Society of Professional Engineering Employees in Aerospace, IFPTE 2001 (SPEEA) represents over 25,000 pilots, engineers and technical workers in aerospace in Washington, Kansas, Oregon, California and Utah.

During FY 2009, a record year, the Bank provided financing of approximately \$8.6 billion to support the export of 150 large commercial aircraft. This investment and subsequent financing for the aerospace sector directly supports our members and other typically high-wage professions in the industry because of the high domestic content requirement.

However, the 787 is the first Boeing aircraft to include more than 30% foreign content in its basic configuration. It is imperative for our members that U.S. policies discourage increased foreign outsourcing and encourage U.S. job creation.

Legislative Recommendations:

The public comment period for review of the Export-Import Bank's domestic content policy closes March 22, 2013. SPEEA asks Members of Congress to submit comments calling for an unbiased analysis of the domestic content policy and opposing efforts to reduce the domestic content requirement for Export-Import Bank assistance.