

Statement from International Association of Machinists and Aerospace Workers (IAM) President Tom Buffenbarger in Support for the U.S. Business Jet Industry

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Last month's news that U.S. GDP shrank by 0.1 percent, coupled with an uptick in the already high unemployment rate, demonstrates the fragility of our slow economic recovery. While these figures do not mean that we are back in recession, they do demand our attention.

President Obama has shown real leadership by pledging to double U.S. exports and expand manufacturing. The President has backed up that pledge with strong support for the Export-Import Bank to help finance exports that, coupled with robust domestic content requirements, ensure that American workers benefit from the resulting export activity, particularly in the U.S. aerospace industry

We have also seen the Administration work to open up new markets for the hard hit business aviation industry by promoting sales in the international market place at events such as the Asian Business Aviation Conference and Exhibition and through its leadership in the Asia Pacific Economic Cooperation deliberations.

Unfortunately, a few voices in the Administration and Congress may undermine President Obama's efforts by resurrecting the job killing tax provision of extending the depreciation period for business aircraft. Like a bad game of whack-a-mole, this short sighted idea keeps raising its ugly head, threatening an industry that employs 1.2 million Americans and, with most its product exported, creates a trade surplus with the rest of the world.

In a report on the business jet industry for the House of Representatives' Ways and Means Committee, the U.S. International Trade Committee (USITC) noted that three of the six leading producers are located in the U.S. and, that while the whole industry has been negatively impacted by the ongoing economic crisis, U.S. manufacturers were particularly hard hit with a 57 percent decline since 2007. As the largest union in this industry, we in the IAM witnessed this first hand as tens of thousands of our members landed on the street as business dried up.

While American business aircraft manufactures continue to be the world leaders, the USITC report cited continuing competition from Canada, France, and Brazil, as well as emerging threats from China and Japan. But some threats to America's dominance appear to be self-inflicted. The USITC report noted a number of factors affecting future competitiveness, including the depreciation schedule in the U.S. As the report states "...a shorter depreciation period makes the purchase of a new aircraft more attractive."

Like the "luxury tax" on "yachts" in 1990, which resulted in the massive layoff of workers in the boat building industry, stretching the depreciation schedule for business aircraft will have next to no impact on the federal deficit. While ostensibly aimed at over paid CEOs, admittedly a target rich group, the

collateral damage would be extensive as orders are canceled, workers are laid off, and communities see the tax base eviscerated. And this tax increase will apply to any non-airline aircraft engaged in commercial activity like crop dusters. Have you seen any CEOs spraying fields lately?

Business aircraft not only contribute \$150 billion in economic activity, they are an important competitive tool for small and midsize companies. Most passengers on these aircraft are not CEOs, but rather medical personnel, engineers, service techs, and sales representatives. These aircraft go where airlines will not go providing a vital commercial link to the global economy for many small and rural communities.

We need to do more to grow the business aircraft industry. As the USITC report notes, investments in new and innovative technologies are essential to the long term success of this critical industry. President Obama has stated that American workers and businesses can out-compete anyone in the world. We agree, but only if we provide real support and not crippling obstacles to success.