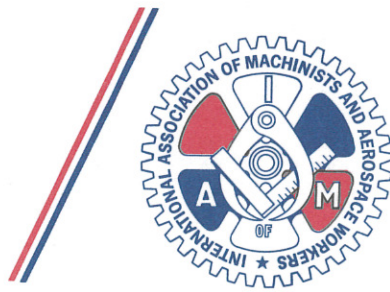


**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

September 9, 2014

Dear Senator:

As the President of the largest North American union in both the airline and aerospace industries, the International Association of Machinists and Aerospace Workers (IAM), I write to strongly urge your support for the bipartisan bill sponsored by Senators Manchin and Kirk to fully reauthorize the U.S. Export-Import (Ex-Im) Bank. The Manchin-Kirk legislation would reauthorize the Ex-Im Bank for five years and gradually raise its lending authority cap to \$160 billion. Any increase in the lending cap would be contingent upon the Bank's fulfillment of Congressional reporting requirements and its ability to maintain a loan loss ratio of less than 2 percent for any quarter in the fiscal year of an increase in the lending cap.

The Ex-Im Bank's mission is "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". As the only federal institution that makes it possible for U.S. manufacturers and U.S. workers to compete fairly with our global competitors in Europe and Asia, the Ex-Im Bank provides vital support for the export of U.S. made aircraft, one of the last sectors in which the U.S. enjoys a positive balance of trade with the rest of the world. Historically, the Ex-Im Bank's mission is directed at facilitating exports that support U.S. jobs, and not in balancing the interests of U.S. exporters against the interests of an airline like Delta.

Financing from the Ex-Im Bank and other export credit agencies (ECA) for wide-body aircraft is governed by an international agreement, the Aircraft Sector Understanding (ASU). Under the latest ASU, the rates and fees that foreign airlines must pay ECAs for government loan guarantees are set at a level that makes the total cost of such financing equivalent to or more expensive than commercial rates. Notably, U.S. airlines like Delta can finance the purchase of aircraft at much lower rates through U.S. credit mechanisms like Enhanced Equipment Trust Certificates (EETCs), which are asset-based bonds. **While Delta erroneously claims that the Ex-Im Bank is "subsidizing" foreign airlines, no U.S. airline would want to pay the higher costs associated with Ex-Im Bank financing**

Some have claimed that Delta lost out on the New York to Mumbai route to Air India because of the Ex-Im Bank's help in financing a "flood" of an American made Boeing 777 aircraft. Air India flies one daily flight between New York (JFK) and Mumbai.

That number rises to two flights per day if Newark is included-- a route that United Airlines successfully flies on a daily basis. What is missing from the "flood" analogy is the acknowledgement that if Air India is prevented from utilizing Ex-Im Bank financing for the purchase of Boeing aircraft, then it has only one other company to purchase widebody aircraft from, Boeing's European competitor, Airbus, which would provide financial support from a European ECA. Consequently, Air India would still be flying the same routes—only with European produced widebody aircraft produced by European workers and Delta's competitive position would be unchanged.

The real reason Delta stopped flying the New York to Mumbai route had nothing to do the Ex-Im Bank. According to Delta's own press release at the time of the move, the actual reason for moving the flight to Atlanta was because: *"The size and scope of Delta's operations at our Atlanta hub are best suited for the capacity of the 777-200LR in terms of cargo and passenger lift,"* said Glen Hauenstein, executive vice president – Network and Revenue Management. *"Serving Mumbai from Atlanta will allow us to optimize the route thanks to the approximately 150 U.S. destinations to which Mumbai customers will be able to connect, as well as the more than 30 easy connections available to and from Latin America and the Caribbean."* (Delta Adds First-Ever Nonstop Service between Atlanta and Mumbai, India, August 8, 2008).

No Delta jobs were lost because of the Ex-Im Bank's financial support for the purchase of Boeing wide body aircraft by Air India or any other airline, but without Ex-Im Bank financing American jobs would have gone to Europe. **Simply stated, U.S. airline workers have not been hurt by the use of Ex-Im Bank financing by foreign airlines, and, as the largest union in the airline industry, the IAM would never support government policies that would harm our members at U.S. airlines.**

Additionally, it is disingenuous to claim to support a robust manufacturing industry and at the same time press for "reforms" that would undermine the Ex-Im Bank's ability to provide loan guarantees for the sale of U.S. manufactured aircraft. If the Bank is hindered, or prevented from supporting the export of widebody 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. Family wage jobs will be lost as foreign airlines purchase aircraft made from global competitors whose governments' willingly provide financing.

According to the U.S. Chamber of Commerce, small businesses make up more than 85 percent of Ex-Im Bank transactions and that number does not include the small businesses that make up the supply chains for larger companies like Boeing and John Deere. 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.

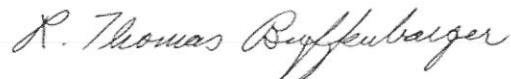
Efforts to eliminate export credit financing with all export credit agencies in OECD and non-OECD countries presumes that these countries are like the U.S. and rely solely on export credit to support exports. Without Ex-Im Bank financing, the U.S. aerospace industry will be at a severe disadvantage, while European and non-European competitors would continue to support their companies through their comprehensive industrial policies. In 2012, China's export credit agency financing grew to over \$400 billion, dwarfing what our Ex-Im Bank provides and begging the question, why would we want to eliminate one of the only effective tools the U.S. has to compete with China?

We are dismayed by the spurious objections from the Ex-Im Bank's opponents. We can only conclude that opposition to a highly successful government program that provides valuable financing for the purchase of U.S. made products, supports over 200,000 American jobs, and helps to reduce both the trade and federal deficit without cost to the taxpayer, can only be based on ideological grounds. We know that some believe that the government can do nothing right and that the continued success of the Ex-Im Bank challenges the ideological based assumptions of these opponents of the Ex-Im Bank.

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. As the AFL-CIO stated in a recent letter urging swift reauthorization of the Ex-Im Bank, "failing to reauthorize the Bank would do irreparable harm to the U.S. economy and would jeopardize the economic future of thousands of American families." We could not agree more and strongly urge your support for the bipartisan Manchin-Kirk bill to reauthorize the Ex-Im Bank. To become a cosponsor of this vital legislation, please contact Kirtan Mehta in Senator Manchin's office Kirtan_Mehta@manchin.senate.gov, or at 224-3528.

If you have any questions, please contact legislative Director Hasan Solomon at (301) 967-4575.

Sincerely,



R. Thomas Buffenbarger
International President