April 20, 2009

The Honorable Nancy Pelosi
The Speaker of the House
of Representatives
Washington, DC 20515

Dear Madam Speaker:

The six month Federal Aviation Administration (FAA) authorization extension recently signed by President Obama provides additional time to resolve outstanding issues as Congress, the Administration and stakeholders work to achieve a consensus to reauthorize the FAA and its critical programs. We believe that a robust FAA reauthorization is critical to rebuilding and supporting a modern transportation infrastructure that meets today’s demands for moving people and goods. However, the National Association of Manufacturers (NAM) would like to note two issues of national competitiveness that Congress must appropriately address as H.R. 915, the FAA Reauthorization Act, is further contemplated.

While we enjoy the safest aviation system in the world and continue to maintain our high levels of safety, the United States must seize the opportunity to transition from an antiquated air traffic system designed in the 1950s to a fully modern, digitally integrated 21st century Next Generation Air Transportation System (NextGen). The NAM fully supports the goals of NextGen contained in H.R. 915 and appreciates the designation of NextGen as a national infrastructure priority. However, the legislation must also call for an accelerated deployment effort that is focused on achieving critical outcomes over the next two to five years. The President’s identification and $800 million commitment to NextGen in the FY2010 budget request is a commendable first step but that funding level will not adequately accelerate NextGen efforts. Providing reasonable incentives for airlines and operators to invest in the necessary technology must be a priority. NextGen is not a typical federal procurement and a program of this magnitude and complexity requires a steady, reliable, and robust funding stream in order to be successful.

The benefits of NextGen are real and the opportunity to reduce greenhouse gas emissions, reduce travel times, and provide greater system-wide throughput will reap rewards for years to come and help keep the United States on competitive footing as the nation emerges from an unprecedented economic recession. As the Europeans introduce their version of NextGen, other nations with growing air traffic, like China and India, will look to the U.S. and European Union to guide the evolution of their air transportation systems. If the U.S. is not perceived as the leader in deploying this technology, then opportunities for U.S. manufacturers and workers will be lost forever.

Manufacturing Makes America Strong
In addition to the acceleration of NextGen, I would like to bring to your attention an issue of great concern to our members who manufacture for the aviation sector and operate aircraft repair stations both here in the United States and overseas. The bilateral air safety agreement between the U.S. and E.U. signed in June 2008 will be compromised if language contained in Section 303 of H.R. 915 is enacted as written. The legislation calls for semi-annual FAA inspections of its certified repair stations overseas. Such FAA inspections in Europe will directly violate this agreement which calls for reciprocity of both aircraft certification and inspections of repair stations.

If H.R. 915 becomes law, the E.U. has stated that it will retaliate by imposing a requirement for European aviation personnel to inspect U.S.-based E.U.-certified aircraft repair facilities twice a year – entailing a dramatic increase in associated fees charged to those U.S. facilities. Such a development would threaten businesses and thousands of American jobs by making international aircraft repairs in the United States costly and uncompetitive. Preventing job losses and maintaining a manufacturing and a skilled labor workforce in the current economic climate must be paramount. Additionally, if the current agreement breaks down to a point where it is unworkable between the U.S. and E.U., then American access to European markets will be further challenged by the re-introduction of a redundant and inconsistent regulatory structure that will jeopardize exports of American aircraft, engines and other components. The retaliation threat from the E.U. is real and we must work together to maintain the integrity of our existing agreements with our key trading partners.

The United States remains the leader in international aviation in terms of safety and competitiveness, but our rivals in Europe and Asia are not far behind and seek opportunities to get ahead of the iconic American aviation industry. The NAM is concerned that H.R. 915 unwittingly provides the opportunity for our competitors to gain an advantage that will translate to fewer high-skill and high-wage jobs in the U.S., less exports, and a further weakened aviation industry that is already challenged by the current economic environment.

Sincerely,

John Engler

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