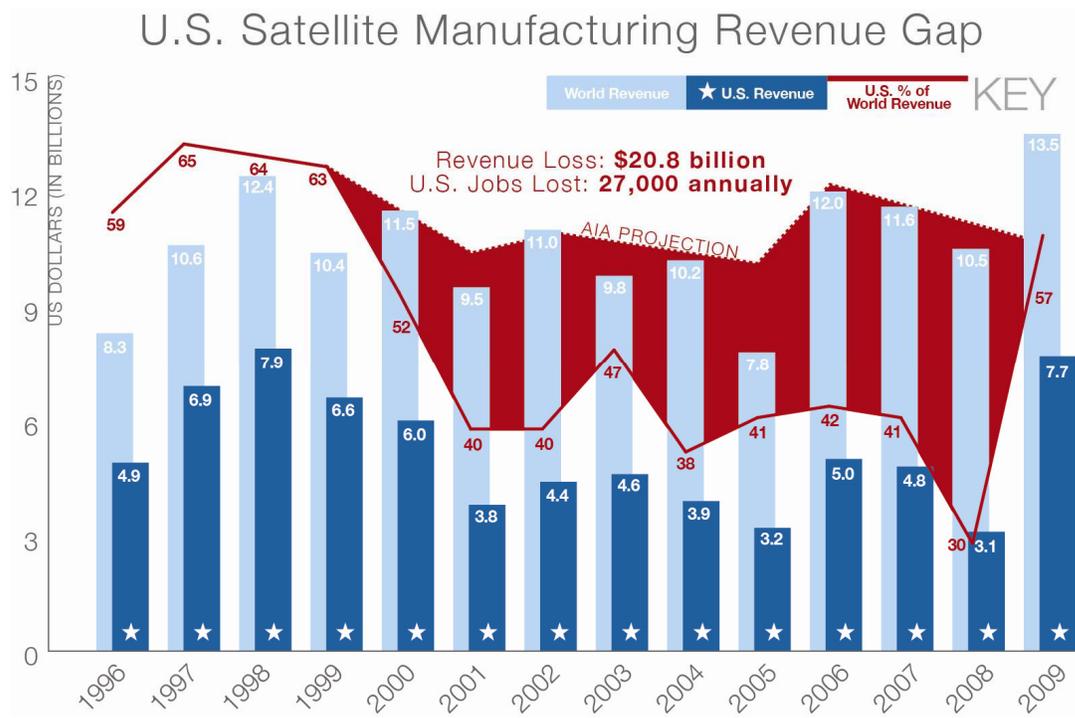




FACT SHEET

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U.S. Satellite Manufacturing Job Losses: The Case for U.S. Export Control Reform



Negative Impact of Current Export Controls

- The U.S. held **63%** of the U.S. share of world satellite manufacturing revenue in 1999, the year satellites were moved to the U.S. Munitions List (USML). Two years later, that share dropped to **40%**, and fell to **30%** in 2008.¹ (See chart.)

AIA Report: 1999-2009 Revenue and Job Loss Estimates

- AIA estimates that from 1999-2009, the U.S. experienced a cumulative loss of **\$20.8 billion** in U.S. satellite manufacturing revenue and an annual loss of **27,893 jobs**; direct job losses total 8,710 jobs annually with 19,183 indirect and induced jobs losses (jobs supported by the direct spending). Approximately 31% of these job losses are direct aerospace industry jobs and the other 69% would include second tier or non-manufacturing suppliers to this industry as well as those jobs spread out more broadly across the economy that are supported by payroll spending within the industry and its supply chain²

For more information, please visit www.aia-aerospace.org

¹ 2011 DOD & ODNI Unclassified National Security Space Strategy, page 3.

http://www.defense.gov/home/features/2011/0111_nsss/docs/NationalSecuritySpaceStrategyUnclassifiedSummary_Jan2011.pdf

² Methodology: Assumes steady U.S. market share of 63% over ten years, compared to actual average revenues from 1999-2009. For each \$1 billion loss of satellite manufacturing sales in the U.S., the job base would lose 4,186.6 jobs directly and a total of 13,410 jobs inclusive of direct, indirect and induced jobs. Induced jobs are defined as those dependent on payroll spending of direct jobs. Figures provided by Stephen S. Fuller, Ph.D., Dwight Schar Faculty Chair and University Professor, George Mason University.



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Satellite Export Reform is Vital for U.S. Industry & National Security

Current Export Regulations are Losing US Manufacturing Jobs

AIA's new report, *Competing for Space: Satellite Export Policy and U.S. National Security*, includes recommendations for strengthening U.S. national security and increasing the global competitiveness of U.S. satellite manufacturers.

Findings include:

- The U.S. held **63%** of the U.S. share of world satellite manufacturing revenue in 1999, the year satellites were moved to the U.S. Munitions List (USML). Two years later, that share was down to **40%**, and fell to **30% in 2008**.¹ Based on this lost market share, AIA estimates that the U.S. lost a cumulative total of **\$20.8 billion** in satellite manufacturing revenue – which correlates to an average annual loss of **27,893 jobs** directly and indirectly over the same time period.²

Behind the Numbers

Competing for Space also includes results from an AIA survey of U.S. satellite systems and components manufacturers about the challenges they face as a result of U.S. export policies. Results include:

- **Business impact:** *100 percent of companies responding* – representing over *75 percent* of total 2010 U.S. satellite and component manufacturing sales as identified by Space News – said that current export control restrictions have had an adverse impact on their businesses. These firms said that current policies have had the unintended consequence of fueling foreign competition for market share by restricting US competitiveness, resulting in lost sales and jobs.
- **Eroding space capabilities.** More than **90 percent** of respondents indicated a connection between export controls and eroding space industrial base capabilities. Respondents reported that U.S. export controls stand as barriers to domestic companies and create an advantage for foreign competitors.
- **Significant U.S. losses.** More than **70 percent** of small business respondents attributed “significant” lost sales to International Traffic in Arms Regulations (ITAR). Two firms that specialize in satellite components reported to AIA combined annual losses of up to **\$7 million** due to ITAR.

Recommendations to Improve U.S. Export Policies

- Support legislation that would return authority over commercial satellite export control jurisdiction to the administration.
- Not all satellite technology is the same; the U.S. should remove low-risk and no-risk technologies from the U.S. Munitions List while strengthening controls on truly critical space technologies
- Promote the export of American space solutions and technologies to U.S. allies and partners – strengthening our industry and improving interoperability.
- Develop cooperative space technology agreements between the U.S. and its international allies and partners.

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Editor's Note: Please visit www.aia-aerospace.org to see the full report. For additional sources and comment from industry representatives, please contact AIA.

¹ 2011 DOD & ODNI Unclassified National Security Space Strategy, page 3,

http://www.defense.gov/home/features/2011/0111_nsss/docs/NationalSecuritySpaceStrategyUnclassifiedSummary_Jan2011.pdf

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Export Control: What Others Are Saying About the Need for Reform

AIA's new report, *Competing for Space: Satellite Export Policy and U.S. National Security*, includes recommendations for strengthening U.S. national security and increasing the global competitiveness of U.S. satellite manufacturers. Here's what others are saying about the need to reform U.S. export control policy.

2011 Heritage Foundation Report "China's Space Program: A Growing Factor in U.S. Security Planning":

"(The United States) is seeking to reform export controls and the International Trade in Arms Regulations, which have harmed the international competitiveness of American satellite manufacturers. These efforts, as long as they continue to address specific security concerns and do not slight the continued need to protect key American technology advantages, deserve support from Congress and Secretary of Defense Leon Panetta."

2011 Joint Defense Department and Director of National Intelligence National Security Space Strategy:

"Export controls, however, can also affect the health and welfare of the industrial base, in particular second- and third-tier suppliers. Reforming export controls will facilitate U.S. firms' ability to compete to become providers-of-choice in the international marketplace for capabilities that are, or will soon become, widely available globally, while strengthening our ability to protect the most significant U.S. technology advantages."

2009 House Armed Services Committee Hearing – Testimony of Gen. Kevin Chilton (former commander of U.S. Strategic Command):

"I remain concerned that our own civil and commercial space enterprise, which is essential to the military space industrial base, may be unnecessarily constrained by export control legislation and regulation."

2007 Air Force and Commerce Department 2007 U.S. Air Force and Commerce Department Defense Industrial Base Assessment – U.S. Space Industry:

"...the U.S. share of satellite manufacturing has decreased 20 percent for all commercial communication satellites (COMMSATs) sales and 10 percent for geosynchronous orbit (GEO) COMMSATs since 1999." "A Tier 2 company commented, 'ITAR restrictions and limits are a major impediment to be able to respond to proposal requests and subsequently sell products in foreign markets.' A Tier 3 company '...is withdrawing from the space business due to a sustained absence of profitability and a refusal of some foreign customers to procure equipment that requires U.S. ITAR licensing.'"

2000 Booz Allen & Hamilton Report; U.S. Defense Industry Under Siege An Agenda for Change:

"We estimate that this particular U.S. industry (communications satellite manufacturers) could lose up to \$1 billion of sales annually if the export controls issues are not resolved."

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