

International

ISSUE: Global aerospace and defense trade is critically important to both national security and economic vitality for the United States.

BACKGROUND

Global aerospace and defense trade plays a central role in supporting the U.S. industry's more than 1 million jobs. Aerospace companies posted an estimated \$57 billion trade surplus in 2011 by exporting more than 40 percent of its total product and, during some economic quarters, nearly 70 percent of civil aircraft and component production.

With federal budgetary constraints potentially having a negative impact on the defense and aerospace industry, trade is an important factor in keeping our industrial base strong and thriving. Foreign sales of U.S. defense products are critical to keeping open production lines (and their related supply chains) and sustaining thousands of highly skilled and high paying jobs.

In addition to supporting U.S. national security and foreign policy imperatives, these sales also lower unit costs for the Department of Defense, create production line efficiencies, increase tax revenues to the U.S. government, strengthen alliances, and help support burden sharing by our battlefield allies and partners.

To maintain industry competitiveness and help fuel the export-driven growth of the U.S. economy, the United States must remove self-imposed barriers in the U.S. export control system and commit energy and resources to enhance bilateral cooperation, and ensure market access for U.S. exports abroad.

AIA RECOMMENDATIONS

- **Export Control Modernization:** By making the U.S. export control system more predictable, efficient and transparent, the U.S. government can help sustain and grow the defense industrial base through exports and lower unit costs for defense acquisitions. AIA welcomes the administration's initiatives to develop a single licensing agency, a single technology control list, a single enforcement fusion center and a single IT infrastructure for export licenses. In the process, attention must be paid to restructuring the U.S. Munitions List and the Commerce Control List, development of a program license approach supporting the U.S. military's most critical systems, reforming the Defense Department's Technology Security and Foreign Disclosure system and differentiating treatment of Unmanned Aircraft Systems on the Missile Technology Control Regime. Congress must also normalize treatment of commercial satellites and related components to ensure more appropriate control of these exports.
- **Advocacy and Market Access:** The ability of the United States to compete in and cooperate with emerging market economies is particularly crucial to sustaining industry growth and competitiveness. The U.S. government must mobilize all available diplomatic, economic and security cooperation assets to support the president's National Export Initiative and advocate for defense trade in support of security cooperation and building partner capacity. The long term re-authorization of the Export-Import Bank and an increase in its lending authority is crucial to providing a level playing field against foreign competitors in export driven sectors like civil aviation. In addition, Aerospace and Defense exports will also be enhanced by bilateral and multilateral free trade and aviation safety agreements.