



AIR LINE PILOTS ASSOCIATION INTERNATIONAL

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April 7, 2014

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
B301C Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

The upcoming U.S. Export-Import Bank (Bank) reauthorization presents your Committee with the opportunity to ensure that our export credit agency provides support to U.S. manufacturers without negatively impacting the ability of U.S. airlines and their employees to compete in the global marketplace.

The Air Line Pilots Association, International (ALPA) representing 50,000 professional airline pilots urges your committee to exercise your oversight powers to ensure the Bank is adhering to the law per the Export-Import Bank Reauthorization Act of 2012 (PL-112-122). At present, the Bank does not appear to be following congressional intent. To be clear, ALPA does not oppose the Bank or its mission. In fact, we fully support its efforts to help U.S. manufacturers prosper but not at the cost of the U.S. airline industry and its employees.

The Bank's unnecessary financing of wide-body aircraft provides state sponsored foreign airlines, many of which have ample cash reserves and top tier credit ratings, an annual economic advantage of about \$2 million per aircraft. Considering the huge number of aircraft on order by many of U.S. airlines' foreign competitors, this advantage seriously harms U.S. airlines, which are not eligible for such market-distorting below-market Bank financing.

Last year, the U.S. aviation industry made a 2.6 percent profit. Every dollar counts in the aviation sector. The substantial annual advantage provided by the Bank to our foreign competitors results in harm to the U.S. aviation industry. For example, financing the Bank provided to Air India forced Delta Air Lines to drop its nonstop service between New York and Mumbai in 2008 as the Boeing 777 financed by the Bank was used in direct competition with Delta Airlines. Fewer routes equal fewer good jobs for pilots and other aviation workers.

As you are aware, the U.S. Senate Banking Committee recently held a hearing on the Bank's reauthorization. During the proceedings, it became clear, in the face of bipartisan inquiries, that major questions persist about the export credit agency's continued lack of transparency, as well

as the economic modeling it applies to determine the negative effect of its transactions on U.S. jobs. We respectfully ask your committee to continue its vital role of exercising oversight of the Bank's lending practices, to ensure that its actions are transparent and do not harm U.S. employers and workers.

While these are essential changes, additional critical reforms in other areas of the Bank's operations are also necessary for the United States to foster an economically strong and stable U.S. airline industry and the hundreds of thousands of U.S. jobs it provides.

To that end, we also request that the Committee reinforce its mandate that the Bank negotiate with foreign credit agencies to eliminate across the board financing for wide-body aircraft. In addition, it appears the Bank is disregarding U.S. Department of Treasury guidance stating that the existence of a competing loan from a foreign credit agency does not constitute sufficient reason for it to offer a loan. Approximately 90 percent of commercial aircraft loans made by the Bank cite the existence of an offer by a foreign credit agency as the Bank's impetus for its offer. We encourage the Committee to explore this troubling scenario that sets the stage for lending decisions that threaten U.S. airlines' ability to compete in the global economic arena.

The Bank's charter does not give the agency the authority to pick winners and losers in the global marketplace, yet its lending decisions are doing just that—and U.S. airline employees' jobs are under serious threat. Congress must act swiftly to reform the U.S. Ex-Im Bank, and the reauthorization provides the opportunity to do so.

ALPA strongly encourages the U.S. House Financial Services Committee to ensure that the Bank is following the intent of Congress in terms of operating with maximum transparency, using proper economic modeling, performing the required analysis of any potential harm to U.S. industry and employees before extending financing, and working to eliminate all credit agency financing for wide-body aircraft.

Thank you for considering our views. We look forward to working with you.

Sincerely,

A handwritten signature in black ink that reads "Donald Lee Moak". The signature is written in a cursive, flowing style.

Capt. Lee Moak
President

cc: Members of the House Financial Services Committee