AIR LINE PILOTS ASSOCIATION INTERNATIONAL

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July 10, 2014

Dear Senator:

On June 25, I testified before the House Financial Services Committee on the authorization of the Export-Import Bank of the United States (Bank). I took the opportunity to state for the record that the 51,000 pilots of the Air Line Pilots Association, International (ALPA) support authorizing the Bank—with reasonable, targeted reforms to address specifically the financing of widebody aircraft to credit-worthy foreign, state-owned or state-supported airlines. We are offering a pragmatic compromise to save U.S. airline jobs and continue the important mission of the Bank to assist in the financing of U.S. goods and services to international markets. Let me reiterate, ALPA supports the underlying mission of the Bank, and we support its reauthorization. We support U.S. manufacturing and the jobs the industry supports, and we rely on Boeing aircraft to safely transport passengers and goods on our U.S. fleet of aircraft. U.S. manufacturing—like the U.S. airline industry—is critical to the health of the national economy. To that end, it is important that right now all parties engage in an open and honest dialogue about what is at stake and what needs to be done to ensure that the Bank is reauthorized with targeted reforms and is not held hostage by a single company that is unwilling to even engage in compromise discussions.

ALPA does not take issue with the Bank as a whole; however, the current lending practices for widebody aircraft provide better-than-market financing to credit-worthy foreign carriers, which use that significant financial advantage to undercut U.S. carriers and their employees in the international marketplace. The result is excess capacity in U.S. markets and job losses for U.S. airline workers. Analogous examples include the dumping of Chinese rubber and steel in the U.S. market. In the airline industry, seat dumping is the situation created by unnecessary financing of widebody aircraft for financially healthy foreign carriers. Financially solvent Middle Eastern airlines such as Emirates, Etihad Airways, and others are taking advantage of below-market financing at a rate of approximately $2 million per aircraft.

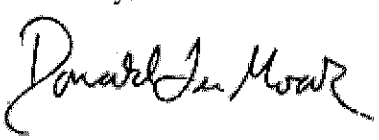
Not only does this undercut the U.S. airline industry's ability to compete globally, it also shifts industry economics by allowing foreign carriers to make business decisions outside of the business capital markets and economic conditions dictated on U.S. and European airlines. Clearly, this is not the mission of the Bank. We must work together toward a common-sense solution that reauthorizes the Bank this year and protects all U.S. jobs.

To that end, we believe straightforward reforms must include changes to the statute to stop the Bank from financing widebody aircraft to credit-worthy foreign airlines that are state-subsidized or state-owned.

Authorizing the Bank with common-sense reforms is the right thing to do for the thousands of small businesses which rely on the Bank to help them sell their products abroad. By its charter, the Bank is intended to be a lender of last resort for U.S. small businesses. The same can't be said for loans for widebody aircraft. We respect and appreciate that thousands of U.S. small businesses manufacture Boeing components. If the Bank is reauthorized with necessary reforms to widebody aircraft financing, no Boeing jobs will be lost. In fact, moderate reforms will enable the Bank to expand outside the aviation sector to allocate more of its limited resources to additional small businesses.

I am encouraged by the willingness expressed by committee members spanning the political spectrum to work together to authorize the Bank in a way that is good for all American workers. During the hearing, my fellow panelists and I were asked if we would support authorizing the Bank with concrete, targeted reforms. Every witness answered affirmatively. I encourage all Members of Congress and all stakeholders to embrace this commitment to cooperate for the greater good. One company should not hold the entire Bank's reauthorization hostage by refusing to negotiate on targeted reforms while at the same time proclaiming that it is at risk should the Bank not be reauthorized. Let's come to the table and make the choices that will level the playing field for U.S. airlines, protect U.S. aviation and manufacturing jobs, and expand export opportunities for American small business as intended. We are ready to get to work.

Sincerely,



Lee Moak, President