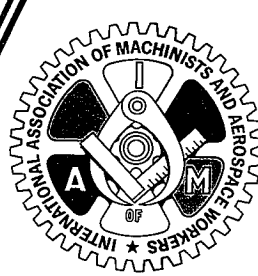


**International  
Association of  
Machinists and  
Aerospace Workers**



9000 Machinists Place  
Upper Marlboro, Maryland 20772-2687

Area Code 301  
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

May 24, 2010

Dear Representative,

Representatives Inslee, DeLauro and Tiahrt will be offering an amendment (see attachment) to the FY 2011 Defense Authorization, HR 5136, that would require the Department of Defense to add the cost of illegal government subsidies when evaluating bids, such as the billions of dollars in illegal subsidies the European Aeronautic Defense and Space (EADS) Company, the parent of Airbus, has received from European governments.

Recently the World Trade Organization (WTO) found that European governments gave EADS/Airbus \$5 billion in illegal support for the A330 airplane, which Airbus is using in its bid for the Air Force refueling tanker contract. This illegal aid allows Airbus to significantly reduce the acquisition cost of the A330 and unfairly undercut the American made Boeing tanker.

The net effect of these unfair subsidies goes beyond the tanker contract. According to the U.S. Trade Representative, the illegal subsidies have weakened the aerospace industry, one of America's last significant export sectors, and have resulted in the loss of over 65,000 good paying jobs, many of which were held by Machinists Union members.

American workers and companies can prosper in the global economy, but only if there is a level playing field. The Inslee, DeLauro, Tiahrt amendment helps to level the playing field by requiring the Department of Defense to include the cost of illegal aid when evaluating bids. This amendment will protect tax payer dollars, as well as our defense industrial base and the tens of thousands of high skill, high wage jobs our economy so disparately needs.

**The International Association of Machinists and Aerospace Workers strongly supports this bipartisan amendment and urges you to vote for the amendment.**

If you have any questions, please contact Legislative and Political Director Matthew McKinnon at (301) 967-4575.

Sincerely,

R. Thomas Buffenbarger  
International President

**AMENDMENT TO H.R. 5136, AS REPORTED  
OFFERED BY MR. INSLEE OF WASHINGTON**

At the end of title VIII, add the following new section:

1 **SEC. 839. ACCOUNTING FOR ILLEGAL SUBSIDIZATION IN**  
2 **EVALUATION OF PROPOSALS FOR CON-**  
3 **TRACTS FOR MAJOR DEFENSE ACQUISITION**  
4 **PROGRAMS.**

5 (a) REQUIREMENT.—

6 (1) IN GENERAL.—In awarding a contract for  
7 any major defense acquisition program, the Sec-  
8 retary of Defense shall, in conducting the cost or  
9 price evaluation of any proposal for that contract,  
10 take into account any final panel report described in  
11 paragraph (2) and take the action described in para-  
12 graph (3).

13 (2) FINAL PANEL REPORT DESCRIBED.—A final  
14 panel report described in this paragraph is the final  
15 report of a dispute settlement panel of the World  
16 Trade Organization, submitted to the parties to a  
17 dispute pursuant to article 4.6 or 7.4 of the Agree-  
18 ment on Subsidies and Countervailing Measures,  
19 that either a prohibited or actionable subsidy has

1       been provided with respect to any merchandise or  
2       major component thereof, or the development of any  
3       merchandise or major component thereof, if that  
4       merchandise or component is part of a proposal de-  
5       scribed in paragraph (1).

6           (3) ACTION DESCRIBED.—If the subsidy found  
7       to be prohibited or actionable in the final panel re-  
8       port has not been withdrawn pursuant to article 4.7  
9       or 7.8 of the Agreement on Subsidies and Counter-  
10      vailing Measures, the action described in this para-  
11      graph is, in conducting the cost or price evaluation  
12      of a proposal, the Secretary shall increase the cost  
13      or price of the proposal by the amount of the sub-  
14      sidy found to be prohibited or actionable in the final  
15      panel report described in paragraph (2).

16      (b) DEFINITIONS.—In this section:

17           (1) AGREEMENT ON SUBSIDIES AND COUNTER-  
18      VAILING MEASURES.—The term “Agreement on Sub-  
19      sidies and Countervailing Measures” means the  
20      Agreement on Subsidies and Countervailing Meas-  
21      ures described in section 101(d)(12) of the Uruguay  
22      Round Agreements Act (19 U.S.C. 3511(d)(12)).

23           (2) COST OR PRICE EVALUATION.—The term  
24      “cost or price evaluation” means an evaluation con-  
25      ducted by a source selection authority pursuant to

1       subpart 15.305(a)(1) of the Federal Acquisition  
2       Regulation.

3           (3) MAJOR DEFENSE ACQUISITION PROGRAM.—  
4       The term “major defense acquisition program” has  
5       the meaning given that term in section 2430 of title  
6       10, United States Code.

7           (4) PROHIBITED OR ACTIONABLE SUBSIDY.—  
8       The term “prohibited or actionable subsidy” means  
9       a subsidy that is inconsistent with the Agreement on  
10      Subsidies and Countervailing Measures because the  
11      subsidy is a prohibited or actionable subsidy under  
12      the Agreement.

