



UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

MAR 18 2003

The Honorable Patty Murray
United States Senate
Washington, D.C. 20510

Dear Senator Murray:

Secretary Evans asked me to respond to your inquiry concerning claims made by Airbus Industrie (Airbus) regarding its contributions to the U.S. economy.

Your letter enclosed a brochure prepared by Airbus suggesting that the U.S. content of some Airbus aircraft may be as high as 40 percent, that the number of U.S. jobs Airbus sustains is 100,000, and that Airbus has as many as 800 U.S. suppliers. Because of data limitations, the Department of Commerce has not been able to complete an exhaustive review of Airbus' claimed contributions to the U.S. economy. However, early in 2002 our Office of Aerospace had received detailed information from Airbus, Boeing and other industry sources concerning Airbus' claims.

Based on our analysis of Airbus, Boeing and other data, we believe that the number of U.S. suppliers to Airbus is approximately 250. We have asked Airbus to account for the discrepancy between our supplier figure and theirs, but have not yet received a response.

It is exceedingly difficult to verify Airbus Industrie's claim of 100,000 U.S. jobs sustained by its operations in the United States. The calculation of U.S. jobs Airbus sustains consists of the number of workers directly employed by Airbus and those employed by U.S. suppliers to Airbus. According to Airbus, the total number of workers directly employed in the United States by Airbus is fewer than 500 individuals (in comparison, according to Boeing, the number of U.S. workers Boeing directly employs -- related only to Boeing's civil aircraft operations -- is about 68,000). Efforts to quantify the number of U.S. jobs sustained by Airbus through U.S. suppliers have produced varying results. The methodology that Airbus uses is difficult for us to understand because the calculations are based on imprecise terms.

Based on our experience, it is extremely difficult to support broad, unqualified claims of particular U.S. content. For one thing, engines, including their after-sales support, may constitute as much as 20-30 percent of the total price of an aircraft. Engine selection is made by the purchaser of the aircraft, not the manufacturer -- unless the manufacturer decides to design the aircraft with only one engine. For example, airlines purchasing the widebody Airbus A330



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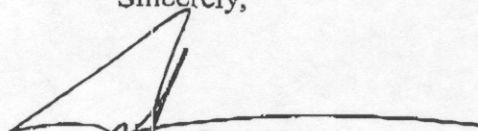
aircraft can choose between all three primary manufacturers of large civil aircraft engines (two U.S. companies and one British company) while purchasers of Airbus' latest widebody aircraft in production, the A340-500/-600, have no choice but to use the British engine. Another factor impacting content is that producers of aircraft components, including engines, themselves source components from different countries. These factors further complicate precise valuation of national content. Therefore, the U.S. content of any one Airbus aircraft can vary substantially by aircraft type.

More importantly, "content", as measured by the value of an aircraft's physical components, is an incomplete gauge of the overall impact of an aircraft program on the commercial and economic interests of the United States, Europe, or any other region. This is because the real economic "content" of an aircraft is more than just its parts. Other factors contribute to the total economic value of an aircraft program, such as design, research and development, cost of assembly, and after-sales engineering and product support.

The Commerce Department is committed to the objective analysis of benefits to the United States flowing from international trade and investment. We have had pending with Airbus a request for further information on this issue. When and if that information is received, I would be pleased to provide you an update.

If you have any further questions, please feel free to contact me or Brett Palmer, Deputy Assistant Secretary for Trade Legislation, Office of Legislative and Intergovernmental Affairs, at (202) 482-3663.

Sincerely,



Grant D. Aldonas