

## Improving Foreign Aircraft Repair Station Standards

The Transportation Trades Department, AFL-CIO (TTD) supports an FAA Reauthorization bill that will enhance the safety and oversight of aircraft repair stations -- especially those located abroad but working on U.S. aircraft. We support a requirement that foreign stations are inspected at least twice a year by FAA inspectors; that foreign mechanics working on U.S. aircraft are held to the same drug and alcohol testing rules as workers in this country; and that non-certificated stations are barred from performing covered maintenance work on U.S. aircraft.

Over the years, U.S. airlines have steadily increased outsourcing of maintenance work performed at facilities here and abroad. According to the Department of Transportation Inspector General (IG), major air carriers outsourced an average of 64 percent of their maintenance expenses in 2007 compared to 37 percent in 1996. For heavy airframe maintenance work performed in the same year -- which includes complete teardowns of aircraft that can take up to seven weeks -- the figure jumps to 71 percent. Out of all the heavy airframe maintenance work that is outsourced by major air carriers, 27 percent is performed by foreign repair stations.

We support the House-passed FAA bill (H.R. 915) includes important changes for foreign repair oversight. Specifically, the bill would require biannual FAA inspections of facilities and drug and alcohol testing for all safety-sensitive employees.

Currently, the Senate is expected to consider the bill this fall. We remain committed to the provisions included in the House legislation, and will support passage of this legislation.

### Source:

[http://www.ttd.org/index.asp?Type=B\\_BASIC&SEC=%7b5F34FA42-A00B-462C-982C-C8D12CDDCF27%7d](http://www.ttd.org/index.asp?Type=B_BASIC&SEC=%7b5F34FA42-A00B-462C-982C-C8D12CDDCF27%7d)

### Section 421 of the Trade Act of 1974 (China-Specific Safeguards)

As part of China's accession to the World Trade Organization (WTO), China accepted transitional remedies (while it fully adopts its WTO obligations) to address import surges into other countries that cause market disruption. However, this safeguard applies only to imports from China and has a lower threshold for demonstrating possible harm and for securing temporary relief from import surges. Like section 201, section 421 relief is discretionary for the President of the United States. This relief expires 12 years after China's WT accession, or in 2013.

### Section 201 of the Trade Act of 1974

Sometimes U.S. industries and their workers find themselves overwhelmed by rapidly increasing imports. This may flow from a number of factors having nothing to do with international price discrimination (dumping) or subsidization. Since the 1930s, U.S. law has provided the possibility of seeking temporary relief so the

companies and their workers can either regroup or execute an orderly retreat from the market. Today, this provision of the law is Section 201 of the Trade Act of 1974. Because the law does not flow from a finding of an unfair trade practice, the standard for obtaining relief is harder to satisfy than in antidumping or countervailing duty cases. The remedy is also applied globally (with certain possible exceptions) to all imports versus being applied just to imports from one or more countries found to have dumped or subsidized their exports. Also, because trading partners have rights of compensation in certain circumstances, the President has discretion on whether relief will be given even if the industry and workers demonstrate the standard of injury and causation have been met. The law more specifically operates under the following standard:

If a domestic industry is either seriously injured or threatened with increased imports a substantial cause of the injury, the law calls for the U.S. International Trade Commission to recommend to the President relief designed to prevent or remedy the injury and assist the industry in adjusting to import conditions. The President has discretion whether to follow the recommendations provide alternative relief or deny relief. Relief granted is of limited duration and digressive (meaning it will decline over time, consistent with the concept of temporary relief to help an industry and its workers adjust to the new conditions of competition).

January 21, 2010

The Honorable Ron Kirk  
Ambassador  
U.S. Trade Representative  
600 17th Street NW  
Washington, DC 20508

Dear Ambassador Kirk,

We are writing to ask for your confirmation that the Administration has established a system to monitor comprehensively the effects of the special tariff on imports of consumer tires from China, announced by the President on September 11, 2009 pursuant to section 421 of the Trade Act of 1974, as amended ("the Act"), by collecting data on each of the elements outlined below so that the President may review the decision six months after its effective date and subsequent to that time.

As you know, the Act provides for the U.S. International Trade Commission (ITC) and the Administration to review the impact of the tariff. We believe comprehensive monitoring is uniquely important in this case even beyond the statutory directive for several reasons. At the outset, because no U.S. producer of tires petitioned for the relief the President has provided, the ITC and the Administration should be particularly vigilant in monitoring its implementation. In addition, while we have not seen reports indicating that the tariff has created jobs, we have seen accounts of significant price increases in many areas of the country, including areas of predominantly lower income households. Moreover, there is anecdotal evidence of layoffs in the tire distribution and retail sectors.

It is, therefore, essential that the ITC and the Administration monitor the effects of the tariff not only on the domestic tire producers, but also on other domestic sectors, including distribution and retail, and on consumers. To that end, we strongly urge that the system put in place monitor changes in areas including, but not limited to: (i) U.S. production of the consumer tires subject to the tariff, including production of private brands and other entry level tires; (ii) changes in employment at U.S. tire production facilities related to the production of the subject tires; (iii) changes in consumer tire imports from countries other than China; (iv) retail price trends for domestic and imported tires, including specific price trends in low-income areas of the United States; (v) changes in employment levels in the tire distribution and retail sectors; and (vi) changes in the number of traffic accidents resulting from motorists driving on worn-out and unsafe tires.

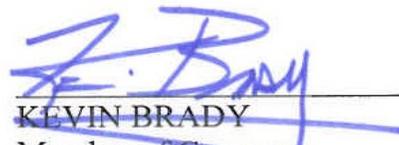
We believe the Administration's obligations under the Act, as well as its responsibilities to the American people, require it to ensure that the consumer tire tariff, as applied, does not create an unreasonable or unnecessary burden on the U.S. economy and American consumers. Accordingly, we respectfully ask you to confirm that a comprehensive monitoring system, as outlined above, has been put in place and to report to us the categories of data being collected.

Sincerely,



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DAN BOREN  
Member of Congress



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KEVIN BRADY  
Member of Congress