

Statement

of

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Chairman and CEO

Raytheon Aircraft Company

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House Transportation and Infrastructure Committee

U.S. House of Representatives

Keeping U.S. Aviation Manufacturing Competitive

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Mr. Chairman and members of the Subcommittee, my name is Jim Schuster. I am Chairman and CEO of Raytheon Aircraft Company of Wichita, Kansas. Raytheon Aircraft Company is a business unit of Raytheon Company, one of the world's largest defense companies with 2005 sales of \$21.9 billion and 80,000 employees worldwide.

On behalf of the 6,000 Wichita-based employees: welcome to the Air Capital of the World – home of Beechcraft and Hawker, two of the best known and admired brands in general aviation. It is an honor for me to appear before you today.

I'm going to use my time today to tell you about our company and discuss the international market.

Raytheon Aircraft Company designs, develops, manufactures and supports business jets, turboprops and piston-powered aircraft for the world's commercial, fractional ownership, and military aircraft markets. Last year, Raytheon Aircraft Company had net sales of nearly \$3 billion and delivered 416 aircraft.

Headquartered in Wichita, we have a proud heritage here. Aviation pioneers Walter and Olive Ann Beech founded the company in 1932, and over the years Beechcrafters – as our employees are known around the world – have built more than 54,000 aircraft. Some 36,000 are flying today.

Raytheon Aircraft Company is the third largest employer in the city and the fifth largest in the State of Kansas. While our total annual payroll for Wichita alone is approximately \$360 million, our economic impact goes beyond the city limits or even the state's borders.

We produce wings for our Beechcraft aircraft and Hawker 400XP light jet in Salina, Kansas, where we employ 340 people. We have a major completion and service center for our Hawker business jets in Little Rock, Arkansas, with 650 employees.

We also have company-owned service centers in the U.S., Mexico and the United Kingdom. Raytheon Aircraft Company leads the industry with more than 100 authorized services centers and more than 1,000 trained A&P field service representatives worldwide. Our total global employee base is just over 8,000.

Additionally, Raytheon Aircraft Company has more than 300 direct and indirect suppliers locally, with an additional 150 in Kansas and a total of 1,800 across the United States. We spent \$1.4 billion with our U.S. suppliers and partners in 2005. We also spent \$300 million with our 400 international partners and suppliers located in 20 different countries worldwide.

The general aviation industry today is truly international in nature. Not only do our airplanes travel to every corner of the world, but our customers are based in virtually every country in the world.

In addition to our commercial business, we also produce and support special missionized versions of many of our commercial aircraft for military and governments worldwide.

I am proud to tell you that Raytheon Aircraft Company produces and supports the T-6A primary trainer for the U.S. Air Force and U.S. Navy's Joint Primary Aircraft Training Systems program – more commonly known as JPATS. We were awarded the contract in 1996, which calls for nearly 800 primary trainers through the year 2017 and support through 2050. We also exported the T-6 internationally with 26 aircraft delivered to Canada for the NATO Flying Training in Canada program and 46 to the Hellenic Air Force of Greece.

In 2005, the number of general aviation airplanes exported from the U.S. surged by 67 percent over 2004 to 557 aircraft, while export billings rose 82 percent to \$2.6 billion. Of the 2,857 general aviation airplanes manufactured in the U.S. in 2005, 19 percent were exported around the world. At Raytheon Aircraft Company, our international deliveries nearly doubled between 2004 and 2005; with nearly 29% of the aircraft we manufactured being exported to customers around the world last year.

As the worldwide economy expands and becomes ever more interdependent, it becomes increasingly important for the U.S. Government to support the development of those markets to assure our nation's position as a global leader in aviation.

Currently, the FAA under the leadership of Transportation Secretary Norman Mineta and FAA Administrator Marion Blakey recognizes this. More time and energy is being spent by our government overseas to foster new markets, provide leadership in safety and promote our industry.

For example, the FAA is adding resources and staff to assist with aviation issues in China and India, two of the largest potential new markets for general aviation over the next decade. These efforts will pay large dividends for the entire U.S. aerospace industry, and we are thankful that U.S. transportation leaders are paying more attention to international markets and issues.

As other markets develop, it is important to ensure that the FAA and other federal agencies continue to support aviation expansion into emerging markets. After China, we see India and Eastern Europe as markets with the greatest opportunity for general aviation and aerospace growth.

The aerospace industry works constantly with both Congress and the Executive Branch to ensure foreign markets are open to U.S. products. Working to break down trade barriers is critical to continue the dramatic increase we are seeing in U.S. exports of aerospace products and services.

Congress can help maintain U.S. leadership in aviation by ensuring that the FAA receives the resources it needs to carry out its functions, including the certification of new aviation products.

Jack Pelton has also discussed certification funding this morning, but let me just emphasize how important this is to assuring continued U.S. global leadership in aviation. Our competitors around the world, particularly in Europe, are working to impose their model of regulation in emerging markets. With the creation of the European Aviation Safety Agency, EASA, the European Union (EU) now has a powerful single FAA-like institution to certify new aviation products. Let me be very clear: if the certification of new aviation products becomes onerous or subject to delays in the U.S., Raytheon Aircraft Company and the rest of the U.S. general aviation industry will be severely disadvantaged in the global marketplace. The result will be a loss of our technological leadership, international competitiveness and, ultimately, jobs.

While Raytheon Aircraft Company and our industry is doing well today, I must re-emphasize that this is an industry vulnerable to subtle changes in laws, regulations and the economy.

We need Congress to continue to carefully consider the issues of the FAA funding and resource allocation, as well as other regulatory changes. The future of Raytheon Aircraft Company and the general aviation industry depends on you.

Raytheon Aircraft Company firmly believes there is a solid and continuing domestic market for our aircraft and we look to the international market for growth opportunities. I urge members of Congress to assist in promoting general aviation and assert that continued Congressional oversight is critical to the success of our industry, both domestically and internationally.

Mr. Chairman, I would like to thank the Subcommittee for taking the time to travel to Wichita today to listen to our comments and concerns about keeping U.S. aviation manufacturing competitive. In closing, I would like to extend my personal thanks to Congressman Tiahrt for his strong and tireless support of the aviation industry.