Opening Statement
Defense Appropriations Subcommittee
Hearing on KC-X Tanker Award
Congressman Todd Tiahrt
March 5, 2008

Mr. Chairman, thank you for holding this important hearing. I look forward to hearing from Secretary Payton and General Hudson on the Air Force's decision to award the KC-X Tanker contract to a foreign competitor over an American company.

I understand that they want to limit comments because the competitors have not yet been briefed and there is a possible protest of the decision looming. I hope, however, that they understand the seriousness of our concerns. This Committee needs and demands answers. Unfortunately, the process of the Air Force's decision leaves me asking a tremendous amount of questions.

The American public is rightfully outraged by this decision. I am outraged by this decision to outsource our national security. An American tanker should be built by an American company with American workers. Choosing a French Tanker over an American Tanker doesn't make sense to the American people, and it doesn't make sense to me.

The more I investigate this decision and others like it – the more I am beginning to see a pattern that is deeply disturbing. We are stacking the deck against American manufacturers, at the expense of our national and economic security.

Three of the last big defense contracts have been awarded to foreign companies because the deck is stacked against American Manufacturers. We should have **suspected** the Navy awarded the Marine One contract to a foreign manufacturer. We should have **known** when the Army awarded the Light Utility Helicopter to EADS. And now with the Air Force award of the KC-X to a foreign manufacturer – **it is as plain as the nose on our faces.** Foreign competitors were able to compete and win against American manufacturers because our acquisition laws favor foreign competitors.

For instance, the Air Force did not take into account the illegal subsidies or other non-accounted for costs that EADS/Airbus receives from European nations. These subsidies make Airbus' aircraft cheaper in civilian markets, and it clearly made the A-330 cheaper in this competition. Though these facts are well established, and I routinely brought them to the Air Force's attention, in the final analysis it seems the Air Force didn't even try to evaluate the impact of European subsidies on the Tanker competition.

In addition to stacking the deck against American manufacturers, I am concerned that the Air Force poorly judged one of the most heavily contested competitions in history. Although I am not blaming any one person, the fact remains that the competition Congress was briefed on was not the competition that we were shown on this past Friday.

- It appears that the Air Force was actually bidding the KC-10 replacement, not the KC-135 as we were all led to believe.

- It appears that the Air Force was interested in a cargo aircraft that could tank, not a tanker with cargo capability.

- It appears that the Air Force was willing to ignore serious risks to the Northrop Grumman-EADS proposal regarding supply-chain migration, construction of new facilities, training of a new workforce, let alone the fact that Northrop Grumman had absolutely no experience in the air refueling marketplace.

- It appears that the Air Force was willing to ignore EADS' past performance history when it came to the A400, A380, and the A330. All had schedule delays.

- It appears that the Air Force was willing to ignore mission capability by picking an aircraft that can operate in fewer places, not more.

- It appears that the Air Force was willing to choose an aircraft that, because of its size, will require significant military construction investment during a time of shrinking military construction dollars.

Those are but a few of the discrepancies in what Congress was originally led to believe. The many inconsistencies in the public statements of the Air Force and the results of this competition are simply astounding.

One additional point – the Air Force did not take into account economic security when evaluating the KC-X proposals. I understand that economic security doesn't fit into any bid criteria or KPP, but the need for a domestic industrial base sure should. Congress has made clear over the years its intent that taxpayer dollars should be spent for American work whenever possible.

During a time of economic uncertainty, it is baffling why the Department would decide to send at least 19,000 jobs overseas. The nations of France, Germany, Spain and the United Kingdom will most likely gain more jobs and investment than any state in the union. This proposal benefits European aerospace workers at the expense of American national and economic security.

I have started a petition on my website, www.house.gov/tiahrt. That petition says,

If allowed to stand, this contract award to a foreign company will:

1) Hurt American workers by the loss of U.S. jobs;
2) Outsource an essential military asset to Europe;
3) Force the United States to be dependent upon Europe for our national defense;
4) Result in an inferior tanker for the United States Air Force; and
5) Result in the US being more vulnerable at a time when we must be less vulnerable

We can not allow this to come true. **We must have an American Tanker built by an American company with American workers.**

Congress must act to save the Air Force from itself. I appreciate that Secretary Payton and General Hudson have agreed to join us, and I look forward to an informative hearing.