

**Before the
United States International Trade Commission**

**Business Jet Aircraft Industry: Structure and Factors Affecting Competitiveness
(Inv. No. 332-526)**

September 28, 2011

Testimony of Florida Lt. Governor Jennifer Carroll

Madame Chairman and Members of the Commission. I appreciate this opportunity to appear before you this morning to discuss the importance of the U.S. business jet aircraft industry to the State of Florida and the Space Coast. In particular, I would like to explain the important contribution that Embraer has made by locating its operations to build business jets in Melbourne, Florida. Embraer's substantial investment in our State is bringing highly valued aerospace industry jobs to the Space Coast that are much appreciated with the end of the Space Shuttle Program.

I have a special interest in aviation due to my service as an enlisted jet mechanic who rose to a Lieutenant Commander Aviation Maintenance Officer over my 20-year Navy career. As a legislator in the Florida House of Representatives, and as Lt. Governor, I have worked to foster economic development in Florida, and I am especially interested in maintaining a strong aerospace industry along Florida's Space Coast.

Embraer has had a presence in the United States since 1979, when it established facilities in Fort Lauderdale, Florida for sales and technical support activities. Embraer currently employs over 300 persons in Fort Lauderdale and about 850 employees nationwide. Embraer entered the business jet market in 2000, and its business jet operations are increasingly centered in the United States. The United States is Embraer's largest supplier base, with most of the components for its Legacy 600, Phenom 100, and Phenom 300 aircraft coming from U.S.

suppliers. Embraer also built a large aircraft maintenance services facility in Nashville, Tennessee. In addition, Embraer operates executive jet service centers in Mesa, Arizona; Windsor Locks, Connecticut; and at the Fort Lauderdale-Hollywood International Airport, Florida. Embraer also has established a global pilot and ground crew training center located in Dallas, Texas.

In May 2008, Embraer announced plans to build an assembly plant and customer delivery center at the Melbourne International Airport. Embraer broke ground on the facility in November 2009. Governor Scott had the pleasure of attending the ground breaking ceremony, along with Senator Nelson and Embraer CEO Frederico Curado. Commerce Undersecretary for International Trade Francisco Sánchez was the keynote speaker at the event.

The 150,000 square foot Embraer production facility opened in February of this year. It will be used for assembling, painting, flight testing, and interior furnishing of the Phenom 100 and Phenom 300 business jets. Just this month, Embraer opened its customer center at the same site, which will be used by customers for selecting and outfitting aircraft and for accepting delivery of any Embraer executive jet, including all Phenom, Legacy, and Lineage models. To date, Embraer has invested approximately \$50 million in this project. The Melbourne facility will be the headquarters for all of Embraer's business jet operations in the United States. By the end of next year, Embraer's employment at Melbourne should approximate 200 jobs, and its employment in the United States should exceed 1,000 jobs. While some manufacturers are moving jobs off-shore in an effort to lower costs, Embraer has brought high-paying jobs to the United States. The jobs at Embraer's facility pay \$50,000 on average, well above the Brevard County average. Employment at the Melbourne facility will continue to grow as Embraer increases the build-rate of the Phenom 100 and the Phenom 300 at this facility.

Florida is proud to have Embraer as a U.S. manufacturer, and Melbourne was a sensible choice for Embraer's U.S. manufacturing base. The majority of the components for the Phenom aircraft come from U.S. and other North American suppliers. U.S. suppliers for the Phenom aircraft are located in thirty states. Phenom production provides widespread employment and financial benefits to the United States. By locating in Melbourne, Embraer moved closer to its suppliers and optimized its supply chain. Also, the Melbourne area has a highly skilled workforce that includes many ex-NASA engineers and technicians who have recently lost their jobs due to the end of the space shuttle program.

The Melbourne facility will not only serve the U.S. market; it will also generate U.S. exports. Europe is the second largest market for business jets, and Florida is more convenient to the European market than is Brazil. Thus, both North American and European customers will be able to customize their aircraft at the customer design center and take delivery of the aircraft at the Melbourne facility.

Embraer's significant contributions to Florida's economy are highly appreciated, and the expected future benefits are likely be even more substantial. The ramp-up in Phenom production next year will mean more well-paid, highly-skilled jobs of the sort we want to attract to the Space Coast and the United States. For these reasons, Embraer has the strong support of the State of Florida, the Economic Development Commission of Florida's Space Coast, Melbourne International Airport, Enterprise Florida, and the City of Melbourne among many others. Embraer contributes significantly to our efforts to build a world-class community in the Space Coast region.

The Economic Development Commission of the Space Coast correctly saw the Embraer project not only as providing direct benefits to the community, but also as a catalyst for further

development at Melbourne International due to the confidence engendered at other companies by virtue of Embraer's large investment. For example, shortly after Embraer's announcement, both AAR Corp. and Midair USA located to Melbourne. Along with Embraer's commitment, these three companies invested close to \$100 million in capital expenditures at the airport and created between 750 to 890 aviation jobs.

Some might ask, why did Embraer choose Melbourne, Florida for this substantial investment in aircraft production? Why not Brazil? Why not Wichita, Kansas or other locations? I think there are several answers, some of which I have already mentioned, including the highly-trained, available workforce of ex-NASA engineers and technicians. Florida is also a convenient geographical center between Embraer in Brazil, Embraer's North American suppliers, and the significant export market of Europe. The nearby Port of Cape Canaveral offers easy access to shipments of parts delivered by ocean vessel. The Melbourne area also offers a high quality of life and is an excellent location to receive potential customers, who can enjoy the beach and take their children to nearby Disneyland in Orlando. Not many locations can match Melbourne in offering both an attractive customer location and an efficient industrial site. Moreover, the planners of the Melbourne International Airport had the foresight to build an apron next to the runways and to reserve raw land to attract aerospace companies such as Embraer. Finally, Melbourne is close to Embraer's U.S. headquarters in Ft. Lauderdale.

We certainly hope that other aerospace companies will follow the lead of Embraer and invest on the Space Coast.

In conclusion, Governor Scott and I trust that your report will reflect the significant contributions that Embraer is making to the U.S. industry making business jets, to the many U.S. producers that supply parts to Embraer, and to the many U.S. customers who fly Embraer's

business jets. Finally, please recognize Embraer's significant role in creating high value jobs in Florida's Space Coast region.

Thank you for allowing me to be with you today.

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