



Air Force tanker decision will cost the U.S. at least 14,000 jobs

[An Economic Policy Institute analysis](#) of competing bids for military air refueling tankers finds a significant difference in U.S. job creation between proposals by Boeing Company and Northrop Grumman/Airbus.

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Boeing would likely create at least twice as many US jobs as NG/Airbus under the \$35 billion contract, according to EPI economist Robert Scott. The difference amounts to 14,000 positions.

In addition, the contract will give the winning bidder sizable advantages in future competitions. The Air Force expects to replace its entire fleet of aging tankers at an ultimate cost of \$100 billion.

The initial contract award in February was controversial because European-based Airbus was the subject of an ongoing trade case before the World Trade Organization, brought by the U.S. government, for receiving illegal subsidies.

Boeing protested the award and it is currently under review by the Government Accountability Office, which could force a new round of competition.

Air Force officials have stated that employment effects were not considered in awarding the contract. As Scott noted, “There are few, if any, other major countries that do not take into account the location of production and employment in military procurement decisions.”

Based on publicly-available information, Scott found that Boeing would create 28,707 jobs per year at full production, at least twice as many U.S. jobs as NG/Airbus, which would support an estimated 14,353 jobs if it were to win the contract.

Total employment impact estimates put forward by both bidders were higher than the figures arrived at by EPI, although the difference was far greater in the case of NG/Airbus. Scott said the claims by NG/Airbus were at least 45% higher, and as much as 179% higher, than what could be realistically expected. A previous contract for light duty helicopters awarded to Airbus parent company EADS failed to create even half of the U.S. jobs claimed.

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