

**Marion C. Blakey  
President and CEO  
Aerospace Industries Association**

**House Strategic Forces Subcommittee  
U.S. National Security Space Industrial Base**

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*Remarks as prepared for delivery*

Good afternoon Madame Chairman, Ranking Member Turner and other distinguished members of the committee. I am pleased to have the opportunity to testify before you today regarding this very important topic – the National Security Space industrial base.

Before I go on I'd like to congratulate you, Madame Chairman, on your nomination to be Under Secretary of State for Arms Control and Nonproliferation. It is a critical position where you will have some important opportunities to improve our system, and you have the right background to tackle that challenge. Congratulations, once again.

It would be hard to overstate the importance of our National Security Space infrastructure, on several levels. It is absolutely vital to our country's overall high-technology capability and supports virtually every aspect of our modern military and civilian way of life. The space industrial base also accounts for thousands of quality, high-paying jobs to help our nation's economy. Obviously, this has never been more important than it is in today's economic climate.

There are several challenges that pose specific threats to the National Security Space industrial base:

The first challenge is the shrinking aerospace workforce. America's scientists, engineers and other technical workers are the core of our nation's space industrial base. But we have very real concerns that, as the current generation ages and retires, we are not renewing the workforce to keep America at the forefront of technology development. According to an Aviation Week/AIA survey last year, more than 60 percent of the aerospace workforce was age 45 or older, and many of them are near or have reached retirement eligibility.

Indicators show there are not sufficient high school and college students studying Science, Technology, Engineering and Mathematics – the STEM disciplines – to replace the generation of workers about to retire. And the shortfall of experienced workers age 35-40 calls into question the ability of our industry to meet Defense Department needs.

The second challenge is the defense acquisition process. Both government and industry have the goal of providing the best equipment possible at the best value to taxpayers like you and me. There is room for significant improvement in DoD's process, which is hampered by its size and complexity and instability in important areas like requirements and budgeting.

The last challenge is our outdated export control system, which directly hampers the aerospace industry's ability to meet Defense Department needs. The U.S. export control system has negatively affected the nation's space industry, particularly the network of supplier companies that provide the components that build our space platforms. The United States used to dominate the global satellite export market until the rules changed about 11 years ago that put commercial satellites on the U.S. munitions list. As a result, our share of the export market dipped from about 70 percent in 1995 to 25 percent in 2005. Now, those who know the details of the change know that the intention was good. But, clearly, the results have been disastrous and directly impact the industry's ability to provide the equipment our warfighters rely upon.

We have several recommendations to preserve the health of our National Security Space industrial base:

The administration should establish a national space management and coordination body that reports directly to the president and has the authority to coordinate across departments and agencies when it comes to space efforts.

Officials must support and invest in science and education national priorities, including the STEM initiatives, to address the workforce challenge.

DoD should implement management practices that promote requirements stability and accurate cost estimating in order to ensure programs come in on budget and on time. As articulated by the Office of the Secretary of Defense Cost Analysis Improvement group, "stability starts with government's funding an plans, leads to efficient and productive industry workforce and results in well-performing programs that deliver mission area success."

Lawmakers and the administration should take concrete steps to re-evaluate ITAR controls on commercial communications satellite technologies and other space technologies.

In closing, it is absolutely vital that we continue to maintain and upgrade National Security Space systems, adequately protect them and ensure the healthy industrial base needed for their development.

Thank you again for the opportunity to appear before you today, and I'm happy to take any questions.

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