tracting $283 million in aerospace imports, was almost $2 billion, or 41% of the nation's 1967 total surplus. (See Table A).

On the civil side alone, including spares and accessories, aerospace sales from 1958, the year in which American jet transports were first introduced, through 1967, produced total export sales of $8,865 billion. (See Table B.)

Barring any impediments the aerospace industry expects to realize approximately $1.5 billion annually from foreign orders for commercial aircraft in 1968 and each of the years immediately following to satisfy the rapidly expanding growth of worldwide air travel. Obviously, any serious curtailment of such orders would have an important adverse effect on the nation's export surplus, an effect which, incidentally might well prove irremediable.

Since aircraft of U.S. manufacture constitute at least three-fourths of the equipment of the world's airlines, to the extent to which these adverse effects were realized, the U.S. manufacturing industry would be hurt both ways. In short, we are concerned that a tax which has the effect of limiting foreign air travel by Americans will lead to a decrease in orders for aircraft of U.S. manufacture; and that foreign governments, particularly European governments, by instituting comparable travel taxes on their citizens, would similarly adversely affect our domestic airline industry and, in turn, curtail the sales to it by the U.S. aerospace industry.

In terms of the national economy, the effect of the curtailment of foreign sales would be to vitiate the desired balance of payments objectives. Furthermore, the aerospace industry would face a reduction of thousands of highly trained and skilled employees because of the lost sales.

If the rataliatory measures of foreign governments take the form of nontariff barriers to the purchase of U.S. aircraft, the results in terms of lost U.S. exports would be no different than if aircraft were not purchased for direct economic reasons.

It is impossible to project accurately at this time the exact order of magnitude of these effects since the details of the program have not been finalized nor has there been enough time to evaluate completely their potential impact. However, based on the proposed tax, the probable consequences are that during the period of constraint, a minimum of 60 domestic and foreign aircraft orders otherwise anticipated would be lost. This would amount to an airframe manufacturer's total sales loss, including spares of approximately $500 million or, using a generally accepted economic multiplier, a $1.5 billion loss throughout the U.S. economy. Because foreign airlines would bear the larger share of the decrease in travel demands, the export sales reduction would amount to $300 million.

Operating in the belief that international travel would continue to grow at the annual rate of 15%, the world's major airlines have committed hundreds of millions of dollars for U.S. aircraft, including supersonic and jumbo jets of United States' manufacture. Uncertainty as to the continued validity of that rate of international travel growth necessarily places these existing orders in jeopardy and also casts serious doubt as to future orders.

We respectfully submit these facts as factors which should be weighed by this Committee in determining the utility of the proposed Travel Tax Program toward achieving its objectives.

TABLE A.—THE AEROSPACE INDUSTRY CONTRIBUTION TO THE U.S. BALANCE OF TRADE[1]

[Dollar amounts in millions]

Year	Total U.S. trade balance[2] (U.S. exports and imports)	Aerospace industry trade[3] balance (Aerospace exports and imports)	Aerospace industry trade balance as a proportion of the total U.S. trade balance (percent)
1967	$4,798	$1,965	41.0
1966	4,786	1,673	28.6
1965	6,112	1,618	23.9
1964	7,824	1,608	19.4
1963	6,209	1,627	24.7
1962	5,310	1,923	33.8
1961	6,286	1,653	23.9
1960	5,557	1,726	30.0

1 The trade balance is defined as the excess of exports over imports.
2 Series based on Bureau of the Census definition of exports and imports which includes reexports and military grant shipments.
3 Series based on Bureau of the Census information on exports and imports of aerospace products.