demonstrates that fiscal measures can be an effective tool in stimulating greater effort towards a particular goal. The same response can be expected from an emphasis on exports through a well conceived tax incentive program. The AIA will lend its fullest cooperation to the development of export stimulation through tax incentives.

A.2 Revision of Aerospace Tariff Nomenclature

In the past, parts, components, accessories, subassemblies, and instruments pertaining to a complete operating aircraft have generally been given customs treatment equal to that of the complete aircraft. At times, however, certain parts, instruments or components have been applied tariff rates pertaining to their generic classification. Such variations in customs treatment may be precluded by revising the aerospace tariff nomenclature and classification to avoid ambiguities.

Most European countries have adopted the Brussels nomenclature classifying aircraft products as follows:

ex 88.02 Aircraft (airplanes, helicopters, etc.):
- A. Operating without motors (e.g. gliders).
- B. Operating with a propulsion machine:
  - I. Helicopters, with empty weight of:
    - a. 2,000 Kg. or less.
    - b. More than 2,000 Kg.
  - II. Others, with an empty weight of:
    - a. 2,000 Kg. or less.
    - b. From 2,000 Kg. to 15,000 Kg.
    - c. From 15,000 Kg. to 35,000 Kg.
    - d. More than 35,000 Kg.

ex 88.03 Separate parts and accessories of aircraft.

In the U.S. tariff, "aircraft and parts" is one basket item. This has presented difficulties during negotiations. It is true that the item can be split into as many sub-classifications as necessary, but when time is short and simplified procedures like the linear method of negotiation are adopted, sub-classifying has not been restored to. This results in unequal, uneven exchange of concessions.

For statistical purposes, the TSUS classifies aircraft and parts as follows:

Airplanes, all	TSUS 694.40
Airplanes, military, all types	TSUS 694.40–10
Airplanes, nonmilitary, used or rebuilt, all types	TSUS 694.40–20
Airplanes, nonmilitary, rotary wing, all types, new	TSUS 694.40–30
Airplanes, nonmilitary, new (not rotary wing) less than 10,000 lbs., empty weight	TSUS 694.40–40
Airplanes, nonmilitary, new (not rotary wing) 10,000 to 30,000 lbs., empty weight	TSUS 694.40–50
Airplanes, nonmilitary, new (not rotary wing) over 33,000 lbs., empty weight	TSUS 694.40–60
Parts, aircraft and spacecraft	TSUS 694.60

This classification was worked out with industry cooperation. There is a need for either of the following alternatives:

(1) Bring into harmony the U.S. and European classifications (not necessarily rates), or

(2) Adopt one of the two classifications for all countries concerned.

A.3 Amending Customs procedure legislation to allow certain innocuous substitutions of aerospace components, under Temporary Import Bond

Imported components are brought in under bond which are released when the component temporarily imported is reexported. However, it sometimes occurs that a component intended for a foreign customer is shifted to a domestic customer with the result that the component temporarily imported and intended for reexport is used for domestic aircraft and vice-versa. To obtain release of the bond on the component retained in the domestic aircraft, the identical numbered component would have to be removed and replaced—a rather prohibitive exercise. If substitution could be permitted of identically the same component differing only in serial number, this difficulty could be removed.

A.4 Inclusion of senior aerospace executive in future negotiations vital to industry

In any major international negotiation involving vital interests of the aerospace industries in which the U.S. Government participates whether on the subject of tariffs, taxation, or any other tariff-trade factor, there should be