as part of the U.S. official delegation a senior aerospace industry executive to support and advise the U.S. Government officials. Whether the industry representative goes as a mere observer or as an integral member of the delegation, he will be technically qualified and supported in this position by AIA as well as any company involved in the subject matter of the negotiations.

A.5 Method for future trade negotiations. **(Ref. item (d) in notice of public hearing.)**

The interests of the aerospace industries can best be served only by item-by-item negotiations because of the many peculiar and unique but important considerations. The aerospace industries of the European Eonomic Community must have come to the same conclusion when in the Rome Treaty aeronautical products were placed under List G. Also, concurrently with the signing of that Treaty, the member states signed Protocol XVII providing for transitory adjustment in the customs treatment of large air transports for public transportation.

The experience of the aerospace industries with linear negotiations as conducted during the Kennedy Round was not at all an improvement over the same method used during the Dillon Round. We do not recommend the linear method for aerospace products.

Sectoral or commodity group negotiations could be meaningful if the commodity grouping is such that items grouped are actually conformed to business practice with identical markets and trading problems. However, when aerospace products are lumped in a "steel sector," the dilution of impact on each item results in a meaningless simplification. We do not recommend this method for aerospace products, unless the items are so grouped as to accommodate the special needs of each participant.

Neither do we believe in harmonization of tariffs unless the industries whose tariffs are to be harmonized are all under one soverign authority. Varying situations require different tariff rates even to achieve equal degrees of protection.

Any free trade area involvement of the aerospace industries should be very carefully studied in advance for possible implications in each specific instance.

We subscribe to the emphasis on non-tariff barriers because this is the area where it is felt tangible improvements in the export potential of aerospace exports can be realized if negotiated intelligently and realistically. This is covered more specifically in sections B. and C. below.

A.6 Trade Policies Particularly Affecting Developing Countries. **(Ref. item (e) of Notice of Public Hearing.)**

The aerospace industries could benefit if the developing countries were aided in their economic development by tariff preferences, not necessarily in aerospace products which they do not produce but in products which they are uniquely suited to produce effectively and efficiently.

Developing countries dependent upon exports of a few primary commodities can be aided through commodity agreements which would improve their terms of trade.

Very careful consideration should be given to giving U.S. support and sanction to regional integration aimed at geopolitical objectives where the economic and trade consequences to the United States may be costly in terms of trade loss, diversion or distortion without any assured stimulation, either immediate or prospective.

A.7 Problems of Adjustment. **(Ref. item (f) in Notice of Public Hearing.)**

The adjustment assistance concept of the Trade Expansion Act of 1962 assumes acceptance of the idea of a U.S. industry being considered "expendable." It may be conceivable that this approach would be justified in certain small industries; however, it is difficult to conceive of its applicability to the aerospace industries because of their defense orientation and of the magnitude of adjustment assistance funding which would be required in the event that such assistance were applied.

A.8 U.S. Government Investment Controls

Aeorspace, per se, as compared with other commodity groups, is not as hampered by the new regulations which curtail future overseas investments and call for heavier returns of earnings from abroad. However, some members of our Association have a wide spectrum of products covering many industries and are, therefore, significantly affected by the regulations. It is recognized that the