trol—and, of course, the transport of many different types of cargo, and, obviously, personnel. No only has this type of transportation become essential to the industrial nations of the world but its value to the developing nations is even more immediate. A small grass landing strip hacked out of a jungle provides trade and communication links with the outside world.

The general aviation aircraft manufacturers have exported an average of 20% of total production during the period 1963 through 1967.

Approximately fifty different models of U.S.-manufactured general aviation aircraft totaling over 3000 units were exported in 1967 to 67 nations in the free world for a net billing amount totaling $91.2 million.

In recent years many millions have been spent to expand the worldwide sales and service organizations of the U.S. utility aircraft manufacturers. Because of this, we feel that it is significant that approximately 90% of the free world's general aviation fleet is made up of U.S.-manufactured aircraft. Constant state-of-the-art improvements in manufacturing techniques, coupled with strict operational controls, have helped the American utility aircraft to earn its stature as a reliable product. For this reason, we believe we can reliably predict exports of 3500 airplanes at an estimated manufacturers net billing of $100 million by the end of calendar 1968.

Strongly supporting the "free trade" concept, U.S. utility aircraft manufacturers call for reciprocal "zero in—zero out" trade in respect to tariffs, taxes and other nontariff barriers. The unrestricted marketplace, both foreign and domestic, will provide the appropriate and equitable sales environment for substantial growth. General aviation sales are expected to double in the next five years, to reach this $1 billion mark at the end of the five year period. These exports are projected to continue to remain 20% of total annual sales during this time.

To insure the competitive posture of U.S. general aviation producers in free world markets, we recommend appropriate U.S. Government action in the following specific areas.

C.1 Export financing—General aviation aircraft

Financing is the principal factor affecting the export sales of U.S.-manufactured utility aircraft. Whereas traditional commercial banking institutions have progressively recognized the industry's need for increased financing for aircraft, there exists a gap which has been reasonably well met by the acceptance corporations of the general aircraft manufacturers. We do not believe that the industry's capability to continue export financing can grow at the same rate as projected export sales.

The Eximbank, in cooperation with the Foreign Credit Insurance Association, has responded to export credit requirements for general aviation aircraft. However, these organizations have rather extensive procedures which require in some cases lengthy processing time for general aviation airplane loan applications. There has been some improvement in loan applications processing time but much more should be accomplished in this regard to insure our competitive position and provide reasonable reaction time to interested customers.

A realistic system of export insurance competitive to that in effect in other highly industrialized countries should have priority consideration.

C.2 Foreign import tax inequities

Value added taxes and border taxes which are levied by Western European nations on imports result in a device which effectively increase the cost of U.S.-manufactured general aviation aircraft. Germany in 1968 has adopted the system of added value taxes. France has traditionally levied the added value tax. Similar taxes continue to be a problem in Mexico, Argentina and Chile.

C.3 Tariff negotiations—Utility aircraft

*"Within EEC, no reductions were made on light aircraft and helicopters (under 2,000 kilograms), which remain dutiable at 12% and 15%, respectively. Both of these rates are bound. Duties had been temporarily suspended on aircraft over 15,000 kilograms and parts for such aircraft. The duty reductions established bound ceiling levels for rates on these products."

Consequently the common external tariff on 85% of the models of U.S.-manufactured utility aircraft still remains at 12% while the U.S. duty on all aircraft is being lowered from 10% to 5% by January 1, 1972. The U.S. duty is 9% at this

*Quote from General Agreement on Tariffs and Trade, Volume 1, Part 3, Office of the Special Representative for Trade Negotiations.