

writing. In the EEC, obviously one of our principal market areas, the cost of the American airplane is increased.

We stress the importance of bringing these EEC duties down to the U.S. 5% level on a reciprocal basis prior to negotiations which finally reduce the U.S. duty to zero.

C.4 Special nontariff barrier

Differences in U.S. and British formula for arriving at general aviation aircraft airworthiness acceptance has created an artificial trade barrier of an unusual sort. The British Air Registration Board, the Federal Aviation Administration and members of the aerospace industry have consulted on the alleged differences in certification procedures. More assistance from Government will be necessary prior to final resolution to this problem.

D.1 Military exports

Member companies of this Association manufacture most of the military aircraft and related weapons systems exported either directly or through sales generated by the Department of Defense and the Military Services. This type of business, as stated previously, is not without brisk competition from abroad. It should be noted that our industry pursues this market only when a member of the family of free nations expresses a valid military requirement, has the economic capability of payment, and only when such sales are approved by the U.S. Department of State.

The chart which follows gives a ten year history of sales in military aerospace exports. These figures exclude grant aid shipments.

10-YEAR MILITARY EXPORT
[In millions of dollars]

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Complete aircraft.....	267.4	122.7	219.4	246.1	310.6	226.7	241.4	304.1	221.7	323.8
Engines.....	29.1	20.5	12.8	17.9	19.2	34.6	30.0	30.1	31.2	26.4
Parts, accessories, and equipment, including spares.....	379.7	290.7	291.4	413.2	578.3	541.1	475.4	287.6	250.4	308.8
Rockets, guided missiles, and parts.....	36.2	122.8	113.8	97.6	105.1	92.7	97.3	141.8	134.2	208.6
Total, military.....	712.4	556.7	637.4	778.8	1,013.2	895.1	844.1	763.6	637.5	876.6

Source: U.S. Bureau of the Census, Aerospace Industries Association.

What appears most significant to the aerospace industry is the restraint which the Department of Defense imposes not just on the manufacturers but on itself in measuring the propriety of selling military hardware in response to requests from abroad. The Department has stated that it determines favorably on an average of only one of every three cases of requests for purchase from overseas. The basic criteria of balance of power considerations, the economic dependability for purchase and long term capability of maintenance of expensive equipment, political stability—these criteria all come well ahead of balance of payments consideration. It is well they should and if these facts were to be more clearly illuminated, the outmoded allegation would vanish.

The aerospace industry takes a sophisticated interest in international military sales, recognizing their necessity for the mutual defense of the free world. It is aware of and abides by the controls, the governing rules and regulations and recognizes the need for them. Yet the industry believes it stands to lose the percentage of this market which is normally available to it unless the Legislative Branch of Government fully understands that our industry is more attuned to national interest and less to dollar return in this area.

The Congress is currently studying in Executive Session the recently introduced Foreign Military Sales Act of 1968. In separating military export sales from the Foreign Assistance Act, and calling for liberal reporting of activities in this field, the new Act tends to preclude and clear away the objections of the Congress which were surfaced last year. Certainly, there is no cloak of secrecy surrounding any industry sale of military equipment made direct to a foreign buyer. All such sales become a matter of public record at the time industry requests Government approval to negotiate with the customer.