

(January 1, 1972 rate—6 percent ad valorem), certain piston-type aircraft engines, which are dutiable under TSUS item 660.44 at 7.5 percent ad valorem (January 1, 1972 rate—4 percent ad valorem), and turbo-jet and gas turbine engines, which are dutiable under TSUS item 660.46 at 9 percent ad valorem (January 1, 1972 rate—5 percent ad valorem). There are, in addition, a number of other metal, glass, and textile products that constitute aircraft parts and which are dutiable under the specific TSUS provisions that cover such parts. Included among these provisions are those for bolts, rivets, window glass, floor coverings, and numerous other products that go into the manufacture of an airplane.

United States aircraft, aircraft engines, and aircraft parts other than parts specified in the Canadian tariff schedules, of a type or size made in Canada, were dutiable at 15 percent ad valorem prior to January 1, 1968, but as a result of concessions granted by Canada in the Kennedy Round the rate on such products will be reduced to 7.5 percent ad valorem by January 1, 1972. As indicated, United States aircraft and aircraft parts of a type or size not made in Canada are free of duty.

U.S. PRODUCTION, EXPORTS, AND IMPORTS

The United States is the world's largest producer, consumer, and exporter of aircraft and aircraft parts; it is also a major importer of these products although imports are small in relation to domestic production, consumption, and exports. Trade between the United States and Canada in aircraft and aircraft parts constitutes a rather substantial portion of the value of total United States imports and exports of such products.

Production

In 1963 (the last year for which official statistics on the size of the domestic industry are available) aircraft were produced in 100 establishments that employed 302,201 workers; aircraft instruments were produced in 80 establishments with 15,490 employees; aircraft propellers were produced in 14 establishments with 11,183 employees; aircraft engines and engine parts were produced in 232 establishments with 190,834 employees; and various other aircraft parts, as well as auxiliary equipment, were produced in 1,000 establishments with 175,167 employees. The latter two groups of establishments included establishments that were engaged in producing engines and parts for missiles and for space vehicles, but the Commission has been unable to ascertain how many of these establishments and how many of their employees were engaged in the production of such articles.

Establishments that produce the foregoing products are located in all regions of the United States, but production is concentrated in California, Washington, Texas, Kansas, Georgia, Ohio, Pennsylvania, New York, and Connecticut.

U.S. producers' shipments (including exports) of the foregoing products (other than propellers) increased annually during 1964-66. The value of such shipments, in millions of dollars, is shown in the following tabulation:

	1964	1965	1966
Aircraft.....	\$4,662	\$5,227	\$6,886
Aircraft engines and engine parts.....	2,066	2,311	2,990
Aircraft instruments.....	370	398	533
Aircraft propellers.....	99	94	72
Miscellaneous aircraft parts and auxiliary equipment.....	2,429	2,657	3,564

The substantial gain in the value of U.S. producers' shipments of these products is attributable to increased requirements for military aircraft generated by the Vietnam war and the continuing growth in air transportation as a medium for moving both passengers and freight. It is likely that the recent trend in shipments will continue for the next several years in view of the substantial backlog of orders held by domestic producers coupled with the fact that these producers have a number of advanced aircraft under development that will soon be offered for sale. The decline noted above in the value of shipments of propellers is due to the fact that an increasing share of the domestically produced aircraft do not use propellers.