

AEROSPACE INDUSTRIES ASSOCIATION

1978 ANNUAL REPORT



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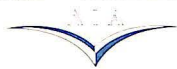
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AEROSPACE OPERATIONS SERVICE



The Aerospace Operations Service continued programs in such areas as quality assurance, manufacturing management, processes and technology, commercial airplane and military weapons post delivery support including spare parts and publications, and carried on the Ad Hoc Industry/Joint Services Automatic Test Project. All programs and tasks are directed toward improving performance, reducing costs, and seeking solutions of issues of mutual concern to industry and government.

Quality Resources Study

The Quality Resources Study, an annual survey of quality costs performed since 1970, was published in 1978, covering 1977. It provides a quality management indicator and a reference point for various company functions. The study allows comparisons with prior years and identification of changes and trends in costs of quality assurance programs.

The 1979 Quality Resources Study, covering 1978, will be published in July.

NC Processing

Preparation was begun on a reference handbook to provide quality assurance personnel with the latest industry information concerning computer graphics/numerical control processes. This will permit the establishment and implementation of inspection requirements, recognition of opportunities for improvements in inspection requirements, process controls and manufacturing procedures.

Initial Operational Capability

An industry study group was established during 1977 at the request of the Air Force to evaluate and recommend solutions and plans for resolving problems relating to the acquisition by the USAF of logistics support equipment and documentation for new weapons systems by the time those systems reach Initial Operational Capability (IOC).

The findings submitted to the Air Force indicate that the solution of IOC problems will require.

- Improved Integrated Logistics Support management for early logistics planning;
- Progressive Organic Capability wherein the rigid IOC would be replaced by a phased approach; and
- Integrated Spares Production, in which the Air Force would order spares in conjunction with annual production orders.

Air Force officials requested that the AIA study group continue to work jointly with Air Force Acquisition Logistics Division in a second phase of this program during 1979.



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Integrated Logistics Support

Two draft documents dealing with an Air Force regulation for Integrated Logistics support management policy and application criteria and a Navy standard on the requirements for the development and contractual application of an ILS detail specification were reviewed during 1978 and AIA recommendations were submitted.

AIA Liaison

Joint review efforts continued between AIA product support, spare parts supply and technical data publications personnel with their counterparts in the Air Transport Association (ATA) and other trade associations such as the SBAC (Society of British Aerospace Companies), the French GIFAS (Groupement des Industries Francaises Aeronautiques et Spatiales), the German BDL (Bundesverband der Deutschen Luft- und Raumfahrtindustries) and the Italian AIA (Associazione Industrie Aerospaziali).

The final draft of a new initial provisioning system to replace current provisioning techniques in the ATA specification for the integrated data processing of supply information was completed, approved

and incorporated in the latest revision of this document to be issued during 1979.

A multi-association task group completed the development of specification instructions which establish industry standards for periodic reporting on the delivery performance by suppliers and short cycle ordering by the airlines.

Organic Support

A 1977 study indicated that greater use by the military services of delayed organic (contractor) support programs can provide significant cost savings in documentation, design changes and administrative handling. At the beginning of this year a further study, requested by DoD to determine a proper level of contractor support, indicated that while many companies are participating in some type of contractor support programs, most believe there is insufficient data available to make such a determination. More than eighty percent indicated a lack of evidence that the government is placing its support business in the private sector as addressed by OMB Circular A-76 or that actual cost effective trade-offs have been accomplished. Although indeterminate, this latter survey will assist in developing criteria for the most effective application of contractor support programs.

USAF Provisioning Data

A survey of AIA members was conducted in 1978 to evaluate the potential market whereby the Air Force would develop data systems to accumulate provisioning technical data which would be supplied as Government Furnished Property on future contracts. The majority of the companies with a large volume of provisioning data requirements have automated programs which also interface with other internal operations, thus imposing a constraint in making the GFP programs compatible with each company's programs, equipment and operations. While this GFP application may appear to be cost effective for small companies that are not currently automated, the equipment and training program necessary would undoubtedly overshadow any cost savings.

The USAF was advised that furnishing of these GFP programs would not be cost effective or practical, and this proposal was withdrawn.

Helicopter Support Plans

Army officials advised AIA at the beginning of 1978 of the successful application of a contractor support plan to the Army Black Hawk helicopter program. This is a follow-on to a previous 1975 project initiated at the invitation of the Army in which an industry study plan was developed on the subject of a prime manufacturer providing the entire depot level supply and maintenance support during the first two years after an aircraft system has been introduced into the Army inventory and its engineering design activity has been stabilized. This plan has been provided by the Army to their appropriate project managers for consideration in other new Army aircraft systems.

Manufacturing Committee New Look

During 1978 the AIA Manufacturing Committee was reorganized to carry out its assigned responsibilities more efficiently and effectively.

It was recognized that technological developments occur throughout the total spectrum of manufacturing and that there should be a place within the Manufacturing Committee where any new manufacturing management systems or related technology can be promoted, studied or appraised.

Because study showed the old Manufacturing Technology Advisory Groups (MTAGs) did not sufficiently cover the total spectrum required of the four MTAGs subordinate to the Manufacturing Committee, two were combined, no change was made to another, another was slightly realigned and a new MTAG was formed entitled "Manufacturing Management Systems (MMS)."

This new group is chartered "to develop, evaluate and disseminate information for the benefit of AIA member companies in the specific areas of management systems methodology within manufacturing."

Manufacturing Studies

Following are typical studies by the Manufacturing Committee which were, or are being, submitted to member companies.

- Group Technology Utilization within Aerospace
- Technology Thrusts of the Future
- Metrics in Aerospace Manufacturing
- Computer Data Bases for Manufacturing
- Standard Computer Communication Format
- Analysis of Assembly Operation Cost Drivers
- Computerized Packaging Program
- CAM Applications Utilizing Robotics in Aerospace
- Update of NAS Specifications.

These studies display the depth of the AIA Manufacturing Technology Advisory Group's activity which provides the Manufacturing Committee with the necessary data to initiate, track progress, and administer detailed project activity.

Industry/Joint Services Automatic Test Project

The Industry/Joint Service Automatic Test Project is being performed for the Department of Defense by the Aerospace Industries Association, Electronic Industries Association, National Security Industrial Association, American Electronics Association (formerly WEMA), and Shipbuilders Council of America with AIA providing the Executive Secretary.

A workshop was conducted in San Diego, California in 1978 which drew over 800 people from industry, academia and the government.

A final project report is being prepared for submission to DoD in the Summer of 1979.

The DoD, stimulated by accomplishments of the Industry/Joint Services Automatic Test Project, in 1978 organized a Joint Logistics Commanders Committee on Automatic Testing. JLCC members meet regularly with participants in the Industry/Joint Services Automatic Test Project.

AEROSPACE PROCUREMENT SERVICE



The Aerospace Procurement Service during 1978 was engaged in a broad range of activities, including the fields of contract administration, accounting, procurement law, patents, material management, industrial relations and industrial security.

Contract Cost Principles

AIA continued to seek revision of those Cost Principles of the Defense Acquisition Regulation considered inequitable or which cause unwarranted and unnecessary administrative burdens. Revisions were urged to the Cost Principles on compensation of overseas employees, organization and rental costs. Detailed comments were made to DoD on proposed changes to Cost Principles on pension and stock ownership plans, foreign military sales, and lobbying costs.

AIA submitted recommendations to the Office of Federal Procurement Policy (OFPP) for Cost Principles' coverage in the Federal Acquisition Regulation to be issued in early 1979, concerning companies subject to Cost Accounting Standards. AIA advocated broad criteria of reasonableness and allowability because the Cost Accounting Standards already abundantly provide for cost accounting and cost allocation requirements.

Cost Accounting Standards

During 1978, AIA again urged that Congress hold oversight hearings on Cost Accounting Standards to determine whether the Board should be continued. AIA recommended termination of the Board and that its functions be assigned to the Office of Federal Procurement & Policy.

AIA presented the industry's views to CAS of the Second Evaluation Conference held by the Cost Accounting Standards Board and subsequently prepared and published a Summary Analysis of the Conference. This second Summary Analysis repeated the findings of our first evaluation. Industry's current complaints are nearly the same as those reported over two years ago.

At year's end, the Board was evaluating comments received on six proposed Standards.

OFCCP Recommendations

AIA recommendations to the Office of Management and Budget for the reorganization and transfer of the enforcement function from the contracting agencies to the Department of Labor's Office of Federal Contract Compliance Programs were accepted. Following issuance of an Executive Order, AIA provided the Department of Labor, DoD and the Joint Logistics Commanders with detailed suggestions to effect a smooth transition while con-



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tinuing its liaison with OFCCP and the contracting agencies.

Acquisition Regulation

The Office of Federal Procurement Policy has undertaken a far reaching project to promulgate a single Federal Acquisition Regulation (FAR) governing the acquisition of goods and services by all executive agencies. Procedures assuring the participation of our member companies in the project were established to provide AIA input to each segment of the FAR as it becomes available for public review and comment. AIA, acting principally with CODSIA, commented on the five proposed FAR sections released to date. The government will eventually release some 53 FAR parts for comment.

Government Competition

Efforts continued to assist the Office of Federal Procurement Policy in the development of a revised OMB Circular A-76 "Policies for Acquiring Commercial or Industrial Products and Services for Government Use," and a Cost Comparison Handbook providing instructions to government agencies on how to develop realistic cost estimates for government operations when there is a question of in-house vs contract performance.

Prior year's activity by AIA had resulted in some

progress toward policy and procedural directives which would bring about greater equity and economy. During 1978, comprehensive recommendations were submitted to the government for the final publication.

IR&D/B&P

AIA maintained active liaison with federal offices concerned with Independent Research & Development/Bid & Proposal matters. The DoD liberalized prior requirements for advance agreements and military relevancy for IR&D related to foreign military sales. AIA also contributed technical papers and reports to federal agencies conducting studies on this subject, including a study by the Office of Science & Technology Policy on the value and relevancy of IR&D programs of DoD and NASA, and the Advisory Committee on Federal Policy Study on industrial innovation.

Industrial Security

During 1978, AIA acting through CODISA assisted in the development of the Industrial Security Manual section on automated data processing security. Action was initiated to assist DoD in developing implementing instructions for an Executive Order on classification of national security information. This represents a major redefinition of security classification authority.

Conflicts of Interest

AIA actively participated with the Office of Federal Procurement Policy in the development of the OFPP's proposed government-wide policy on Organizational Conflicts of Interest (OCI). The policy is directed toward the "... avoidance of contractual relationships which might encourage contractors to give biased advice and, secondly, the reduction of opportunities for contractors to gain an unfair competitive advantage . . ."

As initially proposed, the disclosure and determinations required of contractors represented a drastic and unnecessary change from the time-tested, adequate policy currently contained in the Defense Acquisition Regulation. As a result of AIA efforts, changes were made by OFPP in subsequent drafts, the broad application of the policy was narrowed, and its costly impediment to the acquisition process was changed. Further revisions are anticipated prior to its publication in 1979.

Patents and Technical Data

During 1978 AIA continued efforts to have appropriate federal patent policies dealing with the allocation of rights to inventions and patents under government research and development contracts developed and issued. AIA's proposals also included the allocation of rights between industry and government to technical data developed in the performance of contracts and contractor proprietary data used in the performance of contracts. At the end of the year, legislation was introduced in the Senate which contains many facets of AIA's proposed patent program.

AIA also participated in the development of principles and guidelines to be used in connection with Intellectual Property Rights (IPR) under the NATO Rationalization, Standardization and Interoperability (RSI) Program.

AEROSPACE RESEARCH CENTER



The Aerospace Research Center during 1978 continued its participation in projects concerning numerous policy issues important to the industry.

One of the Center's major efforts in 1978 culminated in the publication of "Government Competition With Industry — Trends in Intramural Activity." This study, undertaken to support the work of a wide-ranging, high-level multi-association effort, points out the detrimental effects on private industry resulting from the government trend toward keeping work in-house. Four thousand of the documents were disseminated among government decision makers and industry leaders.

Further efforts in 1978 in support of priority ongoing association programs included assisting in the preparation of an Export Policy Statement, draft of the NATO RSI principles, AIA's recommendations to the Domestic Policy Review on industrial innovation, and an analysis of aeronautical R&D expenditures. Currently studies are underway on foreign military sales, energy and innovation.

The Economic Data Service (EDS) of the Center provides a continuing summary of aerospace activity through the periodic publication of industry data developed from both public and private sources.

Regular reports include the Semi-Annual Survey of Aerospace Employment, Aerospace Industry Year-End Review and Forecast, quarterly reports of import and export statistics, and the annual *Aerospace Facts and Figures*, plus statistical series which cover employment, earnings, hours worked, government expenditures and contract awards, and production activity.

During 1978 EDS has been active with ISAC 24 (the Aerospace Industry Sector Advisory Committee to the Special Trade Representative) in the development of industry positions on matters pertinent to the multinational trade negotiations.

AEROSPACE TECHNICAL COUNCIL



The Aerospace Technical Council during 1978 continued to bring the industry's viewpoint and perspective before senior technical management officials in government and private organizations.

Work with the Department of Defense (DoD) to monitor implementation of the Four Step Source Selection Process moved forward. AIA reviewed the Defense Acquisition Regulation implementing the concept, and suggested revisions which were subsequently accepted by DoD to assure proper implementation based on results of the four step test program.

The Council, responding to the Air Force Systems Command proposal to quantify Contractor Past Performance, as an evaluation factor in source selection, convinced AFSC to delay full-scale implementation pending a limited test program.

Detailed attention was given to the planned revision of DoD Directives concerning major systems acquisition. The apparent intention of DoD to include Office of Management and Budget Circular A-109 in its directive was viewed as a positive step. However, a preliminary review of the revision to these two documents indicated that "cost realism" in the acquisition process was lacking. AIA's review also identified the need for an audit management team to assure adequate implementation by the field agencies.

An AIA *ad hoc* group was appointed in 1978 to review those sections of the new Federal Acquisition Regulation dealing with Planning, Major System Acquisition and Research and Development Contracting. The sections were scheduled to be issued in 1979.

Government Management Systems

Efforts continued to improve application of government management systems and data control in order to reduce restraints on program development and unnecessary expenditure of resources. An OMB Circular scheduled for publication in 1979 is expected to take positive notice of industry comments made in 1978. Review began of several related DoD documents implementing new policies in this same area to ensure they appropriately reflect industry views.

DoD Specification Improvements

Active involvement by AIA gave impetus to DoD implementation of the Defense Science Board Report on Specifications and Standards (the "Shea Report"). The report was aimed at improving the DoD specification and standards program while reducing costs. A review of the report, with suggestions for changes and additional proposals such



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as rationalization of essential industry comments on revisions to existing standards and greater industry participation in the specification tailoring process, was forwarded to DoD.

U.S. Technology Export Control

Following the release of Presidential Review Memorandum 31, "Export Control of U.S. Technology," the Government's effort to analyze the feasibility of controlling U.S. exports of technology became a high priority interagency exercise. The Department of Defense, tasked with the responsibility of developing a list of critical technologies and associated products by April 1, 1979, sought input from nine industry Critical Technology Expert Groups (CTEGs). AIA participated in 1978 and will continue to participate in 1979 in the work of all the CTEGs and is administering three CTEGs concerned with critical technologies of special significance to the aerospace industry. Those are jet engines, commercial aircraft, and structures, materials and processes.

Domestic Policy Reviews

The first two of a coming series of Domestic Policy Reviews initiated by the White House were the subject of AIA's comments.

The first concerned the problem of declining industrial innovation in the United States, especially impediments imposed by federal policy. A detailed aerospace position document was developed for submittal to several areas of government. The document cited problems and possible solutions relative to under-investment, declining R&D levels, loss of international competitiveness, and drying up of venture capital.

The second Domestic Policy Review concerned solar energy. Industry's recommendations were provided to the Department of Energy on how to more effectively evolve and apply national policies to enable timely, economic and effective commercialization of solar energy.

Standardization Issues

AIA standardization activities involved efforts relative to government initiatives to regulate industry standardization activity; the finalization of a General Agreement on Tariffs and Trade (GATT) Code on Standards aimed at curtailing their application as trade barriers; trans-Atlantic coordination of metric aerospace standards; and the contributions that industry standards-preparing organizations can make to NATO.

AIA provided industry views to the Office of Management and Budget (OMB) drafting of a policy circular which encourages maximum use of private sector standards by government agencies and prescribes conditions for participation by government personnel in development of those standards. Similarly, AIA began evaluating for comment a more far-reaching rule proposed by the Federal Trade Commission (FTC). This rule could require significant alterations in the procedures of standard-writing organizations.

International Standardization

International standardization activities were the subject of increasing activity as a result of government acceleration of NATO RSI efforts, and trend

toward multinational cooperation on major aerospace projects, conversion to metric measurement and the development of the GATT Code. AIA played a key role in 1978 in international standardization through its operation of the secretariat of the TC 20 aerospace technical committee of the International Organization for Standardization (ISO) and will continue that responsibility through 1979.

During 1978, the second year of AIA's operation as the ISO international secretariat, a reorganization of the TC 20 committee structure was reorganized, the reorganization was endorsed at the June plenary meeting, and TC 20 aims and priorities were brought up to date. Both moves were intended to make more effective use of available resources and make the committee more responsive to the needs of the international aerospace community.

Metric Conversion

AIA's continued activities, in regard to metric conversion, to provide a solid foundation for future aerospace needs. The task of preparing the initial set of basic metric aerospace standards was effectively begun in the National Aerospace Standards Committee (NASC) in conjunction with the Society of Automotive Engineers and the DoD. An increased flow of completed metric standards is due in 1979.

Coordination of industry planning efforts is accomplished through the Aerospace Sector Committee of the American National Metric Council, with AIA as the secretariat.

National Aerospace Standards

The National Aerospace Standards Committee prepared 75 new National Aerospace Standards. Twenty of the new standards defined state-of-the-art metric fasteners and hardware as part of a comprehensive effort to respond to metric developments in the marketplace. By the end of 1980, the NASC will have prepared about 150 metric standards for the most commonly used aerospace parts.

Electronic Systems

Over the past 18 years, AIA has actively participated in the tri-service-AIA-EIA working group for an orderly revision of the 72 MIL-STD-454 requirements in an effort to reduce costly deviations and development of special requirements necessitated by outdated specifications. Several new standards have been scheduled to unify the conflicting and duplicating requirements of the various military departments.

Microelectronics

In addition to helping keep military standards up-to-date, AIA is a catalyst for development of other documentation needed by the military. A few representative areas of activity during 1978 are characterization and testing of hybrid microcircuits, microprocessors and memories.

National Transportation Policy Study Commission

The Civil Aviation Advisory Group (CAAG) of the ATCouncil provides the link through which reviews and comments on draft reports of government's National Transportation Policy Study Commission

(NTPSC). The first NTPSC report of direct aerospace industry interest, entitled "Transportation Issues", incorporates a synopsis of issues of concern to air transportation provided by AIA during 1978.

Contractor Flight Operations

AIA during 1978 expressed to DoD industry's concern over recent government intervention in the management and conduct of contractor flight operations by uniformed military personnel.

This concern covers all phases of flight operation management and flight test, experimental, developmental and production acceptance. Unfortunately, government responses was unfavorable and continuing encroachment in industry's long-established flight test activities is expected.

Propulsion Requirements

AIA continued to be heavily involved with the Defense Materiel, Specifications and Standards Office to help develop unified and simplified military service engine requirements. Air Force's introduction of the Engine Structural Integrity Programs and specifications has delayed resolution of tri-service requirements at least through 1979.

There was extensive AIA participation in the FAA's 1978 review of airworthiness standards on aircraft engines.

Airworthiness Standards

AIA participated in a number of airworthiness rulemaking programs of FAA which are part of an intensive program to update and simplify aircraft and engine certification and operating rules. Some of the more significant programs include:

- *Airworthiness Review Program*: Revisions to the airworthiness standards for general aviation, transport and rotorcraft category aircraft engines.
- *Operations Review Program*: Covering certification of airmen, maintenance and operating rules.
- *Transport Category Airplane Fatigue Regulatory Review*: Incorporating damage tolerance concepts in the structural fatigue evaluation requirements.

Materials and Structures

AIA reviewed government specifications and standards covering materials, processes and structural design criteria, providing the preparing agencies with current user experience and advice. This activity provided acceptable and usable specification requirements at minimum cost.

The specifications review program covered materials such as aluminum, steel and titanium alloys, processes for soldering, welding, and heat treatment, as well as composite materials, printed circuit boards, corrosion protection and environmental criteria.

AIA representatives participated in a study panel of the National Research Council, National Materials Advisory Board on improvement of specification development. The study resulted in a report recommending greater involvement in the voluntary industry specification and standards system.

INTERNATIONAL SERVICE



Trade policy, technology export and the multi-lateral trade negotiations dominated activities in the international area during 1978.

General Agreement on Tariffs and Trade

Central to United States efforts to improve the nation's trade problems are the multilateral trade negotiations in Geneva (GATT) and AIA provided a great amount of support to the U.S. negotiations. The U.S. position was based on concern that, while the sales outlook for the aerospace industry is bright, foreign governments could turn to tariffs, export credits, non-tariff barriers to limit U.S. access to foreign markets. At year's end, preliminary agreement had been reached on an agreement on fair trade in civil aircraft and parts. An industry representative will remain close to the negotiations to urge acceptance of the trade package, including the very important aircraft code, by our foreign trading partners and the Congress.

Export-Import Bank

In a world where comparable products, services and technology may be available, financing terms can be the crucial factor in securing and maintaining an export market. In the United States, the Export-Import Bank is the only institution available to U.S. exporters which is able to off-set foreign government-supported financing. In 1978, the charter of the Ex-Im Bank came up for renewal. AIA supported the Bank in Congressional testimony, attesting to the national benefits derived from the Bank's activities. The 95th Congress expanded the authority of the Bank, and the new legislation, coupled with the Bank's commitment to be competitive with its counterparts abroad, should enhance U.S. export competitiveness.

National Trade Policy

The need for comprehensive solutions to our trade deficits was emphasized in 1978 by still greater record deficits. A range of attitudes and constraints, rooted in past assumptions and political actions, have let the United States fall behind other industrialized nations in expansion of its exports. AIA began a process to identify Government and industry actions which would encourage exports. Drawing on the experience of the aerospace industry, a set of position papers and recommendations to assist Government and industry executives in their efforts to improve U.S. exports will be prepared and distributed.

Transfer of Technology

Along with a growing awareness of the need to stimulate exports, there was also rising concern over the transfer abroad of certain types of U.S.



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•
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International Council

developed technology. The Administration has charged the Department of Defense with developing a list of critical technologies which should be protected from export. Recognizing the concerns of those anxious to insure U.S. security, industry is equally concerned about adding new levels of control, which would further impinge on U.S. export efforts. Much effort was expended in 1978 by AIA and member companies to assist the DoD's Critical Technologies Expert Groups (CTEGs) in developing the list of critical technologies in a manner balancing national security with export competitiveness. The International Council and the Aerospace Technical Council cooperated closely in this effort.

NATO RSI

Greater compatibility in weapons among NATO nations and increased utilization of the research and development resources of NATO allies are also being studied by industry and government.

In 1976 the Congress passed legislation committing the United States as a matter of national policy to procuring weapons systems for the use of American forces in Europe that are standardized, or at least interoperable, with those of other NATO members. Administration support for Rationalization, Standardization and Interoperability (RSI) of U.S. and NATO forces was clearly stated last year. U.S. industry, however, remains concerned that European governments and industries do not necessarily approach transatlantic arms cooperation with the same principles and objectives as the United States. Industry during 1978 worked to establish communications links with government officials involved in NATO activities, and to explore alternative approaches to arms collaboration. A number of senior executives from AIA member companies participated in the work of the Defense Science Board and AIA explored with the Department of Defense ways to maintain the technological capabilities of the United States while improving NATO arms collaboration.

Foreign Military Sales

Increasingly, U.S. industry has felt that the absence of multilateral agreements on sales restraint has allowed foreign suppliers to fill the vacuum left by unilateral U.S. action to lower worldwide arms sales activity. At year's end, President Carter noted that U.S. constraints in the future would be guided by the willingness of other nations to join in constraints. Industry argued in 1978 as in 1977 that the U.S.' unilateral restraint is unrealistic and that government should set the national framework for arms transfers, but allow industry to implement the transactions. The issues were not resolved in 1978, and will continue into 1979.

OFFICE OF PUBLIC AFFAIRS



WILLIAM D. PERREAULT
Lockheed, Corporation
•
Chairman,
Public Affairs Council

Public Affairs efforts during the year centered on communication of information about the industry's abilities, achievements and problems. Contact with key press and government personnel resulted in better understanding of industry attitudes and positions on such key concerns as export policy, inflation and capital formation.

Publications

Efforts continued to upgrade *Aerospace Magazine*. Results included use of more and briefer articles, and the use of four-color process through insertion of reprints. First use of four-color was a reprint from a member company's booklet on the Viking program.

Articles during the year reported on a wide variety of industry endeavors such as solar power, research and development to develop cleaner and quieter aircraft, and advancement of helicopter technology. The economic performance of the industry, covering such factors as sales, exports, employment and earnings, was reported in the Winter issue.

AIA continued its working arrangement with the trade magazine, *Aviation Week & Space Technology*, for the commercial distribution of *Aerospace Facts and Figures*. AIA's Aerospace Research Center compiles the statistical data and AIA's Office of Public Affairs designs and produces this annual compilation of information about the aerospace industry. *Aviation Week* markets the book throughout the world.

The 1977/78 Directory of Heliports was published during the year, and preparation of the *1978 Directory of Helicopter Operators* was underway for 1979 release. The *1978 Directory of VTOL Aircraft* was prepared for publication in 1979.

A booklet, *AIA Organization and Functions*, which describes AIA history and activities, was published and distributed widely. The first edition of the 1978 edition of the *1978 Annual Review*, replacing the AIA Annual Report of previous years, was designed to complement and supplement *Organization and Functions*.

Aerospace Education

The American Society for Aerospace Education formally separated from AIA, effective January 1, 1979. ASAE was originally formed as the educational activity of the Office of Public Affairs. Its growth and success in recent years made it practical for ASAE to become an independent organization to serve the educational needs of the entire aviation and space field. AIA will continue its finan-

cial support of ASAE with a grant.

Speeches

President Harr spoke before several audiences during the year, including the keynote address before the American Astronautical Society's Annual Meeting and Symposium. He also presented the industry's Year-End Review and Forecast before a Mid-East Region Meeting of the Aviation/Space Writers Association. This speech annually produces substantial coverage of the industry's economic profile, and was attended by approximately fifty news people and many industry government officials.

TRAFFIC SERVICE



R. J. MORAN
IBM Corporation
Chairman,
Traffic Committee

Traffic Service represented aerospace industry shippers in 55 proceedings during 1978 before carrier rate and rulemaking bodies and federal transportation regulatory agencies. Some 35 projects were completed. Cost savings totaled are estimated at \$5,147,700 on 27 projects fully or partially completed.

Carrier Ratemaking Bodies

Perhaps most important in terms of immediate cost-savings to AIA members are Traffic Committee responses to carrier ratemaking association activities. In most cases, AIA was successful at this level in preventing rate increases and rate changes detrimental to aerospace shippers. The following cases are representative:

- AIA filed objections with the Uniform Classification Committee (the rulesetting group for rail carriers) against a proposal to require shippers to placard cars with unloading side directions. The proposal was defeated, and cost savings to AIA members were reported at \$173,050.
- A motor carrier proposal to base rates on the value of the articles shipped and to prohibit movement under certain types of rates of articles valued at over \$100/lb. was successfully opposed with savings of nearly \$850,000.

Practice Before Federal Agencies

To facilitate activities before the various agencies regulating intrastate, interstate and foreign transportation, the Traffic Committee has established several *ad hoc* task forces to coordinate activity in designated areas and prepare evidence to support AIA participation in specific cases.

Working through the National Industrial Traffic League, AIA in 1978 participated in four cases before the Civil Aeronautics Board. In one case, evidence was prepared and submitted at oral hearing concerning the lawfulness of the 30 percent rate surcharge of Priority Air Freight.

Activities before the ICC continued at a high level in 1978. Traffic Committee projects ranged from opposition to highly specific carrier rate bureau proposals, approved over AIA protest, to participation in large-scale rulemaking and investigatory proceedings. For example:

Upon protest of AIA and DoD, the Interstate Commerce Commission reduced by 3 percent, pending its investigation of the entire proposal, a household goods nationwide general rate increase of 7 percent. Approximate annual savings to AIA members: \$1,440,000. A later proposal for 12 percent increase, also opposed by AIA and DoD, was reduced

by the ICC to 5 percent resulting in annual savings of \$1,920,000.

Interest in Department of Transportation regulation of hazardous materials reached an all-time high in 1978. Liaison was developed with National Transportation Safety Board to document members' difficulties with the new hazardous materials rules. The Committee opened discussion with the Board on hazardous materials training for company personnel. A petition seeking better hazardous materials marking on interior shipping containers is pending before DoT.

The Traffic Committee continued to sponsor thrice-yearly government/industry transportation issue seminars. Traffic Committee members discussed government shipping policies and requirements with representatives of the Air Force Systems Command, Defense Logistics Agency, Military Traffic Management Command, National Aeronautics and Space Administration, and Naval Supply Systems Command. The seminars served as a forum for discussion of members' problems in the movement of government traffic.

Special Projects

In 1978, Traffic Service undertook a new project to compile suggested tariff changes to be submitted to one motor carrier rate bureau. A task force is now reviewing the feasibility of developing a "Guide to Aerospace-Related Hazardous Materials" which would list each article and cite relevant Code of Federal Regulations rules. Other task forces revised and updated two Traffic Service publications—"Aerospace Industry Import and Export Procedures" and the "Blue Book of Aerospace Parts." The Traffic Committee has also been active in the nationwide effort to develop a set of uniform regulations governing the movement of oversize articles through the distribution of its "Uniform Permit Policy" report to cognizant state and national organizations.

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