AIA OFFICERS
EDWARD E. HOOD, Jr., Chairman of the Board
ROY A. ANDERSON, Vice Chairman of the Board
KARL G. HARR, Jr., President
SAMUEL L. WRIGHT, Vice President/Secretary
GEORGE F. COPSEY, Treasurer

VICE PRESIDENTS
LLOYD R. KUHN, Legislative Affairs
JOHN F. LOOSBROCK, Public Affairs
C. RONALD LOWRY, Research and Technology
FRANZ O. OHLSON, Jr., Procurement and Finance
ALLEN H. SKAGGS, Civil Aviation
EMERY PETER SMITH, International

EXECUTIVE COMMITTEE
EDWARD E. HOOD, Jr., General Electric Company
ROY A. ANDERSON, Lockheed Corporation
KARL G. HARR, Jr., Aerospace Industries Association
JAMES R. KERR, Avco Corporation
THOMAS G. POWNALL, Martin Marietta Corporation
THOMAS V. JONES, Northrop Corporation
D. BRAINERD HOLMES, Raytheon Company
ROBERT S. AMES, Textron, Inc.

BOARD OF GOVERNORS
JACK L. HECKEL
  President, Aerojet-General Corporation
JAMES R. KERR
  Chairman & Chief Executive Officer, Avco Corporation
WILLIAM C. PURPLE
  Executive Vice President, The Bendix Corporation
T. A. WILSON
  Chairman & Chief Executive Officer, The Boeing Company
C. M. MARTENSON
  Chairman & Chief Executive Officer, Crion Corporation
HARRY E. COMBS
  President, Gates Learjet Corporation
DAVID S. LEWIS
  Chairman & Chief Executive Officer, General Dynamics Corporation
EDWARD E. HOOD, Jr.
  Vice Chairman, General Electric Company
HAROLD L. SMITH, Jr.
  Vice President & General Manager, Detroit Diesel Allison Division, General Motors Corporation
J. R. IVERSON
  Senior Vice President-Government Marketing, Gould Inc.
JOSEPH G. GAVIN, Jr.
  President, Humma Corporation
ALLEN E. PUCKETT
  Chairman & Chief Executive Officer, Hughes Aircraft Company
ROY A. ANDERSON
  Chairman & Chief Executive Officer, Lockheed Corporation
THOMAS G. POWNALL
  President & Chief Operating Officer, Martin Marietta Corporation
S. N. McDONNELL
  Chairman & Chief Executive Officer, McDonnell Douglas Corporation
THOMAS V. JONES
  Chairman & Chief Executive Officer, Northrop Corporation
PAUL G. SCHLOEMER
  Executive Vice President, Parker Hannifin Corporation
GERARD A. FULHAM
  Chairman & Chief Executive Officer, Sundstrand Corporation
D. BRAINERD HOLMES
  President, Raytheon Company
DONALD R. BEALL
  President & Chief Operating Officer, Rockwell International Corporation
WILLIAM F. SCHMIED
  President & Chief Operating Officer, The Singer Company
ABNER B. MARTIN
  Vice President, Defense and Aerospace, Sperry Corporation
EVANS W. ERIKSON
  Chairman & Chief Executive Officer, Sundstrand Corporation
ROBERT S. AMES
  Executive Vice President, Aerospace, Textron, Inc.
GEORGE E. SOLOMON
  Executive Vice President, TRW Inc.
ROBERT J. CARLSON
  Executive Vice President—Power, United Technologies Corporation
ROBERT L. KIRK
  President & Chief Executive Officer, Vought Corporation
T. J. MURRIN
  President, Public Systems Company, Westinghouse Electric Corporation
KARL G. HARR, Jr.
  President, Aerospace Industries Association
CONTENTS

INTRODUCTION ........................................... 2
AEROSPACE OPERATIONS SERVICE ..................... 4
AEROSPACE PROCUREMENT SERVICE .................. 10
AEROSPACE RESEARCH CENTER ....................... 15
AEROSPACE TECHNICAL COUNCIL ..................... 17
INTERNATIONAL SERVICE ............................. 23
OFFICE OF LEGISLATIVE COUNSEL ................... 26
OFFICE OF PUBLIC AFFAIRS ............................ 27
TRAFFIC SERVICE ...................................... 29
INTRODUCTION

The Aerospace Industries Association of America, Inc. (AIA) is the national trade association which represents U.S. companies engaged in research, development and manufacture of such aerospace systems as aircraft, missiles, spacecraft and space launch vehicles; propulsion, guidance and control systems for the flight vehicles; and a variety of airborne and ground-based equipment essential to the operation of the flight vehicles. A secondary area of industry effort, grouped under the heading “non-aerospace products,” consists of a broad range of systems and equipment generally derived from the industry’s aerospace technological expertise but intended for applications other than flight.

The industry AIA represents is one of the nation’s largest. Its sales in 1981 amounted to $61 billion, including $52.5 billion in sales of aerospace products and services and $8.5 billion in non-aerospace products. Export sales amounted to a record $18.1 billion, almost 17 percent above the previous year’s figure; as in recent years, the aerospace industry led all U.S. manufacturing industries in terms of export volume and positive contribution to the nation’s trade balance.

The industry’s backlog at year-end 1981 topped $92 billion, including $42.7 billion in government orders and $49.4 billion in orders from other customers. Industry employment at the end of 1981 was 1,229,000, the highest level since 1969, and the payroll reached an all-time high of $31.7 billion.

Aerospace Industries Association functions on national and international levels, representing its membership in a wide range of technological and other relationships with government agencies and the public. To facilitate its work at the national level, AIA is a member of the Council of Defense and Space Industry Associations (CODSIA), a coordination medium for six industry associations with mutual interests related to federal government procurement policies. In international activities, AIA cooperates as practical with trade associations in other countries, individually and through the International Coordinating Council of Aerospace Industry Associations (ICCAIA), an informal body of the free world’s national aerospace associations. AIA also serves as secretariat for TC 20, the aircraft and space vehicles group of the International Organization for Standardization (ISO).

AIA’s policies are determined by a Board of Governors composed of senior executives of 28 member companies plus the AIA president, who is the association’s senior professional employee and who also serves as its general manager. A key element is the Executive Committee—made up of eight members elected from the
Board of Governors—which exercises the powers of the Board between Board meetings.

AIA's primary services to its membership are conducted by eight Councils, Services and Offices whose heads report to the AIA president. Within this structure, AIA's professional staff coordinates and supports the work of an array of committees, subcommittees, task groups and ad hoc groups whose membership is made up of key specialists from AIA member companies. Reflecting AIA's growing involvement with issues specifically affecting commercial aviation, the association established—in 1981—the post of vice president, civil aviation. This vice president works closely with all domestic and international agencies and other members of the aviation community on common interest issues; he serves as ombudsman for the civil aircraft manufacturing industry—including commercial transports, business jets and helicopters—and is the coordinator within AIA on all civil aviation affairs. The 1981 activities of the Councils, Services and Offices and their associated working groups are detailed in the following pages.
The Aerospace Operations Service comprises five committees: Manufacturing, Quality Assurance, Product Support, Spare Parts and Service Publications. Key areas of interest and activity include advanced manufacturing technology, processes and management; quality assurance technology and management systems; post-delivery product support; and technical manuals and training. Subcommittees, liaison panels and manufacturing technology advisory groups (MTAGs) pursue improved management and operating techniques, methods and equipment, systems and procedures and maintain working liaison with government agencies and other aviation organizations. Among the Service's major activities during 1981 were:

**Manufacturing Studies, Projects and Standards**

AIA initiated 13 manufacturing studies and projects during 1981 and completed 13 begun in prior years. Among the new starts were Manufacturing Technology Transfer/Data Base Development; Survey of Impact of CAM on Industrial Productivity; Graphics/Manufacturing Interaction; Methodology for Productivity Improvement; DoD-MANTECH Interface; and revisions of several National Aerospace Standards, including NAS 960, Drilling Machines, Numerically Controlled, and NAS 978, N/C Combination Drilling, Boring, Milling and Tapping Machines.

Other projects completed during the year included an update of NAS 995, Specification for Computerized Numerical Control (CNC); development and publication of a new Industrial Packaging Specification, (NAS 855); Survey of Manufacturing Business Systems used by Aerospace and Non-Aerospace Industries; and Numerical Control In-Process Verification. Final reports were distributed.

Continuing projects include action, in concert with CODSIA, to revise the proposed publication of MIL-S-1567, Work Measurement Standard, the subject of several 1981 AIA/CODSIA meetings with a Joint Logistics Commander's team and Air Force Systems Command officials. At year-end, industry's reluctance to a number of objectionable provisions of this proposed standard had apparently deferred further action by the JLC toward its publication.

**Manufacturing Productivity Workshop**

An Aerospace Productivity Workshop was conducted during October at Dallas, Texas. A number of member company executives participated and reviewed their respective company productivity programs. Discussed were incentive and motivational techniques, teamwork, productivity and quality circles, and improvements and payoffs that had been documented or were in process of...
achievement. The success of this workshop led to a decision to conduct follow-on sessions during 1982.

Industrial Responsiveness

AIA and CODSIA representatives provided support to a Department of Defense team established by the Under Secretary, Research and Engineering to examine and prioritize recommendations made in a number of DoD, Congressional, and other industrial base studies completed during 1980 and 1981, and to prepare those recommendations approved by the Under Secretary for implementation. Industry representatives met several times with the DoD team to present industry views. By year-end, the team had drafted revisions to pertinent DoD directives and instructions intended to underscore the importance of industrial base preparedness in its many facets, especially early in weapon system acquisition cycles. Major directives affected were DoDD 5000.1 and 5000.2, Major Systems Acquisition, and their subordinate regulations governing source selection, defense production management, DAR revisions, improving productivity, manufacturing technology, availability of materials, priorities and allocations, industrial preparedness planning and industrial resources. A new DoD policy statement concerning improved industrial preparedness planning was in coordination at year-end.

Manufacturing Technology

AIA provided aerospace industry views to the Office of the Under Secretary of Defense, Research and Engineering—Industrial Resources concerning DoD’s tentative plans for establishment of a MANTECH Data Bank. Based upon questionnaire responses received from member companies, a number of specific data elements were identified and priorities were suggested for those data which would be most useful to industry through a rapid query/retrieval on-computer access system. During the last quarter of 1981, a sharply increased five-fiscal-year MANTECH budget (1983-87) of $1.6 billion was endorsed by the Under Secretary of Defense, Research and Engineering; the figure is approximately twice the 1978-82 budget.
Quality Assurance Activities

Eight new quality assurance projects and studies were initiated during 1981; a similar number, begun in 1980 and earlier, were completed, reports issued, and closed. Most addressed the improvement of quality assurance/productivity policies and management practices, including DoD, NASA, and FAA directives, instructions and regulations, as well as those internal to the industry. Others involved the development of NAS type standards or revisions pertaining to software quality, calibration, screw-threads, control of materials at manufacturing level and new technology impact on quality. One study involved distribution patterns of quality assurance resources within member firms.

A number of liaison "working" meetings were held with government agency officials to discuss mutual problem areas and potential solutions. The Quality Assurance Annual Conference (jointly held with NSIA) focused attention upon the need for "a national commitment to quality" as a key factor in improving national productivity and the U.S. performance in the international trade arena. Appropriate projects to be pursued in 1982 were being identified at year-end.

Contractor Assessment Program

Department of Defense Instruction 4155.20, Contractor Assessment Program, was intended by DoD to serve as a motivational program for encouraging high quality contractor performance and potentially as a consideration in future source selections. After its publication in early 1981, the instruction was determined to be deficient and biased in its scoring system, with the result that major system/subsystem contractors found it virtually impossible to qualify for program awards. At a Pentagon meeting in August, AIA called the matter to the attention of Defense Research and Engineering officials; the difficulties were discussed in detail and a DoD panel was established to review and revise the scoring system. The committee presented industry viewpoints for a projected 1982 revision and republication of this instruction.

NATO Quality Policies

A proposed new NATO procurement policy on Quality Assurance—AQAP 1 and AQAP 2—has been identified as an area of U.S. industry concern. The proposed AQAP 1 lacks provisions for tailoring, imposes extreme management requirements, requires excessive documentation, lacks protection of proprietary rights and intrudes in the design/development process. AQAP 2 increases the requirements of AQAP 1, is highly subjective and dictates a quality assurance management system. Under the provisions of these documents, the quality assurance representative would have almost absolute authority in imposing requirements in a contractor's organization.

The United Kingdom and the Canadian Department of National Defense have taken a position against AQAP 1, while the U.S. representative to NATO continues to support the documents. AIA concerns were outlined to the Board of Governors. The Technical Management Committee and Quality Assurance Committee are working together to request a reconsideration of industry concerns in light of the negative response from other NATO nations.

Qualified Products List

During 1980 and 1981, there were several failures on
the part of electronic part manufacturers to meet DoD Qualified Products List (QPL) specifications; this led to costly impacts on prime aerospace system contractors and others using these parts. Toward avoiding repetition, a joint AIA/NSIA study of the QPL system was undertaken. Members of an ad hoc quality assurance study panel visited the Defense Electronics Supply Center, Defense Logistics Agency, Defense Contracts Administration Services and other DoD offices concerned. In August, the presidents of AIA and NSIA sent a copy of the joint study report and its recommendations to the Deputy Secretary of Defense. In response, the Deputy Secretary directed that DoD establish a project to review and improve QPL management. AIA/NSIA participation in further discussion and corrective actions was invited.

Logistics Audit Feasibility

AIA's assistance was invited by the Air Force to conduct a preliminary study toward developing a methodology for accomplishing periodic audits of logistics planning and execution in order to assess system supportability. The audit approach was suggested by the Air Force as a means of providing a single vehicle for controlling, measuring and assessing the accomplishment of the various logistics requirements with program level milestone events specifically scheduled to audit progress. AIA endorsed the need for this audit approach, provided policy statements, logistics audit plans, objectives and ground rules, and suggested mechanics for conducting a logistics audit.

Spares Reprocurement Concepts

It is the policy of the Department of Defense to purchase replenishment spare parts competitively to the maximum extent practical, consistent with safety, durability, timeliness and economic considerations. In implementing this policy, the Air Force Acquisition Logistics Division (AFALD) has proposed a number of concepts for enhancing the competitive replenishment spares process. AIA was invited to comment on these concepts. The proposed spare reprocurement policies and practices included incentives to industry to increase the number and percentage of competitive procurement method codes; also included was initiation of a data warranty, which would require the prime manufacturer to warrant that a new source could actually manufacture the item from the prime's data and that the prime would provide assistance to this source if necessary.

In responding to AFALD, AIA noted that a procurement method coding incentive to industry is not required, since the government has authority over these codes throughout the life of the contract. The data warranty was rejected because of too many unknown factors and its departure from normal, recognized commercial methods. To improve competition in spares contracting, it was recommended that greater utilization be made of existing procedures and contracting techniques and that the use of multi-year procurements be expanded.

Spare Parts Sources

Criticism leveled against Air Force procurement activities of paying higher costs when obtaining initial spares from the actual sources—rather than buying these items through the prime contractor—prompted an invitation to AIA to comment on an Air Force survey dealing with the potential benefits and possible prob-
lems arising from this direct dealing approach. AIA's response indicated that although the government might realize savings by procuring initial spares through direct purchase, such savings in most cases are false since they are based on avoidance of the prime contractor's mark-up cost.

International Spares Data Processing

Representatives of AIA participated in the second joint meeting of an international group of Air Force and manufacturer representatives to develop a new international provisioning system. These meetings were held in Paris and Hamburg respectively in June and October of 1981. They are under the cognizance of the Association Europeenne des Constructeurs de Materiel Aerospacial (AECMA). This association is an umbrella trade association that has as its members the various trade associations throughout Europe.

This international endeavor will consist of at least one or two working group sessions each year with every fourth one held in the U.S. The initial objectives of this group will be to establish a set of standard, simple and more economical data elements and to develop a set of procedures leading to specification. Its intent is to develop a world-wide spares data processing capability utilizing the best practices currently implemented in both military and commercial programs.

Technical Publications Symposium

Major advances in graphic arts and publishing technology prompted an AIA publications group to continue the practice of sponsoring a biennial automated publications symposium. The subject of a September 1981 symposium was the challenge and opportunity of automated technical publishing systems and how they must fit into integrated information management systems in the future. Attendees included publications managers of AIA member companies and other U.S. manufacturers, foreign aerospace manufacturers, government representatives, airline operators and computer industry representatives.

Spare Parts Support

The Air Force Logistics Command invited AIA to comment on a study of a significant problem area: development of contract provisions to insure that spare parts support is provided by a weapon system/sub-system contractor for a specified period of time, through the obsolescence period during which such systems continue to be operational. In responding, AIA noted that an agreement of the general type proposed could be made an acceptable and negotiable part of contracts, to minimize problems of obtaining spares for a system's entire life, if it contained an offsetting sole source coding for the life of the agreement. Among other recommendations, AIA urged a more aggressive policy and implementing action to acquire an adequate range and quantity of spares before production termination as part of the "life of system buy."

Contractor Shipboard Standards Improvement

A long standing problem involving Navy-oriented AIA members concerns the need for improvements of overall conditions for contractor personnel aboard Navy ships and the establishment of equal status between contractor and civil service personnel. To alleviate this situation, AIA prepared a proposed Naval Operations Instruction draft which was reviewed by officials of both
the Atlantic and Pacific Fleets. Based upon this draft, separate Naval Air instructions for both fleets have been issued. These instructions provide that contractor and civil service ETS personnel will have equivalent rating and will have equal priority for berthing. They also provide criteria for bunkrooms to allow for acceptable human comforts, adequate security for personal effects, special tools and assigned task publications, as well as facilities available to enable completion of required technical reports. These actions are expected to improve the retention of highly skilled contractor personnel for fleet assignments.

Naval Personnel Planning Study

Forecontrol, or forecasting the future resource environment and controlling as many elements as possible to minimize negative impacts and capitalize on positive aspects, is essential for accurate and effective personnel management. This forecontrol effort was the subject of a logistics study program conducted for the Office of Naval Research by the George Washington University Institute for Management Science and Engineering. AIA review action by a personnel and training group led to the incorporation in this study of proposed concepts which included industry intercession at the secondary school level to assist in development and enhancement of the military as a career; pilot/aircrew retention trade-off between value of increased simulation versus loss of real flight time motivation; industry development of equipment to meet the capabilities of the user; and trade-off between military and contractual/industrial maintenance.

Air Transport Association Liaison

AIA members continued joint review activities with their counterparts in the Air Transport Association (ATA) in the areas of product support, supply information, data processing and technical data publication. These efforts, directed toward improving manufacturers’ and suppliers’ implementation of airline requirements, included coordination with foreign trade associations such as the Association of European Airlines, the Society of British Aerospace Companies, the French GIFAS (Groupe ment des Industries Francaises Aeronautiques et Spatiales), the German BDLI (Bundesverband der Deutschen Luft-und Raumfahrtindustrie) and the Italian Aerospace Industries Association. During a series of meetings throughout the year AIA and its counterparts in the foreign associations worked with AIA members in reviewing and refining the AIA specifications worked with AIA members in reviewing and refining the AIA specifications for manufacturers’ technical data, ground support equipment, software and supply/data processing.
The Aerospace Procurement Service supports the business management activities of member companies in the fields of accounting and financial management, contract administration, procurement law, industrial relations, industrial security, materiel management, patents, proprietary information and small and minority business. The Procurement and Finance Council and the Industrial Relations, Industrial Security, Materiel Management and Patent Committees, each composed of senior executives of member companies, provide experts to initiate actions seeking to improve business relationships or to resolve problems of mutual concern to government and industry. The Service was engaged in these major activities during 1981.

Uniform Federal Procurement System

Appearing at a public hearing, AIA generally endorsed the Proposal for a Uniform Federal Procurement System (UFPS) being developed by the Office of Federal Procurement Policy (OFPP) at the direction of Congress. OFPP is also developing a management system for the UFPS and proposed legislation for the UFPS and its management system. AIA filed comments which supported the system but suggested improvement revisions in several areas. At year-end, OFPP was evaluating the proposal in light of public comment and preparing to transmit it, after revision, to Congress early in 1982.

Federal Acquisition Regulation

With the assistance of the Department of Defense and the General Services Administration, the Office of Federal Procurement Policy (OFPP) has been developing a Federal Acquisition Regulation (FAR) intended to serve as a single procurement regulation applicable to all federal agencies. The FAR would be the backbone of the proposed Uniform Federal Procurement System. In recognition of the fact that many agencies have specific and unique missions, the FAR would be supplemented by procurement regulations issued by those agencies to meet their specific needs. During 1981, AIA reviewed and commented upon proposed parts of the Federal Acquisition Regulation. A complete Federal Acquisition Regulation should be ready for public review and comment in mid-1982.

Cash Flow in Defense Contracts

A problem associated with the performance of defense contracts is assurance of an appropriate cash flow from the government. Essentially through the efforts of an ad hoc Committee of the AIA Board of Governors, the Department of Defense revised its progress payment rate upward, thereby improving cash flow under defense contracts qualifying for progress payments. Concurrently, the DoD instituted a new “flexible progress payment policy” under which a con-
tractor, on a contract-by-contract basis, may obtain a progress payment rate up to 100 percent. AIA is now working to increase the progress payment rate on Foreign Military Sales contracts to 100 percent. AIA responded to a DoD proposed revision of milestone billing arrangements intended to assure greater consistency in application, with recommendations to bring them in line with DoD acquisition policy redirection.

The Air Force Systems Command asked for recommendations concerning how best to encourage contractor capital investment. AIA’s suggestions included several other policy areas: use of weighted guidelines, improvements to weighted guidelines, contract cash flow, contract stability and risk sharing, and equitable contract cost recovery. The AIA comments were well received and given consideration.

Labeling Standard

The previous Administration proposed an extremely costly and unworkable system for labeling all hazardous substances produced or used by industry. At year-end, AIA was developing a workable system, for consideration by the Occupational Safety and Health Administration, that will require more useful information to be provided on Material Safety Data Sheets rather than on container labels. The AIA position will be coordinated through CODSIA.

Communications Security

DoD requested AIA’s help in revising COMSEC instructions for the Defense Industrial Security Program. AIA responded by pulling together an AIA team of industrial security and computer experts who, with DoD, developed a workable computer security section for the Industrial Security Manual.

Operational Security

Some AIA members have been required to agree to implement an entirely new and apparently redundant
security system known as OPSEC. AIA worked with other concerned organizations toward eliminating this requirement or, failing that, requiring that such program costs be reimbursable.

**Special Test Equipment**

AIA participated in a survey that concluded the government should eliminate the screening for Special Test Equipment on the basis of cost ineffectiveness. It is anticipated that the DoD will substantially revise the DAR in this area in accordance with AIA’s request.

**Foreign Military Sales**

Erosion of remuneration for risk prompted AIA members to seek reinstatement of the one to four percent profit factor used in the Weight Guidelines for Foreign Military Sales. At year-end, a response from DoD was awaited.

**Subcontract Plans**

The year 1981 saw a marked improvement in the requirement of P.L. 95-507 to submit subcontract plans. AIA continued to work to relieve the burden of contract-by-contract plans.

**Service Contract Act**

AIA’s position, opposing earlier Department of Labor (DOL) amendments to extend coverage of the Service Contract Act to professional employees, to expand "locality" definitions used for wage and fringe benefit determinations, and to allow retroactive contractor liability for incorrect conforming determinations made in good faith, was incorporated by the Department of Labor in revised regulations issued in August. Being in agreement with the proposed changes, AIA made no comment.

**Critical Skills Shortage**

AIA continued a study of turnover rates by professional/technical personnel to identify major areas and causes of loss of critically skilled personnel. At year-end, AIA was also coordinating a program to obtain Department of Labor Critical Skills certification for the entire aerospace industry, a means of expediting overseas recruiting activities by member companies. This program will be coordinated through CODSIA in an effort to extend blanket certification to the electronics industry.

**Paperwork Reduction**

The Paperwork Reduction Act of 1980, PL 96-511, initiated to reduce the burden of federal collections of information from organizations/individuals became effective April 1, 1981. The law established within OMB an Office of Information and Regulatory Affairs and a Federal Information Locator System. AIA representatives met with OMB officials to emphasize industry’s interest in providing information and resources to accomplish objectives of the Act. On several occasions AIA offered data for OMB use in evaluating agency requests for forms renewal and approval. AIA continued to monitor government activities on paperwork reduction with the aim of reduced burden to the private sector.

**Product Liability**

Working through an ad hoc Committee of the Board of Governors, AIA continued efforts to obtain legislation whereby anyone damaged as a result of a catastrophic incident in commercial air transportation would be promptly and fairly compensated. At the same time, manufacturers of airframes and engines, airlines and
others engaged in commercial air transportation would be afforded appropriate protection from catastrophic losses. At year-end, AIA and the Air Transport Association had reached agreement on proposed legislation which will be placed before the Congress in 1982.

In connection with international commercial air transportation, AIA—in response to an inquiry from the Senate Foreign Relations Committee—withdrawd a suggestion that the Montreal Protocols 3 and 4, which would amend the Warsaw Protocol, be approved only for a limited period of time.

**Accounting/Financial Management**

AIA commented to the American Institute of Certified Public Accountants (AICPA) on a proposed Statement of Position on Accounting for Construction-Type and Certain Production-Type Contracts (FASB). Because long-term contracts for production of unique goods (or related services) to a buyer’s specification were included, it would have significant impact on financial reporting of member companies. AIA recommendations were accommodated in a final Statement of Position (SOP) 81–1 sent by AICPA to the FASB. Upon request, AIA also submitted comments to the FASB. In consonance with AIA recommendations, proposed coverage on program accounting was deleted from SOP 81–1.

Responding to an AICPA request for comments on a proposed SOP on program accounting, AIA questioned the need for this SOP and offered to assist the AICPA if further action was to be taken. AICPA has removed the SOP from its open projects.

The Cost Accounting Standards (CAS) Board ceased operations on October 1, 1980, but there remains a requirement to comply with CAS rules, regulations, and standards. Efforts to transfer the CAS functions to another agency failed in the 97th Congress, 1st Session. AIA continued liaison with DoD and other government agencies on known and potential problems in CAS implementation, including these activities: a request for rescission of DoD’s CAS Steering Committee Interim Guidance Paper W.G. 81–25, since AIA believes that a change in the method of computing taxable income from the percentage-of-completion method (PCM) to the completed-contract method (CCM) should not be considered a change in cost accounting practices; issuance of a Position Paper on CAS 420 and Allocation of G & A-Type Costs to Intercompany Transfers; review and study of methods for obtaining relief from CAS 409, Depreciation of Tangible Capital Assets; and continued effort toward DoD reconsideration of the cost accounting procedures in DoD’s CAS Steering Committee Interim Guidance Paper W.G. 77–18, which disallows cost of facilities capital as applied by the DCAA to IR & D/B & P costs in excess of negotiated ceilings.

**Freedom of Information Act**

The Freedom of Information Act (FOIA) has given rise to many problems; it is often misused to obtain information submitted to the government in confidence by a person or firm. The interpretation of the Act by the courts has jeopardized release of proprietary or confidential business information; in many cases the originator of such information is not afforded an appropriate opportunity to prevent its disclosure.
Congress has recognized the shortcomings of the FOIA and several bills have been introduced to provide appropriate notice to the submitter of proprietary information that might be released under the Act, and to afford better protection of confidential or proprietary business information. AIA voiced strong support of such amendments to the FOIA, and also sought revisions to implementations of the Act to constrain the release of technical data furnished to the government under government contracts.

Patents
The 96th Congress promulgated Public Law 96-517 under which domestic non-profit organizations (including universities) and small businesses have first option to retain title to inventions made in the performance of research or development work under a government contract, grant or funding agreement. The law was implemented on an interim basis by OMB Bulletin 81-22 which will be superseded in due course by OMB Circular.

AIA has long sought a policy under which all contractors could retain title to such inventions and accordingly spent much of 1981 seeking legislation setting forth such a policy. By year-end, legislation had been introduced—in both the Senate and the House—under which all contractors would retain, or have first option to retain, title to inventions made in the performance of government research or development; the government would receive a royalty-free license and the public would have the right to a license should the contractor fail to bring the invention to public use.

Recoupment
Under recoupment policies issued by both the Executive and Legislative branches, the government seeks to recover research and development expenditures from the utilization of items or technology resulting from government contracts. In the belief that recoupment inhibits innovation and competition by American firms in both domestic and foreign markets, AIA continued to seek withdrawal of all recoupment policies and voiced support of an OFPP proposed policy which would bar recoupment.

Hazardous Materials
More than half of the AIA members signed Memos of Understanding with the Defense Logistics Agency (DLA) to participate in the DoD Hazardous Materials Information System (HMIS), a computerized system that accounts for all hazardous materials used by participants. DoD/DLA has enhanced the system by adding a Hazardous Material Technical Center (HMTC) which develops information on methods for disposing of hazardous materials.
The Aerospace Research Center is engaged in research, analyses and studies designed to bring perspective to the issues, problems, and policies which affect the industry and the nation. Its studies contribute to a broader understanding of the complex economic, social and political issues which bear on the nation's technological and economic status. During 1981, the Center completed a major study of importance to the commercial sector of the industry and advanced several other studies. One project involved development and periodic update of a document tracking Administration and Congressional action on major issues identified in AIA's 1980 Issue Statements. The Center also charted AIA initiatives and follow-up action in relation to the issues.

Center Studies

The increasing capital, marketing and political risks of committing to production of a modern commercial jet transport were examined in a study, entitled The Challenge of Foreign Competition to the U.S. Commercial Transport Industry. The report showed that, for U.S. manufacturers, the means to minimize risks are fewer than for manufacturers abroad, due to differences in economic systems, national priorities, and business/government relations. The study looked at the technological standing of U.S. commercial transports in light of rapid expansion of foreign aerospace R & D research and development, focused on the importance of the Civil Aircraft Agreement of the General Agreement on Tariffs and Trade, and examined U.S. export incentives and disincentives. Finally, it illustrated how the enormous cost of transport programs, along with other factors, has caused collaborative relationships to develop between U.S. and foreign manufacturers.

The Center assisted in publication of two AIA papers proposing alternatives to the current situation in which aircraft exports are subsidized by national governments: Aircraft Export Financing and Aircraft Financing: The International Equipment Trust.

Airport/Airway Congestion

The Center edited and published a revised report by the Technical Council's Civil Aviation Advisory Group on airport and airway congestion. The report contends there has been inadequate action on problems which threaten safety and the growth of the air transportation system; it proposes solutions.

Export Benefits

A major study on the benefits of aerospace exports to the U.S. economy was in process at year-end; a brochure, developed for Congress and the Administration, summarizes preliminary findings. Entitled What's $1 Bil-
lion in Jetliner Export Sales Really Worth?, the brochure relates the industry's contribution to gross national product, employment and federal, state and local tax revenues. It also compares benefits of exports to costs, as financed by Eximbank.

Helicopters
A study initiated in 1981 concerns the impact of foreign competition on U.S. helicopter manufacturers. The Center is conducting the study in cooperation with the Technical Council’s Aviation Division.

Industry-University Relations
Focusing on the industry's engineering manpower needs, a new Center study will look at how strengthened industry-university ties can play a part in alleviating current and potential shortages.

Economic Data Service
As the statistical branch of the Research Center, EDS continued its service of free distribution of periodic statistical series on a variety of industry-related subjects, including employment, hours and earnings, turnover rates, import and export data, DoD and NASA contract awards and status of funds. Published at mid-year was Aerospace Facts and Figures 1981/82, the 29th edition of the industry's statistical yearbook, which contains annual summaries for 1980 as well as historic time series drawn from EDS' own statistics plus a number of other sources. Key data were updated by EDS at year-end; preliminary 1981 figures, forecasts for 1982, and accompanying charts and analyses were distributed to the press and to industry analysts in the annual Year-end Review and Forecast.

Other regular EDS activities included quarterly aerospace economic indicators for publication in Aerospace magazine; the semi-annual survey and report of aerospace employment; and the annual energy consumption report for the Department of Energy's Industrial Energy Conservation Reporting Program. Special projects during 1981 included company surveys relating to exports, investment and tax accounting issues, and standardization. Statistical research was conducted for in-house position papers, speeches, and Congressional testimony. Additionally, EDS conducted research in response to outside requests from industry, government agencies, the press, and financial analysts.
The Aerospace Technical Council, the industry’s senior technical body, is chartered to focus on the realities, complexities and uncertainties relating to high technology systems development. It acts to detect changes in a fast-paced environment and to communicate the industry perspective to key policy levels. Its responsibility covers the research, engineering, development, test and safety aspects of aircraft, missiles and space vehicles. The Council directs the activities of two divisions, which manage 11 committees and oversee a large number of working level technical project groups. As the new Administration’s objectives gained momentum toward year-end, several projects took on increased importance and activity. Major Technical Council activities of 1981 included:

**Space Policy Studies**

An Office of Technology Assessment (OTA) study is assessing the impact of policy and institutional arrangements on the exploitation of space technology. Areas being considered are remote sensing, communications, material processing in space, space transportation and commercialization. An AIA Ad Hoc Space Group has reviewed an early draft of the OTA study and found it lacking in its assessment of space policy. Its orientation is more towards application, thus it fails to address what U.S. space policy goals are, should be and how well plans and programs meet these goals.

An Office of Science and Technology Policy (OSTP) study is a full scale inter-agency review of the national space program, intended to better define the relationship of the Space Shuttle with expendable vehicles, options for Shuttle management and its impact on future programs. Included as an option for Shuttle management will be the concept of a semi-private corporation similar to COMSAT. The study is in the formative stage; discussions with OSTP were held to initiate industry involvement. The AIA Ad Hoc Space Group will continue to interact with both OTA and OSTP on their studies.

**National R&D Policy**

To address the growing need for consideration of research and development issues relating to increased productivity, an ad hoc group prepared an initial draft of a proposed AIA statement on the need and thrust of a national R & D policy. Prior to drafting the statement, the ad hoc group chairman and AIA staff met with the President’s science advisor, Dr. George A. Keyworth, to discuss AIA’s ideas and concerns regarding the need for the Administration development of a national R & D policy. Dr. Keyworth subsequently presented the Administration’s science policy in December testimony before the House Science and Technology Committee.
The Council is reviewing the science policy statement, which included some Administration views on R & D.

Laboratory Studies

AIA was requested to provide assistance in a comprehensive review by the Department of Defense of its 73 laboratories. The review is expected to be completed by March 1, 1982. DoD's attitude is to preserve the laboratory system, but to be bold and innovative regarding its management, structure, practices, processes and results.

AIA was briefed on the charter of a related study, by the White House Office of Science and Technology Policy (OSTP), which will encompass all 750 government laboratories. In line with the Administration's policy of reducing government-funded research and development, OSTP is seeking to eliminate a number of the civil agency labs. The schedule calls for completion of the study in the spring.

International Standards Study

Five years after AIA assumed the secretariat of the aerospace committee (TC 20) of the International Organization for Standardization (ISO), AIA commissioned a six-month study to determine the impact of international standardization on the industry. Preliminary results of the study, conducted by Nalesnik Associates, Inc., identify certain areas—such as participation in the NATO standardization process—for increased AIA attention. The recommendations developed through the study will be refined and used to guide AIA's standards program in the decade ahead.

Carlucci Initiatives

The Carlucci Initiatives to improve DoD's system acquisition process offered an opportunity for reexamination and reemphasis to the new DoD hierarchy of past but still valid AIA positions and studies. Three areas selected were specifications and standards, management systems and data, RFPs and contracts. AIA initiated a study of these areas to define an approach toward identifying major issues which needed further emphasis and to suggest positive means of achieving appropriate government consideration. A fourth area identified for study was reliability and maintainability.

For each study area, AIA examined past committee concerns, CODSIA letters, Defense Science Board reports, AIA recommendations on both major systems directives and the New Federal Procurement System. Key issues were identified and, where gaps in the Carlucci Initiatives coverage exist, action will be initiated to bring them to DoD's attention. The study on management systems and data was completed and forwarded to DoD; the others were targeted for early 1982 completion.

National Airspace Review

The Federal Aviation Administration (FAA) has programmed a massive review of all regulations affecting use of airspace. The review will be carried out by joint government/industry working groups under the direction of the Assistant Administrator of FAA.

AIA requested representation on those working groups which relate to general operating rules, the requirement for on-board equipment to interact with ground facilities, and the assignment of airspace for special purposes—such as flight test. The Civil Aviation Advisory Group has conferred with the FAA review program management staff to insure manufacturers' access to the review process.
Full implementation of the review, which will take place over the next 42 months, awaits approval of the charter of the Executive Steering Committee and the working groups.

Airport/ Airway Congestion

The 1980 AIA study *Airport and Airway Congestion—A Serious Threat to Safety and the Growth of Air Transportation* was updated and reissued in November 1981. Distribution was made to appropriate members of the Congress and to members of the Executive Branch. The new study recognizes recent actions to alleviate impending congestion but points out the continuing problems that face a safe, effective, and efficient air transportation system in the United States. It is hoped that the study will contribute to an early solution of the problems related to passage of the Airport and Airways Improvement Act and its associated revenue act.

NASA Aeronautical R&T

The Office of Management and Budget proposed such severe cuts in NASA Aeronautical Research and Technology funding that continued operation of some research centers was threatened. To emphasize its concern, the AIA Board of Governors adopted a resolution calling for increased support of these vital programs. This resolution, together with a “white paper” on the historic and future value of aeronautical R & T, was sent to President Reagan in December.

Computer Software Study

Noting the increasingly dominant role of software programs, the ever-growing number of management regulations, and concerns emanating from the publishing of numerous “how to” guidebooks, the Aerospace Technical Council established a panel of experts to highlight the major problems that industry is experiencing. Some of the problems being addressed are: conflicting DoD requirements and guidance and a divergence of DoD industry approaches; excessive and inflexible procedural direction, which increases cost and inhibits application of advancing software technology; and premature, counterproductive configuration management requirements.

A paper addressing these topics was drafted. Early results indicated a need to change basic government policies, for example, improved acquisition discipline without inhibiting effective design. Policies should allow flexible standards to recognize the difference in use, size, scope and complexity of software. However, these standards should define only what is needed and should not specify methodology. Government policies and procedures should better clarify software use and recognize differences in system development when post-delivery or post-deployment modification requirements are considered. There is need for tri-service standardization of DoD software specifications; until such documents are developed, a moratorium on single service specifications and standards should be invoked. Finally, the study suggested a joint government/industry board to address these topics on an annual basis.

Preliminary results were discussed informally with the Defense Science Board Task Force on Embedded Computer Resources Acquisition and Management. When completed, the study’s recommendations will be presented to DoD.

Industry/University Interface

AIA reaffirmed its position that support of universities
is more appropriately a function of individual corporations. However, the Engineering Dean's Council was advised of a need for upgraded curricula as a means of assuring well qualified engineers. Additionally, to improve visibility on the numerous methods by which member companies can support universities, a tabulated list of alternatives was developed and provided to member companies. This list is categorized by support to students, support of faculty, support of university facilities, and support refinement of curricula to improve the quality of engineering education. The Aerospace Technical Council is working with the Aerospace Research Center on a related study.

Aircraft Windshield Plasticizer

Union Carbide, sole supplier of a polyvinyl interlayer in shatterproof aircraft windshields and windows for the past 25 years, has announced that it would cease manufacturing the material. The aircraft industry is therefore forced to find an alternate material and obtain FAA certification of the material. The only known alternates are manufactured by Monsanto and by Chisso of Japan. AIA initiated a joint test program of the possible alternate materials to determine suitability for use in aircraft windshields. FAA approval of a satisfactory substitute will be requested upon completion of the program in May 1983.

Rotocraft Regulatory Review

The initial notice of proposed rulemaking resulting from the 1979 Rotorcraft Regulatory Review Conference cited Federal Aviation Administration (FAA) proposed regulations on applicability, instrument flight rules (IFR) and performance under icing conditions. The applicability rules provided a highly controversial issue, in that the FAA proposed to limit the number of passenger seats to nine in utility type rotorcraft. AIA objected on the basis that this action would provide a significant advantage to foreign manufacturers who are not so limited.

On the issue of icing regulations, AIA expressed the view that rulemaking is premature due to many technical uncertainties. AIA recommended that the interim criteria in use be continued until the uncertainties are resolved. Four additional notices of proposed rulemaking—systems, powerplants, airframe and operations/maintenance—are scheduled for release in 1982.

Transport Takeoff Performance

AIA joined other organizations in presenting industry’s views regarding transport airplane takeoff performance at a public conference sponsored by the Federal Aviation Administration (FAA). AIA made presentations covering takeoff noise abatement procedures, takeoff performance and wet runway operations. Relative to takeoff performance, AIA maintained that a recent amendment on accelerate-stop distance requirements was not justified, due to the excellent safety record of jet transport takeoff operations in the U.S. over the past 23 years. Application of this amendment to current or future airplane certifications would result in a significant economic impact to the airline operators. AIA recommended adoption of a simple procedural change to operations from wet runways which would provide additional stopping distance and would significantly reduce the interval of exposure to an overrun. FAA is considering the industry recommendations.
Metrics

Paced by market requirements, conversion of the metric system continued to proceed at a slow but steady pace in the aerospace industry. As customers in the U.S. or abroad requested metric design or production, the industry was able to respond with a minimum of difficulty. Problems were encountered principally in the area of availability of piece parts, stressing the need for faster development of metric part standards. This program is already well underway in AIA, and other key standards organizations such as SAE and DoD are following suit. The possibility exists that the U.S. Metric Board may be abolished sometime in 1982. While this will undoubtedly have an impact on public perception of the metrication question, the pace of conversion in the aerospace industry will continue to be tied to customer requirements, most particularly in DoD and NATO.

Critical Materials

Under Public Law 96-479, the Secretary of Commerce—in consultation with the Federal Energy Management Agency, the Secretaries of Interior and Defense, and the Director of the Central Intelligence Agency—was required to report to the Congress by October 21, 1981, on critical materials needs related to national security, U.S. economic well-being and industrial production. The aerospace industry was selected as the focus for the DoC study.

AIA participated in two joint government/industry/university workshops held in support of the study. The first addressed the problems of raw materials, engineered materials, and material substitution, conservation and recycling. The second was concerned with conservation and substitution technology. Based primarily on the information assembled from the workshops, DoC prepared its draft report. AIA reviewed and submitted comments to DoC on the draft.

DoC did not meet the October 21 mandate for submittal of its report to the Congress. However, the final draft of the report was sent to the Cabinet Council on Natural Resources for comment. AIA is preparing recommendations for industry action following submission of the report to the Congress.
The International Council serves the exporting segment of the aerospace industry, providing guidance, coordination and policy recommendations on issues affecting military and commercial aerospace.

With the advent of a new President and a new Administration, 1981 marked a change in official attitudes toward many aspects of trade. A number of officials came to fore in the U.S. government who clearly perceived that it was in the national interest to expand America's exports; the results of their attitudes were evident in the removal of some obstacles to international aerospace business. The government adopted a new posture on defense trade and raised exports to the level of a national concern, while Congress lifted tax burdens for overseas company representatives, explored the ambiguities in laws such as the Foreign Corrupt Practices Act, and looked at the incentives and disincentives to trade. There were also some disappointments, among them new Export-Import Bank restrictions and the failure to reach international agreement to eliminate export subsidies.

Commercial Aircraft Financing

A major problem confronting the commercial aircraft industry is export financing. America's foreign competitors enjoy a broad range of government support, foremost of which is export credit. Without adequate U.S. government support or an equitable international credit agreement, America's commercial aircraft manufacturers are at a distinct disadvantage in an export market where foreign subsidized credits can be pivotal.

Some movement toward constraining the credit dilemma emerged in August when the Chairman of the Export-Import Bank announced an interim agreement to lift interest rates. The U.S., United Kingdom, France and Germany agreed to raise unilaterally their credit export rates for competing aircraft and to harmonize their aircraft financing policies to reduce export credit subsidies. For the U.S., the new level is 12 percent. The agreement, however, does not provide for financing over the life of an aircraft, 15 to 20 years, but adheres to 10 years. Moreover, the agreement is valid only until September 1982, requiring new understandings or some extension.

The Export-Import Bank remains a crucial instrument in America's efforts to maintain its international markets. Without it, the foreign incentive to come to the negotiating table diminishes. At the same time, the aerospace industry recognizes that the Bank will not be able to supply all of the export credit needs of the industry. The search for alternative means of financing is a central effort of AIA. One innovative concept is the international equipment trust, an approach to making...
government-supported financing a neutral element in equipment selection.

**Militarily Critical Technologies**

The Departments of Commerce and Defense asked the Multi-Association Policy Advisory Group (MAPAG) to arrange a review of the revised military critical technologies list. The associations and companies represented in MAPAG, however, feel that industry's earlier involvement in attempting to review the first (1980) list was marked by unreasonable deadlines, lack of communication, midstream changes in format and failure to use industry's comments. Moreover, the requirements of the Export Administration Act of 1979—which mandated the list—were not fulfilled, particularly the need for a study on foreign availability. MAPAG sought to arrive at understandings with the government which would remove these obstacles and offer a reasonable chance of success in a subsequent review.

In the meantime, MAPAG proceeded to establish an organization to lead a simplified approach to a new review. Consultations were undertaken with the government to achieve commonality in approach. If the senior levels of the government find the understandings acceptable, MAPAG will recommend that the member companies proceed with a review. Central to this review will be industry's own deadlines and more interchanges with the government as the review develops. AIA favors cooperation with the government in reviewing the list, since failure to do so could leave the impression that the industry is fully satisfied.

**International Defense Collaboration**

Relationships between the U.S. government and the industry continued to improve in 1981 and the substance of governmental decisions showed a greater awareness of the realities of international defense collaboration. A positive move soon after the new Administration assumed office came in April with rescission of the so-called "Leprosy Letter", which placed constraints on the support U.S. posts abroad could provide American defense contractors. Under Secretary of State Buckley chose the AIA Williamsburg meeting in May to enunciate a major foreign policy statement on arms transfers and the national interest. Buckley stressed that the Reagan Administration had concluded that strengthening other nations with which the U.S. shares common security interests is an essential component of the total effort to restore effective deterrence to aggression. Arms transfers, he continued, can complement and supplement U.S. defense efforts and serve as a vital and constructive instrument of American foreign policy.

In support of its efforts to promote closer international industrial collaboration in mutual defense interests, the Department of Defense worked with AIA and other associations to stage defense equipment seminars in the Federal Republic of Germany (in March) and in Italy (in October). An effort to flesh out an understanding between Israel and the United States, to help lift Israel's defense burden within the terms of the earlier memorandum of understanding, fell into abeyance as a result of that country's actions to annex the Golan Heights.

As a result of an International Council proposal, the Secretary of Defense and the U.S. Trade Representative have formed a Defense advisory committee to look at defense trade and other military issues of joint interest.
to industry and government. The group is expected to include 30 senior industry executives, 10 of whom will come from subcontractors. The first meeting of the new organization is expected in early 1982.

NATO Industrial Advisory Group

The U.S. delegation to the NATO Industrial Advisory Group has undertaken a major initiative to assess the NIAG role in NATO, particularly its relationship with the Committee of National Armaments Directors. The objective is to improve the linkage between the two, giving NIAG a larger advisory role as the industrial component in NATO deliberations. Among a number of NIAG matters in 1981, three were of particular interest to AIA: a feasibility study of a NATO frigate replacement for the 1980s; a companion study to provide design trade-offs on helicopters for the frigate; and a study to develop a new NATO air command and control system.

Trade Expansion

The first meeting of the Incentives/Disincentives Subcommittee of the President’s Export Council convened in December, addressing Export-Import Bank financing export subsidies, the Domestic International Sales Corporation (DISC) and the extra-territorial applications of antitrust and other U.S. laws. The group adopted a resolution supporting the U.S. government’s efforts to reduce, and where possible to eliminate, predatory financing through international negotiations. The resolution urged the Administration to use its resources to make rates closer to market conditions, to bring rates more into line with currency differentiations and to make minimum official interest rates respond more quickly to movements in the financial markets.

The GATT Council reached a decision in December which is interpreted by the United States government as making DISC defensible under GATT rules. However, there is no guarantee that, at some future time, U.S. trading partners will not again challenge DISC. Moreover, there are officials in the U.S. government opposed to DISC for reasons of revenue. DISC’s best hope of meeting domestic challenges is to make a demonstrable gain in revenues in 1982.

To reflect a greater appreciation for the role and importance of aerospace to the United States economy and trade, AIA sent a letter to Commerce Secretary Baldrige recommending the establishment of an aerospace sector organization in the Department of Commerce for greater contact between industry and government.
The Office of Legislative Counsel is responsible for communicating to AIA members the status of legislative matters directly affecting the industry, while at the same time transmitting industry’s views to members of Congress.

In 1981, AIA coordinated and participated in a number of industry coalitions, dealing with such issues as Eximbank, contracting-out, patent legislation, tax changes and the Foreign Corrupt Practices Act. On behalf of the association, the Legislative Office worked with AIA staff and member companies to prepare testimony on aeronautical research and technology, the international competitiveness of the aerospace industry, the Vinson-Trammel Act, the FAA’s air traffic control computer system and its collision avoidance systems. In addition, letters or position papers were submitted for the record of Congressional hearings on airport and airway development, the future of the space program, Eximbank, procurement problem areas, continuation of CAB data collection, a public-use heliport for Washington, D.C., and removal of the ceiling on commercial arms sales abroad.
The Office of Public Affairs is responsible for informing the public of the goals and accomplishments of the aerospace industry in support of national security, space research, technological leadership, civil aviation, commerce, international trade and other matters. In fulfilling these responsibilities, the Office maintains liaison with and provides support for the Public Affairs Council, composed of public affairs executives of AIA member companies. Support is also provided, as required, for the public affairs activities of member companies' Washington offices.

In 1981, the Office of Public Affairs continued to focus its principal efforts on the aerospace industry's role as the nation's primary generator of high technology, particularly the industry's key roles in supplying advanced equipment for national defense, helping maintain world leadership in space and providing commercial transports for the world's airlines. Through its own publications, press releases and responses to media inquiries, the Office also provided information on such industry-related economic factors as inflation, balance of trade, innovation, productivity, energy and a variety of problems that affect the industry.

As in past years, the Office maintained liaison with government public affairs offices in those agencies with aeronautical/space responsibilities. The Office similarly maintained liaison with public affairs groups in trade associations whose interests are similar to those of AIA.

Publications

AIA's principal public affairs outlet is the quarterly publication Aerospace, which continued to cover diverse subjects concerning industry activity or the activities of government agencies directly or indirectly involved in aerospace matters. Features included by-lined articles by top-level industry executives on such subjects as innovation/productivity, aerospace competitiveness and the business aviation market; a timely report on the Soviet threat by the Secretary of the Air Force; major articles previewing the Space Shuttle and NASA's orbiting observatories; and coverage of NASA's work in aircraft energy efficiency research. In preparation at year-end, for publication early in 1982, was the annual review and forecast of the aerospace industry's 1981 accomplishments and 1982 outlook.

The Office also provided editorial and production support for *Aerospace Facts and Figures 1980/81*, which was published by the Aerospace Research Center under a similar arrangement with *Aviation Week*.

Continued as public affairs projects were the internal publications *AIA Quarterly Digest*, the *AIA Annual Report* and *Key Speeches*, a reprint service calling attention to speeches of particular interest made by industry or government executives.

Among special publications of 1981, the Office assisted in preparation of the *AIA Guide for the Presentation of Helicopter Operating Cost Estimates* and handled dissemination to the press of the AIA booklet *What's $1 Billion in Jetliner Sales Really Worth?* Also published and disseminated by Public Affairs were the *AIA Directory of VTOL Aircraft 1981* and the Federation Aeronautique Internationale *Directory of Helicopter Records*, prepared in cooperation with the National Aeronautic Association.

**Special Projects**

A December luncheon sponsored by the Mid-East Region of the Aviation/Space Writers Association featured AIA president Harr and his annual aerospace review and forecast. This meeting drew more than 150 media, industry and government representatives and resulted in substantial press coverage.

The Office arranged and coordinated two meetings of the Public Affairs Council, the spring meeting in Washington, D.C. and the fall meeting in Dallas, Texas. Public affairs support was provided for the AIA Board of Governors meetings in Williamsburg, Virginia and Phoenix, Arizona.

A member of the staff served as a session chairman of the Monterey (California) Conference on Planning for Rotorcraft and Commuter Air Transportation, sponsored by NASA and the American Planning Association, and as session moderator of the NASA-sponsored Emergency Service Rotorcraft Technology Workshop. Public Affairs was also represented on the *ad hoc* AIA/Helicopter Association International/National Business Aircraft Association committee for the establishment of a heliport in Washington, D.C. The Office continued to monitor air shows and other expositions which involve aerospace industry participation.

The Office provided editorial and research assistance to the AIA president in development of a "white paper" setting forth industry's position on NASA Aeronautical Research and Technology funding, and in developing a related AIA communication to President Reagan.
Traffic Service is a guidance and coordination point for the traffic management segment of the aerospace industries. As such, it serves as a medium for exchange of views on government regulation of traffic, both commercial and federal. The service provides staff representation before government agencies concerned with transportation issues. Providing specific direction for these representations is the responsibility of the Traffic Committee, aided by task forces created to study specific problems and to develop programs for committee consideration. During 1981, these programs led to participation in proceedings before the Interstate Commerce Commission, U.S. Customers Service, the Materials Transportation Bureau of the Department of Transportation and various carrier organizations.

Task Force Activities

AIA recommended actions through the ISAC structure and to U.S. Customs with respect to the duty free entry of aircraft parts as contemplated by the Civil Aircraft Agreement. Concerned with U.S. Customs implementation of the agreement, the AIA provided positions related to international aerospace trade to assure the formulation of entry regulations to carry out the intent of the agreement with a minimum of regulatory restraint.

A task force programmed and conducted industry/government traffic management seminars; it also performed initial review and drafted comments on government procurement regulations which have impact on traffic management.

Surveillance was maintained on rate and service proposals of carriers and the related Interstate Commerce Commission (ICC) proceedings. A task force compiled data, provided facts and made available witnesses to support Traffic Service in its handling of cases before carrier bureaus and the ICC concerning personal property as well as the movement of electronic materials. Similar functions related to the air and surface movement of hazardous materials were performed by another task force, which was additionally responsible for the review and preparation of position papers on DoT and Environmental Protection Agency rulemaking notices concerned with the transportation of hazardous materials and waste.

In line with Traffic Committee efforts to obtain uniformity among the states’ procedures for granting permits for movement of overdimensional shipments on the nation’s highways, a task force is compiling an aerospace transportability manual for use by members in planning movements of extreme dimension components.
The Rates and Classifications Subcommittee, a permanent subcommittee of Traffic Service, is responsible for maintaining surveillance of carrier rate and rule changes which are considered detrimental to aerospace interests. The subcommittee is primarily concerned with ICC rulemaking proceedings involving surface transportation. If AIA action is warranted, the subcommittee develops the necessary facts and data to permit appropriate representation. In the wake of major transportation legislation enacted in 1980, the ICC conducted a series of 1981 rulemaking proceedings which were reviewed by members of the Traffic Committee.
MANUFACTURING MEMBERS

Abex Corporation
Aerojet-General Corporation
Aeronca, Inc.
Avco Corporation
The Bendix Corporation
The Boeing Company
CGL Corporation
The Marquardt Company
Colt Industries, Inc.
Chandler Evans, Inc.
Menasco, Inc.
Corion Corporation
E-Systems, Inc.
FMC Corporation
Ordnance Division
The Garrett Corporation
Gates Learjet Corporation
General Dynamics Corporation
General Electric Company
General Motors Corporation
Detroit Diesel Allison Division
The BFGoodrich Company
Goodyear Aerospace Corporation
Gould Inc.
Grumman Corporation
Hercules Incorporated
Honeywell Inc.
Howmet Turbine Components Corporation
Hughes Aircraft Company
IBM Corporation
Federal Systems Division
ITT Telecommunications & Electronics Group—
North America
ITT Aerospace/Optical Division
ITT Avionics Division
ITT Defense Communications Division
ITT Gillilian
Lear Siegler, Inc.
Lockheed Corporation
Martin Marietta Aerospace
McDonnell Douglas Corporation
Northrop Corporation
Parker Hannifin Corporation
Pneumo Corporation
Cleveland Pneumatic Co.
National Water Lift Co.
Raytheon Company
RCA Corporation
Rockwell International Corporation
Rohr Industries, Inc.
The Singer Company
Spartan Corporation
Sundstrand Corporation
Teledyne CAE
Textron, Inc.
Bell Aerospace Textron
Bell Helicopter Textron
Daime Victor Operations
HR Textron Inc.
Thokol Corporation
TRW Inc.
United Technologies Corporation
Vought Corporation
Western Gear Corporation
Westinghouse Electric Corporation
Public Systems Company
Wyman-Gordon Company

DIVISION B MEMBERS*

Aviquipo, Inc.
Frank B. Hall and Company
Parker Aviation Division

DIVISION OF AFFILIATE MEMBERS

Air Carrier Service Corporation
Associated Aerospace Activities, Inc.
British Aerospace Inc.
Commerce Overseas Corporation
Eastern Aircraft Corporation
National Credit Office, Inc.
U.S. Aviation Underwriters, Inc.

*Discontinued December 31, 1981