June 3, 2025

The Honorable Howard W. Lutnick
Secretary
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

RE: Comments on Section 232 National Security Investigation of Imports of Commercial Aircraft and Jet Engines and Parts for Commercial Aircraft and Jet Engines (90 Fed. Reg. 20273, (May 13, 2025), XRIN 06940XC127)

Dear Secretary Lutnick:

The National Foreign Trade Council ("NFTC") appreciates the opportunity to provide input as part of the Department of Commerce's ("the Department") investigation to determine the effects on national security of imports of commercial aircraft, jet engines, and parts, initiated under section 232 of the Trade Expansion Act of 1962, as amended (Docket No. 250509-0082, XRIN 0694-XC127).

The American aerospace industry serves as a best-in-class model for achieving the Trump Administration's 2025 Trade Policy Agenda goal of restoring a high-wage U.S. production economy. The commercial aircraft sector is not threatened by imports – on the contrary, the aerospace sector is the largest export manufacturing industry and has maintained the single largest trade surplus across all American manufacturing industries.

According to data from the Aerospace Industry Association, the U.S. aerospace and defense industry invests in the American economy, supporting over 2.2 million workers and a domestic manufacturing base of over 100,000 companies, large and small, across commercial and defense markets. In 2023, the domestic aerospace supply chain generated $422 billion in production output, which constitutes 44 percent of total industry revenue and 1.6 percent U.S. gross domestic product.

**About NFTC**

The NFTC, organized in 1914, is an association of U.S. business enterprises engaged in all aspects of international trade and investment, including maintaining competitiveness and technological leadership. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, accounting for over $6 trillion in revenue and employing nearly six million people in the United States.

## I. Overview of the U.S. Commercial Aviation Sector

The aviation sector in the United States is divided based on civilian or military end use. Within the civil aviation division, commercial aircraft – primarily large civil aircraft[1] – are used to provide scheduled air transport services conveying passengers and cargo on regularly scheduled routes for compensation.

The large civil aircraft sector includes a range of goods and services that support the manufacturing and operation of an aircraft: from small parts and sub-assemblies to final assembly of aircraft and maintenance, repair, and overhaul (MRO) services. This U.S. sector thrives because of global supply chains that provide a range of components, from aerostructures, aircraft engines, landing gear, and navigation equipment and avionics. Much of this comes from Canada, Mexico, the United Kingdom, and the European Union.

While the United States is a dominant aerospace player globally, commercial aircraft– and civil aviation more broadly – is characterized by international collaboration. Most countries collaborate to establish common standards and recommended practices for civil aviation through participation in the International Civil Aviation Organization (ICAO). Given the United States' dominance in this global industry, it also leads efforts to set global standards. The United States' dominance in this global industry also includes its ability to play a crucial role in leading international standards-setting organizations.

Aircraft manufacturing is a similarly global endeavor. Boeing depends on more than 20,000 suppliers and partners worldwide. Suppliers just for the 787 program include several domestic suppliers, as well as manufacturers from the United Kingdom, Italy, Japan, Korea, Australia, and Sweden.[2] Airbus relies on some 18,000 suppliers across 90 countries.[3] Indeed, it is quite common to find a Rolls Royce engine on a Boeing plane and a Pratt & Whitney engine on an Airbus aircraft.

Beyond simply providing core parts for U.S. built commercial aircraft, these international manufacturing partnerships enable close collaboration on research and development that advance the competitiveness and success of the U.S. aviation sector globally. This approach enables the fastest access to cutting-edge innovations, sustains high-skill/high-wage jobs in the United States, and assures global access to parts required for aircraft maintenance operations.

## II. The Agreement on Trade in Civil Aircraft Drives Success in the U.S. Commercial Aircraft Market

For more than four decades, trade in civil aircraft has been governed by the Agreement on Trade in Civil Aircraft ("the Agreement"), which eliminates tariffs on a specific list of civil aircraft and parts used in their manufacture and creates export opportunities on a level playing field when governments purchase planes and parts. The Agreement now has 33 signatories:

[1] The U.S. Federal Aviation Administration (FAA) defines large civil aircraft as aircraft with a maximum certificated takeoff weight of more than 12,500 pounds.

[2] https://www.trade.gov/large-civil-aircraft

[3] https://www.airbus.com/en/becoming-an-airbus-supplier

Albania; Canada; Egypt; the European Union (including 19 member states who are signatories in their own right); Georgia; Japan; Macao; Montenegro; North Macedonia; Norway; Switzerland; Chinese Taipei; the United Kingdom; and the United States.

Many other important U.S. trade partners are observers in the Committee on Civil Aircraft but have not signed onto the Agreement. These include Argentina; Australia; Bangladesh; Brazil; Colombia; India; Indonesia; Israel; South Korea; Saudi Arabia; Singapore; Sri Lanka; and Ukraine.

This landmark agreement has been a cornerstone of America's dominance in the aerospace sector and has been a major contributing factor in creating the nation's top exporting manufacturing industry. Since the agreement began, U.S. commercial aerospace exports have surged by more than 2,100 percent.

The Agreement is one of the clearest examples of how commonsense trade policies that incorporate reciprocity can fuel decades of U.S. job growth and innovation and enable American industries to dominate in the global market. The fact that it has been around for a long time is a testament to its success and does not mean that it is outdated. U.S. manufacturing of commercial aircraft, jet engines, and parts are more competitive and resilient because of the opportunities created by the Agreement. National security would not be improved by ignoring the Agreement and imposing tariffs on these products. Building upon the Agreement and expanding its signatories could strengthen these positive impacts.

## III. Imports Do Not Threaten National Security

The American aerospace industry is a shining example of a sector where the United States is dominant in large part because of balanced, reciprocal trade.

In 2023, the U.S. aerospace and defense industry reached an impressive milestone, generating over $955 billion in sales—a 7.1 percent increase from the previous year. That same year, the United States exported $135.9 billion worth of goods – the second highest level of exports ever – and registered an almost $75 billion trade surplus – the highest trade surplus of any manufacturing sector. Rather than being harmed by imports, the United States dominates the sector globally, and imports play a critical role in creating secure and resilient supply chains.

The market for commercial aircraft, jet engines and parts is dramatically different from other sectors subject to Section 232 duties or current investigations. Commercial aircraft are not commodity products like steel and aluminum where price is the primary driver of purchasing decisions and global overcapacity and non-market practices are unfairly affecting the competitiveness of U.S. producers. Furthermore, Canada, the European Union, the United Kingdom, and others are much more significant sources of U.S. imports of civil aircraft products than China.[4]

Aircraft manufacturing also differs from other sectors in the length of the manufacturing process. The standard lead time for a new wide-body aircraft is between three to five years from the time

[4] See, U.S. Department of Commerce, International Trade Administration aerospace and defense trade data provided at https://www.trade.gov/data-visualization/aerospace-and-defense-data.

of order to delivery. This is due to high global demand, complex production processes, and slot availability in the manufacturer's production schedule. Airlines that place orders in 2025 may not receive delivery until 2028–2030. Imposing tariffs on parts needed to manufacture commercial aircraft that were ordered under terms set years ago could be extremely disruptive to procurement decisions and may even lead some customers to cancel orders.

## IV. Tariffs On Imports Would Put U.S. Aviation Security at Risk

Airlines, express shippers, and cargo companies that transport passengers and goods around the world must keep their aircraft fleets well-maintained, so they operate safely and on schedule. They also need to be able to purchase new aircraft to grow to meet demand and replace older aircraft. To meet these needs, companies use a variety of aircraft, sourced both domestically and abroad, to meet customer demand and transport passengers and goods where they need to go. Limiting access to aircraft will drive up procurement costs, ultimately resulting in higher prices for American customers. This could be particularly problematic for cargo operators, which have fewer sourcing options than the passenger aircraft segment.

The imposition of tariffs on commercial aircraft parts and engines will increase the cost of maintenance work on passenger and cargo fleets. Moreover, tariffs on parts imported into the United States would incentivize operators to perform repair work while planes are outside of the U.S., reducing job opportunities for aircraft mechanics in the UnitedStates.

We are also concerned that tariffs may cause disruption in the supply chain, potentially causing the inability to procure parts needed in the short term. A lack of access to needed parts could undermine operators' ability to maintain safe and continuous operations. Given the stringent criteria and certifications necessary to ensure the safety and reliability of aircraft and their parts, it can be incredibly complex and time consuming to integrate and onboard new suppliers.

The lingering uncertainty about Section 232 tariffs, and tariffs more broadly, is making it difficult for companies to plan, invest, and grow.

## V. Recommendations

For the reasons outlined above, the National Foreign Trade Council strongly urges the Department of Commerce not to find that imports of commercial aircraft, jet engines, and parts threaten U.S. national security. Instead, the Administration should continue to follow the Agreement on Trade in Civil Aircraft, which has eliminated tariffs and secured global market access for the American commercial aviation industry, enabling export dominance, and providing long-term, stable access to trusted, global suppliers. The industry has thrived under the Agreement, and it remains the ideal model for incentivizing investment and manufacturing in the United States, while working with trusted allies and partners.

As the Administration negotiates with trade partners to reduce bilateral trade deficits, seeking commitments from them to open their market to trade in commercial aircraft should be a priority. Countries should eliminate their tariffs on commercial aircraft, engines, and parts and ensure that U.S. manufacturers are treated fairly and are able to compete on a level playing field in foreign markets.

The U.S. government should uphold the tariff-free environment provided by the Agreement and remove all customs duties and other charges – including other tariffs imposed by the Trump Administration – on imports of civil aircraft, engines, and parts. We also encourage the administration to expand upon the Agreement in current trade negotiations and seek bilateral commitments, such as the bilateral deal reached with the United Kingdom, to promote free and reciprocal trade in civil aircraft, engines, and parts. This will continue to benefit the U.S., as it has over the last 45 years.

The commercial aircraft industry in the United States is already strong and provides immense opportunities for growth in high-skill/high-wage production economy jobs the Administration is seeking to promote. In this instance, however, tariffs are not necessary to incentivize investment in the United States and do more harm than good by disrupting secure and resilient global supply chains.

What the industry does need is more skilled aerospace manufacturing workers. The industry is currently facing labor shortages, and these jobs require highly specialized and skilled workers. Rather than looking to tariffs on aircraft and parts, the Administration should look for opportunities to strengthen the domestic industry – and our national security – by bolstering workforce development programs that would support the domestic industry.

Thank you for your consideration of our comments. We welcome the opportunity to provide additional information and address any questions you may have. Please contact us at jchu@nftc.org, (703)225-8519 or Tiffany Smith tsmith@nftc.org, (703)966-1670.

Sincerely,

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Tiffany Smith
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cc: Jeffrey Kessler
Under Secretary of Commerce for Industry and Security

Jamieson Greer
United States Trade Representative