

2025 GAMA Hill Day Meetings Aviation and Trade

KEY TALKING POINTS

- Aerospace manufacturing is a balance of trade success story. In 2024, the U.S. aerospace manufacturing industry had a net positive export trade balance of \$104 billion and the value of U.S. exports was six times the value of U.S. imports.
- Reciprocal tariffs on the civil aerospace supply chain will disadvantage U.S. industry on sales outside the U.S. and U.S. maintenance work, costing the U.S. jobs. It is not easy to replace current suppliers given the costs of moving production and obtaining new FAA and other certifications are enormous and take years.
- Industry has benefited from its duty-free treatment under the Agreement on Trade in Civil Aircraft and asks for clarification that it can continue to operate under this trading regime.
- We encourage you to be prepared to explain how tariffs have had a negative impact on your company.

BACKGROUND

The U.S. civil aerospace industry is a balance of trade success story and a model for U.S. manufacturing and trade dominance:

- In 2024, the industry had a net positive export trade balance of \$104 billion, with exports of \$124 billion and imports of \$20 billion.
- The value of U.S. exports is six times the value of U.S. imports.
- The industry is the second largest manufacturing export sector and the largest positive trade balance of any manufacturing sector.
- The industry supports 9.4 million jobs, \$1.8 trillion in total economic activity, and contributes 4% of U.S. gross domestic product.

In short, the U.S. civil aerospace industry has already built the type of success that President's Trump's reciprocal tariffs and America First Trade Policy are intended to achieve.

Absent clarification that industry can continue to operate under the Agreement on Trade in Civil Aircraft, reciprocal tariffs will put this unique industry at a competitive disadvantage, leading to U.S. job losses. To preserve U.S. competitiveness, the Administration should continue the preferential duty-free treatment of civil aerospace goods under the Agreement on Trade in Civil Aircraft. Continuing with that framework aligns with the President's America First Trade Policy agenda.

The costs of reciprocal tariffs on American civil aerospace's global supply chain will create a disadvantage for the industry when competing with foreign companies on sales outside the U.S. Non-U.S. manufacturers buy their imported supplies under the Agreement on Trade in Civil Aircraft, so they have no tariff costs, which provides them

with a material price advantage when selling their finished goods outside of the U.S.

In contrast, if the Agreement Trade in Civil Aircraft does not apply to U.S. importers, then American manufactures must pay tariffs on their supply chain imports. Given the enormous size of non-U.S. sales by American civil aerospace, a significant loss of American jobs is likely, even if domestic producers increase sales in the U.S. This disadvantage extends to the maintenance side of the industry which supports over 200,000 U.S. jobs.

Despite the industry's huge positive U.S. trade balance, it has global supply chain contributors. The design of aircraft, engines, and other aerospace products and their manufacturing processes are highly regulated to ensure safety. Each design and its manufacturing process must be individually certified by the FAA and other aviation authorities. Many parts are unique to the specific aircraft, engine, or other component for which they are designed. There are no existing alternative U.S. suppliers for such parts. The costs to move production and obtain new FAA certifications are enormous and will take years.

The aerospace industry, because of its expertise, innovation, and skilled workforce, has benefited from the Agreement on Trade in Civil Aircraft. This economic certainty has led to stable and increasing investment in the U.S aerospace sector and led to product development and cutting-edge manufacturing processes, spurring growth and aviation jobs. It also has helped ensure that the foundation of market access for aerospace products is focused on safety.

The tariff-induced competitive disadvantage on the industry can be corrected simply by clarifying the duty-free treatment under the Agreement on Trade in Civil Aircraft which has underpinned U.S. export and trading strength still applies. By doing so, the Administration can focus its work with industry on actions like accountability in the performance of aviation safety agreements, investments to bolster innovation and technology, and measures to address specific supply chain challenges to further U.S. aviation manufacturing leadership.