

STATEMENT OF DONALD R. SEGNER, ASSOCIATE ADMINISTRATOR FOR POLICY AND INTERNATIONAL AVIATION, FEDERAL AVIATION ADMINISTRATION, BEFORE THE HOUSE SCIENCE AND TECHNOLOGY COMMITTEE, SUBCOMMITTEE ON TRANSPORTATION, AVIATION, AND MATERIALS AND THE SENATE COMMERCE, SCIENCE AND TRANSPORTATION COMMITTEE, SUBCOMMITTEE ON AVIATION, CONCERNING THE FUTURE OF GENERAL AND COMMUTER AVIATION. AUGUST 27, 1981

Mr. Chairman and Members of the Subcommittees:

I am pleased to be here today to discuss the Federal Aviation Administration's views on the future of general and commuter aviation, and the proper role of the Federal Government in promoting those industries. While the focal points of this hearing--technology and international trade as they affect commuter and general aviation--are of natural interest to the FAA, they are not, as you know, directly within the scope of the FAA's primary responsibility. That responsibility is to ensure the safety and efficiency of the national airspace system and vehicles that use that system. Consistent with our mission, FAA's technological engineering and development programs concentrate primarily on enhancements to the air traffic control system and safety improvements to aircraft.

At the outset I want to emphasize that the aeronautical capabilities of aircraft manufactured in the United States measure up to any in the world. While there are projections that the United States manufacturers' share of the world market for commuter type aircraft will decline over the next decade,

this is not due to any decline in the quality of aircraft produced in the United States. Rather, the United States manufacturers have not concentrated on large commuter aircraft, because of the lack of a defined domestic market for these aircraft in the past.

Until a few years ago, United States commuter airlines were, with few exceptions, restricted to aircraft with 30 or fewer seats. The Airline Deregulation Act of 1978 raised the limit to 55 passenger seats. The CAB has subsequently raised that by regulation to 60 passenger seats. United States manufacturers, therefore, had tended to specialize in the smaller aircraft market and only recently began focusing on the larger commuter aircraft.

Foreign manufacturers had the resources to develop larger commuter aircraft and therefore accept the financial risks prior to the advent of a firm United States market for these aircraft. Thus, they had a head start on their United States counterparts when this market opened up. However, we are aware that there will be several new United States and joint United States - foreign entrants into this field. We expect that they will be competitive once they go into production. The opportunities for commuter aircraft manufacturers are expanding rapidly. We expect substantial increases in the number of

commuter passengers through 1990, and the demand for large commuter aircraft will continue to increase.

While other governments directly fund specific research and development projects aimed at the development of particular aircraft through specific manufacturers, the United States government research and development has been of a more generalized nature. This is due in part to the view that the federal government's role is to support long term, high-risk but potentially high-payoff, fundamental research in which private industry is unlikely to invest adequately on its own. The application of research to new products is more appropriately the responsibility of the private sector. This is fundamental to the American free enterprise system. Incidentally, through our open and free communications process much of that same research and development technology base data is available to the foreign countries and therefore the market competitor.

There are clear incentives for United States manufacturers to make technical advances. The benefits of short runway use, wake alleviation, and other techniques will lead to aircraft developments that are attractive to the customer not only in the United States market, but in foreign markets as well. At the FAA, we strongly believe that the United States private sector is unmatched in its innovative capabilities. We have no

doubt that United States firms can compete successfully with foreign manufacturers when they set their sights on a specific objective. The federal government can help our manufacturers by working to remove barriers to United States trade.

We are examining whether the FAA has any policies and regulations which inadvertently make United States firms less competitive. In addition to examining and modifying our current regulations we are looking at the areas of aircraft export airworthiness approvals. In one case, as an example, we are considering a revision to Federal Aviation Regulation Part 21.339(1) concerning the sale of restricted category aircraft. This change would permit a manufacturer who has taken such an aircraft outside the United States--on a sales demonstration tour of several countries--to sell that aircraft immediately in any one of those countries. Currently, that manufacturer would have to obtain a special exemption, return that aircraft to the United States, or present it at an approved FAA facility overseas prior to the sale.

We are also reviewing past and present implementation of bilateral airworthiness agreements. The United States is party to 24 bilateral agreements for the reciprocal acceptance of airworthiness certification for imported aeronautical products and components. These agreements are the only practical means

by which foreign manufactured aircraft can receive FAA airworthiness certification; and by which engines, propellers, materials, parts, and appliances can receive FAA approval for use on United States registered and certificated aircraft. Under the reciprocity provisions of these agreements, many United States manufactured products are similarly certificated by airworthiness authorities for acceptance in "bilateral" countries. These agreements serve a necessary technical need, i.e., facilitating safety approval by the importing country's airworthiness authority. They are not trade agreements. These BAWs are intended to minimize duplication of governmental safety surveillance activities and to facilitate the import and export of safe aeronautical products.

Some United States manufacturers have expressed off the record concern about delays in the foreign governments' certification of United States products. They also allege the imposition of double standards for United States aircraft versus the domestic aircraft of other countries. Overly long and expensive quality surveillance of components abroad for United States certification/production programs, which may subject United States manufacturers to inspection charges and possible added risks of program delays or disruption are also reported.

The smooth functioning of our BAWs is important to the success of United States manufacturers' sales of highly competitive

products. Therefore, we are reviewing our present policies with respect to bilateral airworthiness agreements. As part of that effort, the FAA practices in implementing agreements are being compared with those of foreign authorities. Our review will determine if United States manufacturers are being fairly treated under all individual airworthiness agreements. The Administrator and I believe that the airworthiness certification process and the implementation of our bilateral airworthiness agreements must not be allowed to become a trade barrier with any country.

We are also examining, with other concerned agencies, United States manufacturers' experiences when doing business in foreign countries. Some national preference buying programs are broader and more intense overseas than in the United States. This is in part because in other countries the governments are deeply involved in the direct research, development, and production of those products. Moreover, it is important to recognize the possibility that trade barriers such as import quotas, tariffs, and other restrictions can limit United States industry access to foreign markets or raise the cost of United States companies' products compared to those of the foreign countries' own companies.

The benefits of our aviation industry to this country are enormous. General Aviation is a critical part of that. We

recognize that the continuance of United States leadership in this field is essential to our national economy both through direct domestic benefits and the positive contribution to our balance of trade. Aviation is a vital and essential element of both the United States and world transportation systems. We must not allow the competitive edge attained by our United States aviation industry to be lost.

Mr. Chairman that concludes my prepared statement. At this time I would be pleased to respond to your questions.