

In the Air Capital of the World, tariffs come with challenges — and opportunities

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Amir Etezazi's company is adjusting to tariffs imposed by the Trump administration.

WICHITA, Kansas — Etezazi Industries is working overtime.

On a recent afternoon at the north Wichita manufacturer, machinists fashioned sheets of metal into airplane parts: one for a passenger plane's engine pylon; another to hold a jumbo jet's black box computer.

The 35-person company's customers include major planemakers like Boeing and Airbus, along with their suppliers. And here, steel and aluminum are king. Both materials now carry a 50% tariff when imported from abroad — which cuts into Etezazi Industries' bottom line.

"We noticed some increases in a lot of costs," CEO Amir Etezazi said. "We don't know if some of that are due to inflation or if it's due to some of the tariffs — we don't see an itemized invoice. But we have seen some increases."

The situation at the company offers a window into how sweeping tariffs enacted by the Trump administration are already reshaping global commerce.



Jose Lopez, a machinist at Etezazi Industries, uses a hand grinder to smooth the edges on an aircraft part.

That includes the Kansas aircraft manufacturing industry, with major businesses like Wichita's Spirit Aerosystems and Textron Aviation and Olathe's Garmin and Honeywell.

Aviation employs tens of thousands of Kansans and contributes more than \$7 billion annually to the state's gross domestic product.

Challenge and opportunity

Some of Etezazi's customers in Canada and Mexico have pulled back on orders in response to 25% tariffs against those countries initiated by President Donald Trump earlier this year that spurred reciprocal tariffs by their governments.

"That has impacted our customers," Etezazi said, "as far as doing business with U.S. companies."

Amid the tumult, Etezazi said he's also finding new opportunity. Some planemakers have started asking him for parts they'd typically import from overseas, often much more cheaply than they can find domestically. With tariffs now added to foreign imports, the price advantage of buying abroad has diminished.

The catch? The new customers are asking Etezazi for those parts at prices far lower than he can offer — sometimes 10% or 15% less, and sometimes as much as 100% below retail price.

“We’re coming to the conclusion that (their price expectations are) coming from outside the U.S.,” he said.



Etezazi Industries manufactures parts for Boeing, Airbus and other planemakers.

Etezazi is trying to rise to the occasion. He’s exploring cost-cutting strategies — like leaning on automation and machine learning — that could allow him to offer the new parts at lower prices.

He’s also hiring more workers to help meet the increased demand. As a “Now Hiring” sign sways in the hot summer wind, Etezazi said he’d like to bring on five to 10 new workers in the next few months.

“We’re realigning ourselves for some of this new work,” he said.

A fragile supply chain

New opportunities for companies like Etezazi Industries are, in part, the stated goal of Trump’s tariffs. By making it more expensive for U.S. companies to buy foreign-made goods, maybe those companies will source more from local vendors.

But analysts say the realities of aircraft supply chains — still recovering from COVID-19 pandemic-era disruptions — can make finding domestic suppliers challenging if not impossible. For some parts, there may only be one or two manufacturers worldwide.

“It’s not really a question of replacing them with an American supplier,” aviation consultant Rolland Vincent said. “In some cases, there are none.”

Even when there are multiple suppliers of a given part, the industry often operates with multiyear waitlists that prevent companies from adjusting their suppliers to respond to a fluctuating tariff landscape. Vincent said companies order big-ticket items like landing gears and engines two or more years ahead of when they need to deliver a plane.

And it’s not always easy for American companies to enter the market for those parts. It can take years for a manufacturer to obtain the Federal Aviation Administration certification needed.

When planemakers can’t find American-made alternatives to the parts they typically import, they’re forced to absorb the additional cost of tariffs — or pass it along to customers.



Hugo Phan
/
KMUW

Boeing supplier Spirit Aerosystems is Wichita's largest employer, and among the largest in Kansas.

“(Companies) are deciding how they want to handle it. Are they going to eat it? Are they going to pass it on?” Vincent said.

“A lot of them pass it on.”

Long-term repercussions

U.S. tariffs and foreign tariffs enacted in retaliation make it more expensive for foreign countries to purchase American goods.

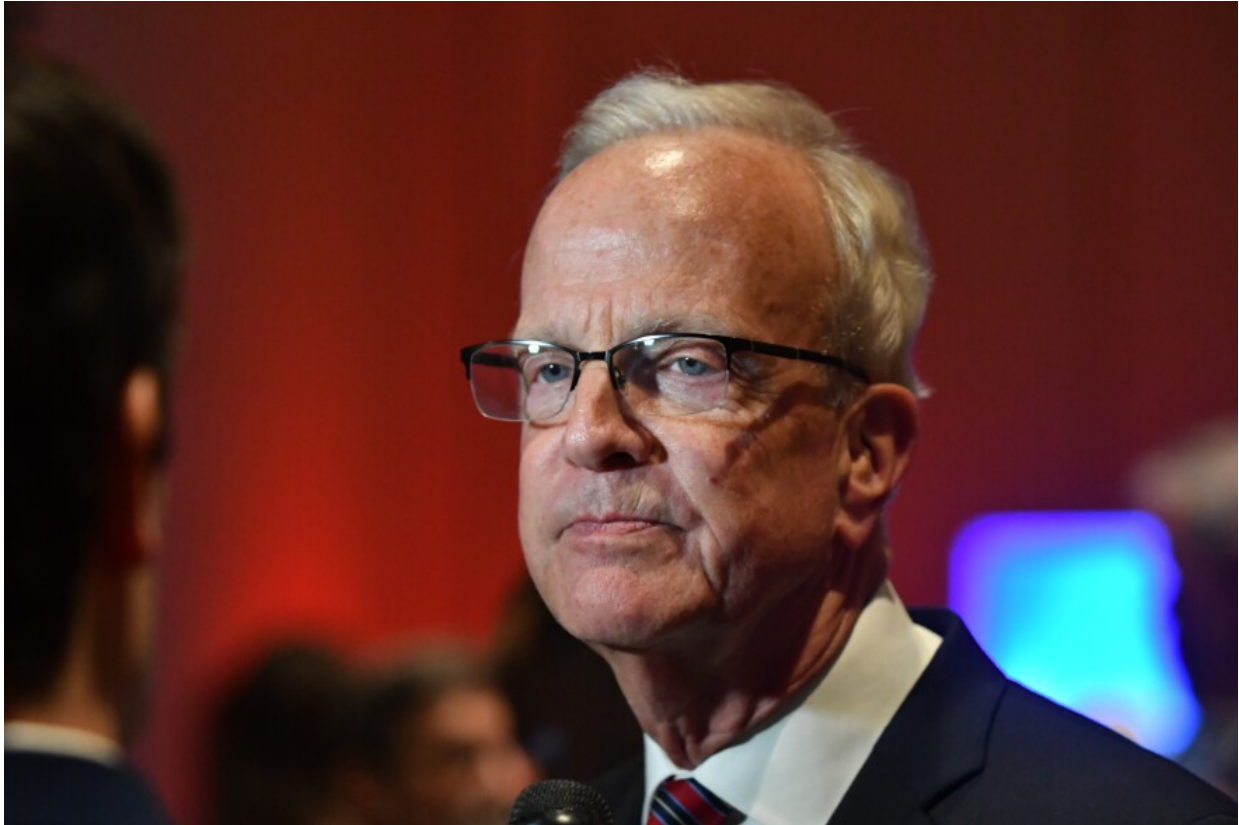
Experts say a protracted trade war could dampen demand for U.S. planemakers like Boeing — which is in the process of reacquiring Wichita's largest employer, Spirit Aerosystems.

“Countries are getting pretty fed up, and so they're looking for alternative suppliers,” said Usha Haley, the Barton distinguished chair in international business at Wichita State University. “The major alternative currently is Airbus, but there will be others.”

That has consequences for Kansas businesses and consumers. The uncertainty associated with the tariffs has thrown the state's foreign export market into question. Aerospace exports account for 20% of Kansas foreign sales, according to the Kansas Department of Commerce.

Haley said Wichita's labor market has already taken a hit.

“At Wichita State, we have a world-class aeronautical engineering department,” she said, “and I know of some employers that have rescinded their offers because they don't know how many people they can hire or how many planes they're going to be manufacturing in the future.”



Carlos Moreno

/

KCUR 89.3

U.S. Senator Jerry Moran, pictured in 2022, has repeatedly questioned Trump administration officials about the impact of tariff policy on the Kansas aviation industry.

And because tariffs are making it more expensive to build planes, airlines could start charging passengers more to fly in them. Delta and Alaska Airlines have already warned of summer flight cancellations and reduced passenger capacity due to tariffs, and Haley said more extensive disruptions could be on the horizon.

Industry leaders push back

Ed Bolen is president and CEO of the National Business Aviation Association, a general aviation lobbying organization. He said industry leaders are grappling with how to respond.

“There’s a lot of concern being expressed,” Bolen said. “And I think there’s a degree of frustration.”

Frustration because, for 45 years, the aviation industry has operated under a 1979 U.S.-led trade agreement that promised zero-tariff trading in aircraft parts. The Agreement on Trade in Civil Aircraft has fueled U.S. dominance in the industry — and, said Bolen, a more than \$100 billion trade surplus.

“Flat, fair, free trade environments work very well for the U.S. aerospace industry,” Bolen said, “and we have concerns that that could be upset.”

In recent weeks, Republican U.S. Senator Jerry Moran has repeatedly stressed the importance of the agreement to aerospace supply chains.

But for industry groups, a bigger threat looms on the horizon. In May, the U.S. Department of Commerce launched a Section 232 investigation into potential national security risks associated with U.S. planemakers importing aircraft parts from overseas. Trump administration officials have indicated that it could be a pretense for imposing additional, industry-specific tariffs on aviation.

Last week, the lobbying group that represents Boeing and other American planemakers said further tariffs could have a “debilitating” impact on the aviation industry. The Aerospace Industries Association said consequences may include broken supply chains, stifled growth and the injection of counterfeit parts into the marketplace.

“There is a real danger of cheap rip-off parts being circulated around the state,” said Haley, the WSU professor. “It’s not happening at any scale currently. Everybody is waiting and seeing. But that is a threat that is a legitimate security concern.”

Rose Conlon reports on health for KMUW and the Kansas News Service. The Kansas News Service is a collaboration of KCUR, KMUW, Kansas Public Radio and High Plains Public Radio focused on health, the social determinants of health and their connection to public policy. Kansas News Service stories and photos may be republished by news media at no cost with proper attribution and a link to ksnewsservice.org.



Rose Conlon was a reporter based at KMUW in Wichita, and served as part of the Kansas News Service, a partnership of public radio stations across Kansas. She covered the intersections of health care, politics, and religion, including abortion policy.