

RESTRICTED

# GENERAL AGREEMENT ON TARIFFS AND TRADE

AIR/23  
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Special Distribution

## Agreement on Trade in Civil Aircraft

### PRODUCT COVERAGE

#### Communication by the United States

The following communication, dated 12 March 1981, has been received from the delegation of the United States. It relates to item 5 of the agenda for the meeting of the Aircraft Committee on 25-26 March 1981.

At our Committee meeting in December you suggested that delegations might submit to you prior to our next meeting their proposals for considering the addition of certain products to the tariff item headings in the Annex to the Agreement. This letter responds to that suggestion.

As I have indicated previously, the approval of the Congress of the United States is required before we can add products to the list of those which are accorded duty-free treatment upon entry into the United States. Favourable consideration by the Congress of any proposal that the United States Trade Representative might submit to the Congress would be facilitated by having available appropriate analysis of the trade flows involved and the trade impact or benefits resulting from such duty elimination. It is this concern with having a reasonable likelihood of receiving favourable action by the Congress that has caused us now, as on previous occasions, to urge our partners in the Committee to quantify the trade flows for the additional products they wish to have included in the Annex. Analysis of such trade flows will be an important element of the work that the United States delegation must do as the Committee addresses this matter.

I should observe that Congressional satisfaction that our partners' policies and actions are fully in accord with the tariff and non-tariff provisions of the Agreement will likely be an important element of the Congress's deliberations on modifying the tariff schedules of the United States. Two years ago when we presented the Agreement to the Congress, for its approval, it was as an inseparable part of the entire package of results of the Tokyo Round. Now any amendment of the Annex will, of necessity, be considered by the Congress as a subject standing on its own, to be voted up or down.

As to the process and schedule for considering amendments to the Annex, we would suggest that this matter is appropriately one that should be handled by the Committee itself, not by the Technical Sub-Committee, and that special meetings of the Committee, not open to observers, be convened for this purpose.

We suggest that the process and schedule (i.e., meeting dates) be resolved at our 25-26 March meeting, at which time the Committee should also agree on further requests it might have to make of the Technical Sub-Committee. We presume that the set of products to be considered for inclusion in the Annex is that contained in AIR/TSC/2, recognizing that this list may be modified in the course of the negotiations.

It would seem timely to us to have an initial meeting in June, at which time delegations would state their requests, with the reasons therefor with supporting trade data analysis. In two days' time we might attempt to outline a balanced package of requests, which can then be further considered in capitals over the summer.

We could have a second session in late September at which time we would decide on future scheduling for consideration of extended parts coverage. We would see the future meetings as targets for reaching ad referendum agreement on amendments. The effective date of amendments could be set for 1 July 1982 or 1 October 1982, as I would suppose that a reasonable interval would be required to obtain the necessary ratifications before the members would be in a position to implement the amendments.