

GENERAL AGREEMENT ON TARIFFS AND TRADE

COMMITTEE ON TRADE IN CIVIL AIRCRAFT

Report to the Contracting Parties

This report is submitted under Article 8.2 of the Agreement on Trade in Civil Aircraft. It sets out the activities of the Committee since November 1980 (the first report, covering the period January-November 1980 was contained in document L/5075).

2. In October 1981 there were eighteen Signatories to the Agreement: Austria, Canada, the EEC, Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, the United Kingdom, Japan, Norway, Romania, Sweden, Switzerland and the United States.

3. The Committee on Trade in Civil Aircraft held four meetings in the period under review; on 15-17 December 1980, 25 March 1981, 18 June 1981 and 28 and 30 October 1981.

4. The Committee had adopted in February 1980 the GATT procedures for modification and rectification of Schedules (BISD, 16th Supplement, page 16). The Committee further decided to apply the superceding Decision by Council of 26 March 1980 (L/4962) concerning the modification and rectification of Schedules, with respect to the Annex to the Agreement on Trade in Civil Aircraft.

5. The Committee continued its detailed discussion of several items on the operation of the Agreement. It examined the status of acceptances of the Agreement, Signatories' aircraft bindings and end-use systems. It continued its discussion on the question of the binding in Signatories' respective GATT schedules of the duty-free or duty-exempt treatment for duties and other charges on repairs. The matter of military entities, as it relates to the coverage of the Agreement under Article 1.2, has been pursued at each meeting.

6. Under Article 3 of the Agreement, the Committee had an exploratory discussion of the operation of the Agreement with respect to standards. In this context it was recognized that the Signatories to the Aircraft Agreement had an obligation to work within the relevant international standardizing bodies; in the field of aircraft the principal body is ICAO. The Aircraft Committee would deal directly only with problems of technical regulations or standards having an impact on international trade.

7. Under Article 4, the Committee had a general discussion on policy questions arising from the provisions concerning government-directed procurement. It was generally suggested that the Committee should await further experience before it attempted an interpretation of Article 4.

8. Under Article 5, the Committee sought clarification of certain Signatories' trade regulations that prima facie qualify as restrictions. The discussion is not closed.

9. Under Article 6, the Committee discussed at some length proposals for notification of government supports in the field of civil aircraft. While general interest was expressed in the idea of greater transparency of government supports, the Committee did not find it useful, at this time, to set up a separate procedure from the notification procedures under Article 7 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs on Trade (Agreement on Subsidies and Countervailing Measures) which apply to trade in civil aircraft. The Committee also had an exchange of views on the subject of export credits.

10. The Committee referred to the Technical Sub-Committee the matter of examining how aircraft concessions are reflected in national tariffs, with a view to ensuring that full transparency be achieved, as required under Article X of the GATT.

11. The Committee received the second and third progress reports of the Technical Sub-Committee (AIR/TSC/1, 2 and 3) and the List of Selected Products (AIR/TSC/2) prepared by the Sub-Committee for consideration in view of enlarging the coverage of the Annex to the Agreement. The Committee had a discussion on the current status of statistical reporting of the products covered by the Annex to the Agreement; while it was thought generally desirable to have statistical data indicating trade flows, a number of technical difficulties would have to be overcome before comparable statistics reporting could be obtained. With respect to the List of Selected Products for enlarging the coverage of the Annex, the Committee asked the Technical Sub-Committee to provide further specific information on the products in order to facilitate future discussions.

12. The minutes of the Committee's meetings are contained in documents AIR/M/1 to 5, and are available to the contracting parties to the GATT.