

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

Special Distribution

Committee on Trade in Civil Aircraft

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COMMUNICATION FROM THE UNITED STATES

The following letter, dated 11 April 1991, has been received by the Chairman of the Committee on Trade in Civil Aircraft from the Office of the United States Trade Representative.

By letter dated 9 April 1991, the EC requested that you in your capacity as Chairman convene a meeting of the Committee on Trade in Civil Aircraft "in order to examine the application of the Aircraft Agreement to the complaint presented by the United States to the Committee on Subsidies and Countervailing Measures, relative to the exchange rate scheme provided for by the German Government to its Civil Aircraft industry." In response, my authorities would like to raise the following points.

At the outset, my authorities would like to note their serious concern at the absence of any reference in the EC's request to a justification under a specific provision of the Agreement on the basis of which the EC has made its request. As a rule, such a basis should, of course, be clearly identified in any request.

As we have said in the past, it is inconceivable to us that a complaint that is being adjudicated under another GATT instrument could itself be considered to constitute an "adverse trade effect" to the trade interests of another signatory of the Aircraft Agreement. The subsidy program at issue in the proceeding under the Committee on Subsidies and Countervailing Measures was provided by an EC member state. If, as we believe, that program is found to be in contravention of the EC's obligations under the Subsidies Agreement, it is the interests of the United States (and, presumably, those of other signatories), not those of the Communities, that will have been determined to have been adversely affected.

In addition, the subject matter of the EC's current request also formed part of the agenda of the recent March 21 meeting of the Aircraft Committee. At that meeting, all parties had an opportunity to comment on the matter and, in fact, it was discussed exhaustively. It is unclear to my authorities what new developments may have occurred in the intervening weeks to merit that issue forming the basis for a further meeting of the Committee, particularly one convened on an urgent basis.

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In this as in other fora, the United States strongly supports the ability of signatory countries to discuss genuine issues in accordance with the terms of the applicable instrument. Thus, taking account of the points raised above, the United States would not object to your calling a meeting of the Committee within a reasonable time (ordinarily a period of at least 2 weeks) from the date of the circulation of the EC's request. However, my authorities would ask that the concerns identified above be included in the agenda of any such meeting. It would be our intention to raise these matters in greater detail before the Committee at the time of any such meeting.