

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**Sub-Committee of the Committee
on Trade in Civil Aircraft**

MEETING OF 8 JULY 1994

Note by the Secretariat

1. The Sub-Committee held its twelfth meeting on 8 July 1994 under the Chairmanship of Mr. Mikael Lindström (Sweden). At the outset of the meeting, one participant noted that his delegation had not agreed to the continuation of negotiations in the Sub-Committee. The Chairman recalled the positions that had been expressed by members of the full Committee (at its May meeting) with respect to the basis for continued negotiations, and noted that there were also differing opinions as to how and when the proposed technical rectifications to the 1979 Aircraft Agreement (AIR/W/96) should be effected. Participants discussed the issue of re-activating the questionnaire in AIR/RN/11, the inclusion of an additional product in the Annex on Product Coverage, and the technical rectifications to the 1979 Agreement (AIR/W/96), as well as the inclusion of certain non-controversial elements in the Chairman's text of 12.12.93 (AIR/RN/12/Rev.1) in those technical rectifications.
2. The Chairman proposed that in light of the lack of agreement on either the approach to or basis for continued negotiations, the Sub-Committee focus on getting a better understanding of some of the underlying issues and problems in the civil aircraft sector. He suggested that the Sub-Committee might re-activate the questionnaire that had been circulated to participants in May 1993 (AIR/RN/11), particularly as only a few responses to it had been received. As before, this would be an informal information-gathering process strictly within the confines and jurisdiction of the Sub-Committee, the results of which would be held confidential. Participants might want to consider making changes in the questionnaire prior to its re-issue. The responses to it could serve as a platform for analysis and discussion in the Sub-Committee.
3. One participant suggested that the Sub-Committee might more usefully tackle the technical rectifications to the 1979 Agreement and try to reach agreement on some of the less contentious areas of the negotiations, such as the improvements contained in the Chairman's text of 12 December 1993 to Article 4 of the 1979 Agreement. Also, the technical anomaly in the Annex on Product Coverage regarding the omission of ground maintenance simulators should be corrected. Another participant agreed that these three issues could and should be taken up expeditiously, but felt that the questionnaire exercise would also be useful; however, there should not be a lengthy negotiation on the content of the questionnaire. Another participant said that if the questionnaire were to be re-issued, its contents should first be studied carefully in light of the new Subsidies Agreement and the Chairman's text of December, and a more precise and efficient questionnaire should be developed; a repetition of the general fact-finding exercise of the last questionnaire would be a waste of time. One delegation said that it understood that participants would have the opportunity to comment on the submissions made by others, and stressed that this transparency exercise should not become the primary focus of the Sub-Committee's activities to the exclusion of the continuation of negotiations on substance and should be concluded expeditiously.

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4. Participants identified and discussed certain problems with the questionnaire as it stood. For example, the concept of support used therein had no precise definition and could be interpreted differently by different countries, thus yielding responses that would not be comparable and would not serve the end of transparency. Also, some elements in the questionnaire were overly burdensome and not useful.

5. Regarding the proposed technical rectifications to the 1979 Agreement, one participant said that these were not in any way linked to the substantive negotiations in the Sub-Committee. While his delegation should have no difficulty agreeing to the proposed addition to the Annex on Product Coverage, this was a matter of substance and not a technical matter and should be dealt with in the Sub-Committee along with other matters of substance rather than rolled into the technical rectifications. Another participant said that there was no reason not to include, as part of the proposed technical rectifications, other issues on which there was largely agreement, for example the inclusion of ground maintenance simulators in the Annex and the non-controversial changes to Article 4. One participant said that his delegation would have to reflect further on the proposed addition to the Annex.

6. Regarding the improvements to Article 4, one delegation said that it would want to have a further discussion of this matter, particularly in light of the sharp increase in government inducements in the civil aircraft sector since December 1993. Also, his delegation had concerns related to potential problems of implementation of the current draft language on Article 4. Another participant said that his delegation would have to reflect further on the question of Article 4.

7. The Chairman said that it seemed that all participants understood the objectives of the questionnaire and that there was a willingness to undertake such an exercise. He proposed that the Secretariat simplify the questionnaire by removing some of the programme- and product-specific questions in it that delegations had found unduly burdensome, and that this revised version of the questionnaire (AIR/RN/11/Rev. 1) be submitted to all participants. He also proposed that delegations reflect on the proposal for inclusion of ground maintenance simulators in the Annex on Product Coverage which would be taken up in the full Committee in the autumn. Regarding the issue of inducements, he asked delegations wishing to expand on that part of the Chairman's text to provide draft language or other input.