

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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(94-2498)

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

MEETING OF 20 OCTOBER 1994

Note by the Secretariat

1. The Sub-Committee held its thirteenth meeting on 20 October 1994 under the Chairmanship of Mr. Maamoun Abdel-Fattah (Egypt), at which it discussed proposals which had been made in relation to the draft Protocol amending the 1979 Aircraft Agreement (contained in AIR/W/96), but which were not purely "technical revisions" to the Agreement. The Chairman suggested any such proposals on which there was agreement in the Sub-Committee could be forwarded to the full Committee for possible incorporation in the draft text of the Protocol. The Sub-Committee also discussed the revised Questionnaire on government involvement in the civil aircraft sector (AIR/RN/11/Rev.1).

2. One participant proposed that language along the lines of Annex 1 of the US-EC Bilateral Agreement on Large Civil Aircraft be incorporated into Article 4 of the 1979 Aircraft Agreement. Another participant agreed, while a third expressed the view that consideration of such issues would only bog down the process of making the technical amendments necessary to the 1979 Agreement. One participant said that this was clearly not a technical revision and that should such a proposal be considered, it might be necessary to revisit the text in Annex 1 of the Bilateral Agreement. On Article 6.1 of the Agreement, two participants proposed the addition of language to the text which each said was aimed at clarifying the relationship between the Agreement on Subsidies and Countervailing Measures (the "ASCM") annexed to the WTO Agreement and the 1979 Aircraft Agreement. Concern was expressed that one such proposal would shift the existing balance by indicating that the ASCM had precedence over the Aircraft Agreement, when neither Agreement had precedence over the other. Concern was expressed that the other proposal would commit the Signatories to perpetual negotiations. One participant said that, as indicated several times in the past, it did not support continuing negotiations at the present time; also, it was not clear what was meant in one of the proposals by "completion" of the negotiations. Another participant joined in these views. The delegation making the proposal explained that "completion" meant that all parties had agreed to the adoption of a substantially modified Aircraft Agreement with respect to its subsidies disciplines, and that the motivation for the proposed language was to avoid any misunderstanding about Signatories' intentions once this purely technical revision exercise was completed; in its view, it should be made clear that the revised Aircraft Agreement and the ASCM as it stood at 15 April 1994 would apply in parallel to the aircraft sector. One participant questioned why the language in AIR/W/96 would not be sufficient, and another agreed that there was no need to try to clarify something that was already clear.

3. One participant proposed the inclusion of "ground maintenance simulators" in the Annex on Product Coverage, explaining that the product fit the description of products to be covered under the Agreement and that its exclusion from the Annex was a technical anomaly or oversight which could and should be corrected in the technical revision exercise; some Signatories had already reduced their tariff on this product to zero in recognition of its importance. One participant said it could accept

the proposal, while another said that it would consider making such a concession in the context of agreement on other elements in the revision exercise.

4. Regarding the Questionnaire, the Chairman recalled that a revised Questionnaire had been circulated in AIR/RN/11/Rev.1 with a request for responses by 26 September 1994. To date, only six responses had been received, but others had been promised. None of the responses had been circulated, as no decision had as yet been taken on the procedure for doing so. Two participants said that their respective responses would be submitted as soon as possible. One participant said that this exercise was important in assessing the situation regarding the various types of government support in the civil aircraft sector; he suggested that the responses be circulated to all participants once the two delegations who had promised their responses had submitted them, and that the Sub-Committee be convened to review them. The Chairman so agreed.