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GENERAL AGREEMENT ON TARIFFS AND TRADE

Agreement on Trade in Civil Aircraft

TECHNICAL SUB-COMMITTEE

Note by the Chairman

(Mr. Ph. Douglas - Canada)

The Technical Sub-Committee met on 28 June 1982. It addressed point 1 of its terms of reference.

Point 1

1.1 Statistical reporting of trade data

The Sub-Committee noted that five statistical reports had been submitted for 1981, and that further submissions would be forthcoming. It also noted that some improvement toward uniformity of statistical reporting had been achieved: Canada has excluded military aircraft and most military aircraft parts from its 1981 import statistics; Switzerland was reporting 6 digit breakdowns and covering all products in the Annex in its 1981 submission. These changes would be reflected in a second revision of document AIR/TSC/W/15. Notwithstanding these improvements, uniformity, compatibility and comparability of statistical reporting was not achieved. The representative of the United States stressed the importance his authorities attached to monitoring trade under the Agreement through statistics. One member pointed out that 82 per cent of US civil aircraft imports, (which amounted to some $3.7 billion), were effected under only two tariff items; one tariff item alone accounted for 54 per cent of imports. Other delegations questioned whether such monitoring was really needed and worth the effort. For some Signatories problems of confidentiality remained real obstacles. The Sub-Committee agreed it would discuss the matter in more detail at its next meeting, with the help of a paper to be prepared by the US delegation in collaboration with interested delegations.

1.2 Tariff classification matters (AIR/TSC/W/23 and Add.1)

The US representative referred to his proposal on "Uniform Treatment of Aircraft Provisions in Domestic Implementation of the Harmonized Code" (AIR/TSC/W/23) and illustrated its application in document AIR/TSC/W/23/Add.1. These sample pages, as applied to the TSUS showed how, under the Harmonized Code, each Signatory could use Chapter 98 (reserved for domestic requirements), to cover the products in the Annex to the Aircraft Agreement, and how each item would be cross-referenced in the body of the tariff. He added that this approach was in the interest of all Signatories as it would achieve uniformity and facilitate the problem of comparability of import statistics.

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The representative of the EC explained that the method used for the common external tariff at present, i.e. sub-division under each tariff line to cover products in the Annex, made for maximum transparency. The EC would change to another system only if all Signatories were to do the same. A number of Signatories explained that their customs authorities had reservations regarding the use of Chapter 98 and could not see the advantage of double entries (cross-references); in addition, it would tend to confuse their importers, because other non-aircraft products which were also duty free would not be in Chapter 98. Their customs wanted to avoid a cumbersome system. However, they would consult their customs authorities again.

In reply to a question on the merits of a uniform approach under the Harmonized System in terms of simplifying trade statistics, the Chief statistician of the secretariat pointed out that efficient statistics could be obtained under either system: the breakouts by tariff lines, as applied by the EEC, or the entries in Chapter 98, as proposed by the US. The US proposal would be more flexible in terms of confidentiality, it would require fewer breakdowns per product, as it would be based on end-use. However, both approaches, provided they were uniformly applied, would be valid from a statistical point of view.

The matter would be pursued at the next meeting

1.3 National tariffs

The Sub-Committee reverted to the question of Signatories action to ensure the full transparency, in their respective national tariffs, of duty free treatment of civil aircraft items (see AIR/TSC/W/30). It noted the action already taken by Sweden and Switzerland. One Signatory noted that the body of the Japanese Tariff did not yet reflect any of the duty free provisions for the products in the Annex to the Agreement, and asked whether this would be provided for in the future. The representative of Japan said that Japan's loose-leaf schedule was in the process of completion; thus full transparency of Japanese obligations was ensured. In addition it would make some changes in its "blue book" tariff, to meet the requests of the EC. For the rest he referred the Sub-Committee to his statement on the matter, contained in document AIR/32. One member indicated that his concern over the transparency of the Austrian tariff had been resolved when he was informed that Austria would, in the next edition of its tariff, introduce the necessary cross-references.

2. Date of next meeting

The date of the next meeting would be fixed by the Chairman in the light of the meetings of the Committee.