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## **1 ARTICLE 2 OF THE AGREEMENT ON TRADE IN CIVIL AIRCRAFT**

### **1.1 Text of Article 2**

#### **Article 2**

##### *Customs Duties and Other Charges*

#### 2.1 Signatories agree:

- 2.1.1 to eliminate by 1 January 1980, or by the date of entry into force of this Agreement, all customs duties and other charges<sup>1</sup> of any kind levied on, or in connection with, the importation of products, classified for customs purposes under their respective tariff headings listed in the Annex, if such products are for use in a civil aircraft and incorporation therein, in the course of its manufacture, repair, maintenance, rebuilding, modification or conversion;

*(footnote original)* 1 "Other charges" shall have the same meaning as in Article II of the GATT.

- 2.1.2 to eliminate by 1 January 1980, or by the date of entry into force of this Agreement, all customs duties and other charges<sup>1</sup> of any kind levied on repairs on civil aircraft;

*(footnote original)* 1 "Other charges" shall have the same meaning as in Article II of the GATT.

- 2.1.3 to incorporate in their respective GATT Schedules by 1 January 1980, or by the date of entry into force of this Agreement, duty-free or duty-exempt treatment for all products covered by Article 2.1.1 above and for all repairs covered by Article 2.1.2 above.

2.2 Each Signatory shall: (a) adopt or adapt an end-use system of customs administration to give effect to its obligations under Article 2.1 above; (b) ensure that its end-use system provides duty-free or duty-exempt treatment that is comparable to the treatment provided by other Signatories and is not an impediment to trade; and (c) inform other Signatories of its procedures for administering the end-use system.

### **1.2 Elimination of customs duties and other charges on repairs**

1. On 8 March 1983, the Committee adopted an "Agreed Interpretation of Article 2.1.2 of the Agreement on Trade in Civil Aircraft"<sup>1</sup>, which states that:

"Article 2.1.2 of the Agreement on Trade in Civil Aircraft, which provides for the elimination of 'all customs duties and other charges of any kind levied on repairs on civil aircraft', applies only to repairs of complete civil aircraft and those civil aircraft products which are classified for customs purposes under their respective tariff headings listed in the Annex to the Aircraft Agreement."<sup>2</sup>

<sup>1</sup> GATT document [AIR/M/10](#) (BISD 30S/24).

<sup>2</sup> GATT document [AIR/M/10](#), para. 15.

2. Also on 8 March 1983, the Committee agreed that every signatory would bind its duties on repairs according to Article 2.1.3 of the Agreement, and that the following text should be considered as a common guideline for binding or duties on repairs, to be inserted as a Headnote in signatories' respective GATT Schedules. Any signatory requiring additional language would be free to include it, provided the obligation under Article 2.1.3 was fulfilled.

"Duty free or duty exempt treatment is provided for all repairs on civil aircraft in accordance with Article 2.1.2 of the Agreement on Trade in Civil Aircraft (the term 'repairs' includes maintenance, rebuilding, modification and conversion)."<sup>3</sup>

### 1.3 End-use systems

3. The signatories to the Agreement on Trade in Civil Aircraft ("Civil Aircraft Agreement") have notified their end-use systems of customs administration, which accord duty-free treatment for dual-use products if the importer certifies that the goods are for use in civil aircraft and incorporation therein, in the course of its manufacture, repair, maintenance, rebuilding, modification, or conversion.<sup>4</sup>

### 1.4 Annex to the Agreement: Product coverage

4. On 7 October 1982, the Committee adopted procedures for modifications and rectifications to the Annex<sup>5</sup>, adapting the Procedures for Modification and Rectification of Schedules adopted by the GATT Council on 26 March 1980<sup>6</sup>. There were two certifications of modifications or rectifications between 1983 and 1984.<sup>7</sup>

5. On 22 March 1984, the Committee adopted a decision to the effect that the text attached to its Decision would be a consolidated Annex to the Civil Aircraft Agreement, incorporating 32 new categories of products as agreed by the Committee on 6 October 1983.<sup>8</sup> This package was implemented through the Third Certification of Modifications and Rectifications to the Annex, certified effective 1 January 1985.<sup>9</sup>

6. From 1983 to 1985, work took place on aligning the tariff coverage in the Annex with the Harmonized System tariff nomenclature. On 2 December 1986, the Committee adopted the Protocol (1986) Amending the Agreement on Trade in Civil Aircraft and opened it for signature.<sup>10</sup> The Protocol (1986) replaced the Annex as established by the Decision of 22 March 1984 and the Third Certification; its date of entry into force was 1 January 1988, or the date of entry into force of the Harmonized System Convention, whichever was later.<sup>11</sup>

7. Following the entry into force of the WTO, the Committee adopted the Protocol (2001) Amending the Agreement on Trade in Civil Aircraft<sup>12</sup> and opened it for acceptance. The Protocol's date of entry into force for those Signatories who have accepted it was set for 1 January 2002, to coincide with the entry into force of the 2002 changes to the Harmonized System nomenclature.<sup>13</sup> The purpose of this Protocol was to align the tariff nomenclature used in the product Annex with the HS1992, HS1996, and HS2002 nomenclature updates, and to extend the product coverage of the Civil Aircraft Agreement. Paragraph 6 of the 2001 Protocol provides as follows:

"This Protocol deals only with customs duties and charges under Article 2 of the Agreement. Except with respect to requiring duty-free treatment for products covered by this Protocol, nothing in this Protocol or the Agreement, as modified thereby, changes or affects a Signatory's rights and obligations, as they exist on the day prior to the entry into

<sup>3</sup> GATT document [AIR/M/10](#), para. 24.

<sup>4</sup> See GATT documents [AIR/2](#) and [Corr.1](#); [AIR/11](#); [AIR/18](#); [AIR/19](#); [AIR/21](#); [AIR/47](#); [AIR/59](#); [AIR/60](#); and [TCA/W/4](#), [TCA/M/13](#), [TCA/M/18](#).

<sup>5</sup> GATT document [AIR/41](#). See also the Secretariat Note in GATT document [AIR/W/33](#).

<sup>6</sup> GATT document [L/4962](#) (BISD 27S/25).

<sup>7</sup> BISD 30S/4 (1983); 31S/4 (1984).

<sup>8</sup> GATT document [AIR/45](#) (BISD 30S/281).

<sup>9</sup> BISD 31S/5.

<sup>10</sup> GATT document [L/6259](#) (BISD 34S/216).

<sup>11</sup> GATT document [AIR/62](#) (BISD 34S/22-24).

<sup>12</sup> [TCA/4](#).

<sup>13</sup> [TCA/M/13](#), paras. 11-20.

force of this Protocol, under any of the WTO Agreements referenced in Article II of the Marrakesh Agreement Establishing the World Trade Organization."

8. On 21 November 2001, the Committee agreed to extend the deadline for acceptance of the Protocol indefinitely.<sup>14</sup>

9. On 21 November 2001, the Committee adopted a Decision on Aircraft Ground Maintenance Simulators. The Chairman stated his understanding that the Protocol (2001) and the Decision were adopted concurrently, with effect from 6 June 2001<sup>15</sup>:

"The Committee recommends that Signatories will apply, as decided during the meeting of 15 November 2000, on an interim basis, duty-free treatment for aircraft ground maintenance simulators classified under HS 9023.00. Signatories shall confirm with the Committee their interim application."<sup>16</sup>

10. On 5 November 2015, the Committee adopted the Protocol (2015) Amending the Annex to the Civil Aircraft Agreement. The purpose of this Protocol was to align the tariff nomenclature used in the product Annex with the HS 2007 nomenclature updates.

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<sup>14</sup> [TCA/7](#).

<sup>15</sup> [TCA/M/13](#), paras. 11-17.

<sup>16</sup> [TCA/6](#). (emphasis original)