

GENERAL AGREEMENT ON TARIFFS AND TRADE

COMMITTEE ON TRADE IN CIVIL AIRCRAFT

Report to the Contracting Parties

1. This report is submitted under Article 8.2 of the Agreement on Trade in Civil Aircraft. It is transmitted to Council in response to Council's invitation of 20 April 1983 to take account of the Ministerial Decision of November 1982 to review the operation of the MTN Agreements and Arrangements. This report sets out the activities of the Committee since November 1982 and comments on the adequacy and effectiveness of the Agreement, and on the Committee's desire to broaden participation in the Agreement.
2. In October 1983 there were twenty Signatories to the Agreement: Austria, Canada, the EEC, Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, the United Kingdom, Egypt (subject to ratification), Japan, Norway, Romania, Sweden, Switzerland and the United States. In addition, the following contracting parties have observer status in the Committee: Argentina, Bangladesh, Brazil, Cameroon, Cuba, Czechslovakia, Gabon, Ghana, India, Indonesia, Israel, Malta, Mauritius, Nigeria, Poland, Portugal, Singapore, Spain, Sri Lanka, Trinidad and Tobago, Tunisia, Turkey, Yugoslavia. The IMF and UNCTAD are also observers.
3. The Committee on Trade in Civil Aircraft held two meetings in the period under review: on 8 and 10 March 1983, and 4 and 6 October 1983.
4. The Committee agreed on the interpretation of Article 2.1.2 on the elimination of duties and other charges on repairs. The agreed text is reproduced in the Committee's Minutes (AIR/M/10); it applies to those products covered in the Annex to the Agreement. The Committee also agreed that all Signatories would insert a headnote in their respective GATT Schedules, in accordance with Article 2.1.3, binding the concession on duty free or duty-exempt treatment of repairs. An indicative text for this headnote was agreed on (see AIR/M/10).
5. The Committee was invited to have an exchange of views on policies and developments in two specific sectors of the aircraft industry - a new 150 seat commercial transport, and commuter aircraft. One member of the Committee said that such matters were best treated bilaterally; two other members gave a succinct description of their current programmes.
6. The Committee had referred a number of items to the Technical Sub-Committee for examination. It received the Technical Sub-Committee's fifth report in October 1983, covering work on statistics, tariff classification matters including those arising from the introduction of the Harmonized System, the reproduction of Aircraft Agreement concessions in

national tariffs, including civil/military identification, and on tariff nomenclature and classification of new products agreed to for inclusion in the Annex to the Agreement.

7. Under "Further Negotiations" (Article 8.3), the Committee agreed at its October 1983 meeting to include thirty-two new categories of products (expressed in terms of CCCN) in the Annex to the Agreement. The positive result of this negotiation will be reflected in a legal instrument (the Certification of Modification and Rectification to the Aircraft Agreement), which is expected to enter into force on 1 January 1985.

Effectiveness of the Aircraft Agreement and Obstacles
to its acceptance by interested parties

Signatories to the Agreement are of the view that the implementation and operation of the Agreement has run smoothly and benefited trade in civil aircraft generally. The duty-free or duty-exempt treatment in Signatory countries of all civil aircraft and most parts thereof, on a most-favoured-nation basis, is of benefit to all contracting parties involved in this trade. The successful negotiation of additional items for duty-free or duty-exempt treatment, as well as descriptions on non-tariff measures, clearly indicate that the course in trade in civil aircraft is set toward further liberalization.

Signatories are of the view that the Aircraft Committee, as well as the Technical Sub-Committee, are useful fora in which to examine, discuss or explore both trade policy and technical matters. Different national interests in this highly competitive and increasingly international field all stand to gain from a mechanism that provides for surveillance, review, consultation and dispute settlement. Looking to the future, it is in this context that Signatories would welcome an open discussion with interested contracting parties, in particular developing countries who are producers of aircraft or components, on the obstacles they perceive to accepting the Aircraft Agreement. To this effect, the Committee invited the Chairman to approach interested parties in order to prepare such a discussion.