

GENERAL AGREEMENT ON

RESTRICTED

AIR/M/24

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TARIFFS AND TRADE

Special Distribution

Agreement on Trade in Civil Aircraft

MINUTES OF THE MEETING HELD IN THE CENTRE WILLIAM RAPPARD ON 14 MARCH 1988

Chairman: Mr. T. Koda (Japan)

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1. Election of officers

1. The Committee elected Mr. T. Koda (Japan) as Chairman of the Committee and Mr. C.J.M. Meeuwis (Netherlands) as Vice-Chairman. It was noted again that there was no work on hand for the Technical Sub-Committee at this time; the election of a Chairman of the Technical Sub-Committee would be postponed until that body would be convened.

2. The Chairman expressed the Committee's appreciation for the work done by the outgoing Chairman of the Committee, Mr. Ch. Manhusen (Sweden).

2. Harmonized System - Status of Protocol (1986) Amending the Annex to the Agreement

3. The Chairman drew the Committee's attention to a document prepared by the Office of Legal Affairs which showed the current status of acceptances of the Protocol (1986). He invited a member of the secretariat to comment on the status of the Protocol, from a legal point of view.

4. Mr. K. Kautzor-Schröder (secretariat) said that the paper circulated reflected the status of acceptances of the Protocol (1986); it showed also that some Signatories had not yet implemented the Harmonized System. The problem of how to bring all Signatories to the same level of obligations

with respect to the Harmonized System Annex of the Aircraft Agreement had been discussed at the previous meeting (AIR/M/23). At that meeting the Committee had extended the date for acceptance of the Protocol (1986) until the end of 1987. For the implementation of the Harmonized System in the general tariff context, three different protocols had been opened in 1987, and several more were likely to follow. The practice was to open a protocol if and when a country was ready to annex its tariff schedule to a Protocol. Those representatives involved in the work of both Committees would recall that at the end of 1987, the EEC had been in a position to annex its tariff schedule to a Protocol in order to implement the Harmonized System on 1 January 1988; this Protocol had been set up at that time in a matter of two or three days.

5. With respect to the Protocol for the Civil Aircraft Harmonized System Annex there were different ways to proceed. One would be to open a protocol now for any Signatory, or other countries that wanted to become a Signatory, who would be implementing the Harmonized System in the future; the other would be that the Committee agree in principle that a protocol be opened when those Signatories who had not yet accepted the Protocol (1986), i.e. the United States and Romania, had the necessary legal basis to adopt the Harmonized System. Thus, a protocol could be opened in a matter of days without an express decision by the Committee, and the country concerned, after signing it, would be bound by the new Harmonized System Aircraft Annex.

6. The representative of Japan referred to the Signatories' understanding on the desirability of avoiding different levels of obligation, as reflected in AIR/M/19, and called for the two Signatories who had not already signed the Protocol (1986) to do so as soon as possible.

7. The representative of the United States said that although legislation enabling the United States to accept the Harmonized System had been introduced in a timely fashion, it had not yet been passed by Congress. There were active negotiations underway that could lead to the implementation of this legislation, either by 1 July 1988 or 1 January 1989. In response to a question as to which date was more likely, he said that the matter was before Congress at present but that the relevant provisions were connected with other measures which his administration objected to. The date of 1 July 1988 was a good working date, but to be effective the legislation would have to become law some weeks before 1 July; at least thirty days' notice, if not more, had to be given. The outcome would be known in the next few weeks. The delay could be longer if the Omnibus Trade Bill was unsatisfactory; there was also a possibility that the Harmonized System provisions could be broken out of the Bill and be implemented before the end of the year.

8. The representative of the EEC said that Ireland had not yet signed the Protocol (1986) and that this delay was due to technical reasons. It would be a matter of weeks until Ireland was in a position to sign.

9. The representative of the United States asked whether Signatories agreed that the Protocol (1986) should not be extended and asked whether there was any draft of the proposed new protocol to be examined.

10. Mr. Kautzor-Schröder (secretariat) said that the secretariat had given thought to a new protocol. It was its understanding that the obligations of all Signatories would be identical, therefore a new protocol would refer to the Annex of the Protocol (1986); it would also contain a provision to the effect that any new Signatory would be subject to exactly the same level of obligations.

11. The representative of the United States said that he could accept this procedure provided there was no objection in the Committee to forego examining a draft protocol for approval.

12. The representative of Japan said that he had no instructions and that he needed to refer the matter to Tokyo. He would inform the secretariat.

13. Mr. Kautzor-Schröder (secretariat) said that subject to the reservation expressed by the Japanese representative, the Committee seemed to agree that a new protocol would be open for signature by those Signatories who had not yet implemented the Harmonized System, but who intended to do so and that this Protocol would contain identical obligations to those in the Protocol (1986).

3. Matters under Article 4 - Mandatory offsets

14. The Chairman recalled that this matter had been raised at the last meeting by the United States and concerned reported mandatory offsets in Spain and Greece. The representative of the EEC had said that he would report on the matter at this meeting.

15. The representative of the EEC said that he had indeed promised to provide information regarding Spain and Greece on the question raised by the United States. However, he was not yet in a position to report to the Committee but hoped to satisfy the United States enquiry bilaterally and would report fully to the Committee at the next meeting.

16. The Chairman said that the matter would be kept on the agenda for the next meeting.

4. FAA Regulations

17. The representative of the EEC recalled that this matter had been before the Committee for at least two years and concerned the reinforcement of FAA regulations for maintenance of US registered aircraft. He wished the Committee to note the EEC's concerns regarding the work underway in Congress, which once more delayed the solution to this problem. He hoped that the US representative would be in a position to inform the Committee of the final position of the FAA on this matter at the next meeting.

18. The representative of the United States said that he was not aware of any concerns regarding the FAA implementation of new regulations and hence had not contacted the FAA on this matter prior to this meeting. In the latter part of 1987 there had been an attempt in Congress to amend the FAA budget bill so as to limit its ability to use funds for implementation of foreign repair station certification; but that attempt failed and, to his knowledge, there were no further efforts by Congress in this direction.

5. Bilateral consultations on the review of Articles 4 and 6

19. The representative of the United States said that although the matter of the review of Articles 4 and 6 was absent from the agenda, active discussions were underway. He wished to thank the outgoing Chairman, Mr. Manhusen, for having initiated this process and for helping to move it forward. His delegation would report back to the Committee on where it stood on the matter, and remained willing to discuss the question informally at any time with interested Signatories.

20. The representative of the EEC said that he also wished to thank Mr. Manhusen for his much appreciated contribution to the bilateral informal negotiations on the review of Articles 4 and 6.

21. The Chairman said that at the Special Meeting of the Committee the Chairman had said that he intended to keep in touch with interested parties and that he would call informal meetings as appropriate, for the sake of transparency. It was his intention to continue on the same lines.

6. Dates of next meetings

22. The dates for the next meetings were set for 19 October 1988 and the week of 13 March 1989.