

# GENERAL AGREEMENT ON

RESTRICTED

AIR/M/32

21 September 1992

# TARIFFS AND TRADE

Special Distribution

---

## Agreement on Trade in Civil Aircraft

### MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 16 JULY 1992

Chairman: Mr. M. Lindström (Sweden)

	<u>Page</u>
1. Election of Officers	1
2. Adoption of Agenda	1
3. Information on the bilateral agreement between the EEC and the United States on subsidies in the large civil aircraft sector	1
4. Modalities for negotiations on the possible multilateralization of the agreement	9

#### 1. Election of Officers

1. The Committee re-elected Mr. M. Lindström (Sweden) as Chairman of the Committee and Mr. Th. J.A.M. de Bruijn (Netherlands) as Vice-Chairman. It was noted again that there was no work on hand for the Technical Sub-Committee at the present time; the election of a Chairman of the Technical Sub-Committee would be postponed until that body was reconvened.

#### 2. Adoption of Agenda

2. The Chairman noted that the agenda for the present meeting was contained in GATT/AIR/3335.

The agenda was adopted.

#### 3. Information on the bilateral agreement between the EEC and the United States on subsidies in the large civil aircraft sector

3. The Chairman said that this item was on the agenda of the present meeting at the request of the EEC and of the United States. Copies of the bilateral agreement were available in the meeting room.

4. The representative of the EEC said that both the EEC and the United States wanted to inform the Committee of the outcome of the bilateral negotiations that had started five years earlier in the context of a discussion of the implementation of the GATT Agreement on Trade in Civil Aircraft. He said that while the agreement had taken a long time to negotiate and to conclude, this had perhaps been for the best, in that the two parties had succeeded in addressing and successfully concluding negotiations on a number of issues which had not been identified at the outset. In the Community's view, the agreement was a reasonably balanced one; there was no great enthusiasm about it in the Community, but nor had there been much negative reaction to it, and the same seemed to be true in the United States. He said that in several important respects, the agreement went well beyond what the two parties had previously agreed to in the GATT context, either in the context of the Agreement on Trade in Civil Aircraft or of the 1979 Subsidies Agreement. It could even be argued that in many important respects it went considerably beyond the Uruguay Round text on subsidies.

5. He then highlighted the features of the bilateral agreement which the Community felt to be the most important. First, the agreement contained quite detailed and stringent rules on direct government support for the aircraft industry. There was an outright prohibition of production support and very explicit, clear limits on the extent to which governments could provide other forms of direct government support - limits expressed in terms of maximum allowed percentages of the development costs of new large civil aircraft. Those limits were 25 plus 8 per cent, in other words, a total of 33 per cent of such development costs. There were also provisions on the minimum rate of interest that could be charged by governments, and a maximum number of years for the repayment of such support - also an unusual feature. Lastly, it had been agreed that the reimbursement of such government support should be subject to certain quantitative criteria. All of this constituted a package which for the first time introduced quite stringent quantifiable limits on direct government support in this sector.

6. He said the the agreement also laid down quite detailed and quantified disciplines on indirect government support. For the Community, the inclusion of such disciplines had been a sine qua non for acceptance of the agreement. He said that European governments had provided most of their support for this industry in the form of direct government support, whereas most such support in the United States was of a more indirect nature. These quantified limits on indirect support had been set, respectively, at 3 and 4 per cent of the annual commercial turnover of the industries, according to a formula set out in the agreement, net of recoupment. In addition to these fundamental and substantive disciplines, there were procedural disciplines which were of great importance, for example, provisions on transparency. One of the constant features of bilateral disagreements between the United States and the Community had been allegations by both that the actual level and contents of direct or indirect support were not clear. Both parties had now agreed on an extremely detailed text, containing stringent binding commitments on transparency that went far beyond anything in the GATT

framework or in any other framework, with the possible exception of arms control agreements. It was hoped that these commitments would, ultimately, be of as much importance as the agreement on substantive disciplines.

7. Other aspects of the agreement fell in between the procedural and the substantive, including, inter alia, agreement that should there be factors of an exceptional character which might jeopardise the survival of one or the other party's aircraft industry, that could, if certain criteria were met, allow one of the parties to derogate temporarily from the obligations arising under the agreement. The reason for the inclusion of this derogation clause was the interest both parties had in keeping the agreement alive, even in circumstances of major turmoil. This provision had been included in parallel with a basic provision - Article 10, "Avoidance of Trade Conflicts and Litigation" - dealing with the two parties' mutual commitment to refrain from unilateral measures, to the extent that both parties were living up to their obligations under the agreement. Regarding the sectoral coverage of this agreement, this was, for the time being, more limited than that of the GATT Aircraft Agreement. Annex 2 set out a number of definitions, including that the agreement covered civil aircraft produced in the United States and having 100 or more passenger seats, and the same size aircraft produced in the Community by the Airbus consortium. The definitions also contained another important provision (Annex 2, paragraphs 5 and 6) which made it clear that the subsidy disciplines applied to subsidies or support provided not only at the federal level, but at any level of government, be it state or local, depending of course on the internal structure of the country concerned. This unqualified extension of the subsidy disciplines to the non-federal level of government was also quite an innovation and went beyond what had been agreed in the past, be it in the 1979 Aircraft or Subsidies Agreements.

8. Annex 1 contained a lengthy proposed interpretation of Article 4 of the GATT Agreement on Trade in Civil Aircraft. The additions included agreement between the United States and the EEC that for purposes of the bilateral agreement, government-mandated offsets would no longer be acceptable; that was one of the main points of clarification, as compared to the existing Article 4 of the GATT Aircraft Agreement. Additions to Article 4.4 on inducements included a provision to the effect that, apart from positive inducements, signatories should not have recourse to negative inducements. Article 12 contained the two parties' joint proposal that disciplines along the lines of those laid down in the bilateral agreement be incorporated in the GATT Aircraft Agreement. That was the main reason, in addition to presenting the bilateral agreement, for calling the present meeting. In conclusion, he said that like any agreement which had been through a long period of gestation, this agreement no doubt included provisions that would need further clarification, and the EEC would be happy to provide as much information as requested.

9. The representative of the United States said that the Community had accurately summarized and characterized the agreement, and agreed that this was a balanced agreement. While clearly not perfect, the agreement was a marked improvement over the existing situation and went a long way in the direction of disciplining and direct reducing government supports in the aircraft sector. For the United States, that was the most important aspect of the agreement. The Community had outlined the provisions on direct supports, which the United States felt were rather stringent in their detail, but which went beyond some of the more general disciplines that had applied in existing GATT Agreements. Regarding indirect supports, the United States had not seen this as such a big problem, but recognized that there was potential for abuse of these supports and that therefore it was appropriate to have disciplines on them. Furthermore, this had been part of the compromise reached. Regarding the disciplines on direct supports, while existing commitments were not subject to these, they were subject to a discipline in the sense that they could not be modified in a way that would allow the introduction of new subsidies. The United States believed that this was very important, while recognizing the practical fact that one could not expect companies to give back money, or governments to break commitments they had entered into.

10. The United States agreed that the transparency provisions in the agreement were extremely important, given the concerns over the lack of knowledge about what was being done in the aircraft sector. The exceptional circumstances provision, by allowing some recourse in a catastrophic situation, should enable parties to accept stricter disciplines. In addition, there was a provision on general purpose loans, which had considerable value in that it would ensure that governments did not get into the business of securing or guaranteeing loans made to airlines - which could clearly have a trade-distortive effect. While the question of equity infusions had not been dealt with explicitly, the agreement stated that should these be provided, this should not be done in a manner so as to undermine the disciplines in the agreement. With respect to dispute settlement, the parties relied basically on a kind of self-enforcing consultative mechanism; however, any revised or new multilateral agreement in the aircraft sector should have a more rigorous dispute settlement mechanism that would be more in line with that being contemplated in current discussions in the Uruguay Round.

11. The Chairman said that some delegations had indicated to him that they would like, at a later stage, to be able to request clarification of certain provisions in the text. He therefore suggested that delegations wishing to do so submit questions in writing to both parties to the agreement and that these two delegations then supply written answers to those questions. These questions and answers would then be circulated to all signatories.

12. The representative of Japan thanked the EEC and the United States for their detailed explanations of the agreement. However, as one of the largest importers of aircraft, Japan had many questions on exactly what the two parties had agreed. His delegation would submit a list of

written questions to which it would like to have answers before engaging in any detailed discussion. However, he wanted to raise two questions at the present meeting. With respect to indirect government support, he said that the wording in the text was very interesting - "identifiable benefits to the development or production of any of the products covered by this Agreement". A key question would be how the benefits of indirect government support could be identified. Regarding equity infusions, in Japan's view these were one form of subsidization, and the language in the text was ambiguous. He asked how the two parties had agreed to close up the possible loophole in this area.

13. The representative of Canada said that his country welcomed the opportunity to consider this bilateral agreement, and the two parties' initiative in bringing it to the Committee. Canada had always supported the aim of improving disciplines on subsidies, either on a sectoral basis or in the broader context of the Uruguay Round generally. He said that Canada's position on the bilateral agreement was for the time being non-committal, as his delegation had only recently received the text in final form. Canada had a number of questions and concerns about several of its provisions, most particularly regarding product coverage and the relationship of the agreement to the Uruguay Round text on subsidies. Several concepts and terms used in the agreement raised a number of questions. One was the definition of subsidy contained in the Uruguay Round text, and the definitions of support contained in the bilateral text. The Community had described the agreement as GATT-plus, but this view might not be shared by all countries when it came to the definition of subsidies. For example, it seemed that the Uruguay Round text on subsidies was broader than this agreement in terms of what subsidies were covered. In other respects, it seemed that the term "support" in this agreement was broader than that contained in the Uruguay Round text. For example, equity infusions in the Uruguay Round text were - when made other than on the basis of commercial considerations - considered to provide a benefit and a countervailable subsidy. Another important aspect was the use of the concept of specificity in the Uruguay Round text; the term "specific" did appear in the bilateral agreement, but the concept did not appear to be elaborated at all. He asked both delegations to explain how they had dealt with that issue; were the supports that were subject to disciplines under the agreement subject to a specificity requirement?, or was any support, even generally available support, considered to be within the scope of the agreement? He said that some of these issues were sufficiently complicated that they would be best considered at a later meeting of the Committee once written questions and answers had been exchanged.

14. The representative of Sweden, speaking on behalf of Sweden and Norway, said that these delegations welcomed this process and appreciated the text tabled by the United States and the EEC and the information submitted orally by them. Sweden and Norway had followed these negotiations very closely and had some questions on the text. Like Japan, Sweden and Norway

were somewhat puzzled regarding the provisions on indirect support and the manner of calculating such support, and would appreciate clarification of these issues.

15. The representative of the United States said that the area of indirect supports was very complicated and had been tackled later in the negotiations than some of the other areas; consequently, there would be a learning process as to how to implement these parts of the agreement. The basic notion regarding the basis of the calculation was essentially laid out in Article 5.3 of the agreement. Normally this would be the reduction in cost as a result of government-funded R&D. Some other conditions were mentioned later in the text, but what was anticipated was that companies in the United States and in the EEC would seek to make an estimate of the reduction in cost that they obtained as a result of participating in a government-funded R&D programme; there could be other elements, but this was clearly the key element and the one of greatest concern to the Community. The calculation would, however, exclude those results that were generally available on a non-discriminatory basis to everyone. The estimates would be provided as indicated in the transparency provisions; there would then be consultations with the Community to discuss them. The Community would also provide the United States with the same sort of information.

16. The representative of the EEC said that the United States had given a good explanation of this issue. Clearly, both parties would have a rôle to play in terms of undertaking the calculation foreseen in Article 5.3 in the sense that under the transparency provision relating to indirect support, there was an obligation for the parties to provide the calculation of these benefits as they had been defined in Article 5. However, in the last indent of Article 5.3, there was also a possibility for the other party to present its counter-calculation. As the United States had said, the two parties were breaking new ground with Article 5; to his knowledge, disciplines on indirect supports had not been agreed upon in other areas, either bilaterally or multilaterally. Thus, it was clear that the actual implementation of this provision would be a crucial test. Regarding the interpretation of the word "identifiable", he said that the intention had been simply to avoid throwing the net excessively wide, in the sense that one would include under the heading of indirect government support only such support which could be reasonably connected with a benefit for all of the civil aircraft industry. This would not involve a mechanical calculation, but rather one based on a clear identification of the indirect support. On the other hand, it was not felt that this identification would have to involve any profound economic analysis. In the Community's view, there should be a rule of reason which would apply; for example, if it could be demonstrated that a national air and space research organization funded by the government had been spending or was projected to spend a certain amount of money on a project of obvious direct benefit largely to the civil aircraft industry, that would - provided of course that the other criteria mentioned were met - constitute an identifiable indirect benefit. Regarding equity infusions, it was true that these were

not covered by this agreement, for the simple reason that the two parties had not been able to agree between themselves on what the appropriate discipline would be. Absent agreement on any explicit detailed discipline, what had developed was the second sentence in Article 7 which stated simply that equity infusions, if they did take place, should not be provided in such a manner as to undermine the disciplines in the agreement. In the Community's view, this was not a loophole.

17. The representative of the United States agreed with the Community's description of Article 7 and said that the two parties hoped that this provision would serve as a guideline to parties that might be in a position to provide such equity infusions. Regarding the relation of this text to the Uruguay Round text, he said that there had been no attempt to resolve this issue in the context of the bilateral negotiations. In the United States' view, the exact relation between a multilateral agreement on aircraft and the other texts being negotiated in the Uruguay Round or Codes that were already in existence would have to be worked out in the negotiations. Regarding the question on specificity with respect to subsidies, he said that Point 6 in Annex II of the agreement made clear a notion of specificity, but this was not the definition in the Uruguay Round text. There were certainly other more complicated definitions of subsidies or supports in the Uruguay Round text, and in the context of considering a revision of, or improved disciplines in, the Aircraft Code, negotiators would have to come to grips with those and to examine precisely the application of those disciplines and their relationship to disciplines in other agreements.

18. The representative of the EEC said that the link between this agreement and the Uruguay Round text could perhaps be best discussed under the next agenda item. Regarding Canada's remarks and questions on how one might compare the disciplines in this bilateral agreement and those in the Uruguay Round text, he said that the bilateral agreement had been drafted in a way different from the Uruguay Round text, for the simple reason that the bilateral text dealt with one single industry and against a background of a reasonably well-known situation both in the United States and in the member States of the Community. Both parties knew, up to a point, what type of support or subsidy had been or was likely to be provided, which had precluded the need to go into the very difficult exercise undertaken for the Uruguay Round text. For example, the question of specificity had been an irrelevant one, to the extent that, for example, it was reasonably well-known that Community member States that did provide support for the civil aircraft industry did so almost exclusively on the basis of direct programme-specific support, and this at the level of the central government. Thus, the parties had not gone into these complex questions of whether specific régimes should be foreseen according to whether the support or subsidy provided was specific or non-specific in the particular terms of the draft Subsidies Agreement. Points 5 and 6 in Annex II contained definitions of, respectively, indirect and direct government support, but the text did not provide the type of definition that one might have expected, as there was no real definition of a subsidy.

In fact, Article 4 on development support did not even use the term "subsidy", but rather "government support". This approach had been chosen after a long time of trying to define what a subsidy was.

19. The representative of Canada said that with respect to the definition issue, while a "subsidy" or "support" might be quite apparent to those involved in the negotiation process of this bilateral agreement, those who were looking at it for more or less the first time might not spot these elements so easily. With respect to specificity, he asked if a subsidy programme which was generally available across the entire economy of a country - i.e., a subsidy programme which provided subsidies or identifiable benefits, or indirect government support or direct government support to the aircraft industry, to the steel industry, to the automotive industry and to the cherry-growing industry - would come under the prohibitions and disciplines of this agreement.

20. The representative of the EEC said that no-one was expected to accept these bilaterally agreed definitions as they stood. What was being said in Article 4, and in particular in Article 4.2, was that if a government decided to support its aircraft industry by providing some form of financial support linked to, or in the context of, a specific large civil aircraft programme, that government support could not exceed a certain level. For example, general support provided to the civil aircraft industry, such as electricity provided at a lower price to certain branches of industry, including civil aircraft, would not be covered by Article 4.2. The provision had been drafted this way largely because this corresponded to the type of support typically provided in this sector by several countries - not only in the EEC, but in certain other signatories of the GATT Civil Aircraft Agreement.

21. The representative of the United States said that a generally available subsidy along the lines just described would not be covered by the bilateral agreement. He emphasized that the two parties had used the term "support" rather than "subsidy"; the concept of financial support was fairly clear, while the concept of subsidy was considerably more complicated and had a long history of inconclusive debate. While there might be deficiencies in the definitions used in the bilateral agreement, they at least provided a fairly clear idea of what was intended by the two parties.

22. The representative of Switzerland asked when the bilateral agreement would be formally ratified and when it would enter into force.

23. The representative of the United States said that his expectation was that the agreement would be signed within the next few days.

24. The Chairman said that the Committee had had a useful first discussion of this agenda item, and he again encouraged signatories wishing to do so to submit written questions to the two parties with a copy to the secretariat. These questions, and the answers provided by the EEC and the United States, would then be circulated to all signatories.

The Committee took note of the statements.

4. Modalities for negotiations on the possible multilateralization of the Agreement

25. The Chairman said that he had been approached by the two signatory parties to the bilateral agreement discussed under agenda item 2, regarding the opening of negotiations within the Committee under Article 8.3 of the Aircraft Agreement. He understood that these two signatories were now proposing that such negotiations be formally opened with the aim of broadening and improving the Agreement on Trade in Civil Aircraft. He recalled that Article 8.3 of the Agreement provided that:

"Not later than the end of the third year from the entry into force of this Agreement and periodically thereafter, Signatories shall undertake further negotiations, with a view to broadening and improving this Agreement on the basis of mutual reciprocity."

He recalled that in July 1982 the Committee had begun a process of examining proposals to broaden and improve the Agreement, and this process had culminated in the extension of the Annex on product coverage of the Agreement. It had also led to the 1986 Protocol to the Agreement. Beginning in 1987, signatories had undertaken discussions of possible ways to further improve the Agreement. These discussions had continued most recently with a proposal by the EEC in June 1991 discussed at the Committee's meeting of 6 June 1991 (AIR/M/31). Before opening the floor for general comments on the proposal to open negotiations under Article 8.3, he made the following remarks: as the basis of the negotiations, his intention would be that the negotiations be conducted on the basis of texts submitted by signatories; the EEC and the United States had submitted a text, elements of which might provide a basis for such negotiations, and there might be other texts or proposals coming from other delegations at a later stage.

26. As no delegation spoke at this juncture, the Chairman said that he would interpret silence as agreement to the proposal - which had come at the end of a long historical process in the Committee - to improve and broaden the Agreement. He thus proposed that the Committee agree to open negotiations under Article 8.3 of the Agreement.

The Committee so agreed.

27. The representative of Japan said that his delegation supported the efforts of multilateralization of this sort of bilateral agreement on the aircraft industry, and had no objection to negotiating under Article 8.3 of the existing Agreement. However, Japan's participation in these negotiations would be based on certain premises. These were: (1) that the disciplines be fair and appropriate for different systems, different products and different types of approaches; (2) that there be an appropriate relationship between the Uruguay Round Subsidies Agreement, and the possible new agreement in the civil aircraft sector; (3) that the relationship between the existing GATT Aircraft Agreement and this possible

multilateralized agreement be carefully examined, as the objectives of the two were somewhat different. The philosophical differences between the two should be discussed very carefully and the best solution found. He emphasized that Japan was very positive in participating in these discussions and negotiations.

28. The representative of Switzerland said that his delegation supported this multilateral process. Japan had addressed an important point as to the relationship between an eventual new Aircraft Agreement and the subsidies agreement negotiated in the Uruguay Round. He suggested that the secretariat might prepare a comparative synopsis of the provisions of the different texts. Another issue to examine would be the relationship of this agreement to the Multilateral Trade Organization (MTO). He said that it would be important to have a transparent process in the negotiations in order to progress swiftly and to have a good result.

29. The representative of Romania said that his country welcomed the fact that the United States and the Community had submitted their bilateral agreement to the Committee, and supported negotiations to improve the existing Aircraft Agreement. However, Romania had some concerns - for example, the balance to be struck between the different types of support for development and the disciplines referred to. Another point was that the bilateral agreement referred to a fairly limited range of products, whereas the GATT Aircraft Code covered a far broader range of products. He asked what product coverage the new disciplines would involve. The relationship of any new aircraft agreement to the MTO was also important, particularly as the dispute settlement mechanism which would result from the Uruguay Round negotiations would be applied in the manner suggested in whatever new agreement might emerge in the aircraft sector.

30. The representative of Sweden, speaking on behalf of Sweden and Norway, said that these countries would welcome improvement of the existing Aircraft Code. However, certain issues would require careful consideration, such as the relationship of any new aircraft agreement to the GATT MTO and to the Subsidies Agreement, and the scope of the agreement, inter alia.

31. The Chairman, in response to Switzerland's proposal, said that it might be somewhat premature to prepare such a synopsis, as the text submitted by the EEC and the United States was not a proposal for a multilateral text, but rather a text which had been submitted for the information of the Committee. He said that as the Committee had now agreed to open negotiations, it would have to address at a certain stage the question of the precise form of the incorporation into the existing provisions on trade in civil aircraft of any new disciplines that might result from these negotiations. This might take the form, for example, of the addition of a new and separate part to the existing Code, the addition of an annex, or the modification of existing provisions in the Code, and there might be other possibilities to explore in this regard. However, it would be premature to attempt to address these questions at the present stage; he thus suggested that this be left to a subsequent phase in the negotiations, once a degree of agreement on substance had been reached.

32. The representative of the EEC said that the Community appreciated the positive reaction of the Committee to the proposal to launch this multilateralization process, a development long awaited by the Community. The Community would like to see all countries that were current or prospective producers of civil aircraft sign on to a substantially modified and extended GATT Agreement on Trade in Civil Aircraft; thus, participation in the negotiations should be open not just to signatories of the existing Code, but also to any contracting party with an interest in this area. Regarding the subject matter of the negotiations, the Community proposed that disciplines similar to those contained in the bilateral agreement with the United States be extended to cover all other products covered by the Aircraft Code. However, similar did not mean identical. This matter had not been discussed in any substance, and the Community's position was not as yet fixed. Nevertheless, its objective was to have, at the end of the day, a substantially reworked GATT agreement on trade in all types of civil aircraft, whatever the specific disciplines might be, even if there were a distinction between the types of products covered.

33. As to the question of the form of the incorporation of any new agreed disciplines, he said that for the Community, the most important thing was to reach agreement on what the disciplines would be. The outcome in institutional terms would have to be a firm, binding multilateral agreement, as was the current Aircraft Agreement. Also, the Community wanted any new multilateral agreement on trade in civil aircraft to be unambiguously recognized as the lex specialis regarding GATT subsidy disciplines applicable to this sector. In the Community's view, the aircraft sector should not be covered by the new subsidies agreement, but rather all relevant subsidy disciplines should be included in the revised and renegotiated civil aircraft agreement.

34. The representative of Canada supported the Chairman's proposal to open negotiations on improving the GATT Aircraft Code. Canada fully supported the Community's statement regarding the participation in these negotiations of non-signatories. Regarding the suggestion for a synopsis of disciplines in this area, he said that it would be wise to await the submission of possible texts from signatories, including the United States and the EEC, which had indicated they did not consider the text of the bilateral agreement to be a suitable negotiating text. Canada might want to submit a text containing alternatives or modifications to some of the provisions in the bilateral agreement, or even radical changes to its framework. Regarding the Community's statement as to the unambiguous recognition of the new agreement as the lex specialis that applied to the civil aircraft sector, he said that this would depend on what was ultimately contained in the new agreement; that question would be the subject of very serious negotiation.

35. The Chairman made the following suggestions regarding procedural aspects of the negotiations: (1) that the negotiations be based on specific proposals from signatories; (2) that signatories be free to

suggest any improvement they might wish to make; (3) that the negotiations be conducted in a sub-committee of the Committee, and that he as Chairman of the full Committee also serve as Chairman of the Sub-Committee; (4) that there be the possibility of bilateral or plurilateral consultations on an informal basis at any time throughout the process; and (5) that participation be open to signatories and to non-signatories who were interested in this matter.

The Committee so agreed.

36. The Chairman suggested that the timetable for the negotiations be taken up as events developed, and that the Sub-Committee not meet before mid-September, at a date to be decided in informal consultations with interested signatories. He said that enough time should be allowed prior to the first meeting for the exchange of questions and answers on the text of the bilateral agreement to take place.

37. The representative of the United States said that his delegation agreed that participation in the negotiations should be as broad as appropriate and welcomed the Chairman's suggestion to include non-signatories. Regarding product coverage, the United States' position was essentially the same as the Community's, which was that similar disciplines should be agreed for all products. However, this was an area in which there had been very little bilateral discussion, and the United States welcomed discussion on the extent of similarity of these disciplines. Regarding the point on lex specialis, the United States' position on this would depend on the content of the new agreement. There were a number of difficult legal questions in this regard, and the United States would like the Community to spell out, at some future time, exactly how this lex specialis concept would work. He asked if in the past, the Committee had done any work on compiling information on the various programmes of government support established and maintained by signatories.

38. The Secretary of the Committee said that she had a considerable amount of information on the Community supplied by the United States, and vice versa. However, there was virtually nothing on other signatories' practices.

39. The representative of the United States said that this would be relevant data to discuss if the Committee was looking at different systems of support and the possible need for modifications of the Aircraft Code provisions.

40. The Chairman said that it would be to the benefit of all signatories if this kind of transparency could be developed in the Committee. Thus, the Committee should envisage a process by which all signatories would try to put on the table the basic facts of what their support systems, if any, looked like.

The Committee took note of the statements.