

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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Committee on Trade in Civil Aircraft

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TECHNICAL REVISIONS TO THE 1979 AGREEMENT ON  
TRADE IN CIVIL AIRCRAFT

Communication from Canada

The following communication, dated 29 September 1994, has been received by the Chairman of the Committee on Trade in Civil Aircraft.

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Please find attached Canada's response to your 15 July request. In responding to this request, we have respected your requirement that any comments on the "draft protocol" amending the Agreement be strictly limited to those of a technical nature. Canada's only proposed amendment to the current draft protocol is to clarify that ground maintenance simulators fall within the product coverage of the Annex to the Agreement.

You will recall that Canada does not support the continuation of negotiations on disciplines on government assistance. It is our view that the WTO Agreement on Subsidies and Countervailing Measures should provide a reasonable and effective set of rules in this area, including for the civil aircraft sector. The new rules have not yet become operational and thus it would seem premature to be considering changing them. Nevertheless, should it become apparent that improvements to these rules are required for the civil aircraft sector, then Canada would be very supportive of resuming negotiations at that time. Canada's position has not changed. However, throughout the last two years Canada has been open to proposals which, in our view, would improve the 1979 Agreement. With this in mind, we would be prepared, as part of this exercise, to incorporate Annex 1 of the EU-US Bilateral Agreement on Large Civil Aircraft into Article 4 of the "draft protocol", thus multilateralizing one important aspect of that bilateral agreement.

While we recognize that this is a "substantive" as opposed to a "technical" amendment, it would appear to be one on which there was broad consensus last autumn. Perhaps it would be best to discuss this proposal at the next meeting of the Sub-Committee. To facilitate discussion on this proposal, you may wish to circulate this letter to delegations prior to that meeting.

Agreement on Trade in Civil Aircraft

Submission from Canada

The following is Canada's response to the request from the Chairman of the Committee on Trade in Civil Aircraft dated 15 July 1994.

In his request of 15 July, the Chairman requested delegations to consider the text of a draft protocol amending the Agreement on Trade in Civil Aircraft and propose changes, if any, they wished to make.

It is understood, by Canada, that the scope of this exercise is limited to technical revisions and should not, therefore, include amendments of a substantive nature.

Canada proposes the following change:

That the list of products in the Annex to the Agreement on Trade in Civil aircraft on Product Coverage be amended to include HS Code Ex 9023.00 - Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions), unsuitable for other uses - ground maintenance simulators.

Comment: Article 1 of the Agreement applies to the following generally described products: all civil aircraft, civil aircraft engines and their parts and components, all other parts, components, and sub-assemblies of civil aircraft and all ground flight simulators and their parts and components. This coverage applies whether the named items are used as original or replacement equipment in the manufacture, repair, maintenance, rebuilding, modification or conversion of civil aircraft.

Based on a general product description in the Agreement, Signatories have identified specific products to be accorded duty-free status by way of Harmonized System (HS) codes and have agreed to accord duty-free status to the identified products, if such products are for use in civil aircraft or ground flying trainers ... etc.

A technical anomaly exists, however, in the case of Ground Maintenance Simulators (classified as 90.23) that should be corrected through this exercise. In spite of the fact that this product's primary use is related to civil aircraft, duty-free status has not been granted to this product. Furthermore, this anomaly appears to have been recognized by some Signatories, e.g. Canada, Japan and the United States, where it receives duty-free treatment upon importation.