

GENERAL AGREEMENT ON TARIFFS AND TRADE

Agreement on Trade in Civil Aircraft

Original: English

PROCEDURES FOR PROVIDING TRANSPARENCY OF GOVERNMENTAL SUPPORTS

Proposal Submitted by the Delegation of the United States

I. Introduction

Article 6 of the Agreement represented one of the most difficult parts of our negotiations in developing the Agreement. The facts that governments commonly are involved, for a number of reasons, with research, development, production and/or marketing of civil aircraft, engines, and systems and that government-industry relationships vary widely among the negotiating partners were significant reasons for the difficulty in drafting Article 6. These are also significant reasons for careful, balanced, effective monitoring of the operation of Article 6.

Indeed, Article 6 states, in part, that signatories "affirm that in their participation in, or support of, civil aircraft programmes they shall seek to avoid adverse effects on trade in civil aircraft...."

In addressing two principal objectives of the Agreement:

... To eliminate adverse effects on trade in civil aircraft resulting from governmental support in civil aircraft development, production, and marketing while recognizing that such governmental support, of itself, would not be deemed a distortion of trade;

... That their civil aircraft activities operate on a commercially competitive basis, recognizing that government-industry relationships differ widely among them...

The United States suggests that the committee's concern should be, not with how a government relates to its industry, but with what effect that relationship has on trade.

To be in a position to make a reasonable assessment of the impact on trade of a government-industry relationship, the committee and individual signatories should have regular and timely access to information on the operation of such government-industry relationships, in particular on governmental financial assistance provided for the development, production, or marketing of civil aircraft programs to include those for engines, components, equipment, and parts.

II. Context for proposal

The preamble of the Agreement itself cites "the need to provide for international notification...procedures with a view to ensuring a fair, prompt and effective enforcement of the provisions of this agreement..."

Article 6 of the Agreement re-iterates that the provisions of the Agreement on Subsidies and Countervailing Measures apply to trade in civil aircraft. And Article 7 of that agreement explicitly provides that "any signatory may make a written request for information on the nature and extent of any subsidy granted or maintained by another signatory...which operates directly or indirectly to increase exports of any product from or reduce imports of any product into its territory."

The negotiating history of Article 8 of the Aircraft Agreement is full of references to the desirability of raising within the Aircraft Committee all issues affecting trade in civil aircraft, rather than having such issues raised in such other fora as might be appropriate. We recall the strong interest of our negotiating partners in establishing the Aircraft Committee as the forum for discussion of aircraft trade issues and in assuring a spirit of cooperation, not accusation as such issues are addressed.

Part VI of the Agreement on Government Procurement, although not directly applicable to the subject at hand, does provide in the Tokyo Round of Multilateral Trade Negotiations package of agreements a useful precedent for explicit, prompt, and substantial release of information concerning procurements subject to the agreement so as better to assure that the objectives of the agreement are served.

III. Proposal

Accordingly, in order to enhance effective operation of the Agreement, to provide a procedure for monitoring the application of Article 6, to lessen resort to trade complaint procedures by providing a regular procedure for transparency of governmental programs which might have significant affect on trade, and to establish the Committee as the forum for discussion of such programs, and being mindful of the interest of participants in the Tokyo Round to establish transparency of actions that do or might affect trade in order to assure greater fairness and openness of the world's trading system, it is proposed that significant governmental supports of civil aircraft programs, to include programs involving engines, components, equipment, and parts be regularly and promptly notified to the Committee.