

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Agreement on Trade in Civil Aircraft

TECHNICAL SUB-COMMITTEE

Uniform Treatment of Aircraft Provisions in Domestic Implementation of Harmonized Code

Proposal by the United States

At the 27 October 1981 meeting of the Technical Sub-Committee on Trade in Civil Aircraft (TSC), the United States delegate described the proposed United States approach for incorporating the duty-free provisions of the Aircraft Agreement in its implementation of the Harmonized System and suggested that the TSC study the feasibility of having all Signatories adopt a similar approach. This paper is being circulated to all TSC representatives, at the request of several delegations, in order to facilitate the discussion of this subject at the upcoming March meeting.

The Harmonized System consists of 97 chapters, with two chapters (98 and 99) available for specialized domestic needs. The United States in its implementation of the System proposes to use chapter 98 to set out special tariff provisions, including those provisions listed in the Annex to the Aircraft Agreement. Thus, each of the items in the Annex to the Aircraft Agreement would have a separate heading in chapter 98 showing a duty rate of "free". Each of the appropriate headings in chapters 1 through 97 where a particular article would have been classified in the absence of a special aircraft provision would be footnoted to indicate the special tariff treatment accorded to aircraft products in chapter 98.

Several advantages would result if all Signatories to the Aircraft Agreement were to adopt a similar approach in their domestic implementation of the Harmonized System. First, it would facilitate uniformity of treatment of all such products and could ultimately lead, through the work of the TSC, to the consolidation of the three Annexes to the Aircraft Agreement into a single Annex with one set of product descriptions and a uniform numbering system (e.g. 98.01, 98.02, etc....). This approach (with appropriate footnotes in chapters 1-97) would also provide maximum transparency of tariff treatment and would facilitate the collection and reporting of comparable statistical data by all Signatories.

It should be clearly understood that this proposal concerns domestic implementation of the Harmonized System and would not require any changes in the System itself. It would, therefore, not be necessary to seek the approval of the Harmonized System Committee in Brussels.

It is hoped that all delegations will discuss this subject with the appropriate officials in their respective capitals and be prepared to discuss the feasibility of this approach at the March meeting of the Technical Sub-Committee.