

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AIR/TSC/W/30
31 March 1982

Special Distribution

Agreement on Trade in Civil Aircraft

TECHNICAL SUB-COMMITTEE

Note by the Chairman

(Mr. Ph. Douglas - Canada)

The Technical Sub-Committee met on 18 March 1982. It addressed the two points under its terms of reference.

Point 1

1.1 Statistical reporting of trade data

1. The Technical Sub-Committee noted that further to the instructions it had asked in October 1981, the Aircraft Committee had concluded (AIR/M/6, paragraph 15) that the matter of statistical reporting of trade flows of products covered in the Annex to the Agreement was important and that work within the Technical Sub-Committee should be pursued in order to achieve full comparability of statistics. However, for some Signatories there remained a number of technical difficulties in the collection system of import statistics. For some countries the breakout of import tariff positions under the Agreement would complicate the customs clearance procedures. The separation of civil from military aircraft imports involved restricted information and confidentiality constraints. The problems were being examined, but their solution was not apparent. Some members of the Sub-Committee questioned whether any significant degree of comparability could be achieved between three different tariff nomenclatures; even if the aim were desirable, the result might not be worth the effort. One member said it needed a way of showing whether trade flows had increased or decreased under the Agreement. Several members stated that they did not have and could not get the relevant breakdowns for the years prior to the entry into force of the Agreement, thus precluding any comparison of trade before and after the Agreement.

2. It was agreed that at its next examination of this point, the Technical Sub-Committee would attempt to define what degree of commonality could be reached. Basing itself on document AIR/TSC/W/15 it would, as a first step, try to define, for each nomenclature, the import tariff positions of whole civil aircraft and civil aircraft engines, (excluding military items).

1.2 Tariff classification matters

3. The Technical Sub-Committee examined the proposal by the United States (AIR/TSC/W/23) on "Uniform Treatment of Aircraft Provisions in Domestic

Implementation of Harmonized Code". The representative of the United States explained that the detailed application of this proposal was still under consideration, and that further documentation elaborating on its proposal would be supplied for a later meeting. Several members of the Sub-Committee pointed out that under the Harmonized System, each country could use the 4 or 6 digit sub-divisions in its own way; this facility had been provided to accommodate particular national requirements. Sub-divisions would normally have explanatory notes, drafted in whatever specific terms the country might require. Two members of the Sub-Committee said their authorities would await the additional information from the United States before taking a position on the proposal. Three members of the Sub-Committee said they had submitted the proposal to their respective ministries or customs authorities, whose view was that, because duty-free treatment was given to more products than those contained in the Annex to the Aircraft Agreement, there would be no advantage in using Chapter 98 for the products under the Agreement. Other end-use products might also be included in Chapter 98, and thus result in a double customs tariff. They were therefore reluctant to support the proposal.

4. The Technical Sub-Committee would revert to the matter after receipt of further information on its proposal from the United States.

1.3 National tariffs

5. The Sub-Committee noted that statements had been made in the Committee (AIR/M/7) on action taken by Signatories to ensure the full transparency, in their respective national tariffs, of duty-free treatment of civil aircraft items. The Technical Sub-Committee noted with satisfaction the steps taken by Japan, which as from 1 April 1982, would facilitate the statistical collection system and enhance transparency. The representative of Switzerland explained that there had been no time to include the appropriate footnotes in the 1982 Customs Tariff; but that it could be done for the 1983 edition. The representative of Sweden said that in the first half of 1982 the Aircraft Agreement would be reproduced in an Annex to the Swedish Customs Tariff, with appropriate reference footnotes under each tariff position in the body of the tariff. In reply to a specific question on the absence of footnotes indicating duty-free treatment for civil aircraft items in the Austrian Tariff, the representative of Austria said that his authorities did not intend to insert references in the body of the tariff. Sufficient clarity had been obtained by listing the duty-free aircraft items in an Annex to the Austrian Tariff, with a reference in the Preliminary Notes; no complaints from importers had been registered. Members of the Technical Sub-Committee nevertheless invited Austria to consider the insertion of footnotes under the relevant positions in the body of the tariff.

Point 2

2.1 Proposals for modification of product coverage

6. The Technical Sub-Committee noted that a large part of the additional information on selected products requested by the Committee (AIR/M/5, page 4) had been submitted. It would be distributed in the following documents: AIR/TSC/W/18 and 27 (Japan); AIR/TSC/W/24/Rev.1 (Norway); AIR/TSC/W/26 (Switzerland); AIR/TSC/W/28 (Sweden); AIR/TSC/W/29 (Canada); AIR/TSC/W/31 (EEC). The secretariat would distribute a periodic index, relating the

additional information and new proposals to the List of Selected Products (AIR/TSC/2 and AIR/TSC/W/19); this would be updated as additional information was submitted.

7. The Technical Sub-Committee attempted an identification of those products which it considers to be rectifications rather than substantive changes to the Annex, as required by the Committee (AIR/M/5, page 4, item (7)).

8. The Technical Sub-Committee decided that its only subject of discussion at its next meeting would be the completion of the List of Proposals to be forwarded to the Committee at its meeting of 28 June 1982.

Other

3. Date of next meeting

9. The date of the next meeting was fixed for 28 April 1982, starting at 9.45 a.m.