

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AIR/TSC/W/46
25 March 1983

Special Distribution

Agreement on Trade in Civil Aircraft

TECHNICAL SUB-COMMITTEE

Note by the Chairman

(Mr. G. Weise - United States)

The Technical Sub-Committee met on 11 March 1983. It addressed the two points, under its terms of reference.

Point 1

1.1 Statistical reporting of trade data

1. The Sub-Committee noted that four statistical reports had been submitted for 1982, and that further submissions would be forthcoming. It also noted that, due to temporary difficulties, one 1981 submission was still outstanding. Regarding the question of compatibility and comparability of statistical reporting one member said an attempt had been made to develop a concordance between the TSUS the CCCN and the CTS; this has turned out to be difficult, and the result of little value. Apart from complete aircraft and engines, the dominant element of EEC and US import data was classified under two headings: parts of aircraft and parts of engines. He concluded that further efforts to obtain comparability between the three different tariff structures would be futile unless aircraft and engine parts were first broken down into identifiable entities on a mutually agreed basis. Even then, problems would still arise because some items within the "aircraft engine parts" universe in the TSUS lay outside this universe in the CCCN, and vice versa. To achieve comparability therefore would imply rewriting all tariffs on the same basis.

2. Members of the Sub-Committee noted that in addition some countries could not differentiate between civil and military aircraft in their statistics. The Sub-Committee concluded that despite efforts to improve comparability of statistical reporting it was unable to make progress at this time. It was suggested that the implementation of the Harmonized System (on 1 January 1987) and, in particular, advance planning by individual countries of statistical and customs sub-divisions for their system, would supply the basis for achieving compatibility and comparability of aircraft statistics. The Sub-Committee would report this to the Committee and make a recommendation concerning preparation for statistical sub-divisions under the Harmonized System.

1.2 Tariff classification matters

3. The US representative said that her administration was no longer considering the use of chapter 98 as a way of dealing with the customs treatment for aircraft provisions in their implementation of Harmonized System (see original US proposal in document AIR/TSC/W/23), but was considering the use of a preferential column. An example of the annotated US Tariff Schedule, converted to the Harmonized System and reflecting final MTN concession rates of duty was circulated informally to illustrate this approach. She insisted that a common approach for aircraft concessions would be desirable. The representative of the EEC said that two systems were currently under consideration: (1) to continue the present system used in the EEC, i.e. insert sub-positions concerning aircraft concessions in the bulk of the tariff or (2) put all sub-positions concerning aircraft concessions together in an annex with cross-references under each heading in the bulk of the tariff. Both systems had advantages and disadvantages. Should the annex to the Agreement be extended the number of special tariff lines to be inserted in the bulk of the tariff might become very unwieldy. The EC and other members of the Sub-Committee said that they were considering the approach to be adopted; that they would study the US example and comment at the next meeting.

4. The Chairman invited representatives to share their thinking, possibly with examples, on the implementation of the Harmonized System for aircraft concessions.

1.3 Civil/military identification for domestic customs purposes

5. This matter was referred to the Technical Sub-Committee by the Committee. The representative of the EEC recalled that pursuant to a US request in the Committee that Signatories publish, for customs purposes, what is to be considered civil aircraft, the EEC had decided to draft an interpretative note to be inserted in the explanatory notes to the common external tariff.

6. There was a need at this point to have a clear picture of how other delegations were handling the problem for customs administration purposes. Basically this was a matter of transparency. After some discussion it was decided that in order to find the facts, each Signatory would report to the secretariat what its current practice was. The secretariat would then compile these written submissions in order to facilitate discussion at the next meeting of the Technical Sub-Committee. The submissions would consist of a short written statement explaining by what method the country in question differentiated between civil and military aircraft and products for their customs administration purposes; e.g. whether an explanatory note had been published or a circular had been sent to the customs authorities. These written submissions should be submitted to the secretariat not later than 15 May 1983. The matter would be reverted to at the next meeting.

Point 2

2.1 Product coverage - request for assistance from the Aircraft Committee

7. The Committee had referred to the Technical Sub-Committee a list of sixteen ex CCCN 4-digit items tentatively agreed for inclusion in the Annex to the Agreement, with the request that the Technical Sub-Committee work out the correct tariff language in CCCN, TSUS and CTS nomenclatures.

8. The Technical Sub-Committee agreed that tariff experts in the three nomenclatures, i.e. the United States for TSUS, the Canadian delegation for CTS, and the EEC, in co-ordination with other CCCN users, for the CCCN nomenclature would prepare draft language for the sixteen items and forward it to the GATT secretariat no later than 30 April 1983. The secretariat would then circulate these drafts to members of the Technical Sub-Committee. At its next meeting the Technical Sub-Committee would finalize the tariff language in drafting groups.

9. On the other items referred to it by the Committee the Technical Sub-Committee took the following action:

<u>ex-CCCN</u>		<u>Note</u>
39.07	Article for technical use -) plastic)	EC, Canada and US to examine tariff concordance. Revert to at next meeting.
40.14	Article for technical use -) rubber)	
62.05	Seat covers (life vests))	EC to examine tariff classification of seat covers. May request more information from Canada. Revert to at next meeting.
94.01	Seat covers (life vests))	
68.14	Friction material (brakes, etc.) asbestos	Definition and clarification of "other materials". Japan to supply information to Canada or secretariat. Examine possible deletion of "asbestos". Revert to at next meeting.
73.38	<u>Parts</u> of sanitary ware - iron or steel	EC will supply Canada with explanatory note of CCCN describing parts of sanitary ware. The request concerns <u>parts</u> , not other materials. Revert to at next meeting.
86.64	Gaskets and joints	US and Canada to write clarification to EC and Japan, of what is already duty-free in TSUS and CTS.
85.22	Electric apparatus and parts	EC to provide specific examples to US.
....	Equipment for testing Flight support systems	Canada to provide further information.

10. The Technical Sub-Committee noted that should the Chairman of the Aircraft Committee give early warning to the Technical Sub-Committee that reservations had been lifted on other items proposed for the extension of the Annex, the Technical Sub-Committee would try to prepare appropriate tariff language in the three tariff nomenclatures in time to report to the Committee.

In this regard the Chairman asked any Signatory which decided to remove a reservation or a particular item before the next meeting to notify the secretariat and to prepare appropriate tariff language.

11. Date of next meeting

The date of the next meeting was fixed tentatively for the week starting 6 or 13 June 1983. It was expected that the work of the Technical Sub-Committee and the drafting group would take one week.