

REPORT (2000) OF THE COMMITTEE ON TRADE IN CIVIL AIRCRAFT

1. This report is submitted under Article 8.2 of the Agreement on Trade in Civil Aircraft (hereinafter the "Agreement") and Article IV.8 of the Marrakesh Agreement Establishing the World Trade Organization. It sets out the activities of the Committee since December 1999.

2. As of 1 November 2000, there were 26 Signatories to the Agreement: Bulgaria, Canada, the European Communities, Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, the United Kingdom, Egypt, Georgia, Japan, Latvia, Macau, Norway, Romania, Switzerland and the United States. Those WTO Members with observer status in the Committee are: Argentina, Australia, Bangladesh, Brazil, Cameroon, Colombia, the Czech Republic, Estonia, Finland, Gabon, Ghana, India, Indonesia, Israel, Korea, Malta, Mauritius, Nigeria, Poland, Singapore, the Slovak Republic, Sri Lanka, Trinidad and Tobago, Tunisia and Turkey. In addition, China, Chinese Taipei, the Russian Federation and Saudi Arabia have observer status in the Committee. The IMF and UNCTAD are also observers.

3. Since December 1999, the Committee has held two regular meetings, on 14 June 2000 and 15 November 2000.

4. The agenda and minutes for the June 2000 meeting can be found in document TCA/M/10. At this meeting, the Committee again discussed the status of the Agreement in the WTO framework, but Signatories remained unable to adopt the Draft Protocol (1999) Rectifying the Agreement on Trade in Civil Aircraft that was proposed by the Chairperson in April 1999. The Committee also discussed the draft revised Protocol (2000) Amending the Annex to the Agreement on Trade in Civil Aircraft relating to the update of HS headings to the HS 1996 and the extension of product coverage of the Product Coverage Annex to include "aircraft ground maintenance simulators", and instructed the Secretariat to produce, for consideration by the Technical Sub-Committee, a revised draft document on the basis of these discussions and of any submissions received from Signatories until 31 July 2000. In addition, the Committee discussed the United States Aviation Investment and Reform Act for the Twenty-First Century, the European Communities' regulation on aircraft engine noise; Belgian aircraft industry supports; and the certification of large civil aircraft. The Committee also discussed the system of "end-use" customs administration of several Signatories, including the proposal by one Signatory concerning the definition of "civil" vs. "military" aircraft based on initial certification rather than registration or the identity of the purchaser. The Chairperson reminded Signatories that they should, by 1 October 2000, submit information to update the information concerning civil/military identification for domestic customs purposes contained in document AIR/TSC/W/49. The following matters were raised under "Other Business": government support for the development of large civil aircraft; and certification in Europe of small civil aircraft.

5. At its November 2000 meeting, the Committee again discussed the status of the Agreement in the WTO framework. While Signatories remained unable to adopt the Draft Protocol (1999) Rectifying the Agreement on Trade in Civil Aircraft proposed by the Chairperson in April 1999, they were of the view that it was useful for the Committee to continue to revert to this item with a view to making progress.

6. Also at this meeting, the Committee discussed the draft revised Protocol (2000) Amending the Annex to the Agreement on Trade in Civil Aircraft relating to the update of HS headings to the HS 1996 and the extension of product coverage of the Product Coverage Annex to include "aircraft ground maintenance simulators". In connection with the extension of product coverage, the Committee considered the proposal by one Signatory to amend Article 1.1 of the Agreement. While Signatories were unable formally to adopt the Protocol (2000) Amending the Annex to the Agreement on Trade in Civil Aircraft, or to agree to amend Article 1.1 of the Agreement, the Committee decided to urge Signatories to apply, on an interim basis, duty-free treatment to the goods of the proposed product coverage Annex outlined in WTO document TCA/W/5/Rev.3, including aircraft ground maintenance simulators. In addition, Signatories agreed to instruct the Secretariat to produce, for review by Signatories, a further draft revision of the Product Coverage Annex incorporating changes to the HS that will enter into effect on 1 January 2002.

7. Also at the November meeting, the Chairperson reminded Signatories that had not already done so that they should update the information concerning civil/military identification for domestic customs purposes contained in document AIR/TSC/W/49. Furthermore, the Committee discussed the system of "end-use" customs administration of several Signatories, including the proposal by one Signatory concerning the definition of "civil" vs. "military" aircraft based on initial certification. The Committee addressed the utility of statistical reporting of trade data by Signatories, and the Chairperson urged Signatories to endeavour to submit such information by 1 May 2001 so that Signatories could have a basis for considering the utility of submitting such data. The Committee also addressed: the European Communities' regulation on aircraft engine noise; the certification in Europe of United States civil aircraft; government support for the development of large civil aircraft; and Belgian aircraft industry supports. The following matters were raised under "Other Business": the United States Aviation Investment and Reform Act for the Twenty-First Century; and the Canada/Brazil aircraft subsidies dispute.

8. The Technical Sub-Committee of the Committee met twice during the period under review, on 24 October 2000 and 14 November 2000, in order to discuss the update of Harmonized System (HS) headings in the Product Coverage Annex and extension of product coverage of the Agreement on the basis of the draft revised Protocol and Product Coverage Annex in TCA/W/5/Rev.1 and TCA/W/5/Rev.2. The Chairperson's notes concerning the discussions of the Technical Sub-Committee are contained in documents TCA/TSC/2 and TCA/TSC/3.

9. The Sub-Committee of the Committee on Trade in Civil Aircraft did not meet during the period under review.
