<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
</tbody>
</table>

1. **Notifications under Article 1.2**

The Chairman said that since the last meeting a notification by Spain (AIR/64) on entities operating military aircraft had been received. A notification from Portugal was still outstanding.

2. The representative of the EEC said that the matter would be called to the capital's attention, and that the notification would be forthcoming soon.
3. The Chairman said that as soon as the Portuguese notification was received, the secretariat would issue an update of the compiled notifications of Signatories' entities operating military aircraft so that they would be conveniently contained in a single document.


4. The Chairman said that to date the following Signatories had accepted the Protocol (1986): Sweden on 5 May 1987, Japan on 25 June 1987, Austria on 1 July 1987 (subject to ratification) and Norway on 29 October 1987. All Signatories would have received the secretariat's telex of 6 October 1987 explaining that the Protocol (1986) was open for acceptance until 31 October 1987 or a later date to be decided by the Committee. It was explained that the Committee was originally scheduled to meet on 29 October 1987 - in time to extend the time-limit if necessary - however, as the meeting was later fixed for 12 November there was a gap between the original expiry date of 31 October 1987 and any extension the Committee might want to decide. To bridge this gap he had proposed that "Signatories agree that any decision taken on 12 November to extend the time-limit for acceptance of the Protocol be made retroactive to 31 October 1987." As no objection had been raised the Committee should now take the formal decision to extend the time-limit for acceptance.

5. The representative of Canada said that he would inform the secretariat very soon on the status of the Canadian legislation needed to accept the Protocol.
6. The representative of Austria said that a draft law containing the ratification of the Protocol was before the Austrian Parliament and due for approval in December; if approved his delegation would deposit the instrument of ratification before the end of December and would apply the Protocol on 1 February 1988.

7. The representative of Switzerland said that legislation was before Parliament and due for ratification in early December. He was hopeful to be able to sign the Protocol before the end of the year.

8. The representative of the United States said that legislation had been introduced in Congress which would allow for the acceptance of the Protocol before 1 January 1988. However, the legislative process was not finished yet as it had passed before only one of the Houses of Congress. He hoped he would have authority before the end of the year to accept the Protocol.

9. The representative of the EEC said the legislative procedure to bring the Harmonized System into force was well under way; he hoped that it would be finished soon; it would of course include the Harmonized System for aircraft and the acceptance of the Protocol (1986).

10. The representative of Sweden suggested that as the Harmonized System would enter into force on 1 January 1988, and to be in line with the procedures adopted by the Tariff Committee, he suggested that the Protocol be open for acceptance until 31 December 1987. Any acceptances coming later than that date would have to be taken up in a second Protocol.
11. The representative of the EEC pointed out that neither the United States nor the EEC had yet signed the Convention. However, that did not prejudge on their application of the Harmonized System on 1 January 1988.

12. The representative of Canada said that he was in favour of extending the acceptance until 31 December 1987.

13. The representative of the United States said that his authorities were not prepared to extend the date beyond 31 December 1987 or to consider a second Protocol for the time being. The Committee adopted the following decision:

"Considering that the Protocol (1986) Amending the Annex to the Agreement on Trade in Civil Aircraft has not yet been accepted by all Signatories to the Agreement,

Considering that the terms of paragraph 2 of the said Protocol, give authority to the Committee on Trade in Civil Aircraft to decide on the time-limit for acceptance,

The Committee on Trade in Civil Aircraft

Decides to extend the time-limit for acceptance of the said Protocol until 31 December 1987. This decision is retroactive to 31 October 1987."
3. **Matters under Article 4 - Mandatory offsets**

14. The representative of the **United States** said that notwithstanding the review of Article 4 under way in the special meetings of the Committee, he raised this matter because his authorities' attention had been drawn to certain mandatory offsets - i.e. counter-purchases which were government-mandated - attached to civil aircraft procurement. Two cases seemed to have arisen in Spain and Greece. His delegation had made bilateral enquiries on the subject but had not yet received satisfactory responses. It would be useful to have more information to see how these operations equated with the obligations under Article 4 of the Agreement.

15. The representative of the **EEC** said that the Commission would seek more details, and would contact the interested parties as soon as information was complete. He would report on the matter at the next meeting of the Committee.

16. The **Chairman** said that the matter would be kept on the agenda for the next meeting.

4. **Matters under Article 8.3 - Further negotiations**

17. The **Chairman** said that this item had been on the agenda for a number of meetings. In March 1987 delegations had mentioned specific areas for improvement of the Agreement.

18. The representative of the **United States** said that his delegation supported review work and extension of the Agreement. He noted that an
intensive review of the provisions of Articles 4 and 6 was under way bilaterally and that this might lead eventually to Article 8.3 negotiations. There had been other suggestions which included the expansion of the coverage of the Annex, Article 3 and of course primarily Articles 4 and 6, as well as issues of transparency to monitor whether obligations were being met. In this context he noted that in the past months there had been press reports on transfers or forgiveness of debts and funding of civil aircraft programmes, which had not been followed by the submission of any information to this Committee. It would be useful to cover such issues under further negotiations.

19. The representative of the EFC noted that the issues relating to Articles 4 and 6 were under accelerated bilateral negotiation. As for other points he felt it was not opportune to deal with them at this stage. Many of the points mentioned, for instance notifications, would be taken up in the context of the Uruguay Round. He suggested that the question of further negotiations be suspended until the results of the negotiations concerning Articles 4 and 6 were known.

20. The Chairman said that the matter of further negotiations would be kept on the agenda for future meetings.

5. FAA regulations - Action notices

21. The Chairman said that this item was kept on the agenda from the previous meeting.
22. The representative of the EEC recalled that at the last meeting his delegation had raised the matter of the FAA's intention to give a stricter interpretation to some of its regulations, which would restrict the type of repairs that could be undertaken by foreign repair stations on US-registered aircraft. He had stressed the importance of this issue. He recognized that progress had been made but added that there would be problems as long as no system of mutual recognition existed. He asked for details on the present status of developments within the FAA.

23. The representative of the United States said that when the FAA had taken action in 1986, instructing its field office to enforce certain regulations on foreign repair stations, it had been in response to what the FAA perceived as violations of its regulations. These were substantive insofar as safety was involved; in some instances sub-standard parts were being placed in aircraft. In other cases the violations were more technical, involving reporting requirements to the FAA. This raised the entire issue of how foreign repair stations should be treated. He was pleased to report that the FAA had prepared a draft rule that would modernize the regulations recognizing the international nature of repair operations in the aircraft and airline industries. This draft rule should be issued in November. It was his understanding that the draft, if adopted, would eliminate any major restrictions on foreign repair stations which would then be permitted to work on all US-registered aircraft as well as on international aircraft. The FAA would have to ensure that adequate surveillance was provided. In the meantime, the FAA had instituted
exemption and exception procedures. The exception procedures were for foreign repair stations and the exemption procedures were for manufacturer of aircraft. To date, more than twenty exemptions and exceptions had been granted. At the previous meeting he had invited signatories to bring to his attention any problem they might have with the exemption or exception procedures. He was pleased that no cases had been flagged.

24. The representative of the EEC said that he hoped that the rule would be adopted soon as he feared that the procedure of exception could be discriminatory.

25. The Committee took note of the comments made.

6. **Report to the CONTRACTING PARTIES**

26. The Chairman referred the provisions of Article 8.2 of the Agreement which called for an annual report to the CONTRACTING PARTIES to the GATT.

27. The Committee adopted its seventh report to the CONTRACTING PARTIES, contained in document L/6259.

7. **Statistical reporting of aircraft trade data**

28. The Chairman recalled that at the last meeting the delegation of Japan had circulated an informal paper on statistical reporting. There had been some discussion but no final positions.
29. The representative of Japan recalled the proposal he had made at the 25 March 1987 meeting of the Committee relating to the improvement of statistical reporting of aircraft trade data. His authorities had taken into account the views of other Signatories on the matter and had decided to improve the Japanese data collection system to meet the HS implementation date of 1 January 1988. The Japanese authorities concerned were taking the necessary measures for the revision of its data collection system. Under this new system, trade data would be available not only for those civil aircraft products which were duty-exempt under the Agreement but also for other civil aircraft products which were duty-free either under Japan's GATT Schedule or under Japanese law. This system would be introduced as of 1 January 1988. Thus, his authorities would be submitting statistical reports based on this improved system. His delegation also expected all Signatories to submit their statistical reports of aircraft trade data to the Committee.

30. The Chairman added that the secretariat which had been asked to take the matter up with delegations on an informal basis, had not had sufficient response to be in a position to give a meaningful report. Thus, he suggested that the matter be left open for any delegation to take up as appropriate.

8. Dates of next meetings

31. The dates for the next meetings were set for 16 March 1988 and tentatively for the week starting 17 October 1988.