REQUEST UNDER ARTICLE 8 OF THE AGREEMENT

Communication from the European Communities

The following communication from the Commission of the European Communities, dated 22 December 1989, has been received by the Chairman of the Committee on Trade in Civil Aircraft.

I have been instructed by my authorities to request that the Committee on Trade in Civil Aircraft meet at the earliest opportunity in order to examine the situation arising out of the consultations conducted earlier this year between the United States and the European Community with respect to certain aspects of a specific measure concerning the aircraft sector, i.e. the exchange rate scheme adopted by the Federal Republic of Germany in the context of the reorganization of Messerschmitt-Boelkow-Blohm.

On 20 March 1989, the United States requested consultations with the Community under Article 12.1 of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT (the "Subsidy Code"). The Community, while informing the United States that it did not accept the Subsidy Code as a basis for such consultations which, in its view, should be conducted pursuant to Article 8.7 of the Agreement on Trade in Civil Aircraft, suggested, in order to expedite consultations on substance, that such consultations be held between the two parties without prejudice to their respective positions on the question of the legal basis. This was accepted by the United States and consultations were held on 9-10 May 1989. In a letter of 11 December 1989 to the Chairman of the Subsidy Code Committee, the United States request that this Committee meet with a view to undertaking conciliation pursuant to Articles 13.1 and 17.1 of the Subsidy Code regarding the dispute between the United States and the European Community concerning the above-mentioned measures adopted by the Federal Republic of Germany.

The Community remains convinced that the Agreement on Trade in Civil Aircraft is the appropriate basis for reviewing matters falling under the "...international framework covering conduct of trade in civil aircraft", and that this Agreement constitutes the "international framework" referred
to in its preamble. The Community will, of course, advance these arguments in the context of the meeting requested by the United States under the auspices of the Subsidy Code. It is, however, of the greatest importance that the competent Committee, i.e. the Aircraft Agreement Committee, review this matter at the earliest possible opportunity in order to avoid that eventual disagreement over the legal basis for further attempts at solving these problems cause unnecessary delay.

Consequently, the Community requests, pursuant to Article 8, paragraphs 1 and 7 of the Aircraft Agreement, that the Committee established under this Agreement meet within 30 days of your receipt of the present request, and in any case no later than the week of 22 January 1990 in order to confirm its competence to deal with this matter.