Sub-Committee of the Committee
on Trade in Civil Aircraft

MEETING OF 11 DECEMBER 1993

Note by the Secretariat

1. The Sub-Committee held its tenth meeting on 11 December 1993 under the Chairmanship of Mr. Mikael Lindström (Sweden). Participants discussed the Draft Revised Agreement on Trade in Civil Aircraft (AIR/RN/12 of 10 December 1993) which had been circulated to participants by the Chairman the previous day. The Chairman explained that this text built on the Chairman’s text of 19.11.93 (“Track A”) and took into account comments that had been received from participants. He stressed that in order to have a new Aircraft Agreement be part of the Uruguay Round package, an agreed text had to be put forward to the Trade Negotiations Committee not later than the following day.

2. One participant said that his delegation had preferred to incorporate the US/EC Bilateral Agreement in a multilateral context, and thus still had many problems with the proposed text which in his view introduced a number of new ideas, was not balanced in certain areas, and did not contain sufficiently strict disciplines in other areas.

3. Many participants supported the text as a basis for finalizing a new Aircraft Agreement. Among them, one participant held the view that the text contained improvements in many areas, but he did not agree that subsidies green-lighted in the DFA Subsidies text should be subject to countervailing measures under a new Aircraft Agreement. Another participant said that the text reflected a balanced compromise and was a solid basis on which to finalize a sustainable multilateral agreement; however, he too questioned the exposure of certain green-lighted subsidies to countervailing measures, and said that the transparency provisions were overly ambitious. Another participant said that he could support the text but was not satisfied with the provisions on notification. One participant said that while he supported the text as a basis for agreement, there remained a number of major problems in it; for example, the prohibition of subsidies that were not disproportionately trade-distorting, the strict limits on subsidies for which a party had invoked the provisions of Article 10, the absence of a cap on “certain subsidies”, the burdensome notification provisions, and the provision on withdrawal. One participant said that the provisions on “transformation into a market economy” met the majority of his concerns.

4. Participants posed questions and made suggestions on a number of provisions in the text, inter alia, on product coverage, government procurement, the description of subsidies that were to be prohibited, the provisions on “certain subsidies”, the thresholds for the presumption of serious prejudice, the disciplines on subsidies in the form of royalty-based financing, the treatment of prior government commitments, the definition of “large civil aircraft”, the reasonableness of notification requirements, and withdrawal from the Agreement.

5. The Chairman said that participants wishing to incorporate changes in the text should put forward to him those changes on which agreement had been reached informally with the other participants, so that these could be incorporated in a revised text for consideration by the Sub-Committee at its meeting the following day.