The attached discussion draft of Chapter 88 of the Harmonized System Code (HSC) is being circulated to all representatives of the Civil Aircraft Technical Sub-Committee in order to facilitate the discussion, at the 2-3 July meetings, of the proposal that the GATT Civil Aircraft Committee should propose to the Harmonized System Committee an amendment to Chapter 88 of the HSC to make it more compatible with the annex to the Aircraft Agreement.

As can be readily seen from a comparison of the two columns on the discussion draft, the proposed breakouts would alter the structure of Chapter 88, which has been tentatively approved by the Harmonized System Committee, only insofar as it would insert breaks between "civil" and "other" for each of the important product categories in the chapter. The draft would not change any of the provisions which have been previously agreed to in any other manner.

Since the Agreement on Trade in Civil Aircraft only covers trade in civil aircraft, it is believed that the distinction between civil and other aircraft is a meaningful one which should be reflected in the structure of Chapter 88 of the HSC. We have reviewed Chapters 84, 85, and 90 of the HSC and, although it would be worthwhile to provide a similar distinction for the significant aircraft parts classified in such chapters, we do not believe that the Harmonized System Committee would be likely to agree to such a change at the one or two dash level, which is the level of detail which the HSC is working with. We would urge all signatories of the Aircraft Agreement, however, to provide such breakouts in their domestic tariff schedules.

In order to increase the likelihood of the Harmonized System Committee adopting the proposal contained in the discussion draft, it would be helpful if a precise and universally accepted definition of the term "civil aircraft" can be agreed to by the Aircraft Committee. It is hoped that the Technical Sub-Committee can provide the Aircraft Committee with some guidance on this issue. The following proposed definition of the term "civil aircraft" is provided for discussion purposes:

"The term civil aircraft means all aircraft other than aircraft purchased for use by the military departments or establishments of the country of importation."
PROPOSED MODIFICATION OF CHAPTER 88 OF THE HARMONIZED SYSTEM CODE

Heading No. 88.01

GLIDERS AND HANG GLIDERS, WHETHER OR NOT FITTED WITH AN AUXILIARY MOTOR; BALLOONS AND DIRIGIBLES; OTHER NON-POWERED AIRCRAFT.

Proposed breakouts:

- Gliders
  - Civil
  - Other
- Balloons and dirigibles
  - Civil
  - Other

Existing breakouts: 1/

- Gliders
  - Balloons and dirigibles
  - Other

Heading No. 88.02

OTHER AIRCRAFT (FOR EXAMPLE, HELICOPTERS, AEROPLANES); SPACECRAFT (INCLUDING SATELLITES) AND SPACECRAFT LAUNCH VEHICLES.

Proposed breakouts:

- Civil Helicopters
  - Of an unladen weight not exceeding 2,000 kg.
  - Of an unladen weight exceeding 2,000 kg.
- Civil aeroplanes and other civil aircraft
  - Of an unladen weight not exceeding 2000 kg.
  - Of an unladen weight exceeding 2000 kg. but not exceeding 15,000 kg.
  - Of an unladen weight exceeding 15000 kg.
- Other aeroplanes and other aircraft
- Spacecraft (including satellites) and spacecraft launch vehicles.

Existing Breakouts: 1/

- Helicopters
  - Of an unladen weight not exceeding 2,000 kg.
  - Of an unladen weight exceeding 2,000 kg.
- Aeroplanes and other aircraft of an unladen weight not exceeding 2000 kg.
- Aeroplanes and other aircraft of an unladen weight exceeding 2000 kg but not exceeding 15000 kg.
- Aeroplanes and other aircraft of an unladen weight exceeding 15000 kg.
- Spacecraft (including satellites) and spacecraft launch vehicles

1/ Breakouts as tentatively agreed to by the Harmonized Systems Committee. See Nomenclature Committee Document 25.877E dated 8 January 1980.
Heading No. 88.03

PARTS OF GOODS FALLING WITHIN HEADING NO. 88.01 or 88.02

Proposed breakouts:

- For use in civil aircraft
  -- Propellers and rotors and parts thereof
  -- Under-carriages and parts thereof
  -- Other parts of aeroplanes or helicopters
  -- Other

- For use in other aircraft
- For use in spacecraft

Existing breakouts: 1/

- Propellers and rotors and parts thereof
- Under-carriages and parts thereof
- Other parts of aeroplanes or helicopters
- Other

Heading No. 88.04

PARACHUTES (INCLUDING DIRIGIBLE PARACHUTES) AND ROTOCHUTES; PARTS THEREOF AND ACCESSORIES THEREETO.

Proposed breakouts:

None

Existing breakouts: 1/

None

Heading No. 88.05

AIRCRAFT LAUNCHING OR DECK-ARRESTOR GEAR; GROUND FLYING TRAINERS; PARTS OF THE FOREGOING ARTICLES

Proposed breakouts:

None offered. Existing breakouts are acceptable.

Existing breakouts: 1/

- Aircraft launching or deck-arrestor gear and parts thereof
- Ground flying trainers and parts thereof

1/ Breakouts as tentatively agreed to by the Harmonized Systems Committee. See Nomenclature Committee Document 25.877E dated 8 January 1980.