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SPEECH BY: HEINRICH VON MOLTKE  
DEPUTY HEAD OF DELEGATION  
DELEGATION OF THE COMMISSION  
OF THE EUROPEAN COMMUNITIES

## NEW MULTILATERAL AGREEMENT ON TRADE IN CIVIL AIRCRAFT - ITS IMPACT ON THE HELICOPTER OPERATOR.

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THE CIVIL AIRCRAFT AGREEMENT HAS BEEN SIGNED BY THE U.S., THE EUROPEAN COMMUNITY, CANADA, JAPAN AND SWEDEN. NORWAY AND SWITZERLAND ARE ALSO EXPECTED TO SIGN THE AGREEMENT WHILE AUSTRIA AND SINGAPORE ARE SHOWING SOME INTEREST. FROM THIS WE CAN SEE ITS IMPORTANCE REFLECTED IN A WIDE GEOGRAPHIC COVERAGE.

THE SIGNATORIES OF THE AGREEMENT UNDERTAKE TO CARRY OUT THE OBLIGATIONS OF THE AGREEMENT WHILE EXTENDING THE ELIMINATION OF CUSTOMS DUTIES TO THE OTHER CONTRACTING PARTNERS OF THE GATT ON AN MFN BASIS.

WHAT CAN ONE SAY ABOUT THE POSITIVE IMPACT OF THIS AGREEMENT ON THE HELICOPTER INDUSTRY?

WITH REGARD TO COVERAGE, THE AGREEMENT RELATES ONLY TO CIVIL AIRCRAFT. ALTHOUGH THIS IS RESTRICTION, YOU KNOW BETTER THAN I THE MANY USES HELICOPTERS ALREADY HAVE IN THE CIVILIAN AND, IN PARTICULAR, THE PRIVATE SECTOR. ONE NEED ONLY TO LOOK, FOR EXAMPLE AT THE OFFSHORE OIL INDUSTRY TO SEE AREAS WHERE THE USE OF HELICOPTERS IS VITAL. THUS THE RESTRICTION OF THE AGREEMENT TO CIVIL AIRCRAFT MAY BE CONSIDERED LESS AND LESS A RESTRICTION IN THE FUTURE.

THE CIVIL AIRCRAFT AGREEMENT COVERS CIVIL AIRCRAFT, HELICOPTERS AND GLIDERS, ENGINES AND THEIR PARTS AND COMPONENTS ALL OTHER PARTS, SUBASSEMBLIES AND COMPONENTS OF AIRCRAFT AND FINALLY GROUND FLIGHT SIMULATORS AND PARTS.

THE LIST OF PRODUCTS ANNEXED TO THE AGREEMENT ARE EXTREMELY LONG AND OVER 90 PER CENT OF THE ELEMENTS CONSTITUTING ON AIRCRAFT ARE COVERED. AS YOU MAY KNOW, THE EUROPEAN COMMUNITY IS ALSO INTERESTED IN WIDENING THE SCOPE OF THE AGREEMENT TO COVER "PARTS OF PARTS" WHICH CURRENTLY ARE NOT INCLUDED.

VIEWS ARE CURRENTLY DIVIDED ON THIS ISSUE WITH SOME COUNTRIES FAVORING THE E.C. VIEW WHILE OTHERS APPEAR RETICENT ABOUT FURTHER EXTENSION OF THE AGREEMENT. AT ANY RATE, IT IS OUR INTENTION TO NEGOTIATE THIS QUESTION WITH OUR TRADING PARTNERS WHICH, IF EVENTUALLY ADOPTED, WOULD BROADEN FURTHER THE BENEFITS EMANATING FROM THE CURRENT AGREEMENT.

WHAT ARE THESE BENEFITS? WELL, THE AGREEMENT CONTAINS BOTH TARIFF AND NON-TARIFF ASPECTS.

THE AGREEMENT PROVIDES THAT FROM JANUARY 1ST OF THIS YEAR, SIGNATORY COUNTRIES ELIMINATE ALL TARIFFS ON CIVIL AIRCRAFT.

CUSTOMS AUTHORITIES ARE REQUESTED TO SET UP A SO-CALLED "END USE" SYSTEM TO ENSURE THAT PRODUCTS WHICH ENTER DUTY-FREE ARE IN FACT INCORPORATED IN AN AIRCRAFT. A WORKING GROUP WILL BE SET UP TO ENSURE EFFECTIVE RECIPROCITY DURING THE FIRST YEARS OF THE AGREEMENT BUT EACH COUNTRY IS FREE TO CHOOSE

THEIR OWN SYSTEM OF CONTROLLING END USE.

AS OUR TOPIC FOR DISCUSSION HERE TODAY IS IMPLEMENTATION, THE E.C. AND THE OTHER SIGNATORIES HAVE ELIMINATED FROM JANUARY 1ST ALL TARIFF PROVISIONS AND ZERO TARIFFS ARE NOW IN FORCE

THE NON-TARIFF ASPECTS OF THE AGREEMENT ARE ALSO VERY IMPORTANT AND COVER STANDARDS AND CERTIFICATION, GOVERNMENT INDUCEMENTS TO AIRLINES, OFFSET PROCUREMENT CONTROLS, QUANTITATIVE RESTRICTIONS, AND SUBSIDIES AND EXPORT CREDITS. THESE RULES HAVE OF COURSE BEEN DRAFTED WITH A MORE GENERAL PERSPECTIVE AND CONCERN ALL CIVIL AIRCRAFT, NOT JUST HELICOPTERS.

SO LET US SEE WHETHER ALL THESE ASPECTS ARE EQUALLY IMPORTANT FOR HELICOPTERS. THIS MAY NOT, IN FACT BE THE CASE FOR THE STANDARDS AND CERTIFICATION SIDE AS EUROPEAN STANDARDS ALREADY CLOSELY FOLLOW U.S. STANDARDS AND CERTIFICATION OF AIR WORTHINESS IS COVERED BY MANY BILATERAL AGREEMENTS. THERE DOES NOT, THEREFORE, SEEM TO BE A PRACTICAL PROBLEM RIGHT NOW.

NEVERTHELESS, KNOWING HOW EASY IT IS FOR GOVERNMENTS TO USE STANDARDS AND CERTIFICATION TO DISCRIMINATE IN FAVOR OF DOMESTIC SUPPLIERS, IT IS GOOD, TO HAVE THIS CODE AS A SAFETY NET.

THE SAME CAN BE SAID REGARDING GOVERNMENT INDUCEMENTS TO AIRLINES AND OFFSET PROCUREMENT CONTRACTS. THESE TWO PROVISIONS HAVE THEIR PRINCIPAL FIELD OF APPLICATION IN THE PUBLIC SECTOR

BUT IN TIMES OF ECONOMIC DIFFICULTIES IT MUST NOT BE RULED OUT THAT A GOVERNMENT MAY EXERT PRESSURE ON PRIVATE PURCHASES. FOR THIS EVENTUALITY, IT IS IMPORTANT TO HAVE SUCH PROVISIONS.

AS FAR AS QUANTITATIVE RESTRICTIONS ARE CONCERNED, WE DO NOT KNOW OF ANY IN THIS FIELD SO THE TEXT MAINLY IMPLIES THAT NO NEW SUCH RESTRICTIONS CAN BE INTRODUCED BY A COUNTRY WISHING TO USE SUCH A MECHANISM.

THE AGREEMENTS ON SUBSIDIES AND EXPORTS CREDITS REFLECT A COMPROMISE ON THE PART OF THE MAIN NEGOTIATING COUNTRIES. WHILE REAFFIRMING THE APPLICATION OF THE GATT AGREEMENT ON SUBSIDIES/COUNTERVAIL IN THE AIRCRAFT SECTOR, IT IS STATES THAT THE SIGNATORIES SHALL TAKE INTO ACCOUNT THE SPECIAL FACTORS APPLYING IN THAT SECTOR.

THE SPECIFIC LANGUAGE IN THE AGREEMENT IS DESIGNED TO REFLECT THE PARTICULAR CIRCUMSTANCE OF THE AIRCRAFT SECTOR.

OBVIOUSLY, IN ADDITION TO THIS PARTICULAR LANGUAGE, THE GATT CODE ON ANTIDUMPING/SUBSIDIES IS APPLICABLE IN THIS SECTOR. SO TOO ARE THE OTHER GATT CODES, FOR EXAMPLE, GOVERNMENT PROCUREMENT AND STANDARDS. HOWEVER, IT MUST BE STRESSED THAT THESE CODES PLAY MORE OF A SECONDARY ROLE AS FAR AS CIVIL AIRCRAFT IS CONCERNED. THE EUROPEAN COMMUNITY BY THE WAY HAS TAKEN THE NECESSARY IMPLEMENTING STEPS IN ALL THESE AREAS IN ORDER TO ENSURE THE APPLICATION OF THE DIFFERENT GATT CODES.

HOWEVER, THE VERY EXISTENCE OF THE AIRCRAFT CODE LEADS US TO BELIEVE THAT WE SHOULD TRY TO RESOLVE PROBLEMES IN THIS

ACCORDING TO MEASURES DRAWN UP SPECIFICALLY FOR AIRCRAFT:  
THAT IS, WITHIN THE MECHANISM SET UP FOR THIS PURPOSE.

WHAT IS THIS MECHANISM?

THE COMMITTEE ON CIVIL AIRCRAFT WILL MONITOR THE APPLICATION  
OF THE AGREEMENT AS WELL AS EXAMINING THE QUESTION OF EXTENSION  
OF THE AGREEMENT TO ADDITIONAL PARTS OR COMPONENTS DESTINED  
TO BE INCORPORATED IN CIVIL AIRCRAFT.

THE COMMITTEE IS ALSO COMPETENT TO DISCUSS ANY PROBLEMS  
THAT MAY ARISE UNDER DISPUTE SETTLEMENT PROCEDURES.

RETURNING TO THE, RELATIVE IMPORTANCE OF THE VARIOUS  
CODES IN THE AIRCRAFT SECTOR, AS FAR AS DISPUTE SETTLEMENT  
IS CONCERNED, THE MORE GENERAL CODES ARE SECONDARY IN  
IMPORTANCE TO THE AIRCRAFT AGREEMENT. IT CAN BE REASONABLY  
BE ASSUMED THAT COMPLAINTS, WHATEVER THEIR NATURE, WILL BE  
RAISED IN THE GATT COMMITTEES RESPONSIBLE FOR PARTICULAR  
PROBLEMS SUCH AS STANDARDS OR PROCUREMENT.

IN CONCLUSION, SOME YEARS WILL HAVE TO ELAPSE BEFORE  
THE IMPACT AND WORKINGS OF THE RIGHTS AND OBLIGATIONS  
OF THE NON-TARIFF ASPECTS OF THE CIVIL AIRCRAFT AGREEMENT  
CAN BE EVALUATED.

IF IN TIME THE AGREEMENT BECOMES A SUCCESS, IT COULD WELL  
SERVE AS AN EXAMPLE, OR EVEN A MODEL, FOR THE FUTURE DEVELOPMENT  
OF INTERNATIONAL TRADE BY MEANS OF SECTORAL AGREEMENTS.