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**TENTATIVE AGREEMENT BETWEEN THE UNITED STATES AND THE
EC COMMISSION ON TRADE IN CIVIL AIRCRAFT**

Tentative agreement was reached yesterday between representatives of the United States and of the EC Commission on a bilateral agreement on trade in civil aircraft. This agreement would apply to all civil aircraft over 100 seats produced in the United States and to similar aircraft produced by the Airbus consortium in Europe.

The representatives of the Commission and of the United States Administration will now present this tentative agreement to their respective authorities for review. This review should be completed within the next few days.

This draft bilateral agreement is intended to pave the way towards a multilateral agreement to be concluded under the auspices of the General Agreement on Tariffs and Trade (GATT), which would include all other manufacturers of civil aircraft. It constitutes a significant reinforcement of the 1979 GATT Agreement on Trade in Civil Aircraft. More specifically, it would establish detailed disciplines on the level and terms and conditions for new development support, including disciplines with equivalent effect for direct and indirect support. A substantial degree of transparency would be provided in indirect government support for research and development and in indirect benefits flowing to the civil aircraft industry as well as on direct support for new civil aircraft programs. The agreement would also contain new rules on inducements including a prohibition of government pressures on third country governments to purchase large civil aircraft.

If approved by the United States and by the European Community, this agreement would enter into effect very soon and negotiations would start immediately in order to adopt its contents in the context of the multilateral GATT agreement.

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