

**CANADA – MEASURES AFFECTING THE EXPORT
OF CIVILIAN AIRCRAFT**

Request for the Establishment of a Panel by Brazil

The following communication, dated 10 July 1998, from the Permanent Mission of Brazil to the Chairman of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

On 10 March 1997, Brazil requested consultations with Canada, pursuant to Article 4 of the Agreement on Subsidies and Countervailing Measures (Subsidies Agreement), regarding certain subsidies granted by the Government of Canada or its provinces that support the export of civilian aircraft from Canada. That request was circulated in document WT/DS70/1 – G/SCM/D11/1, dated 14 March 1997. Consultations were held in Geneva, on 30 April 1997. Brazil and Canada also consulted on several occasions since that time. Unfortunately, these consultations failed to resolve the dispute.

Canada grants or maintains an extensive array of subsidies for the Canadian industry producing civil aircraft which are inconsistent with Canada's obligations under Article 3.1(a) and Article 3.2 of the Subsidies Agreement in that they are contingent in law or in fact, whether solely or as one of several other conditions, upon export performance.

Accordingly, pursuant to Article 4.4 of the Subsidies Agreement and Article 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Brazil hereby requests the immediate establishment of a panel with standard terms of reference, as set out in Article 7 of the DSU, and that the panel consider and find that the following programs or measures maintained by Canada or its provinces are inconsistent with the requirements of Articles 3.1(a) and 3.2 of the Subsidies Agreement:

- financing and loan guarantees provided by the Export Development Corporation, including equity infusions into corporations established to facilitate the export of civil aircraft;
- support provided to the civil aircraft industry by the Canada Account;
- funds provided to the civil aircraft industry by Technology Partnerships Canada and predecessor programs;

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- the sale by the Ontario Aerospace Corporation, an agency or instrumentality of the Government of the Province of Ontario, of a 49 per cent interest in a civil aircraft manufacturer to another civil aircraft manufacturer on other than commercial terms;
- benefits provided under the Canada-Quebec Subsidiary Agreement on Industrial Development;
- benefits provided by the Government of Quebec under the Société de Développement Industriel du Québec.

Brazil asks that this request be placed on the agenda of the Dispute Settlement Body meeting scheduled for 23 July 1998.
