



## Identification of performance and challenges of the civil aviation trade committee of the world trade organization

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### Abstract

The increasing progress of the aviation industry, especially in the civil sector, and the access of the owners of this industry to the technology of transporting goods and passengers on a large scale and the many advantages of using this technology, have caused the worldwide popularity of this industry. The Chicago Convention, the International Civil Aviation Organization (ICAO), and the International Air Transport Association (IATA) play a role in this and have a great contribution to systematizing international commercial air activities. During the conclusion of the air transport contract, the governments, with their agreement and will, also determine the dispute resolution authorities arising from these relations, and often such disputes are resolved outside the framework of ICAO; Due to the impossibility of dealing with disputes related to bilateral commercial air services in the ICAO dispute settlement system, new proposals have been made to form an international dispute settlement body to deal with disputes and to create unity in the field of interpretation of bilateral contracts. In resolving commercial disputes, they have international airlines.

**Keywords:** Performance, challenge, trade committee, civil aviation, world trade organization

### Introduction

After World War II, commercial aviation largely expanded with the employment of many military aircraft for passenger and cargo transportation. This growth was further enhanced by the adaption of heavy and super-heavy aircraft bodies such as the Boeing B-29 and Avro Lancaster, as they could be used for commercial aircraft. The Douglas DC-3 was also used in lighter aircraft or for longer flights. The first commercial jet passenger aircraft, the British de Havilland Comet, was introduced in 1952 by the British Overseas Airways Corporation. Although this aircraft was a technical achievement, it had some general shortcomings, such as fatigue in its metal due to the shape of the windows, resulting in cracking. Fatigue resulting from the pressure cycle and cabin pressure reduction ultimately caused dangerous structural failures. After resolving these issues, other jets were designed and sent into the sky<sup>[1]</sup>.

Commercial aviation is a subcategory of civil aviation that involves the purchase or lease of aircraft for passenger or cargo transportation. By the end of 2011, there were 17,721 passenger jet aircraft, 70% of which were in flight in North America. In 2014, 722 commercial aircraft were sold for a value of \$22 billion<sup>[2]</sup>.

Since the aviation industry plays a significant role in the growth and development of the global and national economies, especially in advancing the tourism industry and creating added value in the service sector, as well as providing humanitarian assistance during wars and natural disasters, governments must take requisite actions to promote this industry, including alleviating the export and import of non-military aircraft, related components, and pilot training equipment, as well as removing trade and customs barriers in this regard. This would empower companies involved in the aviation transportation sector to have more affordable and equitable access to aircraft, parts, and personnel training equipment, thus meeting their needs in a competitive environment free from government intervention and achieving profitability and sufficient

growth. The profitability and growth of aviation transportation companies will lead to the expansion and success of the aviation industry worldwide, ultimately conducting to economic growth and closer relations between nations, all of which will contribute to the promotion and conservation of global peace and security. Therefore, the importance of expanding the aviation industry and its various attributes has led to the formulation of an agreement on civil aircraft trade and the establishment of a specialized committee on aviation industry trade within the World Trade Organization, which, as mentioned, comes up from the strategic importance of the aviation industry, ensuring both national and global public interests.

In this agreement, members have agreed to obviate all trade and customs barriers for the trade of civil aircraft, parts, engines, and simulator training equipment, and refrain from intervening in the trade of aviation industry products to ascertain a competitive environment in this industry dominated by the principles of free economy and market governance. Additionally, airline companies must have complete freedom, without any restrictions, to meet their needs from aviation industry product manufacturers in a healthy and competitive environment at fair prices. On the other hand, any barriers imposed by governments of aircraft-producing countries on aircraft exports, parts, and any unilateral Restrictions against other countries' aviation industries, violate human rights and breach the provisions of the civil aircraft trade agreement.

### International Civil Aviation Organization (ICAO)

The International Civil Aviation Organization (ICAO) is a specialized agency of the United Nations tasked with coordinating international flight standards and airline management globally.

ICAO was established based on the Chicago Convention, and many countries around the world have joined it. ICAO's permanent headquarters are in Montreal, Canada, but it can temporarily relocate elsewhere. Non-payment of

membership dues to this organization, similar to the United Nations, can lead to the suspension of voting rights for that member. This has so far happened to Poland, Jordan, and Nicaragua<sup>[3]</sup>.

The Convention on International Civil Aviation, on which ICAO is based, divides aircraft into two types: civil and state. It has stated that this treaty only covers civil aircraft. Although the treaty does not define civil aircraft, since it defines various types of state aircraft, it can be said that non-governmental aircraft conducting international flights are considered civil aircraft. State aircraft, on the other hand, are defined in Article 5 of this treaty as aircraft engaged in military, customs, and police (law enforcement) activities. The ambiguity of the term "state aircraft" has led to various opinions regarding its scope. One author named Warshaw in his book "An Introduction to Aviation Law" considers state aircraft to include military and law enforcement aircraft, i.e., aircraft forming part of the armed forces, customs aircraft, postal aircraft, aircraft carrying heads of state and high-ranking officials, and aircraft on special missions.

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According to Article 2 of the Agreement on Non-Governmental Aircraft Trade of the World Trade Organization, contracting states have recognized the right of each state to full and exclusive sovereignty over its airspace. The fundamental principle of the 1919 Paris Convention has thus been reaffirmed to all states, including non-contracting states. The principle of innocent passage through the territorial airspace of countries for aircraft of other contracting states, as was the case in the Paris Treaty, was not accepted in the Chicago Convention. However, transit rights have been granted bilaterally and separately in the territories of states by states to each other<sup>[4]</sup>.

Article 6 of the 1944 Chicago Convention stipulated: "International non-scheduled air services, except where otherwise authorized by special or other permission of a contracting state, may be established over or within the territory of the contracting states based on such permission or authorization." This article was the result of the failure of the Chicago Conference to reach an agreement among states on the multilateral agreement on commercial rights in the field of international scheduled air services (regular international flights). In 1946, the United States and the United Kingdom concluded the first bilateral air services agreement after World War II, known as the "First Bermuda Agreement."

This agreement served as a model for a wide range of bilateral agreements in the field of international scheduled air services. These bilateral agreements, in most geographical regions of the world, allow operational conditions to be tailored more precisely to meet the desired needs of the two contracting states.

International non-scheduled air services, such as charter flights, air taxi flights, and non-commercial and non-governmental aviation, are also governed by Article 5 of the 1944 Chicago Convention. According to this article, an airline operating in these types of services is entitled, subject to the conditions of this treaty, to the right of overflight and entry and exit over the territory of member states on a transit basis (with or without stopping), but without the aim of commercial activity and the need for permission. Similarly, for commercial flights involving stops for embarking or disembarking passengers or cargo, provided that in any case, the right to impose regulations and conditions, with limitations, regarding such flights is reserved for any state where such stops are made.

Based on this, some states have established national regulations governing the conditions of charter flights and other non-scheduled air services within and outside their territories. Among them, the twenty members of the European Non-Governmental Aviation Conference have coordinated their regulations within the framework of charter air services on North Atlantic air routes<sup>[5]</sup>.

Article 17 of the 1944 Chicago Convention establishes the principle that "an aircraft is subject to the jurisdiction of the state in which it is registered."

According to Article 19 of the 1944 Chicago Convention, such registration must be by the laws and regulations of the registering state. The fifth part of the International Agreement on Transit Air Services, like most bilateral air transportation agreements, prevents the concept of "flag of convenience" in international civil aviation, due to the genuine need for ownership and effective control of the airline, or it prevents operations of aircraft whose registration state is concealed, as mentioned by Bigzadeh (2019: 85).

Articles 31 to 32 of the 1944 Chicago Convention establish the principles that "no aircraft shall fly without a valid certificate of airworthiness, and no pilot or flight crew shall operate an aircraft without a valid license." These rules allocate international responsibility between the state of registry of the aircraft and the issuer of such certificates for the aircraft and also for the competence of the flight crew, wherever the aircraft is flying.

Articles 37 to 42 of the 1944 Chicago Convention address international standards and recommended practices set forth by ICAO. According to Article 37, each contracting state is obligated to collaborate in ensuring the highest practical uniformity of standards and procedures.

According to Article 38 of the 1944 Chicago Convention, contracting states are required to immediately inform ICAO of any differences between their standards and regulations and those established by ICAO. Although Article 37 does not explicitly state this, it can be inferred from the reading of Articles 37 and 38 of the 1944 Chicago Convention that contracting states that do not report differences must comply with the standards set by ICAO. On the other hand, recommended practices are not mandatory and do not fall under this classification.<sup>[6]</sup>

### **World Trade Organization Committee On Civil Aircraft Trade Oversight, Advisory Services, and Dispute Resolution**

According to Article 8 of the agreement, the committee is comprised of members who have agreed to the civil Aircraft Trade Agreement. Representatives from the contracting parties will serve on the committee permanently. The committee will appoint its chairperson according to its internal regulations. It will convene at least once a year to address various issues, including strategies for developing the aerospace industry, ensuring the precise implementation of the two supplementary protocols to this agreement<sup>[7]</sup>, and resolving disputes among members. Additionally, the committee will supervise the implementation of this agreement and ensure that all trade exchanges related to the aerospace industry among members comply with the regulations of this agreement and the principles and regulations of the General Agreement on Tariffs and Trade (GATT), free from any impediments. As per Article 8, the Committee is authorized to establish its subordinate subcommittees to better monitor the implementation of the agreement. Additionally, in case of any violation committed by any member regarding aircraft trade, parts transfer, equipment provision, and other maintenance services, members can report to the Committee. The Committee will promptly address the violation, provide necessary recommendations, and suggest effective dispute resolution strategies to the parties involved.

The Committee serves as the executive arm of the agreement, functioning both as a judicial body for resolving disputes and as an executive authority for overseeing the implementation of the agreement. It also provides recommendations and consultancy to the members regarding the execution of the agreement.

Since the United States and European Union host two major non-military aircraft manufacturers, Airbus and Boeing, naturally, disputes arise regarding the government's relationship with these companies. Consequently, longstanding discussions between the US government and the European Union regarding state aid to the development and construction of non-military aircraft by these two companies have led to numerous disputes. These disputes have been brought to the forefront at the World Trade Organization, concerning the legitimacy of US government aid to Boeing and EU government aid to Airbus<sup>[8]</sup>. On the other hand, the role of the Aircraft Trade Committee within the organization is highly significant, as it can play an effective role in resolving such disputes.

Given the International Civil Aviation Organization's position in world trade, functions have been considered for it, which we will examine and analyze in the next section.

#### **The function of the civil Aircraft Trade Agreement**

The World Trade Organization Trade Agreement On Civil Aircraft Trade, along with the Government Procurement Agreement, are the only agreements whose acceptance is optional and therefore have been signed by fewer members. So far, 33 countries have signed this agreement. The initial signatories of this contract were mostly major producers of non-military aircraft. According to Article 8 of the Non-Military Aircraft Trade Agreement of the World Trade Organization which was established in 1980 and periodically submits reports to the General Assembly of the World Trade Organization. This committee works to

facilitate trade in aircraft, engines, parts, and pilot training equipment to strengthen free trade and create a competitive market free from trade barriers in the aviation industry.

The main objective of the civil Aircraft Trade Agreement is to promote free trade in non-military aircraft and their components. All signatories to the agreement have waived import duties on various types of aircraft (except military aircraft) and related goods, including aircraft engines, parts, and components. One of the goals of this agreement is to rationalize government subsidies for aircraft production. This agreement has its dispute settlement mechanism. Therefore, recognizing the necessity of establishing international procedures for information dissemination, consultation, supervision, and dispute resolution to ensure fair, prompt, and effective implementation of the provisions of this agreement and to maintain a balance of rights and obligations among them; there is a willingness to establish an international framework governing the conduct of trade in non-military aircraft. Below are some of the duties of this agreement.

#### **Trade Restrictions**

According to Article 5 of the civil Aircraft Trade Agreement of the World Trade Organization, signatories shall not impose quantitative restrictions (import quotas) or import licensing requirements to restrict the importation of non-military aircraft in a manner inconsistent with the provisions of GATT. This prevents monitoring of imports or licensing systems consistent with GATT.

Signatories shall not impose quantitative restrictions on export licenses or similar requirements to restrict the export of non-military aircraft to other signatories for commercial or competitive reasons in a manner inconsistent with the provisions of GATT.

#### **Exclusion of Military Aircraft and Related Parts**

According to Article 1 of the Agreement on Trade in civil Aircraft of the World Trade Organization, the removal of trade barriers specific to non-military aircraft and their components does not cover military aircraft and their parts<sup>[9]</sup>. Therefore, according to this article, trade barriers for non-military aircraft, engines, aircraft parts, as well as flight simulation devices and their parts for pilot training purposes, are not covered.

The liberalization of trade in aircraft engines and parts is of utmost importance. Gas turbine engines are highly susceptible to foreign object damage, where the potential entry of foreign objects on the ground or during flight can lead to serious damage to the engine. The resulting damage may necessitate the replacement of parts or even the entire engine. Therefore, in the event of such incidents, the need for engine replacement can occur under any circumstances and for any aircraft, including new aircraft.

On the other hand, all aircraft repair parts have a specified flight hour limit, and each part must be replaced before reaching its maximum flight hour limit. Failure to replace parts promptly will result in the aircraft losing its airworthiness and being grounded<sup>[10]</sup>. The responsibility for maintaining flight qualification lies with the company or individual operating the aircraft, and it must be carried out within the framework of a safety management system by Annex 6 to the Chicago Convention and other regulations of the International Civil Aviation Organization (ICAO), and the necessary documents must be issued accordingly<sup>[11]</sup>. Therefore, liberalization of trade in aircraft, engines, and

related parts in the non-military aviation sector is effective in reducing aircraft maintenance costs and the costs of maintaining their flight qualifications, which will directly impact the strengthening and profitability of airlines. This important matter is emphasized in Article 2 of the agreement by canceling customs duties on the import of aircraft, engines, and parts. However, only exceptions and trade barriers in this sector are addressed in Article 3 of the agreement, which includes technical barriers. These technical barriers involve regulations related to the issuance of flight qualification licenses and aircraft maintenance documents<sup>[12]</sup>, all of which are subject to the regulations of the international civil aviation authorities<sup>[13]</sup>.

### **Non-Interference of Governments and Prohibition of Imposing Restrictions on Non-Military Aviation Industry Trade**

According to Article 4 of the agreement, any trade in the non-military aviation industry must be based on technology-based competition and commercial advantages. Therefore, governments should not facilitate or promote trade with a specific aircraft or parts manufacturer, nor should they create trade barriers for a particular company. All manufacturing companies must be able to compete fairly in a competitive environment in global markets based on their technological and commercial advantages, free from discrimination and government interference. Therefore, according to Article 4 of the agreement, aircraft are free to choose the manufacturer and parts, and they will decide, free from government interference, from which manufacturer to obtain their aircraft, parts, and after-sales services<sup>[14]</sup>.

In Article 5 of the agreement on civil aircraft trade by the World Trade Organization, governments are prohibited from imposing import barriers such as import quotas or engaging in actions that contravene their commitments under the General Agreement on Tariffs and Trade<sup>[15]</sup>. However, it should be noted that customs control of imported goods by this general agreement will not be affected. On the other hand, governments should not impose restrictions on the export of aircraft and related equipment, especially through the issuance of licenses, which would contravene their commitments under the General Agreement on Tariffs and Trade<sup>[16]</sup>.

Therefore, according to Articles 4 and 5 of the agreement on civil aircraft trade by the World Trade Organization, member states should not impose any restrictions on commercial processes, transactions, exports, or imports of non-military aerospace products. On the other hand, the aerospace industry has a direct relationship with national, regional, and global security, and restrictions and restrictions in this industry could endanger human lives, violating the right to life as enshrined in the Universal Declaration of Human Rights. Additionally, since the expansion of the aerospace industry contributes to the economic development of countries, any imposition of unilateral and secondary restrictions or the establishment of export and import barriers in aircraft trade and aerospace industry essentials would violate the right to development and the right to the development of nations, by the second and third generations of human rights.

On the other hand, another issue is that in countries with an aerospace industry, governments typically support and subsidize military research to design and produce aircraft,

providing the necessary infrastructure for the production of non-military aircraft and the growth and development of the non-military aerospace industry. They have played a significant role throughout history. How the World Trade Organization and GATT handle subsidies, particularly in the disciplinary section related to subsidy systems, is crucial in this regard. Therefore, due to the high cost and complexity of the aerospace industry, growth and development of the aerospace industry in producing countries would not be feasible without government intervention. Hence, governments have played a role in the growth and development of the aerospace industry in producing countries through the expansion of military industries and subsidies for military research<sup>[17]</sup>.

### **Government's Commitment to Adhere to GATT Rules in the Aerospace Industry**

According to Article 6 of the Agreement on Trade in civil Aircraft of the World Trade Organization, member states are obligated to refrain from intervention in the fully loaded price of aircraft production. The fully loaded price of production must be reasonable and include all costs incurred for research, development, and manufacturing<sup>[18]</sup>.

In a manner consistent with the principles of free-market economics and market logic, no government has the right to resort to subsidizing its production sectors or in any way interfere with the fully loaded price of aircraft.

Additionally, according to Article 7 of the World Trade Organization's agreement on non-military aircraft trade, governments should not influence the decisions of local governments, agencies, or private companies in aviation trade or create any disruptions<sup>[19]</sup>.

Governments may indirectly or directly influence the growth and development of the non-military aviation industry. For example, it has been claimed that significant subsidies and research grants from the United States government to Boeing, in collaboration with NASA<sup>[20]</sup>, the Department of Defense<sup>[1]</sup>, have been provided. These government aids include: a) funding provided to Boeing for research and development for NASA and the Department of Defense, which could enable Boeing to benefit from the results of these research activities in the construction and development of non-military aircraft or utilize intellectual property rights of patents resulting from them; b) Boeing's access rights to important government research centers and its scientists, enabling Boeing to use these facilities for the construction and development of non-military aircraft, as well as the invention of patents and the use of intellectual property rights<sup>[22]</sup>. However, these claims remain unproven and ambiguous, yet it is not far-fetched to imagine that Boeing has benefited from government facilities and assistance.

### **Government Support, Export Credits, and Aircraft Marketing**

Signatories are reminded that the provisions of the agreement shall be interpreted and applied by Articles 6, 16, and 23 of the General Agreement on Tariffs and Trade (Agreement on Subsidies and Countervailing Measures) concerning the trade of non-military aircraft.

They emphasize that in participating in or supporting non-military aircraft programs, they seek to prevent adverse effects on the trade of non-military aircraft, as defined in Articles 8.3 and 8.4 of the Agreement on Subsidies and

Countervailing Measures. They should also consider special factors affecting the aircraft sector, especially extensive government support in this area, their international economic interests, and the willingness of manufacturers from all signatory countries to participate in expanding the global market for non-military aircraft <sup>[23]</sup>.

The signatories agree that pricing for non-military aircraft should be based on a reasonable expectation of full cost recovery, including non-recurring program costs, and identifiable and measurable research and development costs incurred for military aircraft, components, and systems subsequently applied to them. Production of such non-military aircraft entails average production costs and financial expenses.

### **Supervision, Inspection, Consultation, and Dispute Resolution**

Here, a committee for civil aircraft trade (referred to as the "Committee" hereafter) will be formed.

This committee consists of representatives from all signatories. If necessary, but no less than once a year, to provide an opportunity for signatories to consult on any matter related to the operation of this agreement, including developments in the non-military aircraft industry, to determine whether amendments are needed or not, a meeting will be convened. Ensuring the continuity of free and fair trade, examining any issue for which finding a satisfactory solution through bilateral negotiations has not been possible, and carrying out responsibilities entrusted by this agreement or by the signatories to it.

The committee will annually review the implementation and operations of this agreement, taking into account its objectives. The committee must inform the WTO contracting parties annually of the developments during the period covered by this review. By the end of the third year from the date of entry into force of this agreement and periodically thereafter, signatories will engage in further negotiations to expand and improve this agreement based on mutual interaction.

The committee may establish subsidiary bodies that may be necessary for regular review of the implementation of this agreement to ensure a continuous balance of mutual interests. In particular, an appropriate subsidiary body should be established to ensure a continuous balance of mutual, reciprocal interests and equivalent outcomes regarding the implementation of the provisions of Article 2 above related to product coverage, end-use systems, and customs duties.

Each of the signatories must provide attentive consideration and sufficient opportunity for prompt consultation regarding statements made by another signatory concerning any issue affecting the implementation of this agreement <sup>[24]</sup>.

The signatories recognize the desirability of consulting with other signatories within the Committee to seek mutually acceptable solutions before commencing investigations to determine the existence, degree, and impact of any alleged subsidies. In exceptional circumstances where no consultation occurs before initiating such internal procedures, signatories must immediately notify the Committee of commencing such procedures and engage in simultaneous negotiations to seek mutually agreeable solutions that obviate the need for retaliatory actions. The signatories agree that, about any dispute concerning matters covered by this agreement but falling within the scope of

other multilateral agreements under the auspices of GATT, the provisions of Articles XXII and XXIII of the General Agreement and the provisions of the Understanding on Dispute Settlement shall not be applicable. The procedures for notification, consultation, dispute resolution, and surveillance shall be mutually enforced by the signatories and the Committee to resolve such disputes. If the parties to the dispute reach an agreement, these procedures shall also be applied to resolve any dispute related to a subject covered by this agreement and negotiated under another multilateral document under the purview of GATT.

Concerning the functions of the Agreement on Trade in Civil Aircraft of the World Trade Organization, there are specific legal issues pertinent to this agreement that will be addressed in the following section.

### **Special Legal Issues Concerning Non-Military Aircraft**

The issue of the interception of non-military aircraft, and indeed the broader question of under what circumstances recourse to force against non-military aircraft is permissible, is left open in the treaty. Only Appendix II addresses the process of intercepting aircraft.

Some important methods of enhancing cooperation between airlines, such as leasing, chartering, and aircraft exchange, involve the relocation of aircraft from one country to another without a change of ownership and registration. This raises the issue that the registering state at the international level should bear responsibility for compliance with Article 12 of the Chicago Convention (Aircraft Regulations), Article 29 of the Chicago Convention (Documents to be Carried in Aircraft), Article 30 of the Chicago Convention (Aircraft Radio Equipment), and Article 31 of the Chicago Convention (Aircraft Airworthiness), despite the lack of effective monitoring and assurance of compliance with these provisions, as in the past. Additionally, some comprehensive technical arrangements for maintenance and inspection (such as the European atlas and issue guidelines) entail the transfer of responsibilities and oversight from the registering state to the state where these functions are effectively carried out. This is authorized by Appendix (Annex) 6 to Chapter 3 of the Convention, but due to the existence of Article 31 of the World Trade Organization civil Aircraft Trade Agreement, these arrangements can only be implemented between the parties to this agreement <sup>[25]</sup>.

To address these issues, the ICAO General Assembly decided in 1980, after lengthy negotiations, to amend the convention by repeatedly inserting Article 83 (Leasing, Chartering, and Aircraft Exchange). This article of the convention provides for the transfer of duties and responsibilities from the registering state to the actual carrier state, subject to the declaration of the transfer of duties and responsibilities to ICAO and its publication thereafter, or direct notification to all contracting states, by the convention vis-à-vis all (member) states, legally enforceable. This amendment, by Article 94 of the Convention, must be approved by two-thirds of the contracting states, while as of June 1988, this amendment has not yet been implemented <sup>[26]</sup>.

The issue of the interception of non-military aircraft and, more generally, the question of under what conditions resorting to force against non-military aircraft is permissible, is left open in the treaty. Only Annex 2 outlines the process for the interception of aircraft.

Following the Korean Air disaster on September 1, 1983, when a Korean Airlines Boeing 747 was destroyed by Soviet fighter jets, resulting in the deaths of 269 people, the ICAO General Assembly decided to amend the convention by repeatedly inserting Article 3. This amendment, adopted on May 19, 1984, states that "contracting states affirm that all states must refrain from resorting to the use of weapons against non-military aircraft in flight, and in cases where an aircraft is intercepted, the lives of the occupants and the safety of the aircraft shall not be jeopardized <sup>[27]</sup>."

Among other obligations, contracting states must also publish their existing regulations regarding the status of non-military aircraft. However, the question of how far the treaty and its annexes can be enforced regarding state aircraft (especially military aircraft) remains unanswered.

Some states prefer a narrow interpretation of Article 3(a) of the treaty and adopt a viewpoint that the treaty and its annexes are by no means enforceable regarding state aircraft (especially military aircraft). Other states, with a perspective based on Article 3(d), agree that it can be extended to the extent necessary to ensure the safety of non-military aircraft and their passengers. The International Civil Aviation Organization (ICAO) treaty on non-military aircraft trade has both advantages and disadvantages for dispute resolution, which we'll briefly examine.

### **The mechanism for resolving disputes in the Non-Military Aircraft Committee of the World Trade Organization**

#### **Benefits**

The previous dispute resolution system, despite many criticisms and frequent revisions, has been considered by some scholars as a unique international system for addressing disputes between member states. Reasons for the uniqueness of the GATT system, compared to other international agreements, include its reliance on all available diplomatic and legal methods, as well as the emphasis on using and implementing its regulations instead of other international provisions. Another advantage of GATT is the distinction between "violation with injury" and "violation without injury," which obligates member states to make utmost efforts to enforce GATT regulations. Unlike in many other systems and international agreements, a violation of the provisions of a treaty is referred to by dispute settlement bodies only when it results in harm to states and the international community. In other words, as long as a breach of international obligations does not cause harm, it does not entail any liability. However, under GATT regulations, mere non-compliance with its provisions is considered a violation, and members in violation are required to take serious and practical measures to enforce its regulations and amend their methods accordingly. Finally, two other advantages of GATT are, firstly, its primary objective and fundamental principle outlined in Article 23, which allows for the immediate cessation of actions contrary to GATT regulations through any means, including arbitration or recourse to other administrative authorities. Secondly, the utilization and application of dispute resolution mechanisms in GATT are more extensive than in similar provisions in other international fields, indicating the greater effectiveness of this system <sup>[28]</sup>.

#### **Drawbacks**

1. The first fundamental drawback was the dispersion of regulations related to dispute resolution in the GATT treaty, which did not consider establishing a cohesive, permanent body to address disputes. In other words, the dispute resolution mechanisms in GATT were not cohesive; instead, this system was comprised of a series of decisions and agreements.
2. There were no adequate measures in place for the GATT system to effectively function and firmly establish the rule of law within society.
3. There was no specific approach to addressing disputes between developing member countries of GATT and developed countries.
4. Ambiguities existed in the timing and scheduling of various stages in the dispute settlement regulations.
5. A peculiar right to veto decisions of the panel by the concerned government and member existed, meaning that if a government disagreed with the findings of the panel based on its sources, it could prevent its implementation with a negative vote, such as in the case of the US regarding banana imports in 1993.
6. There was no strong monitoring system over the implementation of decisions made by the dispute settlement body, and in case of a request for review of the dispute settlement body's decision, there was no designated authority to refer the matter to.
7. The main problem with the GATT dispute resolution system was the existence of multiple decision-making bodies, some of which had overlapping jurisdiction in certain trade matters, resulting in multiple conflicting decisions.
8. Another drawback of GATT was delays and political influence by members, which rendered its regulations not mandatory for member countries. It was believed that making GATT regulations mandatory would limit the sovereignty of member states. Another problem in the dispute resolution system of GATT was the lack of differentiation in behavior between developed and developing countries and even those with minimal development.
9. Another significant drawback of GATT was that after a request for authorization to suspend privileges under Article 23(2) of the General Agreement on Trade in Civil Aircraft of the World Trade Organization was objected to, the unanimity procedure blocked these requests. Many complaining countries unilaterally resorted to retaliatory actions. Whereas this system aimed to prevent unilateral retaliatory actions that harmed trade. In comparison, it can be said that the dispute resolution system provides a stronger foundation than the GATT system. This speeds up the resolution of disputes about new scheduling regulations and, on the other hand, by inserting the doctrine of negative consensus, a government can prevent the implementation of the opinions of the dispute settlement body <sup>[29]</sup>.

#### **Conclusion**

Although the peaceful use of aircraft for economic and commercial purposes was welcomed by nations and governments worldwide from the outset, at the Chicago Conference in 1944, despite numerous efforts to reach a multilateral agreement on commercial aviation transport

regulations, little success was achieved. Therefore, the International Civil Aviation Organization (ICAO), as it plays a role in a country's aviation technical matters, has little presence in economic and commercial aspects. This lack of success led, on the one hand, countries around the world to resort to bilateral treaties to regulate their aviation trade relations, diverting the multilateralism of the ICAO to bilateralism from the inception of the International Civil Aviation Organization. On the other hand, following the failure of the Chicago Conference, air transport companies from various countries revived the International Air Transport Association and established a mechanism for determining tariffs related to international aviation affairs. According to the charter of this association, mechanisms for resolving commercial disputes between members have also been envisaged. The Chicago Convention contains regulations that are important in terms of the overall orientation of aviation trade relations. For example, Articles 5 to 7 of the 1944 Chicago Convention discuss irregular and regular flights and air cabotage. As mentioned, due to differences of opinion among advanced countries in the aviation industry regarding the use of airspace beyond national territory and the enforcement of commercial regulations through the ICAO system, a general agreement was not feasible, and countries sought to grant reciprocal air rights through bilateral agreements. To facilitate this, the Chicago Conference in an international document shaped the well-known standard form. This document is considered a template for drafting bilateral air transport agreements, with the first bilateral treaty formed based on the standard agreement being the Bermuda Agreement concluded between the United States and the United Kingdom in 1946. Multilateral trade agreements form the fourth annex of the Agreement Establishing the World Trade Organization (WTO). Joining these agreements is not obligatory for WTO members, but their provisions become binding for those members who choose to adhere to them. Originally, these agreements comprised four agreements, but presently, only two agreements concerning non-military aircraft trade and government procurement are mandatory and enforceable. The Non-Military Aircraft Trade Agreement aims to promote free trade in non-military aircraft and their components. The contracting parties of this agreement have eliminated tariffs on the import of non-military aircraft and related parts. Another goal of this agreement is to standardize government subsidies in the production of non-military aircraft.

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