WTO: EU FAILED TO COMPLY WITH AIRBUS SUBSIDY REMEDIES

News / Manufacturer

Subsidies granted for a host of Airbus programmes pre-dating the A350 have yet to be remedied, a World Trade Organisation panel has ruled.

Following investigation of complaints made by the USA, the panel has reported its finding that the European Union and certain member states "failed to comply" with recommendations and rulings of the WTO's Dispute Settlement Body.

Adopted in 2011, these addressed launch aid and member state financing provided by France, Germany, Spain, and the UK for the development of the A300 and A310, the A320, A330 and A340 families, and the A380. A year later, US trade officials formally complained that the EU had failed to remove financial incentives that the WTO had ruled constituted illegal subsidies.

The WTO agreed with the US position in a new report issued on 22 September.

Specifically, the EU and member states have failed "to take appropriate steps to remove the

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adverse effects or...withdraw the subsidy", a "genuine and substantial" cause of "serious prejudice to the United States' interests in the post-implementation period".

But the WTO finds that the USA as the plaintiff has "failed to demonstrate" that A350 and A380 launch aid, and member state financing measures, constituted "prohibited export subsidies". Nor did the measures constitute "prohibited import substitution subsidies", the panel has decided.

Still, the panel agrees with the plaintiff that the A350 could not have been launched and brought to market without the earlier launch aid and member state financing.

Boeing chief executive Dennis Muilenberg hails the "historic ruling" as a "a victory for fair trade worldwide and for US aerospace workers".

Airbus's response to the WTO ruling appears to focus on the findings that support for the A350 did not amount to subsidies.

"Once again the WTO has confirmed that Europe’s chosen method of partnering with its large civil aircraft industry is acceptable under international trade law," says the European airframer.

"We only needed to make limited changes in European policies and practices to comply with the appellate body's report. We did what we needed to do and did it in the agreed timeframe. We will address the few still remaining points indicated by the report in our appeal."

Airbus argues that "the only open point" is final ruling on the interest-rate benchmark for government loans and declares: "We are confident that we will win that point on appeal."

It further contends that "terms of the A350 agreements are very close to perfect", with "only tiny tweaks required".

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