Boeing Response to Public Reports Regarding the WTO's Interim Decision in DS 353

CHICAGO, Sept. 15 /PRNewswire/ -- Boeing (NYSE: BA) today released the following statement, responding to public reports indicating that the WTO panel examining European Union allegations of U.S. government assistance to Boeing has issued a confidential interim ruling rejecting the vast majority of Europe's claims:

"If today's reports are accurate that some $3 billion of the EU's claims were upheld by the WTO, excluding the claims that relate to past programs long ago remedied by Congress, then the ruling amounts to a massive rejection of the EU case and confirms that European launch aid to Airbus stands as the single largest and most flagrant illegal subsidy in the aerospace industry.

"Nothing in today's public reports on the European case against the U.S. even begins to compare to the $20 billion in illegal subsidies that the WTO found last June that Airbus/EADS has received (comprised of $15 billion in launch aid, $2.2 billion in equity infusions, $1.7 billion in infrastructure, and roughly $1.5 billion in targeted research support).

"Nor are there seemingly any violations requiring remedy approaching the scale of remedy required of Airbus/EADS as a result of the WTO's June ruling that European governments must withdraw and remedy the $4 billion in still outstanding illegal launch aid subsidies that Airbus/EADS received for the development of its A380. Billions must be repaid or restructured on proven commercial terms. And, equally, they must remedy the adverse effects of the other $16 billion in illegal subsidies, too.

"Neither do the public reports suggest that Boeing's traditional market based approach to financing new aircraft development will need to change; a distinct contrast to the requirement that Airbus/EADS abandon its plans for financing development of new models such as the A350 through launch aid subsidies.

"Given the shape of today's opinion, as it has been reported, the WTO findings against the US are likely to require few changes in U.S. policies and practices. One of the two principal matters that the WTO is reported to have cited as inconsistent with its rules was long ago remedied by the Congress: general US export tax policy embodied in FSC/ETI. That was litigated at the WTO and remedied last decade. As to the second principal matter – NASA research – we are heartened to read that, contrary to statements earlier today from European sources, three-quarters of the subsidies at issue were found to be wholly compliant with WTO rules.

"Today's ruling underscores our confidence in the WTO processes and dispute-resolution procedures. We applaud the body for its work and continue to look to Airbus/EADS and the EU to recognize that in today's global market, it is essential that everyone play by the rules and abide by the WTO requirements. Playing by the rules, for Airbus/EADS, means withdrawing their still-outstanding A380 prohibited launch aid subsidy and financing the A350 on commercial terms."

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