

Boeing Response to Public Reports Regarding the WTO's Final Ruling in DS 353

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CHICAGO, Jan. 31, 2011 /PRNewswire/ -- Boeing (NYSE: BA) today released the following statement, responding to public reports that the WTO panel deciding European Union claims of U.S. government assistance to Boeing has issued a confidential final ruling rejecting the vast majority of Europe's claims:

"Today's reports confirm the interim news from last September that the WTO rejected almost all of Europe's claims against the United States, including the vast majority of its R&D claims - except for some \$2.6 billion. This represents a sweeping rejection of the EU's claims.

"Nothing in today's reports 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 R&D support).

"The WTO's decisions confirm that European launch aid stands alone as a massive illegal subsidy only available to Airbus, which has seriously harmed Boeing, distorted competition in the aerospace industry for decades, and resulted in the loss of tens of thousands of good-paying U.S. jobs.

"Today's decision will not require any change in policy or practice, or other remedy that comes close to approaching the billions of dollars of launch aid that must be repaid by Airbus or restructured on proven commercial terms. As a result of the June WTO ruling, EU governments and Airbus/EADS must repay or restructure \$4 billion in still outstanding illegal launch aid subsidies Airbus received to develop the A380. They must also remedy the adverse effects of the additional \$16 billion in other illegal subsidies Airbus received.

"Under the WTO's decisions, Airbus must now compete in the global marketplace without the massive illegal subsidies it has received since its inception and without which, the WTO held, Airbus would be 'a much different, and we believe a much weaker' company than it is today. It will be required to finance airplanes the same way Boeing does - with its own money. Having recently announced it has more than \$13 billion dollars of cash on hand, Airbus should have no problem with this new requirement.

"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, everyone must play by the rules and abide by WTO requirements. Playing by the rules, for Airbus/EADS, means withdrawing the still-outstanding A380 prohibited launch aid subsidy and financing the A350 on commercial terms. Airbus should confirm its intention to comply with the WTO's decisions."

Editor's Note: More information about the WTO cases can be found at www.boeing.com/WTO.

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