

## **Boeing: WTO Ruling Exposes Massive Airbus Advantage From Illegal Subsidies**

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- Trade court rejects nearly 80% of EU claim of improper support for Boeing; finds no U.S. equivalent for billions in illegal European launch aid provided to Airbus
- Final rulings in U.S. and EU cases now public; findings show Airbus received more than \$20 billion in impermissible funding versus \$2.7 billion for Boeing.
- Boeing reiterates call for Airbus to fund A350 and other new programs on commercial terms, and remedy prohibited export subsidies on the A380

CHICAGO, March 31, 2011 /[PRNewswire](#)/ -- A World Trade Organization final case ruling published today confirms the massive market advantage Airbus has enjoyed from billions in illegal government subsidies provided to fund the company's commercial airplane product line since its inception more than 40 years ago.

"This WTO ruling shatters the convenient myth that European governments must illegally subsidize Airbus to counter U.S. government assistance to Boeing," said J. Michael Luttig, Boeing (NYSE:BA) executive vice president and general counsel. "The ruling rejects 80 percent of the EU's claims against the U.S., finding no more than \$2.7 billion of impermissible subsidies to Boeing not previously remedied. That amount includes \$2.6 billion in NASA R&D funding, which is but a small fraction of the total amount challenged," Luttig said.

Today's ruling resulted from the European Union's attempt to counter a U.S. case that successfully challenged illegal subsidies to Airbus. Last June, the WTO upheld approximately 80% of the U.S. claim, finding Airbus had received more than \$20 billion in illegal government subsidies, which harmed the U.S. aerospace industry and resulted in the loss of billions in exports and tens of thousands of U.S. jobs.

Illegal government subsidies to Airbus included:

- \$1.5 billion in R&D subsidies,
- \$1.7 billion in infrastructure subsidies,
- \$2.2 billion in equity infusions, and
- \$15 billion in launch aid (including \$4 billion for the A380) – a subsidy that is unique to Airbus and is the most pernicious and market-distorting subsidy under the law.

"Comparing today's decision with the decision last June reveals a market distorted by Airbus' practices, with illegal launch aid being the key discriminator," Luttig said. "The WTO ruling on launch aid goes to the heart of the Airbus business model, which now must change. In contrast, there are no comparable findings or consequences to the U.S. or Boeing from today's decision, as the WTO has now fully and finally rejected most of the EU's claims."

Both sides may appeal today's ruling. Once any appeal concludes, Boeing will support whatever steps the U.S. government deems necessary to fulfill its WTO obligations, and expects the same commitment to compliance from Airbus and its sponsor governments.

"Illegal launch aid must end. Airbus must take immediate steps to withdraw the outstanding prohibited subsidies provided to the A380, and it must finance the A350 and all other future programs on commercial

terms," Luttig said.

"With \$16.6 billion of cash on hand, EADS/Airbus can, and now must, develop its products without illegal government subsidies," he added.

Luttig said the WTO had done an outstanding job adjudicating the subsidy dispute.

"An impartial arbiter has spoken, and has set important precedents for all nations with ambitions to grow their aerospace industries. Compliance with WTO rules is essential to fair play and to the public's confidence in the global trading system," he said.

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Editor's Note: More information can be found at [www.boeing.com/WTO](http://www.boeing.com/WTO)

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