

WTO Reverses Ruling against Washington State Tax Incentive

Appeal decision marks resounding defeat for EU efforts to justify illegal Airbus subsidies

Europe faces growing risk of sanctions as Airbus continues to ignore rulings against its illegal practices

CHICAGO, Sept. 4, 2017 /PRNewswire/ -- The Office of the U.S. Trade Representative (USTR) achieved a significant victory today in its long-running dispute with the European Union over aerospace subsidies.

The WTO Appellate Body announced a reversal of last November's prohibited subsidy ruling against a tax incentive for the production of the Boeing 777X in Washington state. It also upheld an earlier dismissal of the EU's claims against the remainder of the incentives. Today's ruling confirms that the tax treatment Boeing (NYSE: BA) and others are receiving in Washington state is not a prohibited subsidy.

In addition to reversing the previous ruling on the tax incentive, the new ruling ends the most recent of two WTO cases the EU brought against the United States in retaliation for the successful U.S. challenge of the massive subsidies European governments provide to Airbus.

"The WTO has rejected yet another of the baseless claims the EU has made as it attempts to divert attention from the \$22 billion of subsidies European governments have provided to Airbus and that the WTO has found to be illegal," said Boeing General Counsel J. Michael Luttig. "No further appeal of today's decision is available to the EU," he added.

"The latest of the false claims Airbus and its government sponsors have made has now been rejected by the WTO. The EU and Airbus, meanwhile, continue to be in flagrant breach of WTO rulings and must eliminate the massive illegal subsidies the WTO said a full year ago had not been addressed, or risk U.S. sanctions against European exports," Luttig said.

"Airbus has a long history of putting European taxpayer money at risk through the unsecured loans that created and continue to sustain the company. Now Airbus and its sponsor governments are putting other European exporters at risk of U.S. sanctions by blatantly ignoring WTO rulings and bringing counterclaims against the U.S. that have no basis in law or in fact," Luttig said.

"By contrast, Boeing has supported U.S. government actions to comply with its WTO obligations. We supported and facilitated changes to Boeing contracts with NASA and the U.S. Department of Defense for R&D work that the WTO deemed inconsistent with its rules," Luttig said.

"This was a sweeping and clean win for the United States," he added. "It is now up to the European Union to comply with the WTO findings against it, and end the enduring practice of launch aid, which Airbus' government supporters have continued to provide to each and every Airbus model."

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