

# WTO confirms US failed to fully comply over Boeing subsidies

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The World Trade Organization (WTO) ruled Thursday that Washington

failed to fully comply with a 2012 order to halt subsidies to Boeing, marking a partial victory for rival aircraft-maker Airbus and the EU.

The finding by the WTO appeals body was the latest blow in the decade-long clash between the titans of the aviation industry, which has seen both Airbus and Boeing score points along the way.

The WTO ruled in March 2012 that billions of dollars of subsidies to Boeing were illegal and notified the United States to end them.

But just a few months later, the European Union filed a new complaint with the global trade body, alleging Washington was not complying with that order.

In a ruling published in June 2017, the WTO said the US had brought 28 of 29 programmes into compliance, but agreed with Brussels that Washington had not taken "appropriate steps to remove the adverse effects or... withdraw the subsidy" in the case of Washington State.

Both the EU and the US appealed that finding to the WTO Appellate Body, which on Thursday echoed the 2017 finding, although it appeared to take a harsher line against the American side.

It found there were other subsidy programmes, including in South Carolina, which did not conform with the 2012 ruling. In several, the body said it could not complete the legal analysis to determine if the subsidies had an adverse effect on competitors' sales.

## **Billions in sanctions?**

Both sides claimed victory.

EU Commissioner for Trade Cecilia Malmstrom said the ruling

confirmed "our view the US has continued to subsidise Boeing despite WTO rulings to the contrary."

"European companies must be able to compete on fair and equal terms and today's ruling is important in this respect," she added.

US Trade Representative Robert Lighthizer insisted "the United States does not provide support even remotely comparable to the exceptionally large and harmful EU subsidies to Airbus."

The EU was also reprimanded by the WTO during the tit-for-tat conflict between Airbus and Boeing, and the US aircraft maker suggested last year that billions in sanctions might be applied against the bloc.

Airbus, meanwhile, warned Thursday that without a settlement, the US "will face billions in countermeasures."

Boeing issued a separate statement, hailing the WTO appeals body for rejecting "every allegation of unlawful subsidies to Boeing with the single exception of one measure," in reference to Washington State.

It vowed to "fully comply with today's ruling" and said it trusted that "our example will prompt Airbus and the European Union to immediately bring themselves into full compliance" with other WTO rulings.

The WTO, which aims to create a level playing field in global trade, does not have the ability to force compliance with its rulings, but can approve retaliatory measures which in theory can pressure trade manipulators to fall into line.

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