

# WTO Boeing dispute: EU issues preliminary list of U.S. products considered for countermeasures

**The public consultation will last until 31 May 2019.**

On 11 April 2019, the WTO adopted its final compliance report in the Boeing dispute, confirming that U.S. subsidies to Boeing continue to cause significant harm to Airbus, including lost sales. Today's publication comes as a follow-up to that decision. The public consultation aims to gather feedback from stakeholders who may be affected by the planned measures.

EU Trade Commissioner Cecilia **Malmström** said: *"European companies must be able to compete on fair and equal terms. The recent WTO ruling on U.S. subsidies for Boeing is important in this respect. We must continue to defend a level-playing field for our industry. But let me be clear, we do not want a tit-for-tat. While we need to be ready with countermeasures in case there is no other way out, I still believe that dialogue is what should prevail between important partners such as the EU and the U.S., including in bringing an end to this long-standing dispute. The EU remains open for discussions with the U.S., provided these are without preconditions and aim at a fair outcome."*

The list published today covers a range of items, from aircrafts to chemicals and agri-food products (including everything from frozen fish and citrus fruits to ketchup), that overall represent around USD20 billion of United States exports into the European Union. At an earlier stage of this dispute (in 2012), the EU made a request to the WTO to authorise the adoption of countermeasures worth up to USD12 billion, equivalent to the estimated damage caused to Airbus by the U.S. support to Boeing.

Based on this request, it is however for a WTO appointed arbitrator to determine the exact appropriate level of countermeasures. The EU is taking steps towards requesting the arbitrator to resume its work. A final list, based on the products included in today's list, will be drawn up by the EU taking into account the arbitrator's decision in the near future.

## **Background**

On 11 April 2019, the Dispute Settlement Body of the World Trade Organisation adopted the reports in which the Appellate Body, the highest WTO instance, confirmed that the U.S. has not taken appropriate action to comply with the WTO rules on subsidies, despite the many rulings against it in the course of this long dispute. Instead, it has continued unabatedly its illegal support of its aircraft manufacturer Boeing to the detriment of Airbus, the European aerospace industry and its many workers. In its ruling of 28 March 2019, the Appellate Body:

- confirmed the Washington State tax programme continues to be a central part of the U.S. unlawful subsidisation of Boeing. This is a comprehensive programme scheduled to run up until 2040 with a continuous increase of subsidies expected throughout that period. Boeing will receive an estimated total of USD6 billion in tax savings for the period 2006-2040;
- found that a number of ongoing instruments, including certain NASA and U.S. Department of Defence procurement contracts, research and development programmes, and South Carolina job tax credits, constitute subsidies that may cause economic harm to Airbus;
- confirmed that Boeing continues to benefit from an illegal U.S. tax concession that supports exports (the Foreign Sales Corporation and Extraterritorial Income Exclusion, or FSC/ETI). This subsidy has already been qualified as prohibited, which means illegal under WTO rules.

### **For More Information**

[Public consultation on preliminary list of products](#)

[List of products](#)

[WTO Appellate Body ruling on US subsidies to Boeing](#)