

WTO rejects vast majority of US claims in Airbus dispute

The Appellate Body definitively dismissed all US claims that any of the EU support is outright “prohibited” under WTO rules.

Commissioner **Malmström** said: *“Today the WTO Appellate Body, the highest WTO court, has definitively rejected the US challenge on the bulk of EU support to Airbus, and agreed that the EU has largely complied with its original findings. Significantly, it dismissed the vast majority of the US claims that this support had damaged Boeing’s aircraft sales. The EU will now take swift action to ensure it is fully in line with the WTO’s final decision in this case. Also, we look forward to the upcoming ruling by the Appellate Body on US compliance with the WTO findings of the massive and persistent government support to Boeing.”*

The Appellate Body found that the majority of EU support to Airbus challenged by the US had expired in 2011. It ruled that under WTO rules the EU is not required to take any further action regarding state support that no longer exist, such as the alleged support for the A300, A310, A320 and A330/A340 aircraft models.

This ruling leaves the EU with only a few remaining compliance obligations in order to bring itself fully into line with WTO rules. These are linked to repayable loans provided to the newer A380 and A350 XWB models. There are no obligations that remain regarding single-aisle aircraft.

The Appellate Body also significantly downgraded the assessment of the economic damage that the remaining EU support has allegedly caused to Boeing’s aircraft sales. The US had put forward 218 claims of ‘adverse effects’ – such as lost sales – to Boeing as a result of alleged support to Airbus. The Appellate Body rejected 94% of US claims and only upheld 14 instances where the support had negatively affected Boeing, related only to the support for the A350 XWB and A380.

The EU will now take swift action to bring itself into line with WTO rules as regards its remaining obligations.

Background

The original WTO case was initiated in 2004. The US challenged support provided by France, Germany, Spain and the UK to Airbus for the development and production of its series of large civil aircraft programmes.

The WTO ruled on the case in 2011, but the US considered that the EU, France, Germany, Spain and the UK had failed to take sufficient steps to withdraw subsidies to Airbus, or remove the economic impact of those subsidies on Boeing. The US therefore brought compliance proceedings against the EU which challenged the European efforts. Today’s step marks the end of those

compliance proceedings as the Appellate Body is the highest WTO court.

The EU launched a parallel case against US government support for Boeing aircraft in 2005. In that case we are also at the stage of the compliance proceedings after the EU argued before the WTO that the US had not made any efforts to remove its subsidies.