

# Aerospace Subsidies Dispute

## Timeline and Overview

For the last decade the U.S. has pursued a case before the World Trade Organization (WTO) against illegal European subsidies for Airbus. These subsidies have given Airbus an unfair advantage, enabling it to capture 50 percent of the global market for large commercial airplanes, at America's expense. The European Union (EU) has filed baseless counterclaims against the U.S., and used delay and stall tactics to evade the WTO's rulings against their own illegal practices. They have lost badly at every twist and turn. It's now time for them to meet their global trade obligations and eliminate the \$22 billion of illegal subsidies the WTO has said must go.

### U.S. CASE

### EU CASE

U.S. attempts bilateral engagement to negotiate an end to illegal launch aid for Airbus. Negotiations fail.

2004



U.S. files WTO case challenging European subsidies to Airbus.

2006

EU files countercase focused on alleged illegal U.S. subsidies to Boeing through NASA R&D programs and various U.S. tax provisions.



WTO rules in favor of the U.S. on 80 percent of the total subsidy amount alleged by the U.S. government.

2010



WTO appellate panel upholds all key findings from 2010, asserting Airbus received \$18 billion in illegal subsidies.

2011

WTO dismisses 80 percent of total subsidies alleged by European governments; finds \$3.25 billion in illegal U.S. government subsidies to Boeing.



**\$18 BILLION**

IN ILLEGAL SUBSIDIES TO AIRBUS

VS

**\$3.25 BILLION**

IN ILLEGAL SUBSIDIES TO BOEING



EU fails to meet six-month compliance deadline. U.S. asks WTO for compliance ruling.

2011

2012

WTO appellate panel upholds previous ruling of \$3.25 billion in subsidies to Boeing. U.S. government complies with the ruling, adjusting NASA and Defense Department contracts with Boeing to address WTO's concerns. EU asks WTO for a compliance ruling.



2015

EU files second WTO case, challenging Washington state tax incentives.

WTO rules EU governments have not complied with previous rulings and have compounded the harm with new subsidies for the A350; subsidies now total \$22 billion. EU appeals the decision.

2016

WTO dismisses the EU's claims in this new case on 7 of 8 Washington state tax incentives; EU prevails only on the "claw back" provision of the state's B&O tax reduction as applied to the 777X. U.S. and EU both appeal the decision.



Expect appellate ruling on EU compliance; if previous ruling upheld, U.S. may pursue sanctions.

2017

WTO rules that U.S. government has complied with virtually all of its rulings in the first EU case. Expect appellate ruling in second EU case on Washington state tax incentives by year end.

**\$22 BILLION IN ILLEGAL SUBSIDIES**  
EU IGNORING WTO RULINGS

VS

**U.S. MEETING WTO OBLIGATIONS**