

European Commission Directorate-General for Trade

Press release

DISPUTE SETTLEMENT | Brussels, 13 October 2020

Boeing subsidy case: World Trade Organization confirms EU right to retaliate against \$4 billion of U.S. imports

Today, the World Trade Organization (WTO) allowed the EU to raise tariffs up to \$4 billion worth of imports from the U.S. as a countermeasure for illegal subsidies to the American aircraft maker, Boeing. The decision builds upon the WTO's earlier findings recognising the U.S. subsidies to Boeing as illegal under the WTO law.

Executive Vice-President for an Economy that Works for People and Commissioner for Trade, Valdis Dombrovskis, said: "This long-awaited decision allows the European Union to impose tariffs on American products entering Europe. I would much prefer not to do so - additional duties are not in the economic interest of either side, particularly as we strive to recover from the Covid-19 recession. I have been engaging with my American counterpart, Ambassador Lighthizer, and it is my hope that the U.S. will now drop the tariffs imposed on EU exports last year. This would generate positive momentum both economically and politically, and help us to find common ground in other key areas. The EU will continue to vigorously pursue this outcome. If it does not happen, we will be forced to exercise our rights and impose similar tariffs. While we are fully prepared for this possibility, we will do so reluctantly."

In October last year, following a similar WTO decision in a parallel case on Airbus subsidies, the U.S. imposed retaliatory duties that affect EU exports worth \$7.5 billion. These duties are still in place today, despite the decisive steps taken by France and Spain in July this year [LINK] to follow suit Germany and the UK in ensuring that they fully comply with an earlier WTO decision on subsidies to Airbus.

Under the current economic circumstances, it is in the mutual interest of the EU and the U.S. to discontinue damaging tariffs that unnecessarily burden our industrial and agricultural sectors.

The EU has made specific proposals to reach a negotiated outcome to the long running transatlantic civil aircraft disputes, the longest in the history of the WTO. It remains open to work with the U.S. to agree a fair and balanced settlement, as well as on future disciplines for subsidies in the civil aircraft sector.

While engaging with the U.S., the European Commission is also taking appropriate steps and involving EU Member States so that it can use its retaliation rights in case there is no prospect of bringing the dispute to a mutually beneficial solution. This contingency planning includes finalising the list of products that would become subject to EU additional tariffs.

Background

In March 2019, the Appellate Body, the highest WTO instance, confirmed that the U.S. had not taken appropriate action to comply with WTO rules on subsidies, despite the previous rulings. Instead, it continued its illegal support of its aircraft manufacturer Boeing to the detriment of Airbus, the European aerospace industry and its many workers. In its ruling, the Appellate Body:

- confirmed the Washington State tax programme continues to be a central part of the U.S. unlawful subsidisation of Boeing;
- found that a number of ongoing instruments, including certain NASA and U.S. Department of Defence procurement contracts 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).

Today's decision confirming the EU right to retaliate stems directly from that previous decision.

In a parallel case on Airbus, the WTO allowed the United States in October 2019 to take countermeasures against European exports worth up to \$7.5 billion. This award was based on an Appellate Body decision of 2018 that had found that the EU and its Member States had not fully complied with the previous WTO rulings with regard to Repayable Launch Investment for the A350 and A380 programmes. The U.S. imposed these additional tariffs on 18 October 2019. The EU Member States concerned have taken in the meantime all necessary steps to ensure full compliance.

For More Information

[WTO Appellate Body ruling on US subsidies to Boeing](#)
[Public consultation on preliminary list of products in the Boeing case](#)
[Preliminary list of products](#)
[History of Boeing case](#)
[History of Airbus case](#)