

Wednesday 9 July 2008

Airbus/Boeing disputes

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European Parliament resolution of 9 July 2008 on the World Trade Organisation disputes between the European Union and the United States on alleged subsidies to Airbus and Boeing

(2009/C 294 E/07)

The European Parliament,

- having regard to the World Trade Organisation (WTO) disputes between the European Union (EU) and the United States (US) on alleged subsidies to Airbus and Boeing,
 - having regard to its resolution of 1 June 2006 on EU-US transatlantic economic relations ⁽¹⁾,
 - having regard to the resolution of the US Senate (Res. 632) of 8 December 2006 urging the US and the EU to work together to strengthen the transatlantic market,
 - having regard to the EU-US Summit of 30 April 2007,
 - having regard to Rule 108(5) of its Rules of Procedure,
- A. whereas it values the transatlantic partnership between the EU and the US and supports fair and balanced trade policies in general,
- B. whereas, over the past decade, the transatlantic economic relationship has experienced an unprecedented period of integration, with European investment in the US representing 75 % of total US investment inflows in 2006 and US investment in Europe rising to a record USD 128 billion (128 000 000 000), or 59 % of total US foreign direct investment outflows, in 2006,
- C. whereas the importance of the aircraft industry for employment and job creation, particularly in high-skilled sectors, as well as in a broad range of other industries, for regional development and for state-of-the-art transnational industrial cooperation is of particular relevance,
- D. whereas, in the civil aircraft industry, both Airbus and Boeing presently have the capability to design and integrate large commercial aircraft and it is in the interest of airlines and their customers to maintain a high level of healthy competition,
- E. whereas, in 1992, the EU and the US signed a bilateral agreement on trade in large civil aircraft (the 1992 Agreement) that created a balanced playing field with rules governing government support,
- F. whereas the EU has consistently adhered to the spirit and letter of the 1992 Agreement and has regularly provided documented evidence of compliance,
- G. whereas the US has largely ignored its obligations under the 1992 Agreement by not reporting its subsidies to Boeing as well as by providing subsidies in excess of agreed limits and by granting prohibited subsidies to Boeing,
- H. whereas the 1992 Agreement maintained stability in the sector until 2004, when the US unilaterally purported to withdraw from it and brought a WTO case against the EU, citing European repayable financing which fully complied with the 1992 Agreement and which is similar to that benefiting Boeing for the development and production of large parts of its 787 in Japan and other risk-sharing countries,

⁽¹⁾ OJ C 298 E, 8.12.2006, p. 235.

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- I. whereas, despite numerous efforts by the EU in good faith, it has hitherto not been possible to establish a fair and balanced basis for a negotiated settlement,
- J. whereas it reaffirms its support for the Commission's consistent openness to a balanced, negotiated solution without preconditions,
- K. whereas balanced and fair government support for aerospace on both sides of the Atlantic has resulted in research and innovation, increased safety, improved environmental performance, and efficiencies in air transportation,
- L. whereas the Member States' financing for Airbus is strictly limited, repayable with interest and clearly has no impact on Boeing's ability to compete, as Airbus repaid 40 % more than it has received from governments of the Member States since 1992 and has repaid in excess of EUR 7 billion so far,
- M. whereas the EU is challenging various prohibited and actionable US Federal, State and local subsidies benefiting Boeing, totalling USD 23,7 billion in non-repayable subsidies over the past two decades and up to 2024,
- N. whereas Parliament reaffirms its belief in the importance of fair and open competition in public procurement competitions and has noted favourably the contract award to the Northrop Grumman European Aeronautic Defence and Space company (EADS) team for the US aerial tanker programme based on neutral criteria designed to identify and place the best and most suitable equipment in the hands of the US Air Force,
- O. whereas Parliament notes, however, with deep concern, the bitter attacks by Boeing in an attempt to portray EADS operations and certain Member States as 'unreliable aerospace business partners' and a security risk to US military readiness, a message that has not gone unnoticed in Europe,
- P. whereas the report of the Government Accountability Office sustaining Boeing's bid protest is recognised as an evaluation merely of the selection process and not the merits of the aircraft; whereas it reaffirms its belief that the integrity of the US Department of Defence procurement process will remain intact for all competitors;
 1. Addresses the following recommendations to the Commission, acting on behalf of the EU in defending the interests of the Member States and the EU large civil aircraft industry:
 - (a) Parliament calls on the Member States and the Commission to ensure that any anti-competitive actions contained in legislation or in executive policy that would improperly restrict the ability of EU companies to compete in either civil or military programmes should be met with the appropriate response by the Community and its Member States;
 - (b) Parliament fully supports the defence of EU interests in the pending dispute settlement proceedings before the WTO and urges the Commission to continue its efforts in this regard: it doubts, however, whether WTO rulings in themselves will provide the necessary long-term solution the market requires as a basis for future peaceful and fair competition in this sector which, by contrast, a negotiated solution could deliver;
 - (c) Parliament considers that the starting point for any talks would need to be a discussion without preconditions on the terms of negotiation, demonstrating the genuine intent by both sides to arrive at a pragmatic balance between EU civil support and the US military-industrial scheme, which lays down those aspects of government involvement genuinely impinging on the establishment of a truly level playing field.
 2. Instructs its President to forward this resolution to the Council and the Commission, and to the President and Congress of the United States of America.