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U.S. Wins \$7.5 Billion Award in Airbus Subsidies Case

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Largest Ever WTO Award Paves the Way for U.S. Countermeasures

Washington, D.C. – The United States has won the largest arbitration award in World Trade Organization (WTO) history in its dispute with the European Union over illegal subsidies to Airbus. This follows four previous panel and appellate reports from 2011-2018 finding that EU subsidies to Airbus break WTO rules. Today’s decision demonstrates that massive EU corporate welfare has cost American aerospace companies hundreds of billions of dollars in lost revenue over the nearly 15 years of litigation.

“For years, Europe has been providing massive subsidies to Airbus that have seriously injured the U.S. aerospace industry and our workers. Finally, after 15 years of litigation, the WTO has confirmed that the United States is entitled to impose countermeasures in response to the EU’s illegal subsidies,” U.S. Trade Representative Robert Lighthizer said. **“Accordingly, the United States will begin applying WTO-approved tariffs on**

certain EU goods beginning October 18. We expect to enter into negotiations with the European Union aimed at resolving this issue in a way that will benefit American workers.”

The award of \$7.5 billion annually is by far the largest award in WTO history—nearly twice the largest previous award. The Arbitrator calculated this amount based on WTO findings that EU launch aid for Airbus is causing significant lost sales of Boeing large civil aircraft, as well as impeding exports of Boeing large aircraft to the EU, Australia, China, Korea, Singapore, and UAE markets. Under WTO rules, the Arbitrator’s decision is final and not subject to appeal.

The United States today has requested that the WTO schedule a meeting on October 14 to approve a U.S. request for authorization to take countermeasures against the EU. Pursuant to WTO rules, the WTO will provide this authorization automatically at that meeting. The EU is not allowed to retaliate against WTO-authorized countermeasures.

The tariffs will be applied to a range of imports from EU Member States, with the bulk of the tariffs being applied to imports from France, Germany, Spain, and the United Kingdom – the four countries responsible for the illegal subsidies. Although USTR has the authority to apply a 100 percent tariff on affected products, at this time the tariff increases will be limited to 10 percent on large civil aircraft and 25 percent on agricultural and other products. The U.S. has the authority to increase the tariffs at any time, or change the products affected.

USTR will continually re-evaluate these tariffs based on our discussions with the EU.

Click [here](#) to view the list of products that will be subject to additional duties.

Additional Background Information

In May 2011, the Appellate Body confirmed that the EU and four of its member States (Germany, France, the UK, and Spain) conferred more than \$18 billion in subsidized financing to Airbus and had caused Boeing to lose sales of more than 300 aircraft and significant market share throughout the world. In fact, in looking at the effect of the EU subsidies, the original WTO panel that first heard the case and the Appellate Body agreed that “[w]ithout the subsidies, Airbus would not have existed ... and there would be no Airbus aircraft on the market. None of the sales that the subsidized Airbus made would have occurred.” None of these findings were altered in the May 2018 compliance appellate report, which confirmed that the EU provided additional billions of euros in subsidized financing to Airbus.

In contrast, the WTO rejected the EU assertion in the EU’s counter-complaint that U.S. subsidies were responsible for the viability of large civil aircraft production in the United States. The WTO found that only a single Washington State tax measure that provided Boeing with additional pricing flexibility was inconsistent with WTO rules.

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