



# EU-US RELATIONS



## EU-US DISPUTES ON LARGE CIVIL AIRCRAFT

On 15 June 2021, the EU and the U.S. reached an understanding relating to large civil aircraft, transforming almost 17 years of disputes into a forward-looking, collaborative platform to address bilateral issues as well as global challenges.

Both sides will now seek to overcome long-standing differences in order to avoid future litigation and preserve a level playing field between our aircraft manufacturers and will work to prevent new differences from arising.

The EU and the US also agreed to suspend application of harmful tariffs on a volume of trade worth 11.5 billion dollars for a period of five years that hurt companies and people on both sides of the Atlantic.

The two sides will collaborate on jointly analysing and addressing non-market practices of third parties that may harm our large civil aircraft sectors.

The dispute on Large Civil Aircraft (LCA; also known as the Airbus-Boeing Dispute) between the European Union and the United States is the longest running dispute in the history of the World Trade Organization (WTO).

It started in 2004, when the US filed a case at the WTO against the EU, arguing that the bloc was illegally subsidising the European aircraft manufacturer Airbus. The EU also filed a complaint against the US in May 2005 for its unlawful support to Boeing.

Following WTO decisions, both the US and the EU imposed punitive tariffs on each other's exports, affecting a total value of **11.5 billion dollars of trade** between the two sides. As a result, EU and US businesses have had to **pay over 3.3 billion dollars in duties**.

In March 2021 the EU and the US agreed on a temporary mutual suspension of all tariffs related to these disputes for a four-month period, to ease the burden on their industries and workers and to give space to reach a balanced negotiated solution in the LCA sector.

Under the Understanding on a cooperative framework for Large Civil Aircraft of 15 June 2021, the two sides expressed their intention to:

- establish a Working Group on Large Civil Aircraft led by each side's respective Minister responsible for Trade,
- provide financing to large civil aircraft producers on market terms,
- provide R&D funding through an open and transparent process and make the results of fully government funded R&D widely available, to the extent permitted by law
- not to provide R&D funding or other specific support to their own producers that would harm the other side,
- collaborate on addressing non-market practices of third parties that may harm their respective large civil aircraft industries,
- continue to suspend application of their countermeasures, for a period of 5 years, saving billions of euros in duties for importers on both sides of the Atlantic.

## THE EU-US AIRCRAFT DISPUTES KEY FACTS

	US measures	EU countermeasures
<b>Number of product categories impacted</b>	19	130
<b>Key product categories impacted (examples)</b>	Aircraft Wines and spirits Dairy and cheese Machinery	Aircraft Nuts Tobacco Spirits
<b>Value of tariffs</b>	15% on aircraft 25% additional on non-aircraft	15% on aircraft 25% additional on non-aircraft
<b>Duties paid (2019-2020)</b>	USD 2.2 billion	USD 1.1 billion

## THE EU-US AIRCRAFT DISPUTE RECENT HISTORY

**In May 2018**, the WTO's highest decision-making instance, the Appellate Body found that the EU and its Member States had not fully complied with the previous WTO rulings. As a result, the WTO allowed the US to take countermeasures against European exports worth up to \$7.5 billion. The US imposed these measures in October 2019.

**In March 2019**, the WTO's Appellate Body confirmed that the US continued its illegal support of aircraft manufacturer Boeing to the detriment of Airbus, the European aerospace industry and its many workers. After the authorisation by the WTO, the EU imposed countermeasures on \$4 billion worth of US exports to the EU in November 2020.

**In July 2020**, Airbus and certain Member States announced decisive steps to ensure full compliance with their international obligations arising from the WTO ruling against the EU, and called on the US to lift their countermeasures against the EU.

**On 5 March 2021**, the EU and US agreed to suspend all retaliatory tariffs on EU and US exports imposed in the Airbus-Boeing Dispute for a four-month period until the 11 July. The suspension allows both sides to focus on resolving this long-running dispute.