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Boeing says trade ruling no case for negotiation

GENEVA: The Boeing Co. has rejected suggestions a ruling due Wednesday by the world's top trade court on allegations the Chicago plane maker received billions in illegal subsidies should be tied to a similar case against its biggest rival Airbus.

The European company claims Boeing's case before the World Trade Organization is key to resolving a wider dispute over government aid to aircraft manufacturers. Airbus itself was found by the Geneva tribunal to have gained an unfair advantage through billions worth of low-interest loans, infrastructure provisions, and research and development grants.

``The two cases are completely separate and deal with very specific issues,'' said Ted Austell, vice president trade policy at Boeing.

``The WTO ruled very clearly at the end of June that all government money provided to Airbus for development of new aircraft was an illegal subsidy and must stop,'' he said. ``That debate is over and it is time for compliance.''

``Should the WTO find against US practices, Boeing is prepared to accept compliance with the ruling.''

The WTO's confidential interim ruling, which will be handed to US and European Union trade officials Wednesday, marks Europe's fight back against Washington's complaint over Airbus. The EU claims Boeing receives billions in backdoor subsidies through NASA and US Defense Department contracts, and from preferential tax treatment in Washington state.

European officials have indicated that they would prefer the two cases be resolved through negotiation, particularly as the six-year dispute has allowed smaller rivals from China, Brazil, Canada and Russia to gain ground at the expense of the big two.

``Only with two reports on the table will there be a window for a balanced discussion, which will be the only way out of this destructive and anachronistic dispute,'' said Airbus spokeswoman Maggie Bergsma.

Irrespective of the wider battle over government aid to aircraft makers, Wednesday's ruling will have implications for how Boeing and its suppliers fund and launch new planes, said David Pritchard, a trade specialist at the University at Buffalo.

``Boeing and their suppliers have a potential of facing tens of billions of dollars in capital requirements to fund current and future programs,'' said Pritchard, citing the 787 model, a proposed military tanker aircraft, a possible upgrade of the 777 and replacement of the 737.

Both Washington and Brussels are appealing the June ruling that found Airbus had used billions of euros (dollars) in low-interest government loans _ commonly called ``launch aid''_ to develop the A380 superjumbo and other planes. The WTO's appellate body may not deliver its decision until 2012, meaning the two sides will have time to negotiate a deal that would avoid future spats over a market for commercial planes estimated to be worth more than $3 trillion over the next two decades.

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