

Airbus wants U.S.-EU talks

Associated Press

Tuesday, June 29, 2010

GENEVA -- Airbus called Monday for talks between the United States and the European Union to end the trans-Atlantic fight over subsidies to aircraft manufacturers, saying it was the only way to end the costly six-year dispute.

The call came as the World Trade Organization prepares to publish its ruling Wednesday on a complaint brought by Washington that European governments illegally loaned Airbus billions to develop aircraft, including its flagship A380 superjumbo.

Airbus spokeswoman Maggie Bergsma said negotiations were "the only reasonably possible end to this dispute." But rival Boeing insisted a settlement in the case was out of the question.

Confidential copies of the 1,000-page ruling have been circulating for several weeks, with supporters of both sides claiming victory -- though trade officials have refused to confirm the outcome.

Bergsma said Airbus was confident the ruling will deem the loans the company received from European governments legal in principle.

But she acknowledged that in practice some of the loans that went toward the A380 program may have breached global trade rules, meaning the WTO panel could declare them to be illegal subsidies.

"There is no doubt that both sides will appeal elements of this report," said Bergsma.

Boeing spokesman Charlie Miller said he understood from talking to officials familiar with the ruling that "every instance of launch aid that was challenged was found to be an illegal subsidy."

Such loans -- which come from European governments such as Britain, France, Germany and Spain where Airbus planes are made -- include infrastructure support and funding for research and development.

The loans are virtually without risk since Airbus only repays them as new planes are sold.

With a similar ruling on U.S. government aid to Boeing due to be released to the parties in a matter of weeks, observers say both sides have an interest in ending their tit-for-tat dispute that began in 2004.

Chicago-based Boeing has benefited from billions of dollars in funding from NASA and the U.S. Defense Department to develop military technology that was later modified for civilian planes.

"Obviously the focus this week is Airbus, but if you look at any commercial airplane program in the world, they all get subsidies," said David Pritchard, a trade specialist at the University at Buffalo.



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