

Boeing supports state tax change to avoid EU sanctions

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US aerospace manufacturer Boeing said Wednesday it supports a tax reform in Washington state that would eliminate a tax break but defuse a

long-standing dispute with the European Union.

President Donald Trump's administration already imposed punitive tariffs on a record \$7.5 billion in EU products in a dispute over government subsidies to Airbus, with authorization of the World Trade Organization.

And Trump on Friday raised the tariff on aircraft to 15 percent from 10 percent as part of those sanctions.

The European Union has threatened to follow through with penalties against the United States for support granted to Boeing, but the American firm said the state [tax reform](#) would resolve the issue.

"We fully support and have advocated for this action," Boeing said in a statement.

"When enacted, this legislation will resolve the sole finding against the United States in the long-running trade disputes between Europe and the United States over [government support](#) for the production of large commercial airplanes."

The change, which removes a 40 percent tax reduction for aerospace, will demonstrate US commitment "to fair and rules-based trade, and to compliance with the WTO's rulings," the company said.

Boeing, which has its main manufacturing facilities in the northwestern US state of Washington, saved about \$230 million in 2018 from this and other tax breaks.

Meanwhile, Airbus benefitted from "billions of dollars of illegal 'launch aid' subsidies ... which the WTO has repeatedly found to violate global trade rules," Boeing said and the issue remains unresolved.

"Now is the time for Airbus and the European Union to finally come into compliance by ending illegal launch aid subsidies once and for all and addressing the harm they have caused the United States aerospace industry and its workers."

The EU also has called for "a negotiated solution to the aircraft disputes on the basis of the concrete EU proposals for existing subsidies and future disciplines in this sector."

The epic legal battle between Airbus and Boeing at the WTO began in 2004 when Washington accused Britain, France, Germany and Spain of providing illegal subsidies and grants to support the production of a range of Airbus products.

A year later, the EU alleged that Boeing had received \$19.1 billion worth of prohibited subsidies from 1989 to 2006 from various branches of the US government.

The two cases were then tangled up in a legal quagmire, with each side being given partial vindication after a long series of appeals and counter appeals.

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