

US complies with WTO ruling on Boeing to avoid EU sanctions

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The Washington state government in late March repealed a tax break given to aerospace giant Boeing after a WTO ruling against it

The United States formally notified the World Trade Organization on Wednesday of the elimination of a state tax break for aerospace giant

Boeing to avoid retaliation by the European Union.

The WTO in April 2019 upheld an EU complaint that a preferential tax rate given to Boeing by Washington state violated global [trade](#) rules against subsidies.

The state legislature in late March ended the policy, which provided a 40 percent tax reduction for aerospace manufacturing, a move Boeing supported to end the long-standing dispute in which the EU was seeking \$10 billion in retaliation.

"With Washington state's repeal of this relatively minor tax reduction, the United States has fully implemented the WTO's recommendation, ending this dispute," US Trade Representative Robert Lighthizer said in a statement.

"This step ensures that there is no valid basis for the EU to retaliate against any US goods."

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

While USTR said the move should bring to an end the dispute over Boeing, Washington's complaints about EU subsidies for Airbus continue.

President Donald Trump's administration earlier this year imposed punitive tariffs on a record \$7.5 billion in EU products in a [dispute](#) over government subsidies to Airbus, with authorization from the World Trade Organization.

"We will continue to press the EU to negotiate a resolution that respects

the WTO's findings," Lighthizer said.

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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