

103^D CONGRESS
1ST SESSION

S. 418

To require the administering authority to initiate an investigation under title VII of the Tariff Act of 1930 with respect to Airbus Industrie.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24 (legislative day, JANUARY 5), 1993

Mr. DANFORTH (for himself, Mr. BAUCUS, Mr. BOND, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the administering authority to initiate an investigation under title VII of the Tariff Act of 1930 with respect to Airbus Industrie.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Civil Aircraft Trade
5 Enforcement Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress makes the following
8 findings:

1 (1) Airbus Industrie is a multinational consor-
2 tium of 4 aircraft manufacturers organized to de-
3 velop, produce, and sell large civil aircraft.

4 (2) Airbus Industrie's shareholders are
5 Aerospatiale of France, British Aerospace of the
6 United Kingdom, Deutsche Aerospace of the Federal
7 Republic of Germany, and Construcciones
8 Aeronauticas S.A. of Spain.

9 (3) The governments of the countries of the
10 Airbus Industrie member companies have signed
11 agreements guaranteeing political and financial sup-
12 port for Airbus Industrie's aircraft programs.

13 (4) The United States Department of Com-
14 merce has commissioned an analysis of the various
15 Airbus Industrie aircraft programs in order to advise
16 the United States Government regarding the eco-
17 nomic performance of Airbus Industrie programs, to
18 document the past levels of government support pro-
19 vided to the Airbus Industrie member companies by
20 their respective governments, to assess the financial
21 viability of Airbus Industrie aircraft programs to de-
22 termine whether such programs could have been un-
23 dertaken by a commercial entity, and to examine the
24 effects of Airbus Industrie on the United States air-

1 craft, aircraft engine, and avionics manufacturing
2 industries.

3 (5) The Department of Commerce analysis con-
4 cluded that—

5 (A) the governments of France, the Fed-
6 eral Republic of Germany, and the United
7 Kingdom provided \$8,200,000,000 to support
8 Airbus Industrie member companies through
9 1989,

10 (B) another \$2,300,000,000 in government
11 support had been pledged as of 1989 for the
12 Airbus A330/A340 program,

13 (C) the government of the Federal Repub-
14 lic of Germany committed \$3,000,000,000 to
15 Deutsche Aerospace as part of the merger be-
16 tween Daimler-Benz and MBB, the parent com-
17 pany of Deutsche Aerospace,

18 (D) the total government funds committed
19 to Airbus Industrie would be valued at
20 \$25,900,000,000, if Airbus Industrie were re-
21 quired to pay commercial rates for the govern-
22 ment support it received through 1989,

23 (E) the governments of the countries of
24 the Airbus Industrie member companies have

1 provided almost 75 percent of the development
2 funds for the various Airbus Industrie aircraft,

3 (F) the financial analysis of Airbus
4 Industrie indicates that there is little likelihood
5 that this government support will be repaid in
6 full,

7 (G) Airbus Industrie programs, taken indi-
8 vidually or as a group, have not been and will
9 not become commercially viable in the foresee-
10 able future; all programs have a negative net
11 present value when the cash flows are dis-
12 counted at the average commercial borrowing
13 rate in Europe,

14 (H) if Airbus Industrie continues to sell its
15 aircraft at subsidized prices, United States air-
16 craft manufactures will lose market share even
17 while being pressured to lower their own prices,

18 (I) as a consequence, both current and ex-
19 pected profits for United States aircraft manu-
20 facturers will decline due to continued govern-
21 ment support for Airbus Industrie programs,

22 (J) reduced profits on current United
23 States aircraft programs have significant im-
24 pacts because United States aircraft manufac-
25 turers have traditionally relied heavily upon in-

1 ternally generated funds to make the necessary
2 multibillion dollar investments in new aircraft
3 programs, and

4 (K) lower than expected profits on existing
5 United States aircraft programs may discour-
6 age the introduction of new, advanced-tech-
7 nology United States aircraft at the same time
8 that Airbus Industrie is introducing advanced
9 technology models.

10 (6) Airbus Industrie's worldwide market share
11 of jet aircraft orders has increased from 7 percent
12 in 1980 to 28 percent in 1992, while the worldwide
13 market share for United States aircraft manufactur-
14 ers has declined from 88 percent in 1980 to 63 per-
15 cent in 1992.

16 (7) Airbus Industrie's market share of United
17 States jet aircraft orders has increased from zero
18 percent in 1980 to 44 percent in 1992, while the
19 United States market share for United States air-
20 craft has declined from 100 percent in 1980 to 56
21 percent in 1992.

22 (8) United States imports of Airbus Industrie
23 large civil aircraft have increased from
24 \$133,000,000 in 1981 to \$844,000,000 in the first
25 3 quarters (January-September) of 1992.

1 (9) Employment in the United States civil air-
2 craft manufacturing industry has declined from ap-
3 proximately 326,000 positions in 1989, to an esti-
4 mated 266,000 positions in 1993.

5 (b) PURPOSE.—The purpose of this Act is to initiate
6 a countervailing duty investigation with respect to large
7 civil aircraft produced by Airbus Industrie.

8 **SEC. 3. DEFINITIONS.**

9 For purposes of this Act—

10 (1) SECRETARY.—The term “Secretary” means
11 the Secretary of Commerce.

12 (2) COMMISSION.—The term “Commission”
13 means the United States International Trade Com-
14 mission.

15 (3) LARGE CIVIL AIRCRAFT.—The term “large
16 civil aircraft” means aircraft, other than military
17 aircraft, described in subheading 8802.40.00 of the
18 Harmonized Tariff Schedule of the United States.

19 (4) ADMINISTERING AUTHORITY.—The term
20 “administering authority” has the meaning given
21 such term by section 771(1) of the Tariff Act of
22 1930 (19 U.S.C. 1677(1)).

23 (5) INTERESTED PARTY.—The term “interested
24 party” has the meaning given such term by section

1 771(9) of the Tariff Act of 1930 (19 U.S.C.
2 1677(9)).

3 **SEC. 4. INITIATION OF COUNTERVAILING DUTY INVESTIGA-**
4 **TION.**

5 (a) COLLECTION OF INFORMATION.—Not later than
6 5 days after the date of the enactment of this Act, the
7 Secretary shall begin collecting information regarding—

8 (1) subsidies provided by France, the Federal
9 Republic of Germany, and the United Kingdom to
10 Airbus Industrie member companies with respect to
11 the manufacture, production, and exportation of
12 large civil aircraft imported or sold for importation
13 into the United States, and

14 (2) whether the United States large civil air-
15 craft manufacturing industry is materially injured,
16 or is threatened with material injury, by reason of
17 imports of Airbus Industrie large civil aircraft, or by
18 reason of sales (or the likelihood of sales) of Airbus
19 Industrie large civil aircraft for importation.

20 (b) INITIATION OF INVESTIGATION.—Not later than
21 45 days after the date of the enactment of this Act, the
22 administering authority shall initiate a countervailing duty
23 investigation pursuant to section 702(a) of the Tariff Act
24 of 1930 (19 U.S.C. 1671a(a)) with respect to imports and

1 sales for import of civil aircraft manufactured by Airbus
2 Industrie.

3 (c) APPLICATION OF TITLE VII OF THE TARIFF ACT
4 OF 1930.—Except as otherwise provided in this Act, the
5 provisions of title VII of the Tariff Act of 1930 (19 U.S.C.
6 1671 et seq.) shall apply to the countervailing duty inves-
7 tigation initiated under this section with respect to Airbus
8 Industrie.

9 (d) TERMINATION OR SUSPENSION OF INVESTIGA-
10 TION.—

11 (1) TERMINATION.—Subsections (a) and (k) of
12 section 704 of the Tariff Act of 1930 (19 U.S.C.
13 1671c) shall not apply to the investigation initiated
14 pursuant to subsection (b) of this section.

15 (2) SUSPENSION.—The investigation initiated
16 pursuant to subsection (b) of this section may be
17 suspended pursuant to subsection (b) or (c) of sec-
18 tion 704 of such Act, if the requirements of para-
19 graph (3) are satisfied.

20 (3) SUSPENSION OF INVESTIGATION PROCE-
21 DURE.—The requirements of this paragraph are sat-
22 isfied, if, not less than 30 days before suspending
23 the investigation, the administering authority—

24 (A) notifies the Committee on Finance of
25 the Senate, the Committee on Ways and Means

1 of the House of Representatives, the Commis-
2 sion, and other parties to the investigation, of
3 the administering authority's intention to sus-
4 pend the investigation,

5 (B) consults with such committees regard-
6 ing such suspension,

7 (C) provides a copy of the proposed agree-
8 ment to such committees, together with an ex-
9 planation of—

10 (i) how the agreement will be carried
11 out and enforced,

12 (ii) how the agreement meets the re-
13 quirements of either subsections (b) and
14 (d) of section 704 of the Tariff Act of
15 1930, or subsections (c) and (d) of such
16 section 704, and

17 (iii) any action required of the foreign
18 governments, and

19 (D) permits all interested parties to submit
20 comments and information for the record before
21 the date on which notice of suspension of the
22 investigation is published.

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