

108TH CONGRESS
2D SESSION

S. CON. RES. 140

Urging the President to withdraw the United States from the 1992 Agreement on Government Support for Civil Aircraft with the European Union and immediately file a consultation request, under the Understanding on Rules and Procedures Governing the Settlement of Disputes of the World Trade Organization, on the matter of injury to, and adverse effects on, the commercial aviation industry of the United States.

IN THE SENATE OF THE UNITED STATES

OCTOBER 5, 2004

Mr. BROWNBACK (for himself and Mr. ROBERTS) submitted the following concurrent resolution; which was referred to the Committee on Finance

CONCURRENT RESOLUTION

Urging the President to withdraw the United States from the 1992 Agreement on Government Support for Civil Aircraft with the European Union and immediately file a consultation request, under the Understanding on Rules and Procedures Governing the Settlement of Disputes of the World Trade Organization, on the matter of injury to, and adverse effects on, the commercial aviation industry of the United States.

Whereas as recently as 1990, Boeing was the uncontested world leader in commercial aviation, and had produced over 55 percent of all the jet commercial aircraft ever produced; McDonnell Douglas produced 25 percent, while Airbus accounted for only 6 percent;

Whereas in 1992 the Agreement on Government Support for Civil Aircraft was negotiated between the United States and the European Community to address the near total subsidization of Airbus commercial aircraft development;

Whereas the agreement stated that no more than 33 percent of total aircraft development costs could be borne by the respective governments;

Whereas the agreement “recogniz[ed] that the disciplines in the GATT Agreement on Trade in Civil Aircraft should be strengthened with a view to progressively reducing the role of government support”;

Whereas Boeing has experienced a dramatic downturn in the last three years, losing thousands of employees and a significant market share;

Whereas Airbus has continued to increase market share at a time of significant turbulence in the commercial airline industry as a result of continued government subsidies;

Whereas the European Union has not abided by the agreement to phase out subsidies;

Whereas European Union officials have publicly reaffirmed their plan to achieve global leadership in aerospace based on continued subsidization, noting in “European Aeronautics: A Vision for 2020”, that “gradual realization of our ambitious vision must be facilitated by an increase in public funding. European aeronautics has grown and prospered with the support of public funds and this support must continue if we are to achieve our objective of global leadership.”;

Whereas the new Airbus A380 is the most subsidized aircraft ever, having received more than \$6,000,000,000 in direct

subsidies from the European Union, including \$3,700,000,000 in launch aid;

Whereas in public statements, Airbus representatives have indicated that the company may launch yet another new aircraft, which may require billions of dollars of additional subsidies from the European Union;

Whereas Airbus has achieved market parity with Boeing; therefore the 1992 agreement has outlived its usefulness;

Whereas the parties to the 1992 agreement noted “their intention to act without prejudice to their rights and obligations under the GATT and under other multilateral agreements negotiated under the auspices of the GATT”;

Whereas on a visit to Washington State on August 13, 2004, President George W. Bush said “I’ve instructed U.S. Trade Representative Bob Zoellick to inform European officials in his September meeting that we think these subsidies are unfair and that he should pursue all options to end these subsidies—including bringing a WTO case, if need be”;

Whereas the Boeing Company has more than 150,000 employees within the United States and has 26,000 suppliers in all 50 States;

Whereas the United States Trade Representative has strongly supported Boeing’s efforts to seek redress in this matter and has patiently and appropriately pursued bilateral dialogue with the European Union in an attempt to negotiate a new agreement to discipline subsidies; and

Whereas public statements by the United States Trade Representative have made it clear that bilateral consultations on the matter of ending commercial aviation subsidies by the European Union have been unproductive and that

further talk is unlikely to resolve the serious injury caused to the Boeing company: Now, therefore, be it

1 *Resolved by the Senate (the House of Representatives*
2 *concurring)*, That it is the sense of Congress that—

3 (1) the President should direct the United
4 States Trade Representative to withdraw the United
5 States from the Agreement on Government Support
6 for Civil Aircraft that was entered into with the Eu-
7 ropean Community in 1992; and

8 (2) the President should direct the United
9 States Trade Representative immediately to file a
10 consultation request, under the Understanding on
11 Rules and Procedures Governing the Settlement of
12 Disputes of the World Trade Organization, on the
13 matter of serious injury to the commercial aviation
14 industry of the United States.

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