

109TH CONGRESS
1ST SESSION

S. CON. RES.

Expressing the sense of Congress regarding the application of Airbus for launch aid.

IN THE SENATE OF THE UNITED STATES

Mr. FRIST (for himself, Mr. REID, Mr. GRASSLEY, Mr. BAUCUS, Mr. TALENT, Mrs. MURRAY, and Ms. CANTWELL) submitted the following concurrent resolution; which was referred to the Committee on

CONCURRENT RESOLUTION

Expressing the sense of Congress regarding the application of Airbus for launch aid.

Whereas Airbus is currently the leading manufacturer of large civil aircraft, with a full fleet of aircraft and more than 50 percent global market share;

Whereas Airbus has received approximately \$30,000,000,000 in market distorting subsidies from European governments, including launch aid, infrastructure support, debt forgiveness, equity infusions, and research and development funding;

Whereas these subsidies, in particular launch aid, have lowered Airbus' development costs and shifted the risk of aircraft development to European governments, and

thereby enabled Airbus to develop aircraft at an accelerated pace and sell these aircraft at prices and on terms that would otherwise be unsustainable;

Whereas the benefit of these subsidies to Airbus is enormous, including, at a minimum, the avoidance of \$35,000,000,000 in debt as a result of launch aid's non-commercial interest rate;

Whereas over the past 5 years, Airbus has gained 20 points of world market share and 45 points of market share in the United States, all at the expense of Boeing, its only competitor;

Whereas this dramatic shift in market share has had a tremendous impact, resulting in the loss of over 60,000 high-paying United States aerospace jobs;

Whereas on October 6, 2004, the United States Trade Representative filed a complaint at the World Trade Organization on the basis that all of the subsidies that the European Union and its Member States have provided to Airbus violate World Trade Organization rules;

Whereas on January 11, 2005, the European Union agreed to freeze the provision of launch aid and other government support and negotiate with a view to reaching a comprehensive, bilateral agreement covering all government supports in the large civil aircraft sector;

Whereas the Bush administration has shown strong leadership and dedication to bring about a fair resolution during the negotiations;

Whereas Airbus received \$6,200,000,000 in government subsidies to build the A380;

Whereas Airbus has now committed to develop and produce yet another new model, the A350, even before the A380 is out of the development phase;

Whereas Airbus has stated that it does not need launch aid to build the A350, but has nevertheless applied for and European governments are prepared to provide \$1,700,000,000 in new launch aid; and

Whereas European governments are apparently determined to target the United States aerospace sector and Boeing's position in the large civil aircraft market by providing Airbus with continuing support to lower its costs and reduce its risk: Now, therefore, be it

1 *Resolved by the Senate (the House of Representatives*
2 *concurring), That—*

3 (1) European governments should reject Airbus'
4 pending application for launch aid for the A350 and
5 any future applications for launch aid;

6 (2) the European Union, acting for itself and
7 on behalf of its Member States, should renew its
8 commitment to the terms agreed to on January 11,
9 2005;

10 (3) the United States Trade Representative
11 should request the formation of a World Trade Or-
12 ganization dispute resolution panel at the earliest
13 possible opportunity if there is no immediate agree-
14 ment to eliminate launch aid for the A350 and all
15 future models and no concrete progress toward a

1 comprehensive bilateral agreement covering all gov-
2 ernment supports in the large aircraft sector; and
3 (4) the President should take any additional ac-
4 tion the President considers appropriate to protect
5 the interests of the United States in fair competition
6 in the large commercial aircraft market.