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Boeing, Airbus Talks Could be Continued

By Douglas Bakshian

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A senior U.S. official says negotiations to end a trans-Atlantic trade dispute over subsidies to rival aircraft makers Boeing and Airbus could be continued, with the original deadline for the talks to end just one week away.

The United States wants the European Union to stop providing loans to help Airbus develop new aircraft. Brussels says Boeing profits from aid through federal contracts, tax breaks from Washington State, and Japanese government support for wing and fuselage sub-assemblies in Japan.

Washington and Brussels agreed in January to set aside competing cases at the World Trade Organization over the issue, and to try to negotiate an agreement to eliminate subsidies by April 11.

Deputy Secretary of State Robert Zoellick held talks on the matter at EU headquarters in Brussels. Afterwards, he left open the possibility that the negotiations could be extended, but said the United States would press its case at the WTO if the talks fail.

"If need be were willing to continue the standstill beyond the 90-day period if the European Union can follow through on those core principles agreed to in January," he said. " But if not, that is what the multi-lateral system is for."

Both sides agreed to freeze subsidies and litigation in January when they set the three-month negotiation period.

Airbus recently passed Boeing as the world's largest maker of commercial aircraft, putting more pressure on the subsidy issue. Both companies will be in

sharp competition over two new aircraft, the Boeing 787 regional jet and the Airbus A350.

Meanwhile, Mr. Zoellick played down speculation that a legal battle over the subsidies at the WTO could cause problems with other important issues coming up in the Doha round of world trade talks.

"This talk that it would interfere with the Doha agenda, its not talk that I would subscribe to," said Mr. Zoellick. "We had disputes over the past four years and commissioner Lamy and I managed to handle some pretty tough ones whether it be steel ... or other topics. And yet work closely together on the Doha agenda as well."

But the European Union's Trade Commissioner, Peter Mandelson, has said it would be a mistake to ask the WTO to decide the Boeing-Airbus case.

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The European Union says there is still time to avoid a costly trade fight with the United States over subsidies to aircraft manufacturers, even though a critical deadline looms. A European Union trade official, Simon Fraser - aide to EU Trade Commissioner Peter Mandelson - told reporters on Sunday that his side will not be first to press a new case at the World Trade Organization, and is willing to negotiate beyond Monday's deadline. The United States sought...

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EU, US Signal Willingness to Resume Aircraft Subsidy Talks

The United States and the European Union both say they are ready to resume negotiations on subsidies to aircraft makers Boeing and Airbus, but the sides have not set a date as a deadline for legal action approaches. European Commission spokeswoman Françoise Le Bail told reporters in Brussels the European Union is ready to restart the talks, once it gets a clear signal. "The Commission is of course prepared to resume discussions with its American counterpart as soon..."



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