

Boeing & Bombardier: Dispute up in the Air

By Hilary Wong, J.D. Candidate 2020 | October 26, 2017

Earlier this month, the U.S. Department of Commerce issued a [300% tariff](#) on Bombardier's C-Series aircraft imports to the United States. The Department initially imposed a [220%](#) tariff in countervailing duties and subsequently announced an additional 80% in anti-dumping duties.

The present dispute began in April when U.S. aircraft manufacturer, Boeing, filed a petition against Bombardier with the [Department of Commerce](#) and the [U.S. International Trade Commission \(USITC\)](#). Boeing argued that Canadian plane manufacturer, Bombardier, had sold 75 C-Series jets to Delta Air Lines at [unfairly low prices](#) and alleged that Canadian state subsidies had created an unfair competitive advantage. Specifically, Boeing claimed that Bombardier offered the new jets for less than \$20 million apiece when the jets cost more than \$33 million each to produce. The Department of Commerce and USITC are set to make their final rulings in December and February respectively.

Bombardier explained that they did not unfairly underprice their aircrafts. Instead, they merely sold the C-Series aircrafts at [launch pricing](#), as Boeing and most other industry actors normally would do when marketing new planes. Furthermore, Bombardier has argued that U.S. authorities are acting [absurdly](#) because there is no comparable American-produced aircraft that would be in competition with the C-Series. The petition instead is perceived as a tactical move by Boeing to limit competitors from the American aircraft market in general.

This perception is compounded by the fact that Boeing brought the case in front of U.S. agencies rather than a multilateral forum such as the World Trade Organization (WTO), which has ruled on the illegality and permissibility of subsidies in both the U.S. and European aerospace industries in the past. For example, the WTO ruled in 2016 against the European aircraft manufacturer, Airbus, for the illegal subsidies it received to build the [Airbus A350](#). Similarly, the WTO ruled that Boeing received wrongful subsidies for the [777X jetliner](#), but the decision was overturned earlier this year.

The Boeing-Bombardier dispute has attracted the attention of stakeholders on both sides of the Atlantic because of its potential to affect aircraft manufacturing jobs not only in Canada, but also in the U.K., which is home to a major Bombardier manufacturing facility. As a result, both governments have pressured Boeing to retract its petition.

In a surprising turn of events, [Airbus](#), has agreed this week to take a 50.01% stake in Bombardier's C-Series program. As part of the agreement, Airbus will establish an assembly line for the C-Series at its facilities in Alabama. The arrangement is aimed to present the C-Series jet as [domestically produced](#) to sidestep the 300% tariff, though a [former USITC commissioner](#) has commented that the deal may be coming too late to affect the decision to impose anti-dumping or countervailing duties against the Bombardier jets. Thus, despite the excitement surrounding the Airbus-Bombardier partnership, the outcome of Boeing's trade case remains up in the air.