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Contact: Ella Krucoff
(202) 862-9540

441.2(103)
+ 411.6

**E.C. COMMISSION REJECTS THAT AIRBUS EXCHANGE RISK GUARANTEE
CONSTITUTES A PROHIBITED EXPORT SUBSIDY**

The E.C. Commission has noted with regret that the United States Government has considered it necessary on March 20 to request consultations under the Subsidies Code of the General Agreement on Tariffs and Trade (GATT) on certain elements of the restructuring plan for the German civil aircraft industry. The aim of the plan is the introduction of private risk capital into Deutsche Airbus and the complete phasing out of government intervention in favor of Airbus. The aids granted in this context, which consist of a debt write-off and a limited exchange risk guarantee, are intended to facilitate the restructuring of the industry with the aim of increasing its efficiency. The plan goes a long way in meeting longstanding requests by the United States to reduce the public element in the Airbus program.

The Commission rejects any implication that the limited exchange risk guarantee, which will be phased out over time, constitutes a prohibited export subsidy.

At a time when the United States manufacturers of large civil aircraft enjoy unprecedented commercial success and hold more than 75 percent of the world market, it is hardly convincing that the United States justifies its request with the prejudice caused to United States interests. The Community will carefully examine it and react in due course.