

UNDERSTANDING ON A COOPERATIVE FRAMEWORK FOR LARGE CIVIL AIRCRAFT

European Commission Executive Vice President Valdis Dombrovskis and U.S. Trade Representative Katherine Tai reached an understanding on principles relating to large civil aircraft. The two sides intend to promote their relations in the large civil aircraft sector by moving to a more collaborative and consultative relationship. They seek to promote a level playing field, address shared challenges, overcome longstanding differences, and avoid future litigation. To this end, they agreed to the following general principles to guide their cooperation in this sector:

1. The two sides will establish a Working Group on large civil aircraft, to be led by each side's respective Minister responsible for trade. The Trade Ministers will consult at least yearly. The Working Group will meet on request or at least every 6 months.
2. The Working Group will seek to analyze and overcome any disagreements that may arise between the sides. The Working Group will collaborate on and continue discussing and developing these principles and appropriate actions.
3. Each side intends to provide any financing to its LCA producer for the production or development of large civil aircraft on market terms.
4. Each side intends to provide any funding for research and development (R&D) for large civil aircraft to its LCA producer through an open and transparent process and intends to make the results of fully government funded R&D widely available, to the extent permitted by law. Each side intends not to provide R&D funding or other support that is specific, to its LCA producer in a way that would cause negative effects to the other side.
5. The two sides will continue discussions to further operationalize paragraphs 3 and 4, which apply to all levels of government.
6. Each side intends to collaborate on jointly analyzing and addressing non-market practices of third parties that may harm their respective large civil aircraft industries. The two sides will implement the annexed understanding on cooperation on non-market economies through the Working Group.
7. Each side intends to suspend application of its countermeasures for a period of 5 years, in the expectation that the other side will contribute to establishing a level playing field and to addressing shared challenges from non-market economies.
8. The two sides will continue to confer on addressing outstanding support measures.

Annex on Cooperation on Non-Market Economies

The European Union and the United States share a common interest in sustaining their large civil aircraft sectors – including large civil aircraft producers, large civil aircraft engine producers, and producers of other large civil aircraft components, parts, or systems – in the face of new state-financed competitors from non-market actors. To more effectively address the challenge posed by non-market economies, the parties will explore concrete ways to intensify their cooperation in these areas.

- a. Information sharing.** The two sides will share information regarding cybersecurity concerns, the priorities described below, and other areas relevant to non-market practices in the large civil aircraft sector.
- b. Inward investments.** The two sides will coordinate and explore common approaches and enhanced cooperation regarding the screening of inward investments in the large civil aircraft sector, including those whose financing is supported by a non-market economy. Such inward investments can lead to the appropriation of critical technologies relevant to the sector by a non-market economy or a producer located in the territory of a non-market economy.
- c. Outward investments.** The two sides will coordinate and explore common approaches and enhanced cooperation regarding the screening of new outward investments in joint ventures and production facilities in non-market economies to ensure that such activities are not influenced by non-market forces, including conditioning the in-country purchases on the location of production facilities or other actions, that lead to the transfer of technology or jobs to the detriment of market-oriented actors.
- d. Joint analysis of non-market practices.** Some economies do not report transparently all domestic subsidies and provide extensive support to their large civil aircraft sector through subsidized equity investment, state lending, and state-directed purchases. The two sides will share information about such subsidies, and identify points where joint work is needed to clarify the extent of state support, with the goal of establishing the basis for joint or parallel action in the future. Some economies also do not permit their airlines to make purchases in line with commercial considerations. The two sides will develop information and consider joint action to ensure purchases reflect those that private, market-oriented operators would undertake.