

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

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

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

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

(3) the United States Trade Representative should request the formation of a World Trade Organization dispute resolution panel at the earliest possible opportunity if there is no immediate agreement to eliminate launch aid for the A350 and all future models and no concrete progress toward a comprehensive bilateral agreement covering all government supports in the large aircraft sector; and

(4) the President should take any additional action the President considers appropriate to protect the interests of the United States in fair competition in the large commercial aircraft market.

AIRBUS SUBSIDIES

Mr. FRIST. Mr. President, I am pleased that the Senate voted this afternoon in support of the resolution I submitted along with the Democratic leader, Senator REID, and the chairman and ranking member of the Senate Finance Committee expressing the Senate's concern about various subsidies provided by European governments to Airbus. This resolution sends a strong signal that the Senate supports the President's leadership and commitment to leveling the playing field in the large civil aircraft market.

As many of my colleagues know, the administration has been working hard to resolve this issue through the World

Trade Organization, WTO. Last October, the United States filed a complaint at the WTO alleging that the subsidies provided to Airbus were in violation of WTO rules. This January, the European Union agreed to freeze launch aid payments and other support to Airbus while attempting to negotiate a comprehensive agreement on government support to the civil aircraft sector.

Unfortunately, despite the heroic efforts by former U.S. Trade Representative and current Deputy Secretary of State Robert Zoellick, the negotiations begun in January have broken down. Nevertheless, I want to commend him in particular for his involvement in these talks and his commitment to achieving a fair resolution of this issue. Since January, there has been little discernible progress in addressing the launch aid issue, which directly affects Boeing, Airbus's main competitor in the civil aircraft market.

The Senate, in passing this resolution today, is stating very clearly that EU subsidies to Airbus must end and that launch aid must be rejected in order to avoid WTO action by the U.S. I am encouraged by the comments of EU Trade Commissioner Mandelson in favor of extending the negotiation period that expires today to give both sides more time to reach a fair deal. However, additional discussions will only be productive if Commissioner Mandelson recommitments to the framework agreed to 90 days ago. If the EU continues to flout the January agreement, WTO action may be unavoidable.

In addition, in my view, if the EU were to provide any new launch aid support for the A350, the U.S. would have no choice but to immediately request a WTO panel. This would be the largest trade dispute in the history of the WTO. I hope we do not have to go that route. It would be much better if both sides would come back to the table and restart substantive negotiations with the goal of reaching a bilateral agreement. American companies can compete with anyone in the world, but not on an uneven playing field. Airbus is a mature, profitable company that should compete on commercial terms without government subsidies. This resolution today says that we believe the playing field must be leveled for all competitors in the commercial aircraft market.

FOURTH "RESOLVED" CLAUSE

Mr. LOTT. Mr. President, I would ask the majority leader, who sponsored this concurrent resolution, to clarify his intended meaning of the fourth "Resolved" clause on page four of the resolution. I am specifically interested in the intention of the use of the terms "any additional action" and "large commercial aircraft market." I ask because the aerospace industry is an integrated and global industry. In most every instance, aerospace companies are vertically integrated to some degree and they are engaged in many other related activities. In many in-

stances, they are component manufacturers, as well as platform manufacturers. Would it be correct to understand that the majority leader does not intend that this clause target these other business activities that are not directly associated with the marketing and sale of large fixed-wing aircraft to commercial carriers in the passenger transportation market?

Mr. FRIST. Mr. President, I thank the Senator for his question. The phrases "any additional action" and "large commercial aircraft market" are solely intended to address those activities associated with business activities regarding the marketing and sale of large fixed-wing aircraft to commercial carriers in the passenger transportation market. They are not intended to address business activities of any specific company at the secondary or tertiary supplier level. Nor are they intended to address other business activities of any specific company engaged in other platform-related activities.

Mr. LOTT. Mr. President, I thank the majority leader for his response. Additionally, I understand that it is not the purpose of this resolution, and more specifically of the fourth "Resolved" clause, to suggest punitive action be taken against any company's activities related to products sold to U.S. Government agencies, such as the Department of Defense, Department of Homeland Security, or the U.S. Coast Guard, whether those products are radars, components of radars, or helicopters. Is this understanding correct?

Mr. FRIST. Mr. President, I agree with the understanding of the Senator from Mississippi.

Mr. LOTT. Mr. President, I thank the majority leader for his clarification of the resolution and its intent. I would encourage all of my colleagues to consider with care the possibility of unintended consequences. The complexity of this industry is such that my State and almost every State has numerous business and economic interests that could be negatively impacted if we are not careful about how we respond to a legitimate concern.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, I would like to be recognized for two unanimous consent requests.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. INHOFE. Mr. President, on behalf of the leader, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INHOFE. Mr. President, I ask unanimous consent that the two Senators from Washington, Senators CANTWELL and MURRAY, be recognized now to speak for up to 30 minutes and that

I be recognized to speak for up to 30 minutes at the conclusion of their remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington.

AIRBUS

Ms. CANTWELL. Mr. President, I thank the Senator from Oklahoma for yielding to my colleague, Senator MURRAY, and me. We are going to speak about the resolution that the Senate passed, and passed with large support from my colleagues on both sides of the aisle, which we are very happy to see. The issue of a level playing field for a competitive aerospace market is something that is critically important to the American people and to the workforce of America. I thank our leaders, Senators FRIST and REID, and Senator BAUCUS for bringing this resolution to the Senate floor today and for moving this through the process so that we can send a message from the Senate about how important we think it is to have a competitive aerospace market.

My colleague has been following this issue for years and is going to lay out some of the issues that we in the United States have been trying to elevate to the point of awareness so we can establish a competitive marketplace. The bottom line is, negotiations that were begun in January of this year between the United States and the European Union to discuss how to battle the competitive aerospace market today that doesn't unfairly have government backing and subsidization of major aerospace manufacturers, those negotiations have broken down. Now we are at a point where the issues to be resolved, specifically launch aid and the financing of the production of a new A350 plane by the European Union, are something it is important to address quickly.

The reason I say that is because we know when you have the financial backing of a government juxtaposed to the financial backing of the private sector, in the United States, when Boeing builds a plane, it goes out and finances that with the backing of the capital markets, of Wall Street, of the private banking institutions, and they have to prove that plane is a success. They don't get any forgiveness on the loan. They don't get any special rate. They don't get any discounts if the plane is not a success. When they go to the capital markets, they have to prove the success of the marketplace.

I can tell you now that success is happening with the 787 plane, the newest product that Boeing launched a year ago and is out there in the marketplace selling today. But they are competing against a plane that is being or has the potential to be financed by the European Union. So if you think about the A350 getting launch aid, or potentially getting launch aid from the European Union, it doesn't matter

whether the plane is a success. It doesn't matter how many planes are sold. They have a special arrangement so that in the backing of the financing of that plane, the European Union becomes the deep pocket.

What does that mean to consumers who are buying these planes and what does it mean to the workforce? It means simply this: The Americans have a disadvantage when selling Boeing planes around the globe because they have to meet the competitive markets of private financing while the Europeans—it doesn't matter whether their plane is a success—get the backing of the European Union. The whole global economy is based on a fair and competitive marketplace in which we are going to drive down costs to consumers—the airlines, in this particular case—and we are going to let the best airplane win in the marketplace because they have designed a product that the workforce, the consumers, the aviation industry wants to see.

We don't want government making those decisions. We want the private sector making the decisions. That is why I am so glad the administration has taken an aggressive approach on this issue and has pushed for the discussions that are now ending. The administration, through the USTR office in the White House, has said if the European Union continues to use new launch aid subsidies for the A350 plane, then, yes, we are going to go to the World Trade Organization and file a complaint. That is an appropriate action by this administration.

What would be better is if the Europeans would sit down at the table and come back to this discussion that should have been part of the 1992 discussion on how to have a competitive aerospace industry. But that didn't happen. So now in January of this year, the two sides, the European Union and the United States, sat down at a table and said they were going to negotiate in good faith. Part of that negotiation was to have the parties at the table make no new government support agreements during the time of the negotiations. Yet that is exactly what Airbus is now coming in to talk about—subsidies and launch aid for the A350.

It is important that this body send the message it sent today, that we are going to be behind the administration, behind USTR, behind the White House in making sure a fair and competitive aerospace market takes place, that we are not going to sit by and see one manufacturer make a great product that has basically taken off in the marketplace, getting sales, getting people to buy the plane because they built it the old-fashioned way. They had an idea. They had the right feature set. They had the right product. They had the right design and customers are buying that. Yet they may have to compete against somebody who has the deep financial backing of a government that doesn't care whether it is the right feature set or the right product.

So we in the United States care greatly about the competitiveness of this marketplace. We have lots of jobs in aerospace, and we certainly, in Washington State, have benefited from that and so have many of my other colleagues in the Senate because there are probably aerospace manufacturing jobs all over the country.

But the point is that we have to have a competitive marketplace, not just in aerospace but in other areas. The sooner we get back to the table and address the issue of how unfair launch aid is as a concept, the sooner we can get to a competitive marketplace. And the sooner we can get a fair and competitive marketplace, the sooner the consumers will win and the United States will continue to have a level playing field in which our workforce, which is producing a great product that is winning in the marketplace, will continue to win based on the success of their results and not be basically disadvantaged because of an unlevel playing field.

So I am glad to be here with my colleagues on both sides of the aisle to speak enthusiastically about the resolution we just passed. I hope it will be noticed by the European Union that we are united—Democrats and Republicans—in getting this issue addressed and that a competitive aerospace market that is driven by private investment backing is the best way to go for us, not just as a nation but for true global competition.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington, Mrs. MURRAY, is recognized.

Mrs. MURRAY. Mr. President, I rise this evening, as well, to join my colleague in support of the fair aerospace competition resolution that passed this body 96 to 0.

Thousands of American aerospace workers have lost their jobs in the past decade. That trend is going to continue unless we take action.

This evening I especially thank leaders on both sides of the aisle—Senator FRIST and Senator REID—for their help and support of this measure. Senators GRASSLEY and BAUCUS of the Finance Committee have been of great help. And, as always, I am proud to serve with Senator MARIA CANTWELL, my colleague from Washington State and another strong advocate for America's aerospace workers.

Our country invented the aerospace industry 100 years ago. Through it, American workers have done more than feed their families and pay for mortgages; they have made air travel safer and brought economic growth and innovation to every corner of our economy.

Many in this body have heard me talk for years about Europe's efforts to distort the commercial aerospace industry. In short, Airbus has done everything it can to kill our aerospace industry. Airbus has received billions in illegal launch aid. Airbus has tried