



8 May 2020

(20-3502)

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**UNITED STATES – MEASURES AFFECTING TRADE  
IN LARGE CIVIL AIRCRAFT  
(SECOND COMPLAINT)**

**COMMUNICATION FROM THE UNITED STATES**

The following communication, dated 6 May 2020, was received from the delegation of the United States with the request that it be circulated to the Dispute Settlement Body (DSB).

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The United States wishes to inform the Dispute Settlement Body ("DSB") of its compliance in the dispute *United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)* (WT/DS353).

Please find attached a document entitled "U.S. Notification of Compliance Through Withdrawal of Subsidies". The United States requests that you please circulate this notification to the Members of the DSB.

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1. On April 11, 2019, the Dispute Settlement Body ("DSB") of the World Trade Organization ("WTO") adopted findings with respect to the compliance proceeding in the dispute *United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)* (WT/DS353). The DSB found that the United States continued to cause adverse effects in the post-compliance period to the interests of the European Union (EU) within the meaning of Article 5(c) of the *Agreement on Subsidies and Countervailing Measures* ("SCM Agreement") through the use of a Washington State business and occupation (B&O) tax rate reduction, and the DSB did not adopt findings that any other measure continued to cause adverse effects to EU.<sup>1</sup>
  2. On March 25, 2020, the State of Washington enacted Engrossed Senate Bill 6690. This legislation, as of April 1, 2020, removed the preferential B&O tax rate for aerospace manufacturing, retailing, and wholesaling, by setting the aerospace B&O tax rates at 0.484 percent, which is equal to or higher than the generally applicable, standard rates, that is, 0.484 percent for manufacturing and wholesaling and 0.471 percent for retailing.<sup>2</sup>
  3. Through this action, the United States has withdrawn the subsidy found to be inconsistent with Article 5(c) of the SCM Agreement in the compliance proceeding. Thus, the United States has brought its measures into conformity with its obligations under the SCM Agreement and therefore fully implemented the DSB's recommendations in this dispute.
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<sup>1</sup> The compliance panel report contained a statement recommending the United States to "bring its measures found ... {in the report} to be inconsistent with the SCM Agreement, into conformity with its obligations under that Agreement." *United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)* (Panel), WT/DS353/RW, para. 6.18.

<sup>2</sup> Washington Engrossed Senate Bill 6690, p. 7, line 38 – p. 8, line 2 (Attachment 1) (codified in Revised Code of Washington, § 82.04.260(11)); Revised Code of Washington, §§ 82.04.240, 82.04.250, 82.04.270. See also *United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)*, WT/DS353/R, para. 7.133 ("The standard rate for manufacturing and wholesaling activities is 0.484 per cent and for retailing activities is 0.471 per cent.").