

Joint US-UK statement on a cooperative framework for Large Civil Aircraft



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The United States and the United Kingdom today reached an understanding to resolve a long-standing trade irritant relating to large civil aircraft. This development strengthens our special relationship and builds on the revitalized Atlantic Charter, which affirms our ongoing commitment to sustaining and defending our enduring values against new and old challenges.

The framework provides that the U.S. and the UK will work together to overcome any disagreements in the sector and counter non-market practices. It also provides that they will not impose tariffs related to this dispute for five years. The agreement is a model for ensuring fair competition and addressing challenges posed by non-market economies.

The following general principles will guide the cooperation between the United States and the United Kingdom in this sector:

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.

The Working Group will seek to analyze and overcome any disagreements between the sides, including on any existing support measures. The Working Group will collaborate on and continue discussing and developing these principles and appropriate actions.

Each side intends to provide any financing to its large civil aircraft (LCA) producer for the production or development of

large civil aircraft on market terms.

Each side intends to provide any funding for research and development (R) 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 widely available, to the extent permitted by law. Each side intends not to provide R funding, or other support, that is specific, to its LCA producer in a way that would cause negative effects to the other side.

The two sides will continue discussions to further operationalize paragraphs 3 and 4, which apply to all levels of government.

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.

Each side intends not to impose countermeasures for a period of 5 years, starting from 4 July 2021, in the expectation that the other side will contribute to establishing fair competition and to addressing shared challenges from non-market economies.

As part of cooperative framework, the United States and the United Kingdom also released an annex on confronting non-market economies. To more effectively address the challenge posed by non-market economies, such as China, 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, which may pose a national security risk.

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, or other risks to national security.

d) Joint analysis of non-market practices. Each side will discuss coordinating their approach to tackling the challenges of non-market competition in the LCA sector. 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, including through appropriate multilateral mechanisms. 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.

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