

Airbus: government and boeing essay sample

Government



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Airbus versus Boeing: When is Intervention Not Intervention? 1. Where do you stand? Do you think the EU subsidies and soft loans to Airbus are fair? Why or why not? What advantages does Airbus gain from free financial support from the EU governments? Are complaints about the EU government intervention fair in light of Europe's long history of democratic socialism? In our opinion the subsidies and soft loans provided to Airbus are unfair and provide them with an unfair competitive advantage. Airbus has achieved aid from the European Union. Governments of these countries are responsible not only for providing the funding, but also for funding its ongoing success. In fact, government's aid is responsible for the creation of all aircraft models. With this kind of support, it is nearly impossible for Airbus to fail. Airbus gained substantially from receiving free financial support. The subsidies given to Airbus provide for research and development which results in reduced costs of production and increased knowledge of the industry.

It's one thing to help a company start up, but continually infusing money into a company guaranteeing its success provides unfair advantages over other companies, such as Boeing, that have been able to sustain without such drastic help. The extensive financial assistance has allowed Airbus to quickly gain market share and outsell Boeing. Thus, Airbus has been able to grow and profit while Boeing has had no other choice but to sit back and watch Airbus take over the commercial aircraft industry—the industry Boeing had led for decades. 2. Under the WTO Subsidies Agreement, do you think U.S. military contracts with Boeing amount to subsidies? Have these types of payment provided Boeing with unfair advantages? Justify your answer Airbus and Boeing have achieved strong support from each government. Big

amount of subsidies for Boeing were kindly unfair. Although Airbus gained help in the past, Boeing as American company has not been damaged technologically/financially as Airbus during the Second World War.

Nowadays, Boeing and Airbus enjoy a comfortable duopoly in a major global industry. Both had record sales last year: Airbus sold more planes than Boeing while Boeing had greater dollar revenues than Airbus. Each is a winner. But as they share the benefits of a thriving market, they also face some common challenges. Both have probably gone further than most businesses prefer in making themselves dependent on national governments. And government-support measures that once seemed sensible now seem anachronistic as the companies have become truly global enterprises. 3. What about the infrastructure development and investment incentives provided by the state of Washington to Boeing over the years? Are these fair? Do they give Boeing unfair competitive advantages? Boeing is the world's leading aerospace company and the largest manufacturer of commercial jetliners and military aircraft. Boeing has a competitive advantage in the aerospace industry because most of the government projects are contracted with it. A large majority of air craft's for the military are developed by Boeing. A strong presence of government is definitely unfair accordingly to the biggest rival of Boeing – Airbus.