



"Embraer welcomes Brazil's filing of its first written submission challenging Canada's subsidies to Bombardier"

Legal and factual argument regarding why the 19 subsidies to Bombardier for its CSeries

December 14, 2018 - Embraer

São Paulo, Brazil – Embraer welcomes Brazil's filing today of its First Written Submission to the dispute settlement panel at the World Trade Organization (WTO) in Geneva.

The Panel is examining more than USD 4 billion in subsidies that Bombardier received from the Governments of Canada and Quebec. In 2016 alone, these governments provided over USD 2.5 billion to the Canadian aircraft manufacturer.

The Submission provides detailed **legal and factual argument regarding why the 19 subsidies to Bombardier for its CSeries** aircraft (now renamed as the Airbus A-220 aircraft) are inconsistent with Canada's WTO obligations. The Brazilian Government's understanding, shared by Embraer, is that the Canadian Government's subsidies to Bombardier violate these obligations.

"We appreciate the Brazilian government's efforts in preparing this important submission to the WTO today," said Paulo Cesar de Souza e Silva, Embraer's President & CEO. "Canada's subsidies have allowed Bombardier (and now Airbus) to offer its aircraft at artificially low prices. These subsidies, which have been fundamental in the development and survival of the C-Series program, are an unsustainable practice that distorts the entire global market, harming competitors at the expense of Canadian taxpayers. Embraer considers that this proceeding will help to restore a level playing field and ensure that competition in the commercial aircraft market is between companies, not governments."

After multiple attempts to resolve the issue at the diplomatic level, the Brazilian Government initiated dispute settlement proceedings against Canada at the WTO.

In December 2016, the Council of Ministers of the Brazilian Foreign Trade Chamber (CAMEX) authorized the opening of dispute settlement proceedings against Canada. In February 2017, Brazil formally requested consultations with the Canadian Government at the WTO, and because consultations were unable to resolve the dispute, the Panel was formally established in September 2017.

More details about Brazil's First Written Submission are available in this link: <http://www.itamaraty.gov.br/images/2018/Fact-Sheet...> (<http://www.itamaraty.gov.br/images/2018/Fact-Sheet-Embraer.pdf>)