



EMBRAER WELCOMES BRAZIL'S DECISION TO CHALLENGE CANADA AT THE WORLD TRADE ORGANIZATION

News / Manufacturer



Embraer considers of strategic importance the decision by the Council of Ministers of Brazilian Foreign Trade Chamber (CAMEX) to initiate dispute settlement proceedings against Canada at the World Trade Organization (WTO). CAMEX is Brazil's highest government institution with responsibilities over the country's foreign trade policies.

The dispute settlement proceedings involve subsidies of over USD 4 billion provided by Canada to Bombardier, Embraer's competitor in the commercial aircraft sector. In 2016 alone, USD 2.5 billion have been provided to the Canadian manufacturer.

The Brazilian Government's understanding, shared by Embraer, is that the Canadian Government's subsidies to Bombardier not only enabled the company to survive, but also allowed Bombardier to offer its aircraft to customers at artificially low prices, distorting the commercial aircraft market and violating Canada's WTO obligations.

After multiple attempts to resolve the issue at the diplomatic level, Embraer believes that "the

formal dispute settlement process at the WTO is the only means to ensure a level playing field in the market,” said Paulo Cesar Silva, Embraer President & CEO. “Canada’s subsidies have caused significant market distortions and are not in compliance with international trade rules.”

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19 DECEMBER 2016

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