



Deal Makes Legal Ground To Avoid C-Series Duties

Partnership appears to give Bombardier the

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...ets at the company's plant in Mirabel, Que., on September 28, 2017. Bombardier Inc. has
...sed aerospace giant Airbus on its C-Series program.

...ves its partnership with Airbus puts it on a strong legal footing to avoid
...rcial jets while turning the tables on Boeing.

...legal opinion that no duties can apply because the final assembly of the
...e at Airbus's plant in Alabama, said a source.

...ve the issue because then it becomes a domestic product and therefore a
...ie import tariff apply to this," Bombardier CEO Alain Bellemare said Tuesday
...g a partnership with Airbus.

...will continue to fight Boeing's "unfair and unjustified" petition.

...to have aircraft manufacturers compete on a level playing field even though
...government subsidies, drawing US\$14.4 billion in various forms of
...g to the website Subsidy Tracker.

...for effect on the pending proceedings at all," said J. Michael Luttig, general

y duties finally levied against the CSeries (which are now expected to be 300 / imported CSeries airplane or part, or it will not be permitted into the

t will buy a majority stake in Bombardier's CSeries program for no financial D.B) holding a 31 per cent stake and the Quebec government 19 per cent. -2018 following regulatory approvals in several countries including Canada.

promises to reshape the global aircraft industry by putting pressure on question its trade complaint.



ed Alain Bellemare, president and CEO of Bombardier, pose in front of a Bombardier CSeries e their partnership on the CSeries aircraft programme, in Colomiers near Toulouse, France, on

cent were imposed but a final duty rate is scheduled to be announced in own out altogether in early February if the U.S. International Trade ; wasn't harmed by the CSeries.

ardier through the trade sanctions basically backfired and drove Bombardier heir company a state-of-the-art program," said Ernie Arvai, partner in - Insight.

ost it dearly by risking military orders from Canada and Britain while being ming of its new smaller aircraft to replace the 737 Max.

and their strategy backfired because now with the second assembly line in e U.S.-produced and the whole process of a foreign-produced aircraft is out

amage Bombardier through the trade sanctions

ers held talks to reach a truce but Boeing walked away in anticipation of reports by the Department of Commerce, sources said.

kind of solution," said a person who spoke without being named because

deep Bains said the federal government will hold firm against buying Super j pursues the trade case against Bombardier.

rs about defending the aerospace sector, standing up for the aerospace ers in Canada," he said in an interview from Ottawa.

Bains said the government's review of the transaction under the Investment Canada Act will make sure that intellectual property remains in Canada and production and final assembly for CSeries sold outside the U.S. will be completed at Mirabel, Que.



REGIS DUVIGNAU/REUTERS

Pierre Baudoin, Bombardier's chairman of the board, Tom Enders, president and CEO of Airbus, Alain Bellemare, president and CEO of Bombardier, and Fabrice Bregier Airbus COO and president of commercial aircraft, pose in front of an Airbus A320neo aircraft and a Bombardier CSeries aircraft during a news conference to announce their partnership in Colomiers near Toulouse, France on Tuesday.

Now that Bombardier has partnered with Airbus, industry analysts say Bombardier has the legal edge in a political skirmish.

"With the aircraft now having a U.S. domestic production line, the issue around the Boeing trade complaint will be moot as the CSeries will no longer be imported into the United States for U.S. customers," said Cameron Doerksen of National Bank Financial.

Richard Aboulafia of the Teal Group said the big loser is Boeing.

"The new deal destroys Boeing's trade case. They (and Commerce) can try to persist, but the new Alabama CSeries line makes that futile," he said in a report.

Aboulafia said the Commerce Department will rule that it has no authority on jetliners exported from Alabama to Delta Air Lines headquarters in Georgia.

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The new deal destroys Boeing's trade case.

—Richard Aboulafia

He also believes the result will be a stronger alliance between Boeing and Brazil's Embraer.

Ultimately, he expects the politicized trade complaint will be undercut by the very politicians Boeing appealed to most — the protectionist wing of the Republican party.

While the CSeries, Airbus and Bombardier are the winners, Aboulafia adds U.S. President Donald Trump's name to the list.

"I predict an official Trump tweet taking credit for bringing Airbus factory jobs to Alabama. If Boeing leadership expected loyalty from Trump, they were mistaken."

Bombardier investors warmly received the Airbus partnership, driving up the Montreal-based company's shares to a nearly three-year high on Tuesday.

Shares reached \$2.97 in early trading and closed up 15.7 per cent to \$2.73 Tuesday on the Toronto Stock Exchange.

Analysts say the partnership will at least double the value of the CSeries to more than US\$4 billion at lower risk even though Bombardier's stake will be cut in half.

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