

Boeing Backers Push Obama On Tanker 'Inequity'

Donna Borak, AP Business Writer

WASHINGTON (AP) — A bipartisan group of lawmakers who support Boeing ([NYSE:BA](#) [1]) in its bid for a \$35 billion tanker contract want President Barack Obama to force the Air Force to include a recent World Trade Organization ruling against Airbus in its decision.

The WTO in September issued an interim ruling that found Airbus received illegal launch aid from European governments to build its aircraft. Los Angeles-based Northrop Grumman Corp. ([NYSE:NOC](#) [2]) and Airbus parent European Aeronautic Defense and Space Co. NV are competing against Chicago-based Boeing for the third time to replace 179 aging Air Force refueling tankers.

In a letter Monday, Reps. Jay Inslee, D-Wash., Todd Tiahrt, R-Kan., and 37 other Boeing supporters pressed Obama to find a way for the Air Force to account for the WTO ruling. A separate ruling on a European Union counter-complaint against the U.S. is expected in a few months.

"It is clear that the illegal subsidies Airbus received gives it an unacceptable advantage in the tanker competition, and we would be remiss if we did not address this inequity," Inslee said in a statement.

A White House spokesman did not immediately respond to requests for comment Monday afternoon.

The Air Force, which has put the tanker competition as its top acquisition priority, has maintained that the WTO's ruling is irrelevant to the tanker competition and should be excluded from its final decision.

Northrop and Airbus are offering a tanker based on the Airbus A330. Boeing may offer its 767-based tanker, a larger 777-based tanker, or both.

"The EU complaint against Boeing has yet to be heard so the most fair, open and transparent position that can be taken is to allow the WTO process to play itself out rather than rushing to a 'half-judgment,'" Northrop spokesman Randy Belote said in a statement.

Northrop supporters, including Sen. Richard Shelby, R-Ala., have said the latest competition favors Boeing because of the Air Force's decision to omit risk when evaluating certain factors, like whether bidders can stay on schedule or keep price promises.

The Pentagon has tried and failed twice to award a contract to replace its Eisenhower-era fleet of tankers that refuel military planes in flight. The last attempt in early 2008 awarded to Northrop and Airbus was overturned on appeal and led

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Pentagon leaders to temporarily revoke the Air Force's authority to award a contract. The 2004 award to Boeing was undone by an ethics scandal that resulted in prison terms for a former company executive and a former high-ranking Air Force official.

The tanker deal — one of the largest in Pentagon history — is the first of three contracts worth up to \$100 billion to replace nearly 600 aircraft over the next 30 years.

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