



# WTO Ruling Demonstrates Dangers of Multilateral Trade Agreements

At first glance, it appears that Boeing, an American company, won a huge victory before the World Trade Organization (WTO) in its dispute with the European Union (EU), when the WTO's appellate body ruled earlier this week that a 2016 ruling — that the EU has failed to eliminate billions of dollars in aid to Airbus on two different aircraft — was correct. The A380 superjumbo and the A350 twin aisle jet were developed after massive subsidies from EU governments.



Boeing's chief executive, Dennis Muilenburg, expressed satisfaction at the ruling. "Today's final ruling sends a clear message: disregard for the rules and illegal subsidies are not tolerated. The commercial success of products and services should be driven by their merits and not by market-distorting actions."

Free market advocates in general can understandably hail the decision. Americans that have a low opinion of the EU can also be expected to praise the ruling. After all, the EU has become increasingly a prime example of the domestic meddling of the modern authoritarian super-state. The British public voiced in 2016 with a referendum — Brexit — that they were tired of being pushed around by the EU on issues, such as immigration matters, that many in the U.K. contend should be determined domestically.

Then, there were the recent comments upon the 200th anniversary of Karl Marx's birthday in Trier, Germany, when the president of the European Commission (the executive arm), Jean-Claude Juncker, participated in the unveiling of a statue of Marx (a present from the Communist Chinese government), and said Europe should borrow more heavily from the "creative aspirations" of Marx.

President Trump's administration said the decision was an important victory in his quest to win for the United States trade deals that are more fair for the country. Robert Lighthizer, the U.S. trade representative, was effusive in his commendation of the WTO's decision. "President Trump has been clear that we will use every available tool to ensure free and fair trade benefits American workers. EU aircraft subsidies have cost American aerospace companies tens of billions of dollars in lost revenue.... Unless the EU finally takes action to stop breaking the rules and harming US interests, the United States will have to move forward with countermeasures on EU products."

It is also rich irony in that the EU sanctimoniously argued that the tariffs imposed by Trump on steel imports were a violation of "free trade" concepts. This despite the fact that the EU imposes higher tariffs on American cars than the United States imposes on automobiles coming from the EU. The WTO ruling could be used by Trump to justify slapping tariffs on European vehicles that are popular in the United States, such as BMWs, Fiats, and Volkswagens.

But in the long-run, this ruling should concern all Americans who want to maintain American national sovereignty. A recent ruling by the North American Free Trade Agreement (NAFTA) illustrates this same problem. An American company, Bilcon, recently won a case with the Canadian government, after running afoul of some "environmental" concerns with some of its operations in Canada. As is the case



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with Boeing in the WTO ruling, the NAFTA decision was seen by many as upholding free enterprise against environmental extremism.

Next time, however, the WTO could rule against an American company, as NAFTA could rule against an American company. In either case, it could be something that advances the objectives of radical environmentalists, for example. Perhaps the WTO might rule that the United States cannot pull out of, say, the Paris Accords on Global Climate Change, arguing that any such action by the United States would give them an “unfair competitive advantage.”



Even in this case, in which the WTO ruled for an American company against the EU, the United States will have to ask for an estimate of damages from the arbitration panel of the WTO, before the United States will be allowed to impose tariffs in retaliation. In other words, the United States will not be allowed to take an action that one would think a sovereign and independent nation could take. Instead, even the victorious party in this case will be forced to bend the knee to the WTO, a world government on trade issues.

And what goes around comes around. Another action is pending at the WTO — their appellate body will make a decision soon as to whether the United States has obeyed an order in 2012 to address its own illegal subsidies to Boeing, when the state of Washington gave Boeing some state tax breaks.

Government subsidies to private companies are wrong. Attacking the free enterprise system and excusing such acts by claiming that governments are “protecting the environment” is also wrong. But once America and other nations surrender their national sovereignty to world governing bodies such as the WTO and the UN, who is to say that the rulings of these world governments are right or wrong?

The best solution is for the United States to get out of the WTO and the UN, and make deals directly with foreign governments. After all, that is what the U.S. Constitution calls for.

Image: Screenshot from [WTO website](#)



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