



Bombardier, Inc. Gets Thrown Another Lifeline

Description

Bombardier, Inc. ([TSX:BBD.B](#)) has been in the headlines regularly since the summer, and much of it hasn't been good. The company has received some good news in recent weeks and was thrown another lifeline on November 14. What happened, and how may it help the company?

The E.U. gets onside

The company was helped recently when Airbus decided to jump on board with the CSeries. On October 16, the companies announced that Airbus would take a majority stake in the CSeries and put its mighty marketing weight behind the product. Airbus now owns 50.1% of the CSeries, with an option to purchase the rest of the stake at a later date. This was something the company sorely needed after being slapped with punishing duties from the United States at the urging of **Boeing Co.** (We discussed that issue in this recent [article](#).) The U.S. Department of Commerce had levied duties totalling 300%, so the CSeries looked dead in the water.

Airbus is operated in Europe, and that is where the most recent piece of good news comes in. The European Union (E.U.) is backing Airbus in their dispute with the United States over the duties. The E.U. claimed there is no basis in law for this type of punitive duty in a briefing sent to the U.S. Department of Commerce on November 14. The briefing also took issue with how the investigation into the CSeries was carried out. Having the weight of the 28-country E.U. behind Britain and Canada on this issue adds more weight to Bombardier's argument. This could lead to action at the World Trade Organization.

Bottom line

Does the E.U. backing guarantee the duties will be removed? No, but it's a step in the right direction. Bombardier has also gotten some other help recently with [two new orders](#) for the CSeries planes. All of this news is helpful to Bombardier. None of this makes it a safe bet, but things look less dire than they did just a couple of months ago.

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