



Decision Time for Bombardier, Inc.

Description

The long-standing battle that **Bombardier, Inc.** ([TSX:BBD.B](#)) has had over the CSeries in the U.S. market may finally be coming to a close this week, as the U.S. International Trade Commission publishes its long-awaited decision.

The accusation being made by **Boeing Co.** ([NYSE:BA](#)) is that Bombardier dumped the CSeries into the U.S. market at absurdly low prices, and that caused Boeing's own product's harm.

What is the endgame?

The fact that Boeing continues to argue its alleged harm at the hand of the CSeries is absurd. Boeing lacks a competing product in the same space as Bombardier, which is shocking considering that Boeing is the largest aircraft manufacturer on the planet. Boeing once competed in the smaller passenger market, but the company exited that segment of the market well over a decade ago.

All that Boeing has succeeded in doing is strengthening its main rival in Airbus, which is now a partner in the CSeries, while Boeing still has no competing product, despite its own ventures to Brazil-based **Embraer**.

A final ruling on the matter is expected later this week, and for Bombardier to be victorious in the case, a majority of the commissioners reviewing the case would need to rule in favour of Bombardier.

A ruling in favour of Boeing could see further deals for the CSeries in the U.S. evaporate, as airlines move to other manufacturers that have competing products (i.e., not Boeing). Additionally, a ruling in favour of Boeing could result in job losses on both sides of the border as well as in the U.K., where a facility in Northern Ireland makes components for the CSeries.

NAFTA Chapter 19 triggered

The upcoming decision from the ITC on the CSeries is not the only discussion point that is escalating on both sides of the border. The U.S. Department of Commerce's initial absurd levy of 299.45% was revised downward late last week to 292.21%.

The reduction stemmed from a change to the countervailing duty, which came down to 212.39%.

The measure didn't bode well for both the Quebec and Federal governments, which resulted in a request for a panel review those duties under Chapter 19 of NAFTA. Chapter 19 is a dispute resolution process that will ask a panel of trade experts drawn from both sides of the border to determine whether the decisions are adhering to U.S. trade law.

Coincidentally, Chapter 19 remains one of the hotly contested issues in the ongoing [NAFTA negotiation](#) that the U.S. is keen on removing.

What about Bombardier?

Irrespective of the outcome, Bombardier has a very viable and potentially very profitable aircraft line in the CSeries. The use of Airbus's Alabama facilities could be a way to step around potential duties, and Airbus hasn't been coy about the potential for the CSeries, noting that sales could be in the thousands for the revolutionary new jet.

As an investment, Bombardier holds potential, but it may be too risky in its current form. Investors should take a wait-and-see approach with Bombardier and opt for other investments that could provide significantly [better opportunities](#).

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