U.S. AIRLINES COALITION: GULF CARRIERS HURTING GLOBAL AVIATION

News / Airlines

Harm is being caused to airlines outside the U.S., according to the Partnership for Open & Fair Skies.

The subsidization of Emirates, Etihad and Qatar airlines by the governments of the United Arab Emirates and Qatar is harming carriers in Southeast Asia, France, Germany, the Netherlands, Australia, the Philippines and others, according to a release issued this week by the Partnership for Open & Fair Skies.

“Subsidized Gulf carrier competition is fundamentally distorting the international air transport market, and the impacts are being felt well beyond the United States,” said Charlene Barshefsky, the former U.S. Trade Representative under President Clinton. “This state-driven aviation mercantilism is wholly contrary to U.S. Open Skies policy and the agreements themselves and demands a vigorous response from the U.S. government.”

The Partnership, which represents American, Delta, United and several labor groups, cited specific examples of what other countries and airlines are facing, including the impact of aggressive expansion by Gulf carriers on Philippine Airlines, Lufthansa, Air France KLM and Turkish Airlines.

Robert Hormats, the former Under Secretary of State for Economic Growth, Energy and the Environment under President Obama, stated the following in the release:

“It is vital that the U.S. government remain consistent in its approach to trade-distorting subsidies, ensuring that problems they pose be addressed ... It’s not a question of the wisdom or the right of other nations to establish state enterprises. But it is very much a U.S. concern if the playing field is not level between them and their American competitors.”

A spokesperson for the Partnership continued: “The Obama administration shouldn’t stand idly by while American workers and our aviation industry are being harmed by these state-owned airlines and their government sponsors. It’s time for the U.S. to stand up for American workers to ensure all airlines can compete on a level playing field.”

Last month, the Partnership for Open & Fair Skies submitted a 400-page legal filing to the U.S. Department of Transportation, which outlined the breadth of the $42 billion in subsidies and other benefits the UAE and Qatar have provided to their state-owned airlines and demonstrated the substantial harm being inflicted on U.S. airlines and American jobs. The filing exposed a $2.6 billion injection from the government of Abu Dhabi to Etihad, showcased the harm the subsidies are inflicting on U.S. airlines in cities the Gulf carriers have entered, including Seattle, Washington D.C., Dallas and Boston, and detailed the Gulf carriers’ admission of their massive subsidization.

The Partnership, along with 262 members of the U.S. House, 22 U.S. senators, the U.S. Conference of Mayors representing over 1,400 mayors of major U.S. cities, and dozens of business, trade and economic groups around the country, is asking the U.S. government to request consultations with Qatar and UAE in response to more than $42 billion in government subsidies. The Partnership is asking for an immediate freeze to new passenger service by the Gulf carriers during these consultations.

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