



AMERICA'S AIRLINES UNDER THREAT FOREIGN SUBSIDIES HURT AMERICA.

Trade agreements are beneficial to American consumers and businesses. Properly enforced agreements, such as Open Skies agreements, expand trade and travel, increase international passenger flights to and from the United States, raise productivity, and increase high-quality job opportunities to boost economic growth.*

However, violators of trade agreements cost American jobs, decrease productivity, stifle economic growth, and hurt America internationally.



For example, the governments and royal families of the United Arab Emirates (UAE) and Qatar provided massive and unfair subsidies to their state-owned airlines, including \$52 billion in handouts and gifts.** This practice was in direct violation of their Open Skies agreements with the United States.

**“EACH PARTY SHALL ALLOW A
FAIR AND EQUAL OPPORTUNITY
FOR THE AIRLINES OF BOTH PARTIES TO COMPETE
IN PROVIDING THE INTERNATIONAL AIR TRANSPORTATION.”**

— OPEN SKIES ARTICLE 11*

These violations gave Emirates Airline, Etihad Airways, and Qatar Airways huge unfair advantages allowing them to take over international routes, steal market share, and eliminate American jobs.

WHAT ARE OPEN SKIES AGREEMENTS?

Open Skies agreements are bilateral air service agreements the U.S. Government negotiates with other countries to provide rights for airlines to offer international passenger services. **They are pro-consumer, pro-competition, and pro-growth.** They include reciprocal obligations to eliminate government interference in commercial airline decisions about routes, capacity, and pricing, so airlines can provide more affordable, convenient, and efficient air service to consumers, promoting increased travel and trade, and facilitating broad economic growth.

— U.S. Department of State

TRADE OBJECTIVES	REALITY DUE TO FOREIGN SUBSIDY VIOLATIONS
PRO-CONSUMER: Provide more affordable, convenient, and efficient air service to consumers	X American consumers have fewer flight options and, due to discontinued nonstop flights to the Middle East and India, they have traveled over 2.3 billion additional miles to reach their destinations.
PRO-COMPETITION: Eliminate government interference in commercial aviation	X The governments of the UAE and Qatar were directing a scheme to eliminate or greatly reduce U.S. airlines' global reach.
PRO-GROWTH: Promote increased travel and trade, and facilitate economic growth	X No U.S. airline flies to the Persian Gulf anymore. Their flights have been replaced by 31 daily flights on Middle East subsidized carriers.
FAIR COMPETITION: Allow a fair and equal opportunity for the airlines of both countries to compete	X UAE and Qatar's subsidies gave their state-owned airlines unfair competitive advantages.

* U.S. Department of State
** Compass Lexecon

FREQUENTLY ASKED QUESTIONS BY OPPONENTS.

Aren't U.S. airlines "hypocrites?" They received government payments following the 9/11 attacks.

No. After terrorists from the Middle East attacked America, the U.S. government was forced to shut down U.S. airspace. The 9/11 payments were not subsidies, but were partial reimbursements for the losses that U.S. airlines incurred during the government-mandated shutdown.

Isn't the growth of Emirates, Etihad, and Qatar Airways due to their products and services?

Publicly-owned U.S. airlines and their employees have proven that they are among the world's best airlines, but asking them to compete with foreign governments that offered their airlines \$52 billion in subsidies is precisely the conduct Open Skies was designed to prevent.

WHAT WERE THE VIOLATIONS?

(SUBSIDIES IN BILLIONS FROM 2004-2015)

\$ 9.5 EMIRATES

(WRITE-OFFS FOR FUEL LOSSES, REDUCED AIRPORT FEES, BELOW MARKET COSTS)

\$17.0 ETIHAD

(INTEREST-FREE GOVERNMENT LOANS, EQUITY INFUSIONS, AIRPORT FEE EXEMPTIONS)

\$25.5 QATAR

(INTEREST-FREE LOANS, FREE AIRCRAFT, FEE EXEMPTIONS & REBATES, BELOW MARKET COSTS)

\$52 BILLION

IN UNFAIR, UNJUST, AND ILLEGAL SUBSIDIES

China subsidizes its state-owned airlines. Why is this different?

China does not have an Open Skies agreement with the United States. State ownership itself is not the issue. Rather, the massive subsidies Qatar and the UAE have provided to their airlines are in violation of such agreements. These illegal subsidies are the centerpiece of a deliberate strategy to seize international routes and divert international traffic previously carried by U.S. airlines.

By expanding service in the U.S., aren't the UAE and Qatar's carriers benefiting the U.S. economy?

No, it is quite the opposite. They harm America's consumers, communities, companies, and the country itself. While the three Middle-Eastern carriers took significant market share from U.S. and third country airlines, they did not create new demand, which is the only way there can be a net benefit to American jobs and the U.S. economy. They merely shifted the economic benefits and jobs that come from serving the U.S. market from the United States to their own countries.

What have other countries done in response to the UAE and Qatar airline subsidies?

Over 15 countries, including Canada, Japan, Germany, France, and the U.K. have taken steps to protect their markets from these heavily subsidized Middle-Eastern airlines.



FOREIGN GOVERNMENT SUBSIDIES HURT AMERICA'S CONSUMERS, COMMUNITIES, COMPANIES, AND OUR COUNTRY.

In order for America to benefit from trade agreements, all parties need to uphold their end of the bargain. Violations not only go against America's values of pro-consumer, pro-competition, pro-growth, and fair competition, they directly harm America's consumers, communities, companies, and our country.

Foreign government subsidies and royal family unfair handouts hurt America's travelers by reducing the number of available flights, adding to layover times, and limiting their travel options. They also destroy tens of thousands of American jobs and billions of dollars in economic activity, stunt the growth of America's aviation industry, and undermine America's presence internationally. These foreign government subsidies are taking advantage of America's openness and interfering with its commercial aviation to promote their state-owned airlines for their own benefit at America's expense.

The True Costs of Foreign Subsidies

The business of commercial airlines is based on capacity, how many seats there are on a plane, and how many of those seats need to be occupied. Heavily subsidized airlines do not have to worry about filling seats with paying passengers. Their goal is to grow fast no matter what. Unable to compete against huge royal family handouts, American, Delta, and United have been forced to abandon or forgo almost 20 international routes at a cost of over 1,500 jobs per route.



Over 1,500 good paying American jobs are lost every time a U.S. airline is forced to stop offering an international flight. These Middle-Eastern subsidized airlines have not only driven U.S. airlines out of the Middle East, but out of important markets in Europe and India.

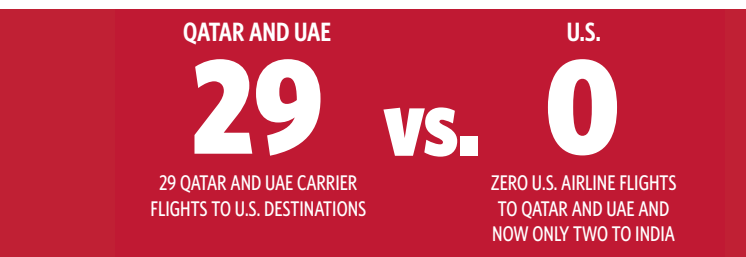


America's smaller towns suffer the most. America's airlines serve 282 small communities, 150 of which are solely served by American, Delta, or United. Subsidized Middle-Eastern airlines serve zero. When an international route is lost due to trade violations, seats that were once filled by international passengers from those large hubs traveling to smaller airports go empty. U.S. airlines are no longer able to afford serving those flights when unfair subsidies persist. Cancelled international routes lead to cancelled service to small towns. As America's top three airlines fall prey to subsidized airlines, they will be forced to discontinue more domestic flights, leaving America's hometowns disconnected from family, economic activity, advanced healthcare, cultural vitality, and the world.



THE PLAYING FIELD MUST BE LEVEL FOR ALL.

America's top airlines compete fairly to earn their customers' business. They are judged by the marketplace, by how well they serve their customers, manage their businesses, and operate efficiently without relying on massive and unfair government subsidies. They must be profitable or they will go out of business. For a business based on government handouts, profitability is not required.



Middle-Eastern airlines used illegal subsidies to aggressively expand service to the U.S. America's airlines had to discontinue routes to maintain profitability. There are 29 daily subsidized flights from the Persian Gulf to the United States. There are now zero flights on unsubsidized U.S. airlines from the U.S. to the Persian Gulf and only two to India.

U.S. AIRLINES CAN COMPETE SUCCESSFULLY AGAINST ANY AIRLINE IN THE WORLD, BUT THEY CAN'T COMPETE AGAINST GOVERNMENTS.

Under the Trump administration, the UAE and Qatar have agreed that government subsidization harms competition and promised to change the way their state-owned airlines operate.

If these subsidies reoccur, then

- U.S. airlines will be forced to discontinue or forgo at least 20 additional daily nonstop international long-haul flights
- Lost flights will put 30,000 more American jobs at risk
- Lost flights would impact 3.4 million additional passengers
- American airports handling over 83% of long-haul international travel will be exposed to the subsidized Middle-Eastern carriers
- Choices for American travelers will continue to shrink
- Fewer passengers, fewer departures will continue to erode regional economic development
- America's global leadership position will diminish

TOP U.S. AIRLINES ANNUAL PAYROLL OVER \$30 BILLION



STOP FOREIGN GOVERNMENT SUBSIDIES.
PROTECT AMERICA'S CONSUMERS, COMMUNITIES, AND COMPANIES.