

Restoring Open Skies

Restoring Open Skies: *The Need to Address Subsidized Competition from State-Owned Airlines in Qatar and the UAE* is a 55-page white paper commissioned by American Airlines, Delta Air Lines and United Airlines and presented to the U.S. government.

The document proves that multi-billion dollar subsidies are provided by the governments of Qatar and the United Arab Emirates to Qatar Airways, Etihad Airways and Emirates Airline in violation of Open Skies policy.

Evidence gathered during a global, two-year investigation - including newly obtained financial statements and other records - shows that those three state-owned carriers have received \$42 billion in quantifiable subsidies and other unfair benefits from their respective governments in the last decade alone, including:

Qatar Airways

- **\$8.4 billion** in government “loans” and “shareholder advances” with no repayment obligation
- **\$6.8 billion** in subsidies from government loan guarantees
- **\$616 million** in airport fee exemptions and rebates
- **\$452 million** in free land

Etihad Airways

- **\$6.6 billion** in government “loans” with no repayment obligation
- **\$6.3 billion** in government capital injections
- **\$3.5 billion** in additional undisclosed government funding in 2014
- **\$751 million** in government grants
- **\$501 million** in airport fee exemptions

Emirates

- Unquantified subsidies from purchases of **more than \$11 billion** in goods and services from other government-owned companies at not-at-arm's-length prices
- **\$2.4 billion** from government assumption of fuel hedging losses
- **\$2.3 billion** from subsidized airport infrastructure

These massive subsidies have enabled Qatar, Etihad and Emirates to rapidly expand their fleets and international routes, distorting the commercial aviation marketplace and diverting global traffic to their hubs. In fact, these carriers are expected to grow capacity at more than three times the growth rate in global GDP (a key indicator for the anticipated growth in global demand) between 2012-2020.

Qatar, Etihad and Emirates are not meaningfully stimulating new passenger demand on their routes. The only way these airlines can grow at such a rapid pace is by using the huge, artificial advantage created by government subsidies to capture U.S. airline market share, shifting American aviation jobs overseas and negatively impacting the U.S. economy. Every international roundtrip flight foregone or lost by U.S. airlines results in a net loss of more than 800 U.S. jobs.

