EXECUTIVE SUMMARY

U.S. TRAVEL ASSOCIATION

The Benefits of Open Skies: 1.1 Million International Visitors on Gulf Carriers Contribute $4.1 Billion in U.S. GDP, Support 50,000 American Jobs, Generate $1.1 Billion in Tax Revenue

Research by Oxford Economics[1] highlights the broad economic benefits generated by increased international travel to the U.S. under Open Skies. Freezing new flights by competing Gulf airlines—as the U.S. legacy carriers have proposed—would threaten Open Skies policy, have a negative impact on America's economy and create new hurdles to achieving the U.S. goal of attracting 100 million international visitors per year established under the National Travel and Tourism Strategy. Key findings from the report include:

Fueling economic growth and creating jobs in the U.S.

The Gulf carriers brought 1.1 million international visitors to U.S. markets in 2014. These visitors contributed more than $4.1 billion to U.S. GDP, supported nearly 50,000 American jobs paying more than $2.6 billion and generated $1.1 billion in federal, state and local taxes.

Little overlap in routes.

Only one out of the 1,700 routes that the U.S. legacy carriers and Gulf carriers flew in April 2015 features head-to-head competition. In 2014, only 0.7 percent of passengers brought to the U.S. on the U.S. legacy carriers had the option to fly the same route on a Gulf airline.

Growing the U.S. travel market.

The Gulf carriers are opening new travel markets to the U.S. In 2014, more than 52 percent of inbound traffic to the U.S. on Gulf flights originated in South Asia, compared to less than 1 percent for U.S. carriers. Nearly 30 percent of Gulf carrier traffic to the U.S. came from the Middle East, compared to just 3.7 percent for U.S. carriers. This means that the Gulf carriers are tapping into fast-growing travel markets that are underserved by the U.S. legacy carriers.

U.S. legacy carriers maintain dominance.

On the route where U.S. and Gulf carriers directly compete (Milan to New York), passenger numbers on U.S. airlines have held steady despite new competition. The U.S. legacy carriers continue their overwhelming dominance in serving Europe and the Americas; 82 percent of inbound U.S. traffic on the legacy carriers originated from these regions, compared to just 5.2 percent on Gulf flights.

Feeding passengers and revenue to U.S. airlines.

Nearly 30 percent of all passengers who arrived in the U.S. on a Gulf flight–620,000 passengers total–transferred to a U.S. airline to complete their journeys. Fully 350,000 Gulf carrier passengers, or 16 percent of all Gulf passengers to the U.S., transferred to a U.S. legacy airline. Passengers fed directly by Emirates, Etihad and Qatar Airways generated $140 million in revenue for U.S. carriers.

Spreading economic benefits across the U.S.

International visitors arriving in the 11 U.S. cities currently served by the Gulf airlines spent more than $4 billion at American businesses and destinations. Passengers who arrived at one of these 11 gateway cities transferred onto U.S. carrier flights to more than 250 destinations, spreading economic benefits across the U.S.

[1] Oxford Economics, "Gulf Carrier Traffic to the USA: An analysis of the competitive landscape and economic impact," May 2015.

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