fact sheet

Defend and Expand Open Skies to Promote Competition and Choice in the International Aviation Market

The 100 Open Skies agreements the U.S. has negotiated with other nations have become the most important policy tool for expanding choice and competition in international air travel.

- **Open Skies policy lowers fares, opens new markets.** Under Open Skies, airlines are granted unrestricted access to fly between countries, eliminating government control over routing, frequency and pricing. This has helped lower fares and expand flights to major American gateway airports throughout our country.
- **U.S. legacy carriers' demand to restrict flights would undermine Open Skies agreements.** Despite the broad benefits of Open Skies policy to American travelers, destinations across the U.S. and our overall economy, American, Delta and United airlines have launched a massive lobbying campaign to undermine this bipartisan success story. Specifically, the U.S. legacy carriers are calling on the federal government to open consultations that could lead to a freeze in flights to the U.S. by the Gulf carriers – Emirates, Etihad and Qatar Airways.

U.S. TRAVEL'S POSITION

The key to promoting America's economic interests is opening more international travel markets to the U.S. and adding *more* competition on overseas routes. Open Skies agreements help the U.S. do just that.

- **Increasing competition and consumer choices.** The Gulf carriers – along with U.S. and European low-cost carriers – offer the only prospect of competition against the powerful global airline alliances that already dominate the transatlantic market.
- **Delivering economic benefits.** A study of the 14 U.S. cities served by Gulf carrier flights in 2016 found that they brought nearly 1.7 million additional visitors to the U.S. who spent almost $7.8 billion during their trips and supported 80,000 additional U.S. jobs.
- **Lowering prices on Open Skies routes.** Thanks to competition, average fares are 32 percent lower on Open Skies routes compared to regulated routes.[1]
- **Tapping into the growing international travel market.** Without Open Skies, the U.S. will lose out on the international travel boom, costing American jobs, tax revenues and economic growth.

PROPOSED SOLUTION

- Protect Open Skies as a successful, bipartisan policy that delivers huge economic benefits to the U.S.
- Reject efforts to compel mandatory consultations without any concrete evidence of a violation of the agreement.
- Encourage airlines to utilize the existing process under the International Air Transportation Fair Competitive Practices Act (IATFCPA) to resolve allegations about anti-competitive behavior.
- Reject efforts to insert so-called "flags of convenience" amendments to U.S. Open Skies or existing law. These amendments reduce airline competition and direct international air service as well as undermine U.S. Open Skies agreements by allowing special interest groups to block unwanted competition from low-cost carriers.
- Continue to negotiate new Open Skies agreements to expand competition, reduce fares and open new international travel markets to the U.S.

1. Cristea, Hummels, and Roberson, "Estimating the Gains from Liberalizing Services Trade: The Case of Passenger Aviation," Working Paper, Department of Economics, University of Oregon, (2012); cited in Clifford Winston and Jia Yan, "Open Skies: Estimating Travelers Benefits from Free Trade in Airline Services," American Economic Journal, (May 2015), pg. 396