

# PRESERVING OPEN SKIES



## WHAT DO THE BIG THREE CARRIERS (AMERICAN, DELTA AND UNITED) WANT?

- Since 2015, the Big Three carriers (American, Delta, and United) have alleged that the Gulf carriers (Emirates, Etihad, and Qatar Airways) are unfairly subsidized in violation of U.S. Open Skies agreements and petitioned the U.S. government to 1) renegotiate U.S. Open Skies agreements with Qatar and the U.A.E.; and 2) freeze new routes and capacity from the Gulf carriers.

## POSITION OF THE BROADER TRAVEL INDUSTRY

- A broad cross-section of America's travel and tourism industry, along with other U.S. cargo and passenger carriers, have challenged the validity of the Big Three's claims and called on policymakers to preserve existing U.S. Open Skies agreements and reject a freeze.
- Open Skies agreements benefit consumers and support American jobs in the travel, manufacturing and airlines industries by:
  - **Growing international visitation to the U.S.:** In 2016, under Open Skies agreements, Gulf carriers brought 1.7 million international visitors to U.S. markets. These visitors spent a total of \$7.8 billion on travel goods and services provided by U.S. travel businesses such as lodging, food and drinking, recreation/amusement services, retail shopping and transportation. This spending directly and indirectly supported a total of 114,000 American jobs.
  - **Providing air service to underserved markets:** In 2016, of total inbound traffic to the U.S. on Gulf flights, 57 percent originated in South/Southeast Asia and more than 30 percent came from the Middle East. By comparison, less than 1 percent of inbound traffic for U.S. carriers came from each of these areas. This means that the Gulf carriers are helping the U.S. reach markets previously under-served by U.S. carriers.
  - **Lowering Fares for Travelers:** Economists have noted that fares have fallen 32 percent on routes subject to Open Skies agreements compared to markets that remained regulated. Subsequently, Open Skies agreements have generated at least \$4 billion in traveler benefits.

## HOW HAVE CONGRESS AND THE ADMINISTRATION RESPONDED?

- In 2015, the U.S. Government launched a two-year investigation into the legacy carrier's claims, which found no violation of Open Skies by the Gulf carriers and, instead, acknowledged the positive economic benefits Open Skies has fostered for the United States.
- In December 2017, in response to the Big Three carriers' continued lobbying efforts, the Trump Administration announced it would enter into informal technical discussions with the U.A.E. and Qatar, but would not seek to renegotiate Open Skies or enforce a freeze on Gulf carrier flights.
- In February 2018, the Trump Administration announced that it had reached an understanding with Qatar to ensure greater transparency and commercial financing for Qatar Airways, while preserving the existing Open Skies agreements and rejecting calls for a freeze on routes.

# PRESERVING OPEN SKIES (CONT.)



## CONGRESS AND THE ADMINISTRATION MUST CONTINUE TO PRESERVE OPEN SKIES

- Given the tremendous economic benefits of Open Skies, Congress and the administration must continue to preserve existing Open Skies agreements and reject calls for a freeze on routes from the Gulf carriers.
- The U.S.-Qatar understanding, which ensures greater financial transparency without freezing flights or renegotiating Open Skies, **was publicly supported by all stakeholder, including the Big Three carriers.**
- Congress should support the administration's efforts to negotiate a similar agreement with the U.A.E. that **preserves the existing Open Skies agreement** and **rejects a freeze** on new routes and capacity from the Gulf carriers.