

Congress of the United States
Washington, DC 20515

April 30, 2015

The Honorable John Kerry
Secretary of State
2201 C Street NW
Washington, D.C. 20590

The Honorable Anthony Foxx
Secretary of Transportation
1200 New Jersey Avenue SE
Washington, D.C. 20590

Dear Secretary Kerry and Secretary Foxx:

We are writing to urge you to seek consultations with the governments of Qatar and the United Arab Emirates (UAE) in an effort to stem the tide of subsidized capacity that their state-owned airlines are deploying on international routes to the United States, in direct contravention to the U.S. Open Skies policy.

Specifically, we have learned that over the past decade, the governments of Qatar and the UAE have granted over \$40 billion in concealed subsidies and other unfair benefits to their state-owned carriers. The subsidies, as defined by the World Trade Organization and U.S. trade law, have taken a wide variety of forms, such as direct cash injections, interest-free loans with no repayment obligations, shareholder advances, significant related party transactions not at arms-length, and subsidized infrastructure, as well as other unfair business practices, such as bans on unions. The evidence is drawn almost entirely from financial statements, most of which have not been released in this country.

We are concerned that Qatar and the UAE are using these subsidies and other unfair practices to distort the market in favor of their state-owned airlines, contrary to U.S. Open Skies policy. These actions artificially boost these state-owned carriers and undermine the principles of open competition essential to the airline industry. According to available research, each daily international roundtrip frequency lost/forgone by U.S. airlines because of subsidized Gulf carrier competition results in a loss of hundreds of U.S. jobs.

Confronting massive subsidies and other competition-distorting practices by State-Owned Enterprises (SOEs) in other sectors of the U.S. economy has been a major policy priority of the U.S. government for many years. The aviation industry should be no exception. Foreign governments and their state-owned carriers that engage in practices that violate the spirit of liberalization and free competition should not be exempt from that policy.

The subsidies that Qatar and the UAE have provided to their state-owned carriers have led to market distortions and unfair competition in international aviation. Failure to address these


practices will lead to significant job losses in the United States and set a dangerous precedent that could lead to further harm to the U.S. airline industry and the broader U.S. economy.

We strongly urge your respective Departments to request consultations with Qatar and the UAE, as provided for in the bilateral aviation agreements with those respective countries, to ensure that the agreements address the flow of subsidized capacity by these airlines to the United States.

Sincerely,


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Member of Congress


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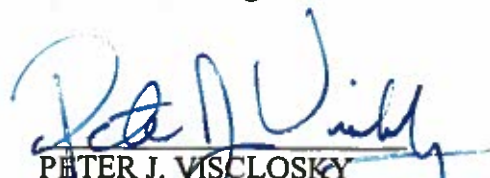

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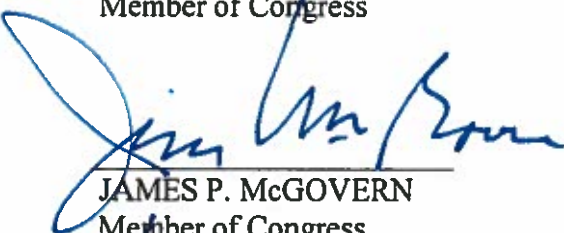

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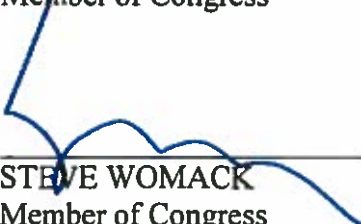

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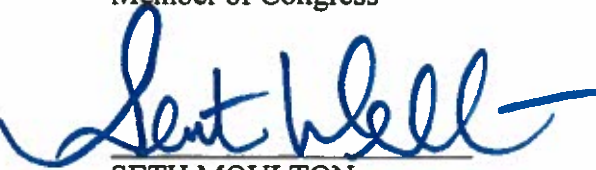

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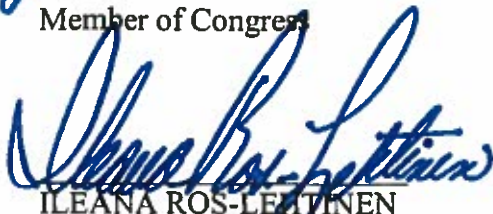

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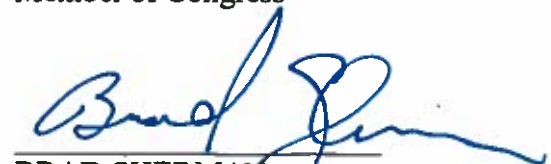

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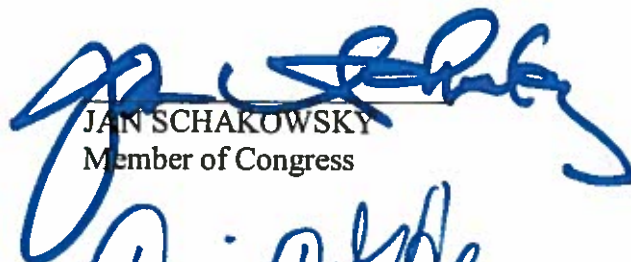
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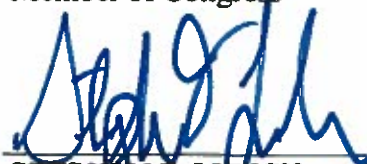
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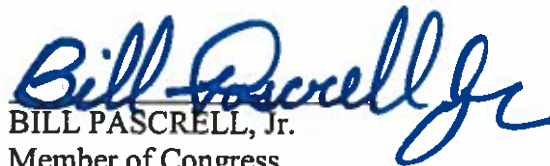
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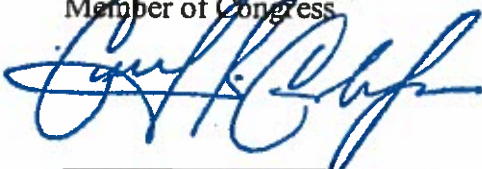
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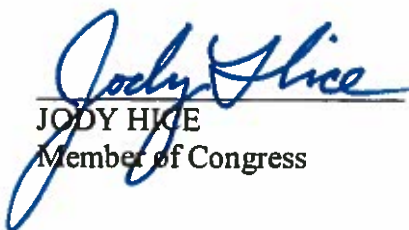
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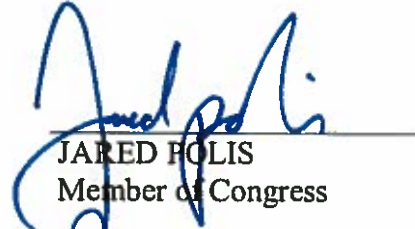
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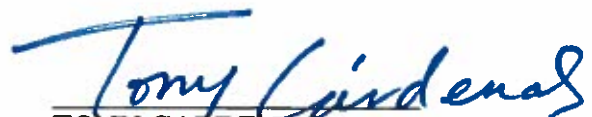
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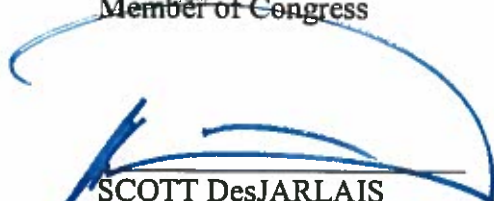

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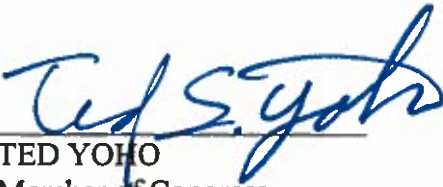
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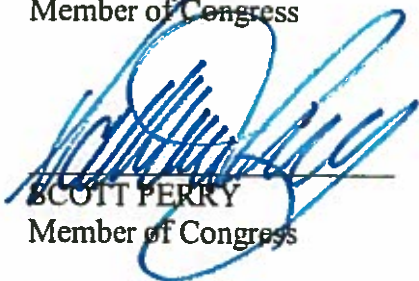

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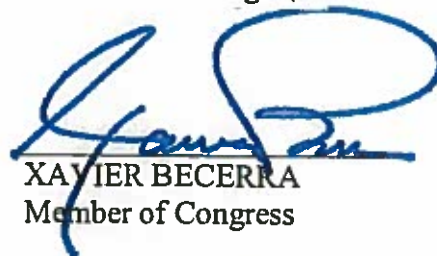

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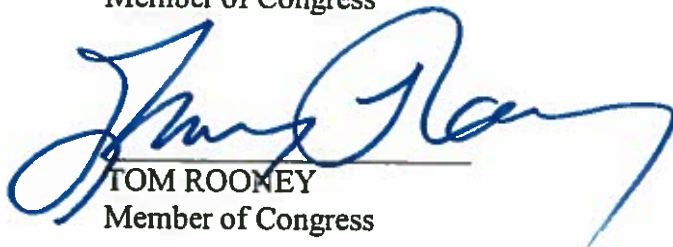

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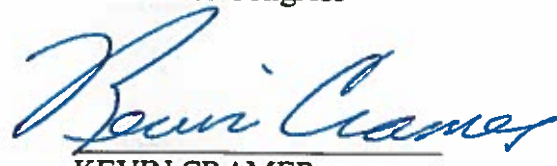

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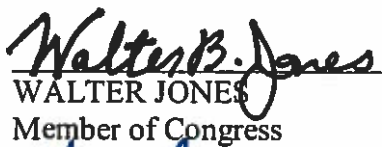

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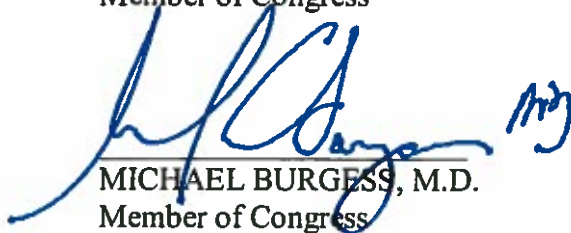

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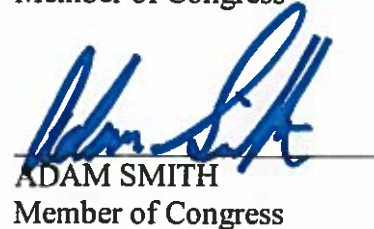

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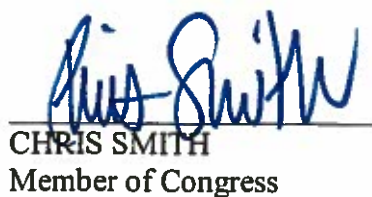

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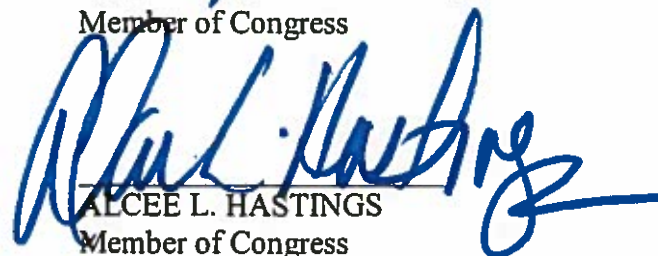

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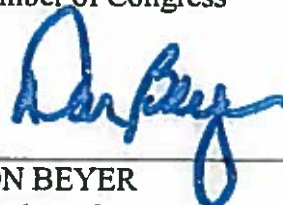
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