



OPEN SKIES DISPUTE BETWEEN US AND GULF AIRLINES ESCALATES

News / Airlines



The war of words between Arabian Gulf airlines and their American rivals over open skies has been turned up a notch following allegations of declining traffic between the US and the Middle East.

The US airlines – American, Delta and United – claimed that bookings from Orlando, San Francisco and Chicago to the region and beyond were down by as much as 13.3 per cent following the entry of Emirates, Etihad Airways and Qatar Airways on those routes.

The claim prompted a strongly worded response from Emirates. “The latest rhetoric by the Big Three American airlines once again demonstrates how they are only concerned with their narrow interests, at the expense of consumers and the broader economic interest,” it said.

“The new data being flogged by them only considers the decline in bookings for US carriers and their joint venture partners. It totally disregards the fact that overall bookings grew with the start of Gulf carrier services into US cities – including Orlando, San Francisco, Chicago,” an [Emirates](#) statement added.

The row between American and Gulf airlines has been simmering for a year, with claim and counter-claim about the alleged anti-competitive effects of unfair government subsidies on the part of the Gulf carriers. The issue is currently being considered by US authorities including the justice, commerce and transport departments, although no imminent decision is expected.

The Americans alleged that Gulf governments had provided \$42 billion in subsidies to their airlines, contrary to open skies aviation agreements. The regional carriers dismissed the claims, and have asked the US authorities to rule on the matter.

Their argument is that the travelling public chooses Gulf carriers because of better standards of service, scheduling advantages and ticket prices.

“Instead of splurging on lobbying campaigns to lock out competition, instead of blaming Gulf airlines for loss of bookings or market share, the Big Three should rather consider how they can redirect some of their record profit to improve the services they provide to consumers, and contribute to growing the overall pie for the benefit for the broader economy,” Emirates said.

Emirates added: “It is disturbing that Delta, United and American presume they and their partners are entitled to their existing share of traffic, as if they own their customers, when they don’t make a corresponding effort to improve their service and product proposition to win consumers’ hearts and wallets.”

The Gulf carriers’ share of the American airline market to the region has increased as they have grown their offering. For instance, traffic from Orlando has surged since Emirates began flying the route last year.

Overall flight bookings to the Middle East, West Asia and South East Asia during September to December 2015 increased 74 per cent compared with the same period in 2014 before Emirates’ entry into the market, from an average of 232 to 409 bookings per day, the airline said.

The Americans also claim that Gulf carriers are destroying jobs in the US. But Emirates cited statistics showing the opposite.

But according to recently published data from the US department of transportation, full-time employment figures by the main American airlines has gone up year-on-year by 3.7 per cent. “This contradicts the oft-repeated claim that competition results in job losses among Delta, American and United. In addition, all three airlines – particularly Delta – have been reporting bumper profit quarter-on-quarter,” Emirates said.

The airline plans to continue its expansion to US routes. It recently put Airbus A380s on to the route to Washington DC, and is considering opening a service between Dubai and Atlanta, a route that it regards as underserved following the decision by Delta to pull out of the service.

Emirates will add 36 new aircraft – A380s and Boeing 777s – this year to its worldwide fleet, retiring 27 older aircraft.

It recently said that it has not detected any signs of a slowdown in aviation despite challenging

economic and security conditions in some parts of the world.

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