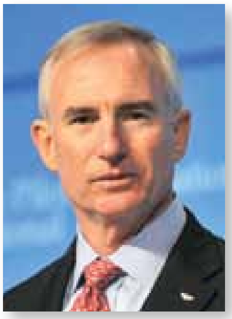
Close the Gap

"Our global competitors are closing the gap quickly." Sound familiar? This time, however, these words actually aren't mine—others are beginning to take notice of ALPA's concerns about ensuring that U.S. airlines have a fair opportunity to compete globally. These are the words of Rep. Bill Shuster (R-Pa.), chairman of the U.S. House of Representatives Transportation & Infrastructure Committee, during his recent state of the U.S. airline industry speech before the International Aviation Club of Washington, D.C.



ALPA was among the first industry leaders to call attention to the evidence—which may have begun as a trickle but is now a torrent—of some Middle East airlines' limitless bankrolls and boundless ambition to win U.S. international airline routes and passengers. Now, others have seen that these competitors are making the most of the advantages that many enjoy in their home countries. Whether it's a tax-free business policy, a reduced regulatory burden, or a strong national commitment to their industry's success, these foreign airlines are leveraging every aspect of their countries' pro-aviation vision to expand their fleets and increase their routes.

The results are shocking. On the heels of the record-shattering Dubai Airshow aircraft order announcements, state-owned foreign airlines are introducing new service in escalating numbers of U.S. markets. In only the past few weeks, Emirates Airline introduced A380 service on its LAX–Dubai route. Similarly, Etihad Airways said in mid-December 2013 that it will begin service to DFW from Abu Dhabi, this following Qatar Airways' recent announcement that it will fly DFW–Doha beginning in July 2014.

How can it be possible for these foreign competitors to expand into the United States on such a scale? The door was opened by U.S. Open Skies agreements. In the United States' agreement with the United Arab Emirates, the United States traded the right for airlines such as Emirates and Etihad to fly to the U.S. market with a population of 313 million for the right for U.S. airlines to fly to Dubai and Abu Dhabi in the UAE with a total population of 9.2 million. Who got the better end of that deal?

While ALPA was one of the first to raise the alarm about the harmful policies that currently exist, incredibly, the U.S. government is now taking new action that will harm the U.S. airline industry. A provision in the Bipartisan Budget Act of 2013 will increase the current airline ticket tax in a way that will cost U.S. airlines billions of dollars. This hike in the Transportation Security Administration (TSA) "fee" comes on top of the billions in taxes and fees that the U.S. government already imposes on U.S. airlines and their passengers. Even more outrageously, the increased tax on airline passengers will not be used by the TSA to improve customer service for travelers, it would go into the general coffers.

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Ironically, amidst these increased taxes, the administration presses on in squandering U.S. resources to operate a U.S. Customs and Border Protection preclearance facility at Abu Dhabi International Airport in the United Arab Emirates—an airport to which no U.S. airline flies. ALPA has long pointed out that the facility is a marketing home run for airlines that fly to Abu Dhabi because it allows passengers to clear U.S. Customs while still in the UAE and connect to flights as domestic passengers when they arrive in the United States.

But since no U.S. airline flies to Abu Dhabi, the CBP facility is employing U.S. resources to benefit only the state-owned foreign airline that *does* fly to the airport—Etihad Airways. In mid-November, Rep. Patrick Meehan (R-Pa.) and Rep. Peter DeFazio (D-Ore.) introduced legislation that, if passed, would halt plans to proceed with the Abu Dhabi facility. Encouragingly, more than 100 members of Congress have supported their call, and ALPA's, to ensure that U.S. Customs preclearance facilities help, rather than harm, U.S. airlines.

ALPA is leading a powerful new national dialogue to make clear that a gap exists—and the gap that will determine the future success of the U.S. airline industry and its employees is the divide between the government support that foreign carriers receive and that given to U.S. airlines. Our government leaders must level the playing field for U.S. airlines. U.S. airline industry employees can—and will—prevail in our unyielding will to win in the international marketplace, but only if our government closes the gap.

Capt. Lee Moak, ALPA President