

In the Grey

We live in an era of black and white, without a lot of grey. Too often, perfect is the enemy of good in an all-or-nothing end game, and this applies to many elements of our lives. This is unfortunate, both in terms of our larger society and the airline industry, as aviation policy is certainly not immune to this severity.

Liberalization. The pursuit of open markets by the relaxing of government regulation.

Protectionism. Using government policy to restrict market access.

One policy is black; one is white.

The right path forward for global aviation, however, is actually quite grey. The problem in Washington, D.C., Ottawa, Brussels, and other capitals around the world, however, is that there is too often the narrow belief that there is no room for grey, and one must pick a side. Are you for liberalization or are you for protectionism? For the Air Line Pilots Association, and for good government policy, the answer is in the grey.

Liberalization is best manifested through Open Skies and bilateral agreements, which have greatly benefited both U.S. and Canadian pilots. The opening of new markets around the world has allowed U.S. and Canadian carriers to reach new markets and has expanded flying opportunities around the globe.

In some cases, however, liberalization has not worked as intended. Many of the U.S. Open Skies agreements were negotiated decades ago, using a template that changes little from country to country. The United Arab Emirates (UAE) Open Skies agreement was inked when Emirates, now the largest airline in the world by some measures, was a small, Gulf-focused airline, and Etihad, the fastest-growing airline in the world, didn't yet exist. Fueled by pro-aviation government policies that prioritize airlines as a driver of the broader UAE economy and, at times, by direct and indirect state subsidies, these state-supported enterprises have massively benefited from liberalization—including a combined more than two dozen routes to the United States from the Gulf, and now using Fifth Freedom rights from Europe.

As United CEO Jeff Smisek said recently, "Emirates, the carrier, can fly anywhere it wants in the United States of America in return for which we can fly anywhere we want within the emirate of Dubai." This is a problem for U.S. carriers and their employees. And while protectionism is not the answer, nor is the continued blind pursuit of liberalization as government policy. The answer falls somewhere in the grey in the middle.

Liberalization does not always work for all sides, particularly when the open market is no longer a free market because one side skews the market with state subsidies. State-owned enterprises from the Middle East (including Gulf airlines), Asia, and elsewhere continue to expand at rates only possible given the support of their home governments. And as they seek to broaden their use of Fifth Freedom rights to fly to North America not just from their

home nations but also from points in Europe, Asia, and elsewhere, it's time we revisit select Open Skies agreements that may no longer be working for U.S. airlines and their employees.

Across the Atlantic, the debate over liberalization versus protectionism has generated significant attention, in part because of ALPA's aggressive advocacy campaign to deny Norwegian Air International's (NAI) application for a foreign air carrier permit from the U.S. Department of Transportation. NAI falsely claims that ALPA is engaging in protectionism by seeking to block its application and that liberalization should win out at all costs. This is far from accurate.

In fact, the NAI issue is quite grey and quite complicated. In short, NAI is the subsidiary of Norwegian Air Shuttle (NAS), an existing European low-cost airline that is based in Norway. NAS has an existing subsidiary, Norwegian Long Haul (NLH), also based in Norway, that already has existing service to the United States using Open Skies. To gain an advantage over its competitors, however, NAS set up NAI in Ireland to get out from under Norwegian tax, regulatory, and labor laws to use the more lax laws in Ireland. Irish laws would allow NAI to use contract crews employed by a Singapore contract firm and base those crews in Thailand. This is a bastardization of the Open Skies agreement, in violation of U.S. and international law, and the U.S. DOT should deny NAI. That isn't protectionism—it's the proper enforcement of liberalization laws.



As we move into the next phase of our Save Our Skies (SOS) campaign (sos.alpa.org), we will be working with our allies to find solutions to these problems to ensure that

liberalization is working for North American pilots. That isn't protectionism. We know that opening global markets has been good for our pilots. Our position is much more nuanced. It's grey, and with your help, we will be successful. 🇺🇸

Capt. Lee Moak, ALPA President



Too often, perfect is the enemy of good in an all-or-nothing end game, and this applies to many elements of our lives.