



STATE OF UTAH

GARY R. HERBERT
GOVERNOR

OFFICE OF THE GOVERNOR
SALT LAKE CITY, UTAH
84114-2220

SPENCER J. COX
LIEUTENANT GOVERNOR

May 31, 2017

The Honorable Rex Tillerson
Secretary
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

The Honorable Elaine Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Tillerson and Secretary Chao,

The massive subsidies Qatar and the United Arab Emirates (UAE) are providing to their state-owned airlines pose a serious threat to the United States aviation industry. These subsidies allow the three state-owned Gulf carriers – Qatar Airways, Etihad Airways, and Emirates Airlines – to dramatically increase capacity and lower prices, forcing U.S. carriers to abandon international routes and putting U.S. aviation jobs at risk.

Utah is home to the Salt Lake City International Airport. National and international carriers service Utah through this airport, creating jobs and supporting local businesses that are critical to Utah's economy. We welcome international carriers and the travelers they bring to Utah. But international carriers have to play by the same rules as U.S. carriers.

The Gulf carriers are not playing by the rules. Since 2004, these airlines have received over \$50 billion in government subsidies and other benefits from Qatar and the UAE, a direct violation of the rules negotiated by the United States in the Open Skies agreements. These unfair government subsidies make it impossible for U.S. carriers to compete for international routes. Because the Gulf carriers have the unlimited financial backing of their governments, they can drive down prices and operate at a loss in a way that U.S. carriers, which are accountable to their shareholders, cannot.

The unfair competition caused by the Gulf carriers' massive government subsidies poses a direct threat to U.S. jobs. Experts estimate that for every international roundtrip flight dropped by a U.S. airline, over 1,500 American jobs are lost. For the past ten years, the Gulf carriers have become increasingly aggressive in expanding capacity to push U.S. carriers off international routes. Now the Gulf carriers are targeting routes between the United States and Europe. Emirates flies a nonstop route from New York City to Milan, Italy, and recently introduced a second nonstop route from New York City to Athens, Greece. These so-called "fifth freedom" flights would not be viable for the Gulf carriers without subsidies and directly target routes that are key to U.S. airline profitability and U.S. aviation jobs. If the Gulf carriers are allowed to continue their subsidy-fueled expansion unchecked, more hardworking Americans in Utah could lose their jobs.

While I support the U.S. Open Skies program and welcome international carriers and passengers to Utah, I believe U.S. airlines should be able to compete on a level playing field. The United States entered into the Open Skies agreements to ensure that U.S. airlines would receive fair and equal treatment. I urge you to take action to enforce these agreements and restore a level playing field for our U.S. international carriers. Thank you for your time and consideration.

Sincerely,

Gary R. Herbert
Governor