



Dubai: Crowding out to continue

The mega growth recorded by certain state carriers from the Gulf and Turkey is currently slowing down. Emirates recently reduced its routes to the USA. But this is not a change in strategy; Dubai continues to unashamedly focus on crowding out.

In mid-May, the Dubai government provided three billion US dollars to further expand its two airports - Dubai International and Dubai World Central. The hubs are set to skyrocket from a current capacity of 90 million passengers to 146 million. Some plans even mention 240 million passengers as their target.

And yet there aren't even three million people living in the Emirate of Dubai. The enormous terminals are thus totally oversized for the local market. Their right to exist comes from the federal government's strategy to siphon transit passengers from other parts of the world – especially Europe – with all the financial resources of the crowd-out.

This conduct completely flies in the face of the existing aviation agreements between the UAE and Germany. And – contrary

to official statements from Dubai and Qatar – it is anything but a geographic law of nature. Because while Emirates and Qatar, for example, have grown by an average of 18 percent per year (!) in services to Europe since 2002, airlines like Saudia, Oman Air, Gulf Air and Kuwait Airways in the same region are experiencing growth in keeping with the market. Their growth is around a fifth of those recorded for companies like Emirates and Qatar Airways.

Many European network airlines such as Air France/KLM also share these crowd-out concerns. And North American companies like the three major US network carriers – American Airlines, Delta and United Airlines – have for months been stirring the public into action to achieve fair competitive conditions vis-à-vis the Gulf carriers.



		Germany	UAE/Qatar
Airlines	Billions of subsidies	No	Yes*
	Market behaviour consistent with air services agreements	Yes	No
	Private-sector structure	Yes	No
Taxes	Air travel tax	Yes	No
	Tax on earnings	Yes	No
	Employee income taxes	Yes	No
Fees	Airport charges	High	Low
	Air traffic control charges	High	Low
	Aviation security charges	High	Low
Environment	Emissions trading	Yes	No
	Noise abatement	Yes	No
	Noise-based fees	Yes	No
	Bans on night flights	Yes	No
Labour market	40-hour workweek	Yes	No
	Job protection	Yes	No
	Unions	Yes	No
	Right to strike	Yes	No

*\$ 42 billion in government advantages, aid, and capital infusions based on calculations by American Airlines, Delta, United Airlines