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### Abstract

## The Law of Subsidies in Air Transport Services

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The debate on subsidies in air transport has been closely associated with state aid that is allegedly calculated to enable carriers – in particular carriers such as Emirates, Etihad and Qatar – to distort markets and engage in anticompetitive conduct. Some carriers in competition with these three carriers have alleged that the two carriers of the United Arab Emirates and Qatar are unfairly depriving the carriers of the West of their “market share” by moving into the American and the European markets with undue and unfair advantages granted to them by their States. A lobby group representing the three major airlines that brought the complaint against the Gulf carriers – American Airlines, Delta and United Airlines – has said that the three carriers of the United Arab Emirates and Qatar have received \$42 billion in subsidies and other benefits. The claim further alleges that, over the past decade, the three Middle East carriers have spent more than \$100 billion on acquiring bloated fleets of modern wide-body aircraft. The request of the three American carriers was that the “open skies” agreements between the United States and the United Arab Emirates and between the United States and Qatar be “renegotiated” and modified, as the alleged subsidies had distorted international trade. This article discusses the legal regime pertaining to subsidies in air transport against the backdrop of this debate and evaluates the positions of the key players, including the International Civil Aviation Organization, the World Trade Organization and the airlines concerned.

**Keywords:** American Airlines, Chicago Convention, Delta Airlines, Emirates, Etihad, European Union, ICAO, SCM Agreement, state aid, Qatar Airways, United Airlines, WTO

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