Record of Discussion between the United States and the United Arab Emirates

1. Delegations from the governments of the United States of America ("United States") and the United Arab Emirates ("UAE") emphasized the two countries' strong and multi-faceted partnership across the political, economic, and security spheres. The signing of the Defense Cooperation Agreement in May 2017 signified an important step for both countries by underscoring their vital and longstanding collaboration in defeating terrorist groups, such as ISIS and Al Qaeda, securing regional stability, and combating threats against their common interests including terror financing. The United States commended the UAE’s political and economic stability, a result of visionary and business-oriented leadership.

2. The Delegations recognized the benefits created by Open Skies-type agreements and noted that aviation forms an essential part of the two countries’ vibrant commercial and economic relations, facilitating trade, tourism, investment, and connectivity. The Delegations further recognized that the UAE is the largest importer of U.S. goods in the Arab world, the largest international buyer of U.S. commercial aircraft, host to over 1,500 American firms, and a significant source of foreign direct investment into the United States, supporting the growth of both economies. The Delegations reaffirmed their strong support for the Air Transport Agreement between the United States and the UAE, signed on March 11, 2002 (the "Agreement"), including all rights to conduct international air transportation contained therein, and voiced their sincere desire to maintain the many benefits that Agreement has created.

3. In the spirit of addressing matters of mutual interest in a prospective manner, the Delegations discussed concerns raised by their respective stakeholders with respect to certain governmental, regulatory, and business practices potentially affecting competition. The Delegations discussed these issues as partners in a full, frank, and collaborative manner. In that regard, the UAE Delegation stated that the UAE and its designated carriers are and have been at all times in full compliance with the Agreement. The U.S. Delegation stated that the public docket opened on May 5, 2015, was to seek stakeholder views that would inform the approach of the U.S. government on these international aviation policy matters; it was intended to gather information and was closed on August 24, 2015.

4. The Delegations stated that government support in whatever form – including policies, practices, and rules – is neither uncommon nor necessarily problematic in the global aviation sector, and further noted that many airlines are wholly or
partially state-owned. The Delegations also stated that such government support in whatever form may adversely impact competition in providing international air transportation.

5. The Delegations expressed their respective governments’ intentions to promote best practices relating to marketplace participation by their airlines providing scheduled international air transportation under the Agreement, including with regard to financial transparency. Such best practices include observing high standards of transparency, adhering to internationally-recognized accounting, disclosure, compliance, and auditing standards, and reporting material information consistent with those same standards. Further, the commercial activities of airlines providing scheduled international air transportation under the Agreement – including access to debt and equity finance – should, to the greatest extent possible, be consistent with market conditions.

6. The Delegations expressed their understanding that financial transparency is best served when, on at least an annual basis, each airline providing scheduled international air transportation under the Agreement publicly issues an audited financial report in accordance with internationally-recognized accounting standards. The Delegations welcomed steps already taken in furtherance of this understanding.

7. The Delegations noted that such audited financial reports have for many years been issued by Emirates Airline and by the U.S. airlines that are currently providing, or have in the past provided, scheduled combination international air transportation under the Agreement. In addition, the UAE Delegation informed the U.S. Delegation of Etihad Airways’ restructuring and reorganization efforts, about which Etihad Airways anticipates issuing regular and not less than annual updates. Upon completion of this restructuring and reorganization, Etihad Airways intends to publish financial statements annually and in a manner consistent with internationally-recognized accounting standards.

8. The Delegations also expressed their understanding that each country’s airlines that provide scheduled combination international air transportation under the Agreement would endeavor to take steps to ensure that material transactions with government-owned (in whatever form) providers of goods and services of either the UAE or the United States are based on commercial terms equivalent to those that prevail in arm’s length transactions.
9. The Delegations affirmed that airport user charges imposed by the competent charging authorities or bodies in the United States and the UAE should be reasonable, not unjustly discriminatory, and equitably apportioned among all users, taking into account the relevant International Civil Aviation Organization guidance.

10. Both Delegations expressed their desire to meet within the coming year, or as requested by either side, to discuss the voluntary points outlined above.

Washington, D.C., May 11, 2018

For the Delegation of the United States of America:

Manisha Singh
Assistant Secretary, Bureau of Economic and Business Affairs, United States Department of State

For the Delegation of the United Arab Emirates:

Yousef Al Otaiba
Ambassador of the United Arab Emirates to the United States