

The US Legacy Carriers Complain About Gulf Carriers, But Benefit from Alliances with Foreign Government-Owned Airlines

Delta, United and American Airlines ("Legacy Carriers") complain about competition from state-owned carriers Emirates, Qatar and Etihad.

But the Legacy Carriers are more than happy to benefit from deep-pocketed foreign governments through their alliance with foreign carriers, many of which are state-owned or -invested.

In fact, the Legacy Carriers participate in global alliances that include 28 state-owned or state-invested airlines, many of which are notorious recipients of subsidies:

- China Eastern (Delta), China Southern (Delta) and Air China (United) (together with Hainan Airlines) received at least US\$1.1 billion in subsidies in 2014 alone. ([Centre For Aviation](#), 5/3/15)
 - Delta and American benefit not only by their alliances with these carriers but also by direct investments in them (Delta - \$450 million in China Eastern; American - \$200 million in China Southern). ([Bloomberg](#), 12/12/16; [Dallas Morning News](#), 3/28/17)
- South African Airways (United) recently received a 10 billion rand (US\$1.5 billion) subsidy. ([The South African](#), 9/14/17).
- SriLankan Airlines (American), the troubled national carrier, owes US\$3.25 billion backed by the government and has been unable to attract private investment. ([Asian Mirror](#), 4/26/16)
- Aerolíneas Argentinas (Delta) has just "burned through \$5 billion in subsidies" according to Argentinian Transport Minister Guillermo Dietrich. ([Wall Street Journal](#), 9/20/16)
- Aeroflot (Delta) is 51% owned by the Russian government, which funnels \$170-420 million per year to the airline through overflight fees, in addition to subsidies for special new regional services, such as to Crimea. ([Aviation Advocacy](#); [Air Transport World](#), 4/6/17)

Other state-owned partners of the Legacy Carriers have been successful but do not draw the same criticism from the Legacy Carriers as the Middle East carriers. Singapore Airlines, for example, a United partner, is one of the top airlines in the world and majority-owned by the government for 70 years.

Delta's partners in SkyTeam (10 out of 20 alliance members are state-owned or -invested)

Aeroflot:	51% owned by government of Russia (Airline Update , 10/29/17)
Aerolíneas Argentinas:	Majority owned by government of Argentina, renationalized in 2008 (Centre For Aviation)
Air France:	17.6% owned by government of France (Air France , 3/31/16)
China Eastern:	62% owned by government of China (Centre For Aviation)
China Southern:	Majority owned by government of China (Centre For Aviation)
Kenya Airways:	29.8% owned by government of Kenya (Financial Times , 9/21/17)
Middle East Airlines:	Majority owned by Banque du Liban (Centre For Aviation)
Saudia:	100% owed by the Kingdom of Saudi Arabia (Centre For Aviation)
TAROM:	97% owned by government of Romania (TAROM)
Vietnam Airlines:	Majority owned by government of Vietnam (Centre For Aviation)

United's partners in Star Alliance (14 out of 28 alliance members are state-owned or -invested)

Air China:	Majority owned by government of China (Centre For Aviation)
Air India:	100% owned by government of India, but slated to be privatized (Centre For Aviation ; CNN , 6/29/17)
Air New Zealand:	52% owned by government of New Zealand (Air New Zealand)
Croatia Airlines:	96.8% owned by government of Croatia (Croatia Airlines)
EgyptAir:	100% owned by government of Egypt (Centre For Aviation)
Ethiopian Airlines:	100% owned by government of Ethiopia (Ethiopian Airlines)
LOT:	99.9% owned by the Treasury of Poland (Polish Airlines)
SAS:	State investments by governments of Sweden (17.1%), Denmark (14.2%) and Norway (11.4%) (SAS)
Shenzen Airlines:	Majority owned by Air China (majority government owned) (Centre For Aviation)
Singapore Airlines:	54.5% owned by government holding company (Centre For Aviation)
South Africa:	100% owned by government of South Africa (Centre For Aviation)
TAP Portugal:	50% owned by government of Portugal (Aviation Gazette , 2/8/16)
Thai Airways:	Majority owned by Thai Ministry of Finance (Thai Airways)
Turkish:	49% owned by Turkish Wealth Fund (Turkish Airlines)

American's partners in oneworld (4 out of 13 members are state-owned or -invested)

Cathay Pacific:	29.99% owned by Air China (majority owned by P.R. China) (Cathay Pacific)
Finnair:	66% owned by government of Finland (Finn Air)
Malaysia Airlines:	Renationalized in 2014, now 100% owned by Malaysia's sovereign wealth fund (Centre For Aviation ; Daily Mail , 8/9/14)
Sri Lankan:	100% owned by government of Sri Lanka (Reuters , 5/5/17)