Emirates and Canada

Emirates commenced non-stop air services between Dubai and Toronto in October 2007 with three flights per week, which is the maximum permitted frequency in the Air Transport Agreement negotiated between Canada and the United Arab Emirates (UAE) in 1999. To date, this entitlement and frequency of service remains unchanged, while trade between both countries has increased.

With demand for Dubai-Toronto flights outstripping supply, Emirates upgraded to the Airbus A380 in June 2009. Passenger occupancy since then has been consistently full averaging 90%, whereas passenger growth has been stagnant.

Toronto remains the least served of Emirates’ worldwide network of 155 destinations across six continents, in stark contrast to the minimum daily service operated to more than 90% of these destinations. Since starting flights to Toronto in 2007, Emirates has extended its route network by 69 destinations and increased annual seat capacity by 151%, greatly enhancing Canada’s potential connectivity to the eastern hemisphere via its hub in Dubai.

Emirates’ unique connectivity

Connectivity plays an important role in enabling tourism, international business development, foreign investment and trade for Canada. Emirates not only connects passengers and cargo between Toronto and Dubai, but provides efficient connections to 85 destinations across its route network in the Middle East, Africa, Asia and Australasia of which 67 are not directly served by any carrier from Toronto.

Emirates not only caters to passenger demand to and from Dubai, but also fills a service gap to and from neighbouring regions as well.

**Emirates’ socio-economic impact in Canada**

Emirates’ direct contribution to the Canadian economy in the financial year 2015–16 was over $144 million on expenditures such as aerospace products and services, staff salaries, inflight catering, fuel uplift, landing fees, handling fees and advertising.

An economic impact study conducted by the InterVISTAS Consulting Group also established that a daily Emirates service to Toronto would support 1,660 total full-time jobs as well as $227 million in total economic activity in Canada, both including spin-off impacts. This number not only takes into account employees of Emirates and the associated supply chain such as ground-handling and catering in Canada, but also employment induced through the economic activity generated by these direct and indirect employees.

In addition, Emirates would contribute $21 million in direct annual tax revenues to the Canadian government.

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**Leading Canadian firms doing business in Dubai**

- CAE
- Couche-Tard
- Tim Hortons
- RIM
- OPENTEXT
- McCain
- Brookfield
- EllisDon
- Second Cup
- Bombardier
- SNC-Lavalin
- RBC
Canada-UAE trade relations
The UAE continues to be Canada's largest export market in the Middle East and North Africa since the last 12 years, and 16th largest globally. In 2016 alone, bilateral trade between Canada and the UAE exceeded $1.9 billion, having grown by 64% since the two countries were first connected by direct air services by Emirates in 2007. The UAE contributed $1.6 billion in trade surplus to Canada’s net trade deficit in 2016, fourth in rank of total trade surplus. This is despite the fact that no free-trade agreement exists between Canada and the UAE. The UAE Ministry of Economy estimates Emirati investments in Canada were in excess of $12 billion in 2015.

Supporting Canadian industry
Emirates’ joint venture with CAE from 2002 has directly supported a major Canadian industry for more than a decade. Having seen consistent growth in demand for CAE’s products since, the two companies jointly committed an investment of US$260 million towards a major expansion plan in 2013. There are over 1,100 Canadian companies operating in Dubai, including brands like Tim Hortons, BlackBerry, OpenText, McCain, La Senza and CAE.

According to Canada’s Global Markets Action Plan, wherein the UAE ranks 13 in the list of priority markets, international trade represents more than 60% of Canada’s GDP and 25% of Canadian jobs - i.e. 3.3 million jobs are linked to international trade. The plan also highlights the importance of international connectivity and enhanced market access for passenger and cargo services in order to further Canada’s economic progress and increase job opportunities for Canadians.

The best foundation for Canada’s economic growth
Canada’s strong worldwide economic status as the 11th largest economy in the world in terms of real GDP, as well as one of the world’s top 10 trading nations with a highly globalised economy, is disproportionately matched by its selective approaches to international air access. As such, Canada’s full economic potential is inhibited, while a more liberal air transport policy would open the door for further economic development and diversification.

Canada ranks above the US and most western European countries on the Heritage Foundation’s Index of Economic Freedom, yet Canada’s international air space remains highly restricted for the free exchange of international passenger traffic and cargo. Efficient connectivity and capacity to major and emerging trading markets provides a fundamental framework for economic growth, the potential for which would be far greater with increased airline competition.

Emirates’ request
Daily flights form the basis of Emirates’ hub-and-spoke network at Dubai. A daily service to Toronto would greatly increase Canada’s ease of access to numerous small and medium volume consumer segments across the Middle East, Indian subcontinent and Africa region.

Therefore, Emirates’ request is for a gradual increase in frequency entitlements from the current three to a daily service on the Dubai-Toronto route at the very least.

Myth vs. Fact: Setting the record straight
Some of our airline competitors claim that Emirates competes unfairly or negatively impacts the aviation market. Such misconceptions, when repeated often enough, can unfortunately be accepted as facts. Below we aim to address some of the allegations levelled against Emirates.

Myth: Emirates is heavily subsidised by the Dubai Government.
Fact: Emirates is a consumer-focused, commercial airline, operating a financially transparent and non-subsidised business model. Our funds are raised on a fully commercial basis through a wide range of sources including operating leases, commercial asset-backed debt and equity from investors. Our financial accounts are audited by PricewaterhouseCoopers (PwC) in full compliance with International Financial Reporting Standards, and are publicly available at http://www.emirates.com/english/about/investor_relations/investor_relations.aspx and have been since 1993-94.

Emirates has also been profitable for the last 28 years and rather than receive subsidies as erroneously alleged, Emirates in fact has paid its state shareholder over US$3.9 billion in dividends up to and including its 2015-16 financial year.

Myth: Emirates receives free fuel and does not pay to use infrastructure in Dubai.
Fact: In the 2015-16 financial year, Emirates’ fuel costs totalled US$5.4 billion and comprised 26% of operating costs, wholly comparable with other large long-haul carriers. Shell, one of Emirates’ main fuel suppliers in Dubai and abroad, recently confirmed that it does not give Emirates preferential treatment.

Emirates also pays the full published landing charges at Dubai International Airport – as do the 100 other airlines that fly to and from the airport. Similarly, Emirates pays the same airport handling fees to the ground-handling agent as would a similar high volume airline customer.

Myth: The social conditions in which some of Emirates’ employees work are unacceptable.
Fact: As a responsible multi-national company, Emirates complies with the labour laws in each of the countries that we operate to. To attract and retain top talent Emirates offers competitive salaries and benefits. Emirates currently employs over 61,000 staff with over 160 nationalities worldwide. Emirates’ status as an excellent employer is shown by its high staff retention rates, with more than 13,000 staff having worked for the company for 10 years or longer, of which 3,000 have worked for over 20 years. Emirates also received 1.5 million job applications in 2015-16 and engaged with 6 million candidates via social media.

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1,660 jobs
projected direct, indirect and induced with a daily Emirates service*

$227 million
projected direct, indirect and induced GDP impact through a daily Emirates service*

$21 million
projected tax payments to the Canadian government with a daily Emirates service*

$1.9 billion
bilateral trade between Canada and the UAE in 2016

#1
UAE’s rank
Canadian exports to the Middle East and North Africa since 2005

40 thousand
Canadians living in the UAE*