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BUSINESS

Emirates Airline Sees Challenges From U.S. Customs Post in Dubai

Executive Fears Logistical Nightmare as Carrier Targets Expansion to North America

By RORY JONES And DOUG CAMERON

March 11, 2014 2:35 p.m. ET

The head of Emirates Airline said Tuesday that establishing a U.S. Customs post at its Dubai hub could create a logistical nightmare, just as the world's largest carrier of international passengers ramps up for fresh expansion to North America.

The U.S. Customs and Border Protection agency in January opened a post in Dubai's neighbor, Abu Dhabi, to allow passengers there to clear customs before departure. The move triggered a storm of criticism from U.S. airlines and the main pilot union, who say it gives state-owned carriers from the Persian Gulf an unfair advantage.

Tim Clark, president of Emirates Airline, said he would prefer not to have such a post in Dubai. He said having one would create a far larger logistical challenge than existing facilities in Canada, Ireland and some Caribbean nations because of the greater number and variety of passengers carried by his airline.

"The airline faces a logistical nightmare to make it work," he said in a webcast interview with The Wall Street Journal a day after Emirates made its inaugural flight to Boston.

Preclearance posts allow passengers to go through U.S. Customs before boarding their flights, potentially cutting travel times. The U.S. State Department has looked at extending the Abu Dhabi arrangement to other airports in the region, in part to provide data on movements of passengers deemed to be possible terrorist threats, a senior official said last year in congressional testimony. The department didn't immediately respond to a request for comment Tuesday.

Mr. Clark said wait times at the new Abu Dhabi facility often mirrored those at U.S. Customs posts, and would leave Emirates' ability to connect passengers efficiently at its Dubai hub "completely shot."

Emirates, Abu Dhabi-based Etihad Airways and Qatar Airways are expanding routes at a fast pace into the U.S. and have previously been criticized by rivals as receiving government support, something they dispute.

On Monday, Emirates launched flights to Boston, its 140th destination world-wide. The first Boston flight carried passengers funneled through Dubai from 39 cities, many with different U.S. visa requirements that would have to be reconciled in any new customs facility.

Mr. Clark said the long-term solution to prolonged wait times at U.S. airports would be an improvement in staff and systems by U.S. authorities at domestic Customs posts, not facilities elsewhere. "Surely that's the way," he said.

His comments were welcomed by the Airlines for America trade group, which along with the main U.S. pilot union has campaigned against the Abu Dhabi facility and any effort to extend the arrangement.

"We agree, and believe the U.S. government needs to use its resources to resolve wait times at U.S. gateways before building and staffing additional preclearance facilities overseas—fix it here first," said a spokeswoman for the trade group.

Emirates' launch last year of a flight to New York's John F. Kennedy International Airport via Milan inflamed U.S. airlines and the pilot union. They said it opened up another front in what they view as unfair competition from state-owned Emirates.

Emirates intends to begin services to Chicago in August. Qatar will start flying this year to Miami, Philadelphia and Dallas-Fort Worth, in addition to its routes to New York, Washington, Chicago and Houston. And Etihad recently announced increased flights to New York and will launch a service to Los Angeles in June and Dallas-Fort Worth in December.

No U.S. carriers currently fly to Abu Dhabi, which is paying for about 85% of the new Customs facility.

Mr. Clark said Emirates is also eyeing more flights from Dubai to North and South America that stop to pick up passengers and cargo at European airports.

Mr. Clark said the airline had been approached by airport officials in Germany, Spain, the U.K., Sweden and Denmark about the possibility of launching flights from there to third countries modeled on the Milan-New York route.

"There's been a great deal of interest [in these services]," he said, though he noted they weren't part of Emirates' core business model of funneling flights through Dubai.

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