

# ACHIEVING GLOBAL LIBERALIZATION OF AIR CARGO SERVICES

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# About Qatar Airways Cargo



Qatar Airways Cargo  
commenced  
operations in **1997**

**60** freighter and more  
than **150** passenger  
destinations

Over **150** interline  
partners

# Expanding Young & Modern Fleet



## Freighter Fleet (23)

**13**

Boeing 777  
Freighters

**8**

Airbus A380  
Freighters

**2**

Boeing 747-8  
Freighters

### Upcoming Freighter Deliveries

15<sup>th</sup> B777-200F  
September 2018

16<sup>th</sup> B777-200F  
March 2019



## Passenger Fleet - Key belly-hold aircraft (143)

**50**

Boeing  
777s

**30**

Boeing 787  
Dreamliners

**9**

Airbus  
A380s

**24**

Airbus  
A350s

**4**

Airbus  
A340s

**26**

Airbus  
A330s



# Strong Demand for Air Cargo Market



**980**

DELIVERIES



**1,670**

CONVERSIONS



**4.2%**

AIR CARGO TRAFFIC



**2.8%**

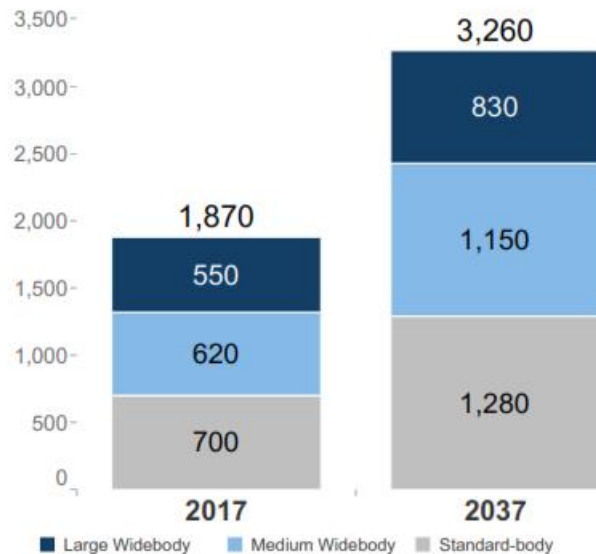
FREIGHTER FLEET



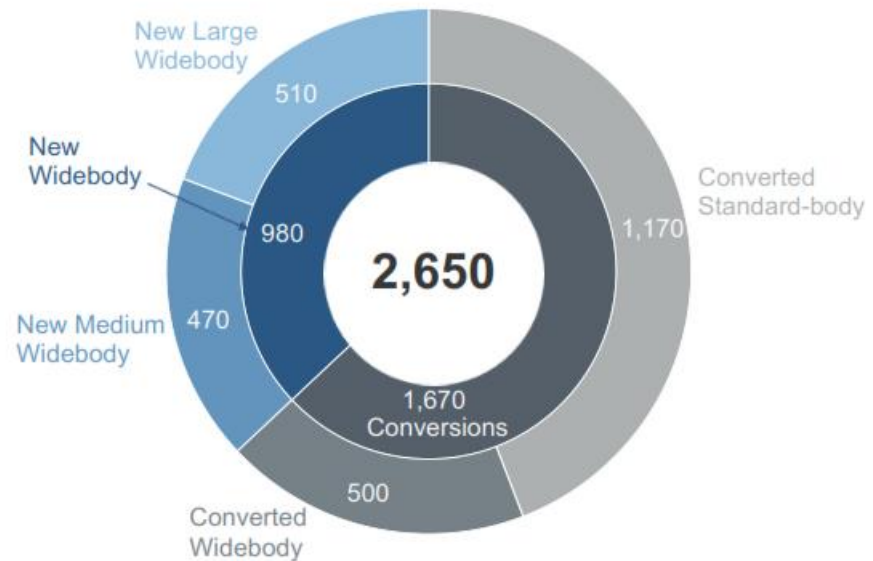
**3.4%**

WORLD TRADE

**Total Fleet**



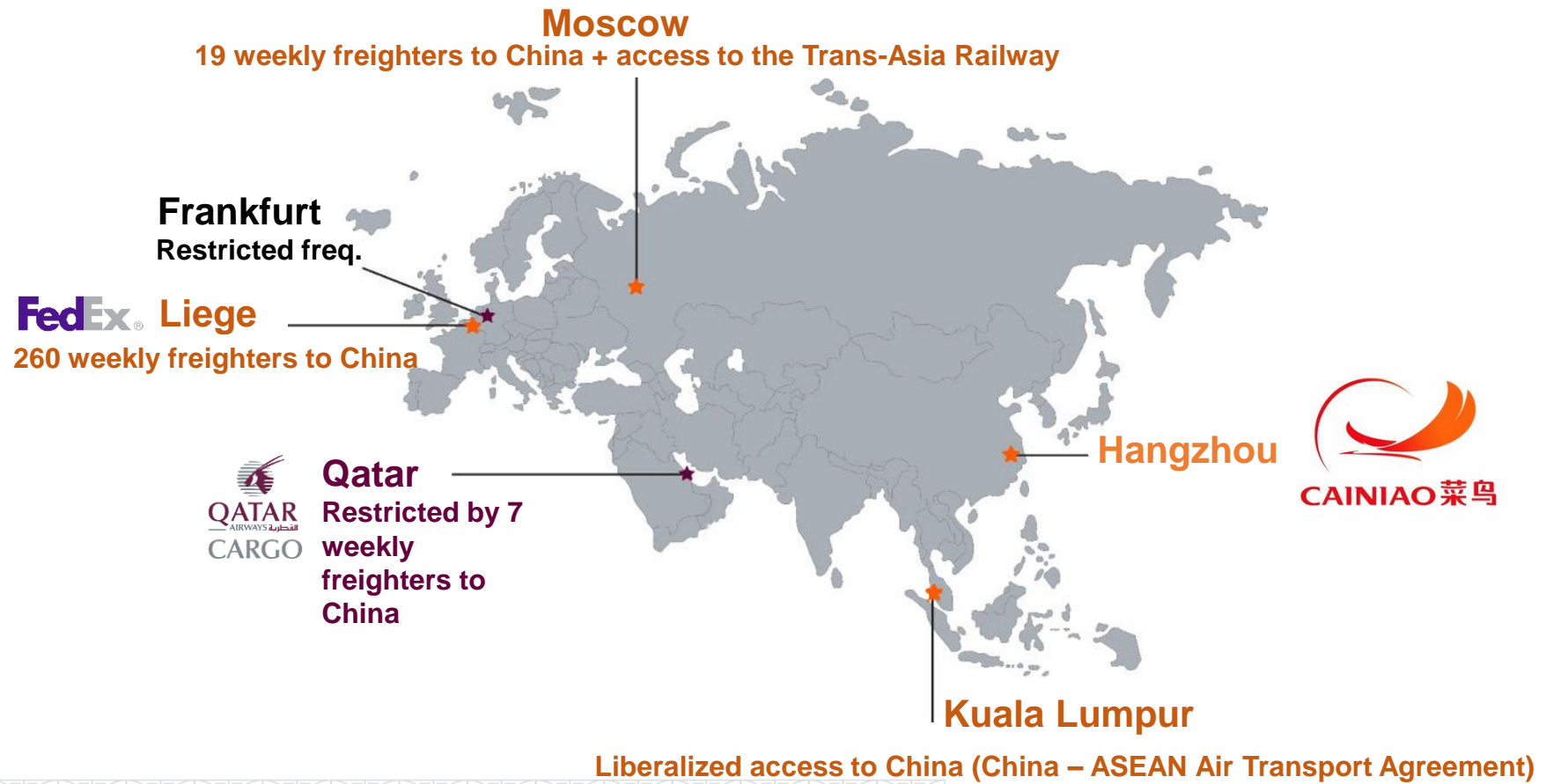
**Delivery Units**



- Boeing Commercial Market Outlook 2018-2037

# Air Cargo Transport - Driven by E-commerce but Restricted by Traffic Rights

## Alibaba Cainiao's Cargo Hubs



# Global Efforts in the Air Transport Liberalization

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## 1. Chicago Convention

### Preamble

*THEREFORE, the undersigned governments having agreed on certain principles and arrangements in order that international civil aviation may be developed in a safe and orderly manner and that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically;*

### Article 44

*....insure that the rights of contracting States are fully respected and that every contracting State has a fair opportunity to operate international airlines;*



# ICAO's Efforts in the Air Cargo Liberalization

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## 1. ICAO ATConf/6

*“the Conference concluded that:*

*d) there is broad support for ICAO to play a leadership role in facilitating further liberalization, and some support for ICAO to develop a multilateral agreement specifically focused on air cargo... ”*

## 2. ICAO A38

*Requested the Council, inter alia, “to develop and adopt a long-term vision for international air transport liberalization”*

## 3. ICAO A39 Resolution:

*“Requests the Council ... continue the development of a specific international agreement to facilitate further liberalization of air cargo services, taking into account the goals of the ICAO long-term vision for international air transport liberalization, and the past experience and achievements of States, including existing market access liberalization agreements concluded at bilateral, regional and multilateral levels, as well as the various proposals presented during the Sixth Worldwide Air Transport Conference (ATConf/6);”*

## 4. ATRP/14 Yellow Cover Report:

*“The Panel agreed to develop a specific protocol to facilitate further liberalization of air cargo services, covering up to 7th Freedom Traffic Rights.”*



# Industry's Efforts in the Air Transport Liberalization

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## 1. IATA

- Agenda for Freedom (since 2008)
- Multilateral Statement of Policy Principles regarding the Implementation of Bilateral Air Service Agreements (2009)

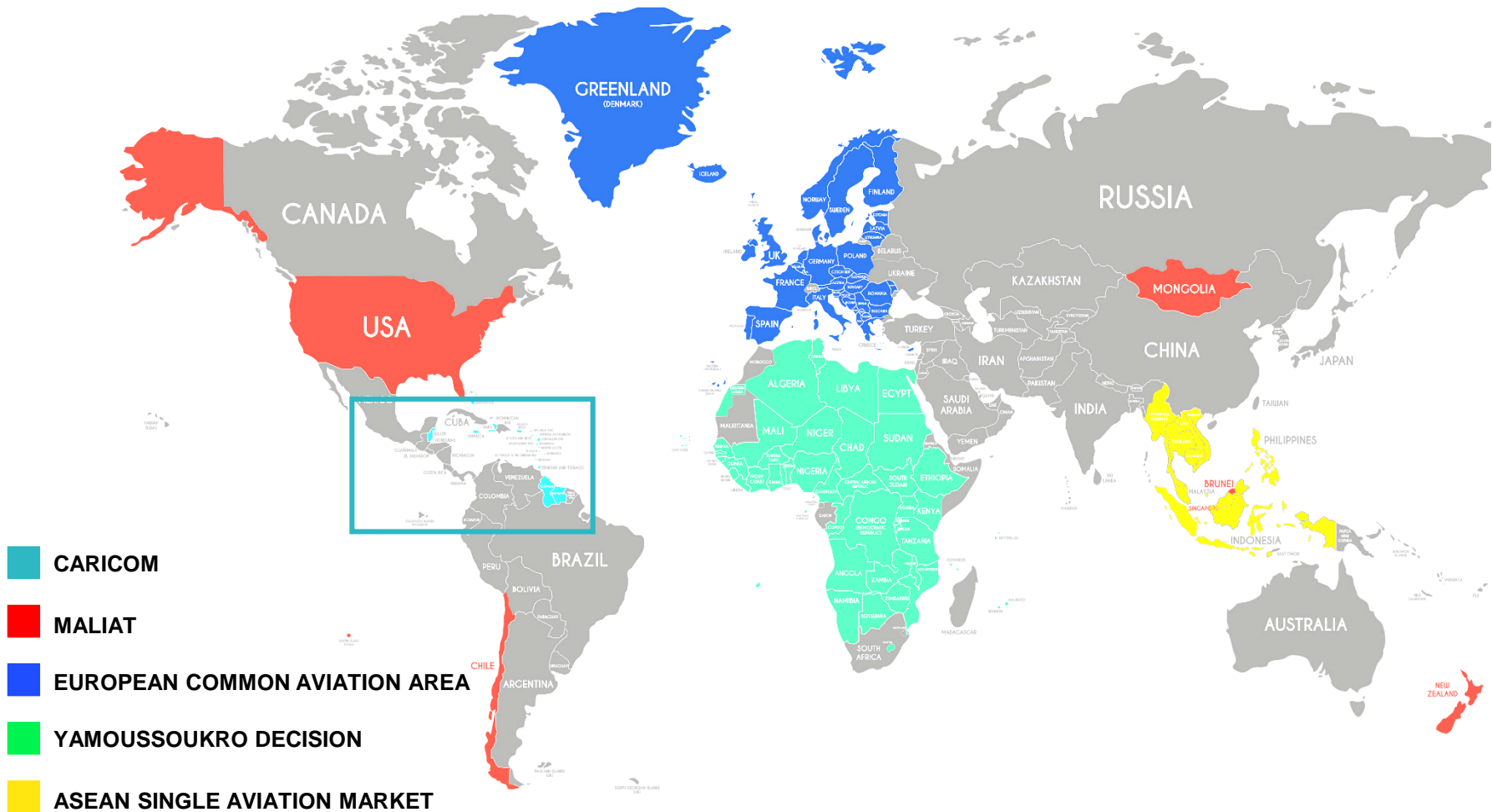
## 2. Code-sharing / Joint Venture / Alliance

## 3. Liberalization of Ownership and Control





# Regional Efforts in the Air Transport Liberalization



# **Qatar – Strong Supporter of Air Cargo Liberalization**

## **Qatar's Working Paper to the ICAO 39<sup>th</sup> Assembly**

(A39-WP/173 EC/19 9/8/16)

*“The purpose of the multilateral agreement should include ... up to 7th freedom traffic rights for all-cargo services...”*

**Qatar has fully liberalized air cargo transport with 105 countries.  
(unlimited and unrestricted 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> freedom traffic rights)**



**CARGO**

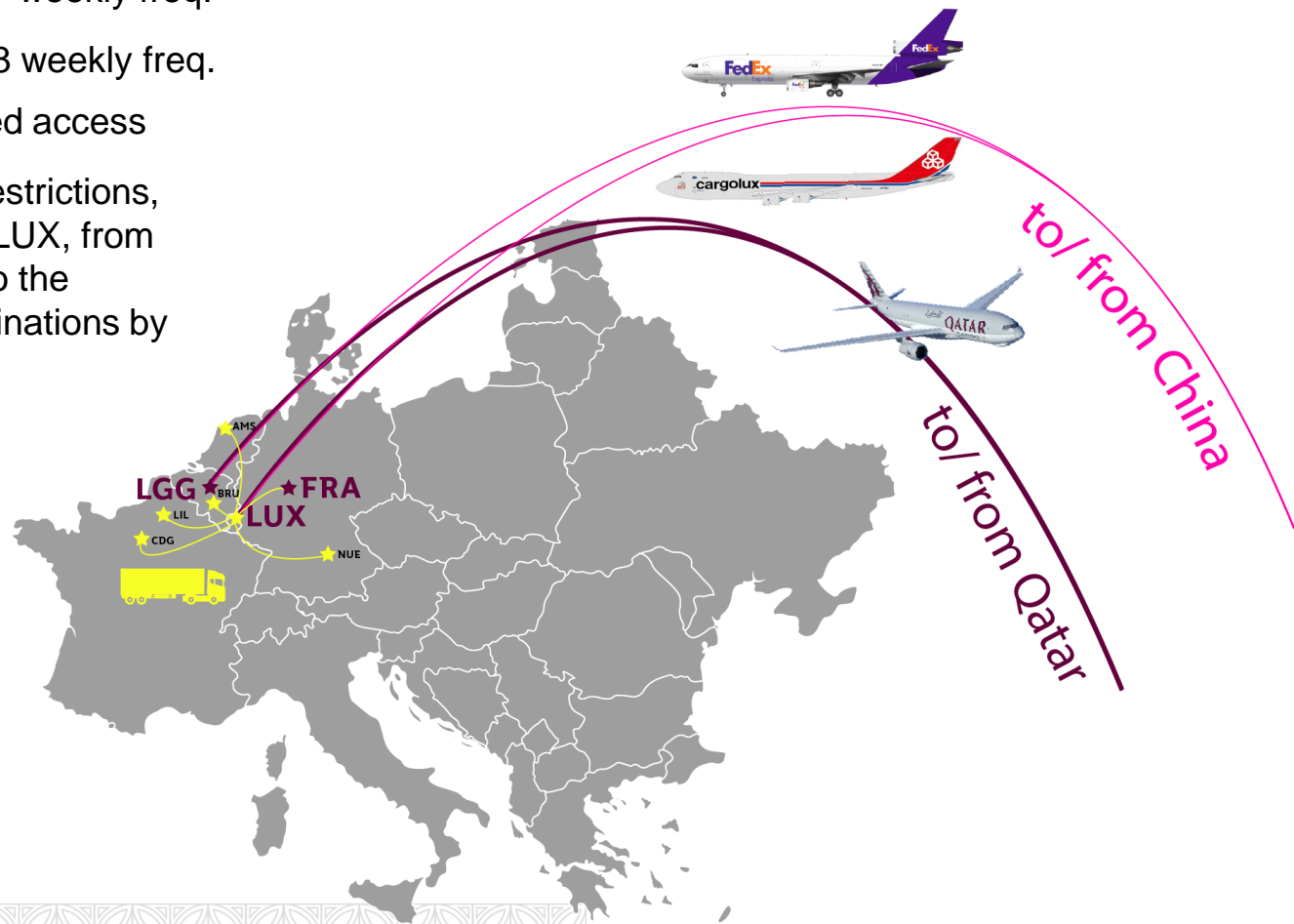
# Maximizing the Benefits in a Liberalization Environment

## - Qatar Airways Experience in Europe

### Cargo Flows from the Restricted Hub to the Liberalized Ones

- Germany - restricted by 7 weekly freq.
- Belgium - restricted by 28 weekly freq.
- Luxembourg - unrestricted access
- Due to the traffic rights restrictions, cargo is consolidated at LUX, from where the cargo heads to the restricted European destinations by road transportation.

**For example:** 27.4% of the cargo carried by QR from FRA and 12.5% of the cargo carried by QR to FRA are via LUX.

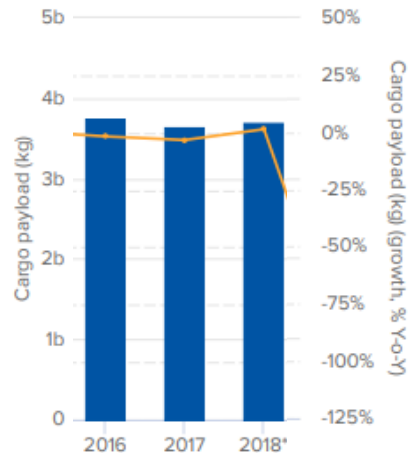


# Maximizing the Benefits in a Liberalization Environment

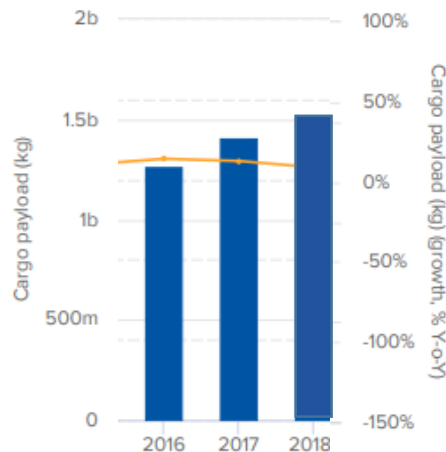
## - Qatar Airways Experience in Europe

Restricted cargo hubs have limited space to grow and being challenged by other modes of transportation

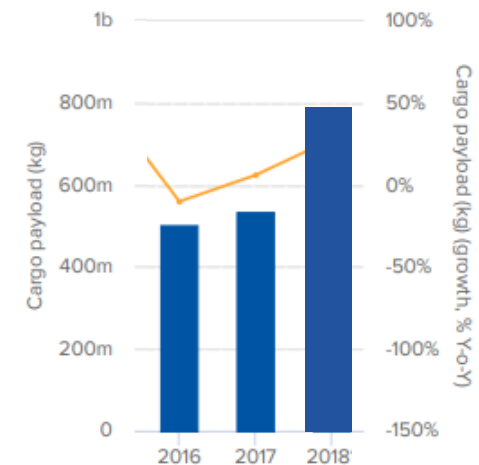
Frankfurt Airport annual system cargo payload (kg) capacity



Luxembourg Findel Airport annual system cargo payload (kg) capacity



Liege Airport annual system cargo payload (kg) capacity

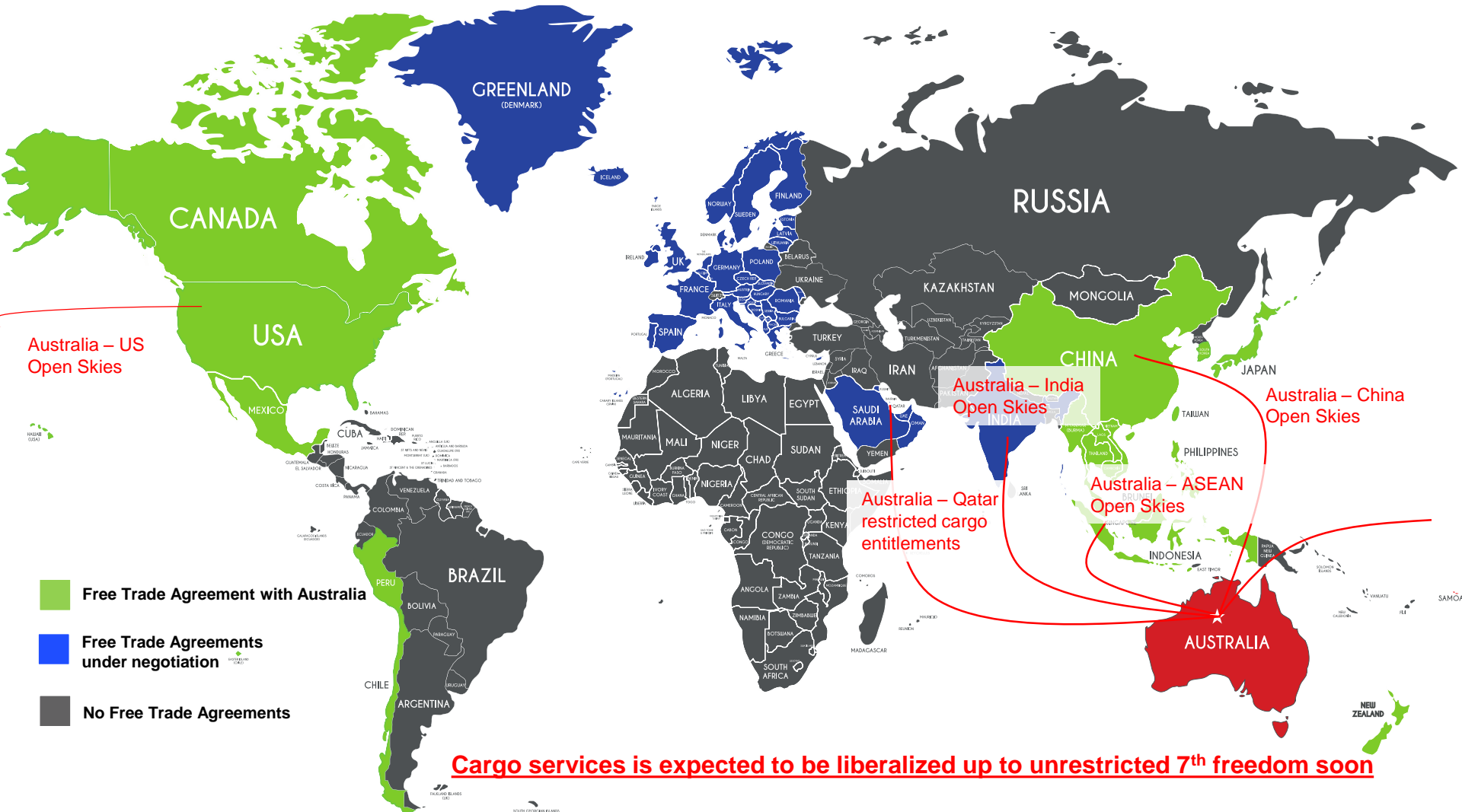


● Cargo payload (kg) — Cargo payload (kg) growth

Source: CAPA - Centre for Aviation and OAG



# Liberalization of Air Transport and the Conclusion of Free Trade Agreement - The Experience of Australia



# A Fully Liberalized Market - Qatar Airways' Experience in the USA

## Benefits of Liberalization:

- 11 American cities
- 7 cities served with freighters)
- approximately 206,680 tons of cargo in the last 12 months to/fr USA by QR.



## The Case of Pittsburgh:

- QR Cargo is the only foreign all-cargo carrier operating to Pittsburgh (3 weekly connecting PIT to DOH, LGG and LUX).
- QR has operated 92 all cargo flights to PIT since its inaugural flight in October 2017.
- However, Liberalization barriers occur with certain 5<sup>th</sup> freedom arrangements, particularly to points in China.



# A Restricted Market with Big Demand - Qatar Airways' Experience in China

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- 103,163 tons of cargo to/from China in the last 12 months through by QR.
- Restricted by 7 weekly freq. for all-cargo services
- Due to the lack of traffic rights, 13 charter flights to Zhengzhou since 2016.



# Strong Political Will to Enhance the Connectivity between China and Qatar

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***“Both parties will discuss cooperation on the development of the transportation network”***

- Memorandum of Understanding on Qatar - China Joint Promotion of the Related Cooperation of the ‘Silk Road Economic Belt’ and ‘Maritime Silk Road’ , 2014

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*“The Chinese side is willing to, together with Qatar, take the 30th anniversary of the establishment of bilateral diplomatic relations as a new starting point to further strengthen bilateral mutually beneficial cooperation.”*

– **Minister Wang Yi, 09 July 2018**

*“I attach great importance to the development of China-Qatar relations, and appreciate Qatar's active participation in the Belt and Road Initiative.”*

– **President Xi Jinping, 09 July 2018**





# Belt and Road – Path to a Liberalized Air Transport Market

## QR Network along the Belt and Road



## Our products

### QR Charter



### QR Express



### QR Pharma



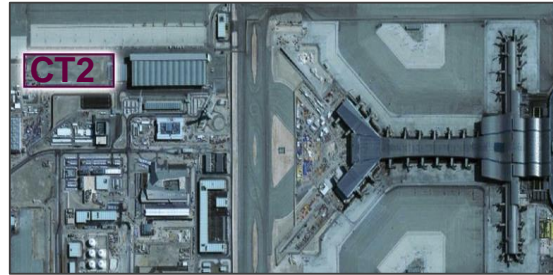
### QR Fresh



### QR Live



## Our Commitment to the future



**Cargo Terminal 2 will more than double our capacity, with a target opening date in 2018**

Up to 110,000 sqm **3 million tonnes** capacity Annually Total capacity of terminal 1 and 2 will increase to **4.4 million tonnes**.

### Cargo-XML transition

QR cargo is among the first carriers worldwide with capability to process cargo XML standard of messaging in its core cargo system, leading the IATA initiative to transition from C-IMP to C-XML.

## e-AWB implementation

Qatar Airways has cornered 80.6% e-AWB penetration as of the month of Nov 2017 based on data released by IATA.

Month	e-AWB volume	e-AWB penetration*
Dec-16	44,343	73.6%
Jan-17	43,747	73.5%
Feb-17	42,205	72.5%
Mar-17	49,707	72.3%
Apr-17	44,043	74.0%
May-17	50,556	74.5%
Jun-17	42,371	77.1%
Jul-17	45,814	77.7%
Aug-17	47,569	77.7%
Sep-17	47,643	77.6%
Oct-17	50,556	78.3%
Nov-17	55,992	80.6%

*\*On lanes where legally feasible*

# No Borders, Only Horizons

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# THANK YOU



**QATAR**  | **CARGO**  
AIRWAYS القطرية