

U.S. Airlines Battling Gulf Carriers Cite Others' Experience

By Susan Carey *The Wall Street Journal* -- March 16, 2015

To understand why leading U.S. airlines are mounting a political campaign against growing competition in their markets from Persian Gulf rivals, look at the experiences of flagship airlines in Canada, Germany and Australia.

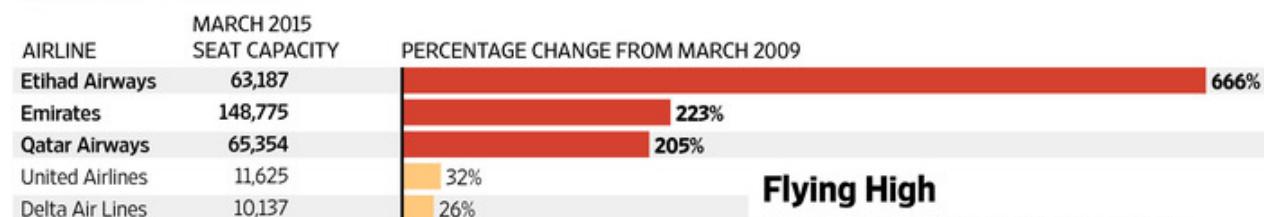
Canada has so far contained the Gulf trio's growth, to the benefit of Air Canada —though its efforts have strained diplomatic ties. German carrier Deutsche Lufthansa AG, which has lost significant traffic to Gulf rivals, is asking the European Union for help in leveling the playing field. Australia's Qantas Airways Ltd. chose to cooperate rather than fight, forging an alliance with Emirates Airline in 2013.

The U.S. government is considering a new request for help from American Airlines Group Inc., United Continental Holdings Inc. and Delta Air Lines Inc. The U.S. carriers want Washington to limit expansion by Emirates, Etihad Airways and Qatar Airways, alleging the growth is unfairly fueled by subsidies from the Gulf airlines' state owners.

Etihad, Emirates and Qatar insist that they are profitable companies that aren't subsidized and that they offer Americans access to cities around the globe that U.S. airlines ignore. The chiefs of Emirates and Etihad are expected to address the dispute in separate speeches in Washington on Tuesday.

Supporters say the Gulf airlines are simply emulating a strategy pioneered decades ago by other carriers with small home markets, including Singapore Airlines and KLM Royal Dutch Airlines: Build a big home airport and scoop up international traffic between other countries' airports via that hub.

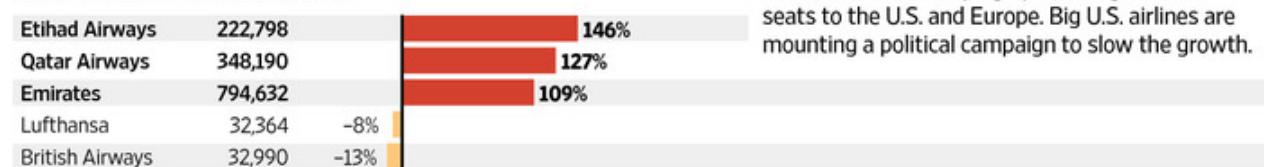
PERSIAN GULF TO U.S. FLIGHTS



Flying High

Fast-growing state-owned carriers from the Persian Gulf are ramping up their flights and seats to the U.S. and Europe. Big U.S. airlines are mounting a political campaign to slow the growth.

PERSIAN GULF TO EUROPE FLIGHTS



Sources: Innovata LLC

THE WALL STREET JOURNAL.

The Gulf three have accomplished this in record time, developing hubs that easily connect travelers between Asia Pacific and Europe or North America. They recently began adding U.S. flights—they now collectively serve 10 U.S. airports—and their available seats have more than doubled since 2009. By choice, Delta and United each operate just one daily round trip to Dubai.

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Qatar Airways to Take Stake in Hong Kong's Cathay Pacific

By Gaurav Raghuvanshi *The Wall Street Journal* -- Nov. 6, 2017

Qatar Airways Co. is buying a stake in [Cathay Pacific Airways](#) Ltd. [CPCAY 0.24%](#) for \$661 million, the latest in a string of investments in global rivals by the Middle East carrier. In a surprise deal, state-owned Qatar Airways agreed to acquire the 9.6% stake in the dominant Hong Kong carrier from industrial company [Kingboard Chemical Holdings](#) Ltd. [0148 0.31%](#), which has been amassing shares in the airline for some time.

"Cathay Pacific is a fellow Oneworld [marketing alliance] member and is one of the strongest airlines in the world, respected throughout the industry and with massive potential for the future," said Akbar Al Baker, chief executive of Qatar Airways, in a statement Monday.

Cathay Pacific, which has a reputation for stable ownership, said in a statement it intends to continue its constructive relationship with the Qatari airline. Hong Kong conglomerate Swire Pacific Ltd. has carefully guarded its control of Cathay Pacific, which is known for its premium service and is popular with business travelers. Swire Pacific owns 45% of the carrier, while [Air China](#) Ltd. holds a 30% equity stake, according to information on Cathay Pacific's website.

It was unclear what sort of influence the deal will give Qatar Airways, as it doesn't include a seat on Cathay Pacific's board. Shares were down as much as 5% shortly after trading began in Hong Kong on Monday, indicating investors are concerned about the deal.

The acquisition reflects the Persian Gulf's carrier confidence in its Hong Kong counterpart's restructuring program, said Greg Waldron, the Asia editor at industry publication Flightglobal, who described it as more of a financial decision. The carriers have similar network strategies as both are hub carriers, Mr. Waldron said, adding he doesn't see much scope for them to feed traffic to each other.

The deal is an "interesting development but it's not apparent to me how it can be a huge win for either airline," he said. The investment supports Qatar Airways' strategy of taking stakes in airlines around the world, the airline said. It recently bought 49% of Italian carrier Meridiana and increased its stake in [British Airways](#) parent [International Consolidated Airlines Group](#) SA to 20%. The carrier also owns a stake in South America's [LATAM Airlines Group](#) SA.

Earlier this year, Qatar Airways [tried to take a large stake in American Airlines Group](#) Inc., seeking to push into the U.S. as it tensions escalated [with its Persian Gulf neighbors including Saudi Arabia](#). The plan, however, [was abandoned in August](#) after American's chief executive, Doug Parker, [criticized the proposal](#).

Qatar Airways' acquisitive overtures have sometimes met resistance, in part because of complaints in the U.S. and European airline industries that state backing gives Qatar Airways and two other fast-growing Gulf carriers—Etihad Airways and Emirates Airline—an unfair advantage, a charge the Gulf airlines have denied.

American has said it plans to end its code-sharing agreements with Qatar Airways and Abu Dhabi-based Etihad in March. American, British Airways and Cathay Pacific are among the founding members of the Oneworld alliance, which Qatar Airways joined in 2013.