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World

Gulf crisis threatens Qatar Airways expansion

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By: Agencies

Doha.- Qatar Airways has turned Doha into a global hub in recent years, but its position as a major airline is now threatened by the ban on flights over neighboring countries, a consequence of the serious crisis in the Gulf.

Like Dubai's Emirates Airlines and Abu Dhabi's Etihad Airlines, Qatar's airline has managed to control part of the global traffic activity thanks to its enviable geographical position in the Gulf region.

However, serious political disagreements between Qatar, on the one hand, and Saudi Arabia, the United Arab Emirates, and Bahrain, on the other, led last week to a severance of diplomatic relations and sanctions, such as the closure of the airspace of these three countries to Qatar Airways.

These measures led to the cancellation of dozens of daily flights by the Qatari airline, but also by those of the other three Gulf countries, which no longer fly to Doha.



Furthermore, these sanctions force Qatar Airways planes to make detours on their intercontinental routes, having to avoid the vast Saudi kingdom and Bahrain.

"The impact is already negative because flight times have increased, generating additional costs," emphasizes expert Addison Schonland of the US-based consulting firm AirInsight. This will lead to a "significant decrease in profits," he adds.

Qatar is surrounded by the airspace of the Bahraini archipelago, which covers much of the Gulf's waters, and its planes regularly cross the vast Saudi airspace to fly to the Middle East, Africa, or Latin America.

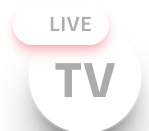
Two more hours to Sao Paulo

Today, with the bans in place, the flight time to Sao Paulo, Brazil, increased by about two hours, according to airline websites.

Qatar Airways flights to North Africa now transit through Iran and Turkey to reach the Mediterranean, instead of flying over Saudi Arabia and Egypt, another country that also took action against the Qatari government.

Flights to Europe are less affected as they continue to fly over Iranian skies, with a small diversion to avoid Bahrain.

According to Iranian officials, around 100 additional flights have crossed their country's skies every day since the start of the crisis, representing a 17% increase in international flights.



"Flight schedules and fuel consumption are going to increase" for Qatar Airways, predicts aviation expert Kyle Bailey.

Additionally, about 90% of Qatar Airways' traffic in Doha depends on transit, according to a report by CAPA Center for Aviation, an advisory group.

"Devastating" loss

Saudi Arabia and the Emirates represent the two largest markets for Qatar Airways, Kyle Bailey recalls.

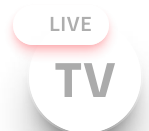
Its loss will be "devastating for the company's financial balance, which will lose nearly 30% of its turnover," he predicts.

However, Qatar Airways on Sunday revealed a 22% increase in net profit to €482 million for the 2016/2017 financial year, which ended March 31, just before the crisis hit.

Qatar Airways is the largest foreign carrier operating in the Emirates, according to CAPA. Some intercontinental traffic could be recovered by Emirates and Etihad, according to experts.

The two Emirati airlines have extensive global networks and, along with Qatar Airways, have sparked outrage among European and North American airlines, who accuse them of benefiting from public subsidies to develop their markets.

With information from AFP



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