



19 May 2014

Inquiry Secretary - Trade
Joint Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
Canberra ACT 2600

**Inquiry into Australia's trade and investment relationships
with countries of the Middle East**

Thank you for the opportunity to provide comments on the above inquiry.

Australia's tourism, trade, investment and cultural links with the Middle East have rapidly expanded in recent years and will continue to grow in importance.

Qantas supports the enhancement of bilateral relations between Australia and countries of the Middle East region through progressive, sustainable liberalisation of aviation policies and a case-by-case approach to air services negotiations.

It is important that the balance of benefits and opportunities available in the region continue to contribute positively to Australia's overall national interest.

The attached provides an overview of Qantas' presence in the Middle East and commentary on air services between Australia and countries of the region.

We would be pleased to provide additional information if it would be of assistance.

Yours sincerely

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ATTACHMENT

**INQUIRY INTO AUSTRALIA'S TRADE AND INVESTMENT RELATIONSHIPS
WITH COUNTRIES OF THE MIDDLE EAST**

The Australian aviation sector has made a significant investment in the Middle East region through Australia's international airlines establishing hubs in the United Arab Emirates (Dubai and Abu Dhabi) to support their international networks. This investment has opened up the region for Australian tourism and trade in a manner not before seen.

Qantas' high profile investment in Dubai has not only improved Australia's visibility in the Middle East, it has also been beneficial for the economy of Dubai through increased visitation by Australian tourists, as evidenced by the recent comments on the Qantas-Emirates partnership by Emirates Chairman, Sheikh Ahmed bin Saeed Al Maktoum. Further, over one million people travelled on the combined Qantas-Emirates network into Australia last year, positively contributing to Australian inbound tourism.

Significantly improved commerce and trade is economically beneficial and plays an important role in improving Australia's presence in the Middle East. Protecting the integrity of established, commercial relationships in the region is also in Australia's political, trade and commerce interests.

Qantas in the region

- On 31 March 2013, Qantas transferred its hub for European flights from Singapore to Dubai. Today, Qantas operates two daily services through Dubai to London Heathrow from Melbourne and Sydney using Airbus A380 aircraft.
- Qantas also commenced a historic partnership with Emirates, providing
 - access from Australia to more than 65 Emirates destinations in the United Kingdom, Europe, North Africa, South East Asia, and the Middle East; and
 - for Emirates, access to Qantas' Australian domestic network of more than 60 destinations and 5,000 flights per week.
- The Qantas-Emirates partnership goes beyond traditional alliance models and includes integrated network collaboration with coordinated pricing, sales and scheduling as well as a benefit-sharing model.
- Under the partnership Qantas currently places its code on Emirates flights between Dubai and nine destinations in the Middle East.
- Qantas also offers connections between Dubai and additional destinations in the region under interline arrangements with Emirates and flydubai, another Dubai-based carrier.
- Qantas Freight and Emirates SkyCargo also offer access to a combined total of 233 ports across six continents; including 17 ports in the Middle East under interline arrangements.

Air services

Air services arrangements have been concluded by the Australian Government with varying entitlements to support passenger, code share and/or dedicated freight operations between Australia and

- Bahrain;
- Egypt;
- Israel;
- Jordan;
- Kuwait;
- Lebanon;
- Oman;
- Qatar;
- Saudi Arabia; and
- United Arab Emirates.

These arrangements cover most of the major Australia-Middle East markets in terms of trade and investment.

The region is currently served directly with air services by Qantas, Virgin Australia, Emirates, Etihad Airways and Qatar Airways and as a result of the abovementioned arrangements, Australian passengers can access 13 destinations in the Middle East on services with five different carriers. Additional destinations are accessible under interline arrangements across a range of hubs with an even broader pool of carriers.

Australia's air services arrangements have sufficient capacity to serve the region for some time. The Government will need to continue to monitor the adequacy of air services between Australia and the Middle East as a self-contained region; currently however there is sufficient capacity to meet demand.

Australian airlines have also made a substantial commitment to their respective Middle Eastern hubs and securing their long-term viability is critical for Australia. Adding more capacity in the region at this time would undermine an already fragile investment, which if destabilised, could lead to a withdrawal of that investment and potentially result in negative impacts on the region, Qantas and the Australian consumer.

Given the importance of the Middle East to Australian interests, it is essential Australia maintains a coordinated and strategically aligned policy approach to the region, including a case-by-case approach to future liberalisation of bilateral air services arrangements. It is important that the balance of benefits and opportunities available in the region continue to contribute positively to Australia's overall national interest.