

# Tearing down the other wall

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Emirates

# Tearing down an aeropolitical wall

## Why Berlin and Stuttgart deserve long-haul international services

Berlin is a world city of enormous international business and tourism attraction.

Germany's largest city – and the eighth most populous area in the European Union – Berlin is a centre of culture, politics, media and science that actively seeks international investment.

Like Dubai, it is hugely multicultural, with the Berlin-Brandenburg area compassing five million people from over 190 nations.

These are but a few reasons why Berlin has long been an attractive destination for Emirates Airline to add to our global network.

Stuttgart is a city and region of equally strong attraction and importance to Emirates, albeit for different commercial, demographic and business reasons.

Considered the creative power of Germany, Stuttgart businesses have an enormous stake in the Gulf and Dubai: from Baden-Württemberg wines to Daimler AG, Porsche, Bosch and hundreds of German SMEs from the region. All are welcomed and encouraged in Dubai as valued importers of high-quality German goods and services.

Indeed, German businesses from these regions recently secured contracts worth more than one billion Euros from Dubai Airport's redevelopment, including the likes of Siemens and ThyssenKrupp.

However Berlin and Stuttgart share more than just international economic importance and a strong interest from Emirates to fly there.

Both cities are deprived of international long-haul services; their visitors and citizens largely forced to fly via hubs in Frankfurt and Munich. And both cities are also off limits to Emirates, despite our long standing request to offer long-haul international services.

This document seeks to explain why Berlin and Stuttgart are attractive to an airline like Emirates, why Lufthansa is determined to deny us access to these markets and why we believe the citizens and visitors of both regions deserve the right to direct, long-haul flights over the alternative of only being allowed to fly via Lufthansa's German hubs.

The Lufthansa argument against competition from Emirates is that in order to serve Berlin or Stuttgart, we must 'simply' give up our other German points – like Hamburg or Düsseldorf – and

end years of investment, employment and marketing of these regions. We think this is muddle-headed and an insult to economically important regions in their own right. German aviation is more than just Lufthansa's two hubs.

To best illustrate this point, consider the cover of this document. Like Stuttgart, Berlin has invested very considerable sums in to new airport infrastructure. In Berlin's case, the new multi-billion-Euro BBI Airport, due to open in 2011.

What better way to secure a return on this investment – and to offer the German and international traveler more choice, competition and long-haul options – than allow an independent international airline like Emirates fly to Berlin and Stuttgart?

We welcome Air Berlin's recent decision to commence scheduled flights from Berlin to Dubai in November 2010. Unlike Lufthansa, Air Berlin clearly shares Emirates' belief in Berlin's strong credentials as a profitable intercontinental market. However, while the German carrier is free to enter the Berlin-Dubai route without any restrictions, Emirates still has no access to the route.

Why only allow one country's carrier and not another? Why not bring down this stifling aeropolitical wall?



Lufthansa's claim: '...if an artificial hub is allowed to replace our national centres of transport, it would be tantamount to exporting German jobs to the Gulf.'

Why Lufthansa considers a hub in a region of 260 million people artificial is unclear and we strongly disagree that Dubai's aviation credentials are synthetic. Emirates' home market is not only Dubai but the Middle Eastern catchment area – just as Lufthansa's catchment is not only Frankfurt and Munich, but the whole of Europe. Our carefully planned and measured aircraft orders reflect the population size and potential of our region, as well as its broader neighbourhood. The European Union – with 499 million people – has 11 airports (including Frankfurt and Munich) among the world's 20 largest international airports. The entire Middle East in the same list is represented by a single airport – Dubai. It is then logical for Emirates to want to grow at its Dubai hub, given the needs of this enormous market.

Emirates employs tens of thousands of Germans – both directly and indirectly. This includes our German pilots, management, staff in our nine German offices and workers on the A380 production line in Hamburg; an aircraft that Emirates is the single largest purchaser.



## Credible voices

"Emirates is a first class worldwide acting carrier and is ready to offer direct flights Berlin-Dubai - therefore we support the decision of Emirates to fly to the German capital. The intention of Emirates to put the capital in its flight schedule is for me additional proof of the necessity of the new airport Berlin-Brandenburg International. The new airport will bring the rest of the world closer to us and will integrate people, ideas, goods and technologies of the region even better into the global economy." - **Matthias Platzeck, Prime Minister of Brandenburg.**

"From my point of view it is important, that we get a direct flight Stuttgart-Dubai.... The United Arab Emirates is for us an important economic partner. Direct flights between Dubai and Stuttgart would give the health care industry and the tourism industry of Baden-Württemberg important economic impulses." - **Wolfgang Reinhart, Minister for Federal, European and International Affairs, Federal State Baden-Württemberg.**

"In view of the completion of BBI, the new airport of the capital, we are more and more interested in generating additional long haul destinations, especially to the countries in the Gulf region." - **Dr. Rainer Schwarz, CEO Berlin Airports.**

"I consider it as reasonable to strengthen the economic factor of Berlin by additional air connections" - **Rainer Brüderle, Federal Minister of Economics.**

"We are approaching with giant strides the capital's new airport BBI. Besides Frankfurt and Munich hubs, it becomes another important international transportation hub. A gateway to the world is created here - both for the capital region Berlin-Brandenburg, and for the entire aviation and logistics sector in Germany. The Federal Government shareholder invests around 1.3 billion Euros in this large airport." - **Rainer Bomba, State Secretary, Federal Ministry of Transport, Building and Urban Affairs.**

"Business follows infrastructure. The Federal Government should help the capital to get connections and accessibility to the world" - **Stephan Schwarz, President of the Berlin Chamber of Trade.**

"The optimization of Stuttgart Airport...is one of the most important transport policy goals of the government of Baden-Württemberg. This means also the development of additional intercontinental destinations from Stuttgart. The destination Dubai and the connecting destinations in China, India and South East Asia are high on our agenda. The government of Baden-Württemberg is fully committed that Emirates and other airlines from the Gulf region

obtain traffic rights for Stuttgart. This is also the wish/demand of the business people in Baden-Württemberg. Just the direct economic benefit from this route is estimated at 175 Mio Euro/year." - **Günther H. Oettinger, Former Prime Minister of Baden-Württemberg.**

"Berlin needs many more direct flights" - **Dr. Eric Schweitzer, President of the Chamber of Commerce of Berlin**

"[Air Service Agreements] should not be to the disadvantage of Berlin, there must be fair competition, in which we are able to participate in air traffic growth." - **Christian Amsinck, Head of Berlin Business Associations.**

"Intercontinental connections like the one offered by Delta Air Lines from Stuttgart to Atlanta provide an obvious infrastructural advantage for the whole of Baden-Württemberg as a business location." - **Geschäftsbericht 2009, Stuttgart Airport GmbH.**



Photo: Flughafen Stuttgart GmbH

# Von Berlin in die Welt – aber nicht direkt

Emirates möchte den neuen Flughafen BBI für Direktflüge nutzen. Der Bund und Lufthansa verhindern das – zum Schaden der Region

VON Gerd Appenzeller

BERLIN - Erneut ist ein Versuch einer ausländischen Fluggesellschaft, direkte Verbindungen auf Langstrecken von und nach Berlin zu etablieren, am Widerstand des Bundesverkehrsministeriums gescheitert. Während der Internationalen Tourismusbörse (ITB) hatte Scheich Ahmed bin Saeed al Maktoum, der Vizepräsident von Emirates, dem beamteten Staatssekretär Klaus-Dieter Scheurle den Wunsch vorgetragen, Berlin vom Golf aus direkt anzufliegen. Scheurle lehnte dies nach Angaben eines Emirates-Sprechers unter Hinweis auf die konjunkturelle Lage ab. Man möge in einem halben Jahr noch einmal vorsprechen.

Damit rückt der Eröffnungstermin des Großflughafens Berlin-Brandenburg International (BBI) nahe an einen möglichen neuen Anlauf von Emirates im Hause Ramsauer. BBI wird im Oktober 2011 den Betrieb aufnehmen. Sowohl die Länder Berlin und Brandenburg als auch die Flughafengesellschaft und Wirtschaftsorganisationen der Region versuchen seit Jahren, Berlin mit dem neuen Flughafen besser an den internationalen Luftverkehr anzubinden. Gerade war Flughafenchef Rainer Schwarz wieder in der Golfregion unterwegs.

Bislang blieb alles ohne Erfolg. Lufthansa bietet zwar keine direkten Fernverbindungen von und nach Berlin an, möchte aber ihre sogenannten Hubs – die Umsteige- und Zwischenlandeplätze in Frankfurt am Main und München – stärken, indem sie den internationalen Berlinverkehr über diese Airports leitet. Seit die Lufthansa bei der Swiss eingestiegen ist, hat sie Zürich als Umsteigeplatz Richtung Süden gestärkt. Mit dem Einstieg bei Austrian Airlines wurde Wien für den Flugverkehr Richtung Südosten aktiviert.

Diese Politik der Lufthansa ist wirtschaftlich nachvollziehbar, aber ihre Interessen liegen hier konträrk zu denen der Wirtschaft der Region Berlin-Brandenburg. Das machte Lufthansa-Chef Wolfgang Mayrhuber erst vor wenigen Wochen bei einer Veranstaltung der Industrie- und Handelskammer (IHK) in Berlin nur zu deutlich. Auf eine Frage zur Entwicklung der Lufthansa in Berlin sagte er: „Natürlich wird die Lufthansa in Berlin wachsen, irgendwann einmal.“ Auf eine Nachfrage zum Fernverkehr sagte er: „Natürlich wird der Interkontinentalverkehr in Berlin wachsen, aber das dauert.“ Thomas Kroppe, der Vizepräsident der Lufthansa, lobt zwar die Entscheidung für den einen großen Flughafen BBI, weil „damit zum ersten Mal Umsteigeverbindungen im größeren Stil möglich sein werden“ – schränkt dann



Unerwünscht. Der deutsche Branchenführer Lufthansa will offenbar nicht, dass der Konkurrent Emirates in Berlin Fuß fasst.

Foto: dpa

aber ein, dass man sich die Wirkung des neuen Airports erst einmal anschauen wolle. Seine Airline sieht Kroppe in der Hauptstadt „durchaus auf Augenhöhe mit Air Berlin“. Immerhin habe die Lufthansa seit 1990, dem Jahr, in dem sie erstmals wieder nach Berlin fliegen durfte, das Personal von damals 27 Mitarbeitern auf heute 3600 ausgebaut.

Das Bundesverkehrsministerium sieht sich offenbar in der Pflicht, die Marktposition der Lufthansa als eines „National Carriers“ zu stärken und deren bezüglich Berlins attentistische Haltung damit zu unterstützen. Tatsächlich hat die Kranichlinie diese Position der Stärke aber in der Region längst nicht mehr. Air Berlin verkündete in der vergangenen Woche, Berlin weiter zu einem internationalen Umsteigeplatz auszubauen zu wollen. Air Berlin will mit 22 Maschinen 6000 wöchentliche Verbindungen von und nach Berlin anbieten.

## Berlin und Brandenburg sind einig. Aber das nützt nichts

Sowohl die IHK als auch die Handelskammer und die Wirtschaftsförderungsgesellschaft „Berlin Partner“, aber auch der wirtschaftsorientierte Nah- und Mittelostverein haben in den vergangenen Jahren immer wieder in Briefen an

das Bundesverkehrsministerium auf die desolate Lage hingewiesen. Im März 2007 etwa baten die Präsidenten von IHK und Handwerkskammer den damaligen Bundesverkehrsminister Wolfgang Tiefensee, sich dem Wunsch von Emirates nach Landerechten in Berlin nicht weiter zu widersetzen. Die Kammerpräsidenten Eric Schweitzer und Stephan Schwarz wiesen den Sozialdemokraten darauf hin, dass Emirates die Messestandorte Hamburg, Düsseldorf, München und Frankfurt anfliege. Berlin von der lukrativen Route von und zu den Golfstaaten aus zu schließen, die Lufthansa nicht bediene, sei gleichbedeutend mit einer Benachteiligung des Messe- und Wirtschaftsstandortes Berlin. Erfolg: null.

Einen Monat später schrieben Ministerpräsident Matthias Platzeck und Berlins Regierender Bürgermeister Klaus Wowereit an ihren Parteifreund Tiefensee. Sie versuchten, die von der Lufthansa und dem Ministerium vertretene These zu widerlegen, eine Expansion auswärtiger Fluggesellschaften in Deutschland würde die heimische Luftverkehrsindustrie negativ tangieren. Die beiden Regierungschefs in Potsdam und Berlin wiesen den Minister auf eine Studie der Initiative Luftverkehr hin, der zufolge ganz im Gegenteil eine Ausweitung des Luftverkehrs „signifikante Beschäftigungseffekte“ auslösen würde. Pikant daran: An dieser Ini-

tiative Luftverkehr ist die Lufthansa beteiligt. Auch hier: kein Erfolg.

Wirklich deutlich wurde ein Jahr später hingegen Ministerialdirektor Thilo Schmidt aus dem Verkehrsministerium bei der Beantwortung eines Schreibens des Nah- und Mittelostvereins in gleicher Sache an Minister Tiefensee. Er habe zwar, schrieb Schmidt, durchaus Verständnis „für alle Anliegen, die Position Berlins mit neuen Langstreckendirektverbindungen zu stärken“. Da aber „eine deutliche Mehrheit der von den Golfcarriern in Deutschland aufgenommenen Passagiere“ zu weiter entfernten Zielen befördert werde, seien „unmittelbar deutsche Luftverkehrsinteressen“ berührt – im Klartext: Deswegen ist Konkurrenz nicht erwünscht.

Doch die deutschen Interessen sieht Andrew Parkers, bei Emirates für politische Fragen zuständig, völlig anders. „Emirates hat bei Airbus 58 Maschinen vom Typ A380 bestellt“, sagte er dem Tagesspiegel. „Das ist ein Auftragsvolumen von mehr als 15 Milliarden Euro, und davon profitieren ganz massiv auch Arbeitsplätze in Deutschland.“

Dessen ungeachtet bleibt das Bundesverkehrsministerium bei seiner Position, mehr Verständnis für mögliche und nicht einmal nachgewiesene Belange der Lufthansa als für die Wirtschaft der Region und den Hauptstadtstandort zu zeigen.

Denn selbstverständlich sei, so der Geschäftsführer von Berlin Partner, René Gurka, zum Tagesspiegel, für alle international vernetzten Unternehmen bei der Wahl eines neuen Standortes die Frage direkter Flugverbindungen ins Ausland von entscheidender Bedeutung. Bei der wachsenden Dimension des Gesundheitstourismus für den Berliner Raum stelle sich das Fehlen direkter Flugverbindungen in den arabischen Raum als ausgesprochen hinderlich heraus. Wer viel Geld für teurere Behandlungen in Berlin ausgeben wolle, lasse sich nicht mit Umsteigeverbindungen abspesen und wähle dann eher ein Ziel wie London. Deshalb empfinde man das Verhalten des Bundesverkehrsministeriums und der Lufthansa gegenüber dem Standort Berlin als nicht angemessen.

Abgesehen von der größeren Bequemlichkeit des Direktfluges spielt bei Langstrecken auch der Zeitfaktor eine Rolle. Delta fliegt die Strecke von Berlin-Tegel nach New York direkt in 9:25 Stunden, Continental braucht noch 15 Minuten weniger. Lufthansa fliegt die Strecke, mit Umsteigen in Frankfurt oder München, zwischen 12:20 und 14:25 Stunden.

Zwar lässt sich kaum nachweisen, dass ein bestimmtes ansiedlungswilliges Unternehmen wegen der fehlenden internationalen Verbindungen nicht nach Berlin gekommen ist. Aber selbstverständlich spielt Mobilität immer eine wichtige Rolle. Die rühmt Martin Fensch, Sprecher des weltgrößten Pharmakonzerns Pfizer, besonders am Standort Berlin. Bei der Verlagerung der Deutschlandzentrale von Karlsruhe nach Berlin hätten aber die Attraktivität der Stadt für internationale Talente und das wissenschaftliche und medizinische Umfeld die entscheidende Rolle gespielt.

Bei Emirates hofft man jetzt auf einen Sinneswandel im Blick auf die Eröffnung von BBI im Herbst 2011. Und erinnert sich an eine Pressekonferenz, die Bundeskanzlerin Angela Merkel mit dem Premierminister der Vereinigten Emirate, Scheich Mohammed bin Raschid al Maktoum, bei dessen Deutschlandbesuch am 7. Februar 2008 gegeben hatte. Auf die Frage nach Berlin-Direktflügen aus dem arabischen Raum antwortete die Bundeskanzlerin, Berlin baue gerade einen großen internationalen Flughafen und auf dem seien „die Vereinigten Arabischen Emirate ein ganz fester Posten bei der zukünftigen Nutzung“.

## Die Kanzlerin hatte Emirates Hoffnungen gemacht

Berlin's influential daily newspaper Der Tagesspiegel recently published an article 'From Berlin to the world – but not directly', with a subtitle 'Emirates wants to use the new BBI airport for direct flights. The Federal Government and Lufthansa prevent this – to the detriment of the region'.

Highlights of this article include:

- Once again, a foreign carrier's attempts to operate direct long haul flights to/from Berlin have failed because of Government resistance. During the ITB in Berlin, Emirates' request to operate to Berlin was declined, with reference to the current economic situation.
- The BBI airport will open in October 2011. Both the Federal States concerned - Berlin and Brandenburg, the airport company and business organizations in the region - have been trying for years to improve links to the new airport via international air traffic. So far without success.
- Lufthansa offers no direct long-haul connections to/from Berlin, routing international Berlin traffic via Frankfurt and Munich hubs. Lufthansa's interests are against the economic interests of the Berlin-Brandenburg region.
- The Federal Ministry of Transport feels obliged to strengthen Lufthansa's market position as a 'national carrier', supporting the airline's attitude towards flights from Berlin.
- Various business initiatives and associations have supported Emirates' wish to operate to Berlin. Excluding Berlin from the lucrative route to and from the Gulf is tantamount to disadvantaging Berlin as a convention and business location.

## Responding to specific Lufthansa claims to stop competition from Emirates



Photo: Fraport AG

In April 2010 a document was circulated to German stakeholders and media by Lufthansa, entitled 'Why doesn't Emirates fly to Berlin'.

The document contained many allegations and assumptions regarding our company, our business model and relationship with Germany which we believe are false and deliberately misleading.

Here we seek to address these errors and distortions but most importantly, respond to the core of the Lufthansa complaint: that Emirates should not be allowed to fly to Berlin (or Stuttgart) and that Berlin does not warrant long-haul international services.

1. **'...while Frankfurt has been waiting for a new runway for more than eleven years, the emirate built a monumental new airport within three years. Now the Emirates fleet is to be radically expanded to fill this new airport.'**

- It is not uncommon for governments or state-linked entities around the world to help finance expansion of airport infrastructure, viewing them as key drivers for economic growth and essential for connectivity to the global economy. Recent examples include Berlin Brandenburg International Airport, Munich Airport, Chep Lap Kok in Hong Kong, Suvarnabhumi International Airport in Bangkok, Kuala Lumpur International Airport, Incheon International Airport, Kansai International Airport, Paris Charles de Gaulle, Athens International Airport, Oslo International Airport and Madrid Barajas International Airport.
- The opening of Terminal 3 at Dubai International Airport in 2008 enabled the airport to increase the number of passengers handled and to free up space in adjoining terminals at the airport for other airlines – hardly 'a monumental new airport' as described by Lufthansa.
- That Frankfurt has been waiting for a new runway for more than ten years says more about Germany's long drawn out planning approval process, than it does about the forward thinking aviation infrastructure policies and priorities in Dubai.



- The growth in Emirates' aircraft fleet has always been progressive and measured - based on detailed economic analysis of aircraft performance criteria, demand forecasts and market potential for all aircraft types and markets - and has never been based on a simplistic notion to purely utilize local airport infrastructure.

**2. 'Dubai with its small size and population, will always remain relatively insignificant both as a destination and also more importantly as a source market for incoming tourism and business traffic to Berlin.'**

- Dubai has become a significant tourism and business destination in its own right. It receives approximately 7.5 million visitors per year, which translates to around 500 visitors per 100 residents annually, compared to just 30 international visitors per 100 residents in Germany.
- Dubai is one the most important long haul destinations worldwide for German visitors – totaling over 360,000 in 2009, an increase of 13% over 2008 despite the global economic downturn.
- Visitor numbers from the Arabian Gulf States into Germany have been increasing strongly, outperforming the growth rate of international arrivals into Germany as a whole in 2009. Visitors from the UAE alone accounted for almost 200,000 overnight stays in Germany in 2009. The German National Tourist Board expects that the number of tourists from the Arabian Gulf States will further increase, to a forecasted 1.6 million overnight stays in Germany in 2015 - almost as much as tourists from Japan and India combined.
- Berlin is grossly underserved by intercontinental air services compared to similar cities in Europe and even compared to some smaller European capitals:

City	Population in Millions	Number of Intercontinental Destinations
Rome	2.7	65
Madrid	3.2	53
Brussels	1.1	47
Athens	3.8	23
Vienna	1.7	22
<b>Berlin</b>	<b>3.4</b>	<b>16</b>

- The suggestion that Dubai would be insignificant as a source market for incoming tourism and business traffic to Berlin directly contradicts the positive experience of Emirates in

Australia and at any other points on our network - there is no reason why Berlin and Stuttgart would be any different. For example, Emirates has been active in growing the Australian international aviation market from non-traditional points in the Middle East, Europe and Africa. Since launching services to Australia in 1996, business and leisure travellers from Dubai and the local region to Australia have grown 18% year-on-year. Emirates has filled the vacuum left by the legacy carriers, including by Lufthansa, who have withdrawn from the Australian market completely in lieu of their alliance partners.

**3. '...the airline from Dubai views Berlin at best as its fifth choice...'**

- Emirates has built up its services to Germany progressively since first starting flights to Germany in 1987 - in fact, Frankfurt was one of Emirates' first European services coming only two years after the airline commenced operations. Emirates started flights to Munich in 1999, Düsseldorf in 2001 and Hamburg in 2006. Given this timeline, and put in context of the relatively recent renewal and re-establishment of Berlin as Germany's capital, it is ridiculous to suggest that Berlin is Emirates' fifth choice destination in Germany.
- In terms of priorities, Lufthansa's decision to terminate its only intercontinental service from Berlin - to Washington - after not much more than 6 months in 2001, suggests that it should not be making claims as to the priorities of others. In contrast, Air Berlin's planned commencement of Berlin-Dubai services this year demonstrates the viability of Berlin as an intercontinental market. It also confirms our belief in the strong potential of the Berlin-Dubai route, for both Emirates and German carriers.
- Similarly, Lufthansa offers no intercontinental services from Stuttgart - despite the city's economic importance, large catchment area and local market potential ranked third in Germany only after Frankfurt and Düsseldorf. Stuttgart is linked with few intercontinental destinations, lagging well behind several comparable European cities:

City	Population in Millions	Number of Intercontinental Destinations
Zurich	0.4	50
Düsseldorf	0.6	35
Lyon	0.5	20
Helsinki	1.0	11
Glasgow	0.6	8
<b>Stuttgart</b>	<b>0.6</b>	<b>3</b>

4. 'For instance, both parties to the agreement - the countries - should benefit from the aviation agreement in proportion to their size of their population.'

- The Germany-UAE air services agreement, like other such agreements worldwide, does not in any way suggest that benefits from this bilateral agreement should accrue to the parties in proportion to their territory or population size. Such a principle would not only be discriminatory on smaller nations and their airlines, but would contradict the very notion of 'fair competitive conditions' which Lufthansa is advocating. Is Lufthansa promoting the same anti-competitive philosophy vis-à-vis countries that have larger populations than Germany, such as India, China or even the U.S.? Certainly not, given that Lufthansa operates around 70% of all flights between Germany and India and well over 50% between Germany and China.

5. '...the national carriers of the Gulf States (Emirates, Erihad and Qatar) already fly 90 times per week to Germany...Lufthansa only flies 27 times per week to the Gulf...'

- This figure is incorrect. Lufthansa and its subsidiaries currently operate 28 weekly flights to Dubai alone, and operated up to 35 weekly flights in 2009 (close to Emirates' 49 weekly flights between Dubai and Germany).
- Lufthansa is selectively narrowing down the definition of 'Gulf States'. The definition 'Arabian Gulf States' is commonly applied to the six Gulf Co-operation Council countries, i.e. not only the UAE and Qatar, but also Bahrain, Saudi Arabia, Oman and Kuwait. Lufthansa omits to mention the last four countries though. The reason is simple, Lufthansa's flights outnumber markedly all other airlines' operations on the routes between Germany and these countries.

6. '...the number of destinations in the country flown to. A comparison between Germany and Dubai currently returns a score of 1:4 - due to natural constraints, German airlines like Lufthansa can only fly to one airport...'

- The 'score' is actually 3:4 as Lufthansa operates to three points in the UAE - Dubai, Abu Dhabi and, in all-cargo services, Sharjah. What 'natural constraints' is Lufthansa talking about? According to the current Germany-UAE air services agreement, Lufthansa is entitled to operate from any number of points in Germany to any number of points in the UAE without, unlike Emirates, any restriction.
- On the other hand, the 'score' becomes 2:1 in Lufthansa's favour when points of departure in each other's territory are taken into account - while Lufthansa currently operates from two points in Germany (Frankfurt and Munich hubs) to Dubai, Emirates only flies from one point in the UAE (Dubai) to Germany. Following the launch of Air Berlin's flights from Berlin to Dubai in November 2010, the 'score' further increases to 3:1 for German carriers.

7. 'Emirates has more than exceeded its allocation of destinations: under the terms of the 1996 aviation agreement there were to be only three destinations which Emirates was free to select, a fourth destination was provisionally approved in 2002 by the Federal Ministry of Transport.'

- The Germany-UAE air services agreement was signed in 1994 and not in 1996.
- Emirates does not exceed, and never has, its allocation of destinations in Germany. Emirates always fully complies with bilateral air services arrangements in all countries it operates to, including Germany. As officially agreed between the UAE and German aeronautical authorities, Emirates has a permanent right to operate to a fourth German destination - Hamburg. Hence Emirates is fully utilizing, but not exceeding, its existing quota of points of call in Germany.
- As implicitly acknowledged by Lufthansa, there has been no enhancement to the number of destinations in Germany for Emirates for the last eight years - despite the phenomenal growth in demand for both Emirates and Lufthansa services between Dubai and Germany. This supports Emirates' request for additional points in Germany, which would have little negative impact on Lufthansa.

8. 'On the basis of these agreements, Emirates and the other Gulf carriers enjoy exceptionally liberal landing rights in Germany...'

- Lufthansa has a selective approach to the advancement of liberalisation and competition - with the Germany-Dubai market being a good example. When the Germany-UAE air services agreement was first negotiated in 1986, Emirates was a new start-up one year old airline which was not even flying to Germany. That agreement imposed no restrictions on the number of flights, fifth freedom traffic rights and points of destinations in the UAE for German carriers (it did restrict UAE carriers to two points only in Germany though). Such an agreement, together with Dubai's open skies policies, suited Lufthansa as it would dominate the Germany-Dubai market for many years, exercising fifth freedom traffic rights beyond Dubai extensively as well.
- Did Lufthansa take into account the interest of Emirates at that time? No. Was Lufthansa worried about equal opportunities at that time? No. Did Lufthansa complain about its 'exceptionally liberal' landing rights in the UAE at that time? No. The liberal arrangements served Lufthansa very well so long as the German airline could exploit them. With the emergence of a local competitor - Emirates - however, market conditions changed and further liberalisation was no longer suitable to Lufthansa in this particular market. Hence their calls for protection. This is a major difference between Emirates and Lufthansa. Emirates does not seek, nor would it receive, any aeropolitical protection in the fiercely competitive Dubai market where it competes with over 130 other carriers.



9. 'Over the past few years..., the Dubai-based carrier has grown five times as fast as the market (26% compared with 5% per annum).'

- Emirates' passenger traffic grew at an annual growth rate of 16% over the last five years. Our growth has always been organic, and focusing on a single hub - Dubai. This contrasts sharply with Lufthansa's policy of aggressive expansion via acquisitions of European carriers - resulting in Lufthansa Group's domination of multiple hub airports in Europe, in addition to its core hubs of Frankfurt and Munich. Lufthansa's long list of strategically based subsidiaries now includes once independent airlines such as Austrian, Swiss, BMI, SN Brussels and Eurowings.

10. 'What's more, Emirates even enjoys the so-called "Fifth Freedom" for aviation between Germany and the US.'

- Emirates does have such rights, but utilized them on passenger services only very briefly (between October 2006 to March 2008) on Hamburg-New York sector. Similarly, Lufthansa enjoys unrestricted fifth freedom traffic rights to and from the UAE and, unlike Emirates, has utilized them extensively in the recent past, e.g. on the Dubai-Muscat, Dubai-Dammam and Abu Dhabi-Kuwait sectors. In addition, Lufthansa has established a significant cargo hub in the UAE (Sharjah), operating multiple weekly flights to various Asian destinations such as Hong Kong and Bangkok.

11. 'Why is Emirates so set on eliminating the remnants of competitiveness fairness and further worsening the imbalance of landing rights...'

- There is no imbalance in landing rights under the Germany-UAE air services arrangements in favour of Emirates. On the contrary, not only has Lufthansa the same rights as Emirates, it additionally faces no restriction on the number of destination points in the UAE (nor departure points in Germany) under such arrangements.
- The fact is that 'competitiveness fairness' in Lufthansa's language really means artificial protection against healthy competition.

12. '...Dubai's state carrier Emirates - which not only owns the airline, but also the airport, air traffic control and the ground services companies...'

- Emirates does not own Dubai International Airport, nor any of its air traffic control facilities.
- Emirates pays the full published landing and ATC charges - not benefiting from any form of volume related discounts, and same airport handling fees as would any high volume airline customer at a major international airport.
- Lufthansa has a close relationship with aviation infrastructure providers in Germany:
  - Owns almost 10% of Fraport.
  - Owns 40% of the operating company which finances and runs Terminal 2 of Munich Airport.
  - Is a member of the consortium in 2006 which attempted to gain majority control via privatization of Germany's sole ATC provider DFS, and confirmed interest in making another bid.

13. '...Emirates could start flying to Berlin tomorrow in place of either Düsseldorf, Frankfurt, Hamburg or Munich.'

- Why should Emirates terminate a successful city pair? Which of our four successful routes between Germany and Dubai would Lufthansa suggest we cancel? - hitting German jobs as well as local direct and indirect economic prospects. Berlin is no different to Düsseldorf to Munich and we believe that an Emirates service between Berlin and Dubai would stand on its own merits - like the route between Dubai and Stuttgart which Emirates is also seeking the right to serve.

14. 'By 2012 Emirates aims to be twice the size of Lufthansa...on long-haul routes'

- It is not Emirates' aim to be twice the size of Lufthansa, rather our growth has always been progressive, measured and reflective of the success of our commercially driven business model and an expanding global network.



- The below table illustrates that Emirates' fleet size is only 20% that of the Lufthansa group total, whose current and future long-haul fleet size is actually comparable with that of Emirates.

Fleet Size		
	2010	2012
Lufthansa Group	722	972*
- Long haul aircraft	127	167*
Emirates	145	154

\*LH 2009 annual report listing for orders/options 2010-2016, does not include Brussels Airline, SunExpress or JetBlue.

**15. '...only one thing counts: for the state owned carrier Emirates to poach market share and passengers from other markets and other hubs at all costs and to reroute traffic via Dubai.'**

- The 'Air Transport Initiative' (a grouping comprising of Lufthansa, Fraport, Munich airport, DFS German Air Traffic Control) report on the competitiveness of the German aviation industry in 2009 [see [www.initiative-luftverkehr.de](http://www.initiative-luftverkehr.de)], looked at the positive competitive impact of new air services and noted that:
- When Emirates commenced a second daily service between Düsseldorf and Dubai in 2006, the number of passengers from the Düsseldorf area who routed via either Munich or Frankfurt on Lufthansa services to destinations in Asia actually grew.
- Carriage of connecting passengers between various international markets via an airline's home hub is an integral part of the business model for all large network carriers, including Emirates and Lufthansa. Lufthansa has been one of this model's pioneers and has become arguably the largest carrier of international connecting passengers in the world. As the following examples demonstrate, connecting passengers not originating or terminating their journey in Germany (so called '6th freedom' passengers) dominate Lufthansa's total passenger traffic between Germany and various countries worldwide, as per booking information sourced from Global Distribution Systems.
- Hence, while Lufthansa is relying on the connecting traffic (without calling this practice 'poaching' though), they are trying at all costs to deny some other airlines, such as Emirates, the right to also compete for this traffic, in order to protect Lufthansa's powerful market position.

Country	Lufthansa's percentage of international connecting passengers
India	81%
Canada	71%
Venezuela	80%
Nigeria	77%
Iran	77%
Ethiopia	84%

**16. '...flights to Asia through a Gulf hub take on average between 4 and 6 hours longer than from European hubs. This not only consumes more kerosene, it also generates considerably higher carbon dioxide emissions.'**

- There are many examples of Lufthansa's own flights via its German hubs being significantly longer than direct flights of other airlines operating on a given city pair, including flights between Dubai and various cities in North and South America that are operated non-stop by Emirates. Our industry and the environment are best served when we concentrate on technology and business efficiency, rather than brickbats through such distorted arguments however.
- Like the Association of European Airlines (of which Lufthansa is a member) Emirates is an active proponent of a global sectoral approach for managing aviation emissions.

**17. '...non EU carriers such as Emirates are not regulated by the stringent environmental (e.g. emission trading) and consumer laws of the European Union.'**

- Emirates has invested considerable time and resources preparing for the EU's Emissions Trading Scheme, with EU destinations accounting for 20% of our overall activity. Emirates is committed to meeting the compliance requirements of the scheme. The costs to our business and customers will be in excess of a billion Euros over the first phase of the scheme to 2020.
- Following a check on airline selling practices in the EU during the summer of 2009, Commissioner Meglena Kuneva of the Directorate General for Health and Consumers (DG SANCO) said: "Emirates Airline is fully in compliance with all the requirements laid down in EU consumer legislation...I commend Emirates Airline as a non-EU carrier for the observance of Community law and for the commitment to maintain these standards and to consumer protection."

**18. 'Lufthansa generates more than three and a half times as many jobs in Germany per aircraft than Emirates.'**

- Emirates is not aware of any such research and is dubious of its accuracy. In any case, this is a false argument, since to fully evaluate the overall economic benefit of aviation for a region or a country, the 'catalytic effects' of aviation needs to be considered also – as did the 'Air Transport Initiative' in their 2009 report entitled the 'Catalytic Economic Effects of Air Transport in Germany'.
- Furthermore, any discussion of German jobs needs to take into account Germany's multi-billion Euro and job relationship with Emirates, dating back to 1987 when the first Airbus aircraft joined our fleet.

Emirates is currently the biggest buyer of the Airbus A380 and one of the largest customers for the A350 aircraft. Emirates' total orders have helped support many thousands of German jobs at Airbus and via its suppliers in Germany. The A380 programme alone is estimated to add some 20,000 direct German jobs – and at least the same number of indirect jobs.

**19. 'The Lufthansa Group's seven airlines (Lufthansa, Swiss, Austrian Airlines, Brussels Airlines, Germanwings, Eurowings, Sunexpress) offer over 800 flights per week to and from Berlin.'**

- Given such a dominant presence, it is doubtful that Emirates flights to Berlin could pose any threat to Lufthansa Group whatsoever.



# Emirates Holidays 'A World of Choice' 2010-2011 brochure

## Why Berlin and Stuttgart are not included

Emirates Holidays, Emirates' tour-operating arm, recently unveiled its new 'A World of Choice' 2010-2011 brochure offering a choice of over 120 destinations across 33 countries on our network. Over 160,000 copies of the near 500-page brochure are distributed globally across Emirates' world-wide markets.

An additional 50,000 copies are produced in Arabic language exclusively for the Middle East and North African markets.

This prestigious brochure has 20 pages dedicated solely to the promotion of Germany featuring our current German destinations of Frankfurt, Munich, Düsseldorf and Hamburg.

In the absence of Emirates' direct flights, Berlin and Stuttgart could not be included in the current 2010/11 edition - a missed opportunity for these two attractive destinations to benefit from new tourism flows generated from the large diverse inbound tourism markets served by Emirates.





