

MIDDLE EAST AVIATION

A hard landing for high flyers

By Tanya Powley, Simeon Kerr

They have been the great aviation disrupters of the 21st century. Over the past decade, Dubai's Emirates, Etihad Airways of Abu Dhabi and Qatar Airways have quadrupled the number of passengers they fly each year. They have tempted travellers with competitive pricing, superior service and luxurious premium cabins and turned the Gulf into the stopover destination in global air travel. In the process they even earned themselves a nickname: the "superconnectors".

But after years of what seemed like unstoppable growth, the three Middle Eastern airline upstarts are experiencing their own period of disruption.

In a short time, the state-owned Gulf carriers have been assailed by a mixture of economic, political and business crises. The economic slowdown triggered by the oil price collapse two years ago has sharply cut travel demand in the region. Terrorist attacks across Europe and political tension over migrants and security in the US have hit their business hard. As if that were not enough, the United Arab Emirates is one of four Arab countries to impose an embargo on Qatar over accusations of sponsoring terrorism. With competitors challenging some of their most prized routes, the airlines have to justify a business model that is built around hubs located in a volatile region.

"The three superconnectors have hit some serious turbulence for the first time," says Andrew Charlton, a Geneva-based aviation analyst. "They've managed to go for 10-15 years on a perfect run, notwithstanding a bunch of issues, but now they are suffering."

The impact of this instability is directly affecting earnings. Profits for all airlines in the Middle East are forecast to more than halve, from USD1.1 billion in 2016 to \$400 million this year, according to Iata, the global airline trade association.

The region's carriers will make an average \$1.78 per passenger in 2017, compared with a global average of \$7.69.

Each of the three carriers is suffering from the shift in fortunes. Emirates, the oldest and largest of the Middle Eastern airlines, is assessing its strategy after the carrier posted its first full-year profit decline for five years in May, as earnings plummeted 82 percent.

Etihad's grand plan to catch up with its regional rivals by buying

AP PHOTO



stakes in airlines around the world is unravelling and, in doing so, has had a big impact on the European aviation market. Over the summer, two of Europe's biggest airlines, Alitalia and Air Berlin, filed for bankruptcy after Etihad pulled the plug on further funding following a review of its acquisition strategy.

After a decade of untrammeled expansion, this year's projected fall in capacity growth for the three carriers is dramatic

Meanwhile, Qatar Airways, the Gulf's fastest-growing supercarrier, faces its own problems following the unprecedented blockade. Qatar's airline saw a collapse in bookings after Saudi Arabia, the UAE, Bahrain and Egypt implemented an air and sea embargo against the gas-rich state in June.

After a decade of untrammeled expansion, the fall in capacity growth for the three carriers now projected for calendar year 2017 is dramatic.

For Emirates, annual growth in scheduled seats departing from Dubai has averaged 11 percent between 2012 and 2016, while at Etihad and Qatar, from Abu Dhabi and Doha respectively, they increased 14.6 percent a year and 16.2 percent a year over the same period. According to current schedules for 2017, the average annual increase in seats for the UAE carriers will now be 2 percent and 3 percent respectively over 2016, and Qatar Airways will drop 1 percent, according to fig-

ures from Flight Ascend Consultancy. Peter Morris, its chief economist, says political problems and US visa issues have had a big impact on the capacity deployed in different countries. "Qatar Airways has been particularly hit on markets to Saudi, Egypt, Bahrain, UAE and Emirates on routes to the US," he says.

Sir Tim Clark, Emirates' president and founding member of the carrier, is a well-known optimist but the past year has taken its toll

on the airline veteran. In May, he told the Financial Times that the airline has "just got to tough it out". While Emirates is no stranger to turbulent conditions during its 32-year history, Sir Tim says that, while it previously may have had two major "traumas" a year, it now seems to have one a month, pointing to the growing number of terrorist attacks in European cities.

Its US business has been a particular problem since the beginning of the year. New restrictions

on immigration procedures into the US and cabin bans on some electronic devices hit demand for travel to the US. In April, a month after the laptop ban was introduced, Emirates announced it was cutting flights to five of its 12 US destinations in response to the fall in demand. Since the ban was lifted in July, Sir Tim says business has improved but adds that it is still too "early to say" whether it would reinstate its flights to the US.

Etihad has spent the majority of this calendar year grappling with problems related to its investments in struggling airlines. In July, the Abu Dhabi carrier posted a \$1.9 billion loss for 2016, which included an \$808 million impairment associated to its equity stakes.

The airline has poured hundreds of millions of dollars into investing in Air Serbia, Air Seychelles, Air Berlin, Alitalia, Etihad Regional, Jet Airways and Virgin Australia over the past decade. ►

Middle East aviation: A hard landing for high flyers (continued)

AP PHOTO



Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman Al Thani (front left) walks on an airport tarmac after disembarking from a Qatar Airways plane

A review of its strategy last year prompted the departure of James Hogan, its chief executive and principal architect of its business plan, as well as Alitalia and Air Berlin being put into administration after the Abu Dhabi-based airline pulled its funding support.

Bonds worth \$1.2 billion linked to Etihad special purpose vehicles have slumped in value as investors fret over whether the government will offer support. "It's like Dubai's [sovereign debt scare] in 2009 all over again. Investors bought on the assumption that the government will step in, even if there is no explicit guarantee," says one Abu Dhabi-based banker. "Let's see what happens."

Etihad's new chief executive, who is expected to be announced by the end of this year, will face a tough challenge. They must

decide how to move on from the airline's messy equity stake strategy in an era of austerity while reviving growth in increasingly competitive markets, according to analysts. "This is a big, public, toxic mess to sort out," says one Abu Dhabi-based investor.

Qatar had been the star performer among the Gulf airlines. In contrast to its rivals, it announced net profit growth of 22 percent to QR1.97 billion (\$541 million) and an increase in revenues of 10 percent to QR39.4 billion in the financial year ending in March. Its blend of wide and narrow-bodied aircraft provided the flexibility to navigate weaker demand in a region hit by falls in the oil price.

But the blockade by its neighbours in June affected the carrier, instantly closing off 18 destinations and about a fifth of its seat-

ing capacity. While Qatar has refused to outline the impact of the move, it is likely to be incurring huge costs on rerouting aircraft and changes to crew rostering. The airline has threatened legal action to recoup its losses.

All three Gulf carriers have been forced to discount fares in an effort to retain market share. John Grant of OAG, an aviation data consultancy, says connecting traffic, which is central to their business models, is "always vulnerable to price."

Mr Grant adds: "Such low local market demand, particularly for Qatar and Etihad, does highlight a real risk in their traffic and business structure."

The Gulf airlines are facing competition from low-cost long-haul airlines, such as Norwegian Air Shuttle and Singapore-based

Scoot, which are luring customers with cheap fares on some of the same routes between Europe and the US and Asia.

In the face of tougher conditions, the Gulf carriers are adapting their businesses. Emirates has agreed a tie-up with its low-cost sister airline Flydubai, which will see the two airlines align systems and operations at their Dubai hub.

Such low local market demand, particularly for Qatar and Etihad, does highlight a real risk in their traffic and business structure.

JOHN GRANT
AVIATION ANALYST

The partnership has added weight to rumours of a potential Emirates merger with Etihad, which analysts say could help relieve the latter's losses and pare back excess capacity in the region. Both emirates have embarked on airport expansion plans at Dubai World Central and Abu Dhabi's midfield terminal, concentrating on the need to operate more efficiently to sustain growth. Insiders say a merger has often been raised internally, but is a decision for the sheikhs running both emirates.

As well as cutting operational costs across their businesses,

Emirates and Etihad have realised the importance of boosting revenue by charging more for services, particularly in economy class. This follows a trend of full-service airlines aping the practices of their low-cost peers. Emirates now charges for seat assignment in economy while offering a pay-per-access service to its lounges, and aims to introduce other charges in the coming months. In June, Etihad revealed plans to charge for chauffeur services, which were previously included for business and first class customers.

"Passengers who didn't previously have the option of using the lounge can now do so, and that revenue is almost pure profit," says Mr Horton. "Gulf airlines stood out by offering chauffeur services. Perhaps it was inevitable there would be sensibility [on charges]."

For Emirates, Sir Tim says the second half of this year "should be much better". Some of its changes have already helped its performance this year.

"Last year was certainly a challenging one for Emirates, but we've made some changes in order to accelerate growth," says Sir Tim. "Across the network, load factors are strong. Yields are still under pressure, but business is definitely better than in the first half."

One thing that has been clear is that Gulf airlines can expect little sympathy from their peers. Rivals in Europe have complained vociferously about their tactics in the European market, claiming that they exploit a state subsidised model to steal long-haul market share, while US airlines have run a concerted campaign against allegedly unfair competition because of subsidies, asking their government to tear up its aviation agreements with Qatar and the UAE.

Delta Air Lines, one of the US's big three carriers, released a 15-minute video highlighting the danger the Gulf airlines pose to the US industry. The Gulf airlines, which deny receiving subsidies, argue that their order books sustain the US aeronautics industry.

Aviation analysts say those hoping for the decline of the Gulf airlines will be disappointed, despite the turbulence they are experiencing. They enjoy more efficient cost bases than their competitors, now enhanced by cuts and restructuring. The Gulf governments, while smarting from lower oil prices, are committed to transportation and tourism as sources of diversification away from oil. The UAE, for example, is introducing a sales tax in 2018 to boost non-oil revenues, but has exempted aviation from the 5 percent levy.

"They will continue to be a strong force in the aviation market, there's no doubt about it," says Mr Charlton.

Hub theory: Geography and fleets offer 'perfect combination'

Emirates, Etihad Airways and Qatar Airways have shaken up the aviation world over the past 30 years by using their prime geographic location to connect any two places on earth with one stopover in the Gulf.

Emirates came up with the model, fuelled by Dubai's position between east and west - with two-thirds of the world's population living within eight hours of the city state.

City and airline developed a symbiotic dynamic to generate growth: Emirates' global connectivity feeds off Dubai's role as a global tourism and commercial hub, and vice versa.

While all three may compete for passengers travelling mostly between the same pairs of cities, each has developed a distinct strategy for growing market share. The airlines have wooed travellers from longer established airlines based in Asia, Europe and the US. In 2006, the three Gulf carriers carried 26.5 million flyers between them. Ten years later, this has risen to 104.5 million.

"The fact is their geography, where they've got their hubs, combined with the long-range capability of their modern fleets, is the perfect combination," says John Strickland, an aviation analyst.

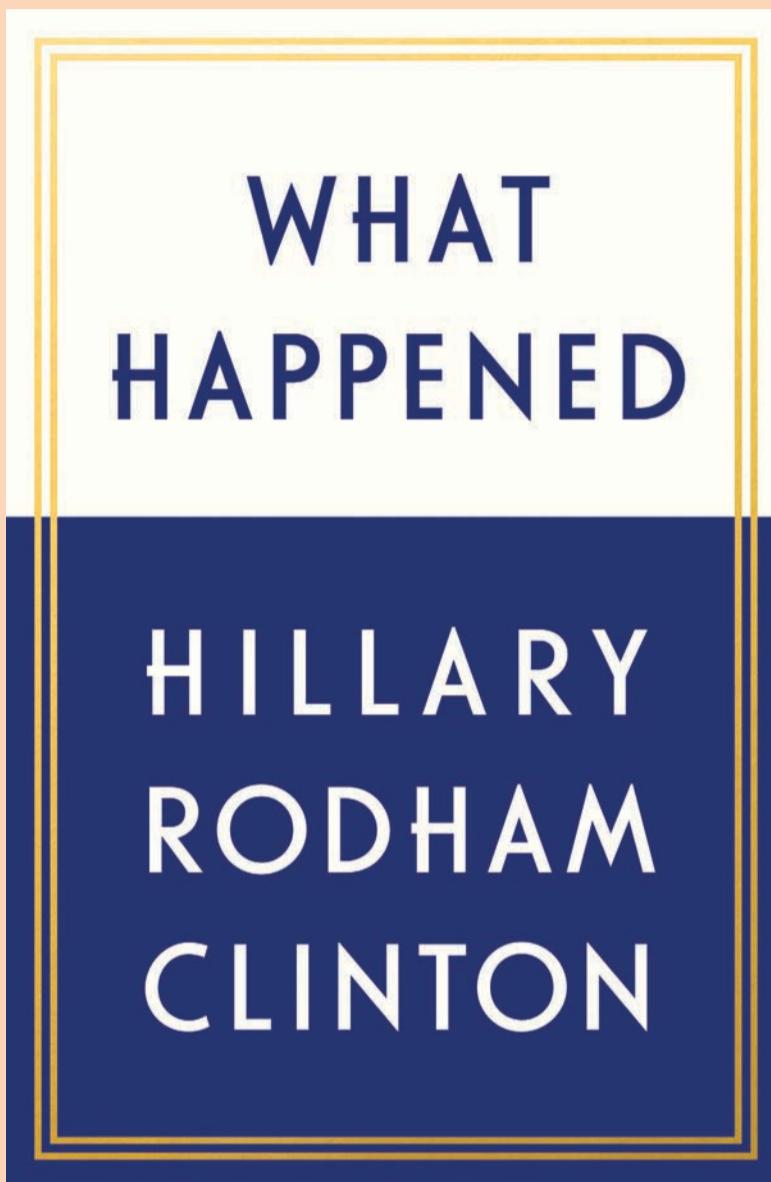
The Middle Eastern airlines have also been helped by their vast airports designed for the seamless transfer of millions of passengers. Connecting traffic outnumbers the number of travellers destined for the Gulf.

Part of their rapid growth comes down to timing. Newer aircraft enabled them to link "secondary" cities such as Manchester in the UK and Stuttgart in Germany to major destinations, rather than passengers having to fly via their own country's hub. Around the same time, low-cost carriers ate into the short-haul market share of legacy carriers by taking passengers directly to more destinations.

"The low-cost carriers were stealing the legacy airlines' lunch. Then suddenly the Gulf carriers came and ate their dinner," says Andrew Charlton, an aviation analyst.

Clinton book relives Democrats' agonizing defeat

AP PHOTO



By Jonathan Lemire, Bill Barrow

In a candid and pointed new book, Hillary Clinton relives her stunning defeat to Donald Trump, admitting to personal mistakes and defending campaign strategy even as her return to the stage refocuses attention on a race Democrats still can't believe they lost.

Clinton is unsparing in her criticism of Trump and also lays out some of the factors she believes contributed to her loss: interference from Russian hackers, accusations leveled at her by former FBI Director James Comey, a divisive primary battle with Bernie Sanders, even her gender. She also addresses common criticisms of her campaign, including the idea that she didn't have a compelling narrative for seeking the presidency and that she ignored Midwestern turf where Trump picked up enough white working-class voters to win several battleground states.

"Some critics have said that everything hinged on me not campaigning enough in the

Midwest," Clinton writes in the book "What Happened." "And I suppose it is possible that a few more trips to Saginaw or a few more ads on the air in Waukesha could have tipped a couple of thousand voters here or there."

What makes me such a lightning rod for fury? I'm really asking. I'm at a loss. I think it's partly because I'm a woman.

HILLARY CLINTON

"But let's set the record straight: we always knew that the industrial Midwest was crucial to our success, just as it had been for Democrats for decades, and contrary to the popular narrative, we didn't ignore those states," she wrote.

Clinton already is taking some criticism — complete with mockery from late-night television hosts — for planning book-tour stops in the Great Lakes and Midwestern states that ultimately cost her the election. But she writes that her campaign had more staff and spent more on advertising in both Michigan and Pennsylvania, two states she lost, than President Barack Obama did when he won them in 2012.

She acknowledges that "if there's one place where we were caught by surprise, it was Wisconsin," saying that polls showed her ahead until the end. But while she did not visit the state in the fall, she noted that her surrogates blanketed the state.

In Wisconsin, Democratic pollster Paul Maslin called it a "bitter irony" that Clinton is now trying to reach voters — or consumers — in states he believes her campaign mostly ignored. But he said it's ultimately a side show from a has-been.

"Let her do whatever she's going to do for whatever reason she's doing it, but it

doesn't matter. There's just so much else happening every day with Trump," Maslin said. He said he hopes Clinton understands that "most Democrats are beyond" blaming her for November. "For her sake, I hope she can sell enough books, but if she thinks she's affecting the debate in any way, I think she's more delusional than anyone thought."

Clinton is unsparing in her assessment of Trump, calling him 'a clear and present danger to the country and the world'

Clinton's anger is most sharply focused on Comey. She said that all of the theories about why she lost need "to be tested against the evidence that I was winning until October 28, when Jim Co-

mey injected emails back into the election."

She called her use of a private email server while serving at the State Department "dumb" but accused Comey of tarnishing her image and called him "rash" for publicly re-opening the probe in the campaign's final days. She also owns up to other mistakes, saying her comment about putting coal miners out of business was the mistake "I regret the most" and that her paid speeches to Wall Street banks were bad "optics."

Many Democrats have viewed Clinton's return to the spotlight with trepidation, fearing it could trigger another round of infighting over the future of the party between her more centrist supporters and Sanders' progressives.

Michigan Democratic Chairman Brandon Dillon, whose state Clinton lost by about 10,000 votes, said Clinton's book can help Democrats try to "learn the right lessons from 2016." But he said Democrats and other activists on the left should avoid using Clinton's re-emergence to rehash 2016.

"There's a clear difference between all Democrats and any of the Republicans. That's what we should be focusing on," Dillon said.

In a recent interview, Clinton campaign spokesman Brian Fallon argued that history will render a favorable verdict on Clinton and her approach to Trump.

"All of these things she tried to warn people about that were a theoretical concern, [...] now it's real," said Fallon. "He's the president."

In the book, obtained by The Associated Press ahead of its release date, Clinton is unsparing in her assessment of the president, calling him "a clear and present danger to the country and the world." She says she considered saying to Trump: "Back up, you creep. Get away from me" when he loomed over her shoulder during a general election debate.

But Clinton, who has a reputation for avoiding blame for her failures, said she takes "responsibility for all" of her campaign's mistakes.

"You can blame the data, blame the message, blame anything you want - but I was the candidate," she writes. "It was my campaign. Those were my decisions."

She also expressed frustration over what she felt was unfair media coverage.

"What makes me such a lightning rod for fury? I'm really asking. I'm at a loss," she asks her readers, before concluding: "I think it's partly because I'm a woman." AP

Seeding the future? 'Ark' preserves rare, threatened plants

By Bob Salsberg

AN ordinary-looking freezer in a sturdy cinderblock shed at a suburban Boston botanical garden holds what might be New England's most important seed catalog.

Inside the freezer in Framingham are tightly sealed packages containing an estimated 6 million seeds from hundreds of plant species, bearing obscure or hard-to-pronounce names like *potentilla robbinsiana*. They are rare varieties of plant life native to the region — in some cases found nowhere else in the world — and are in grave danger of vanishing from the landscape.

The "seed ark," as it's playfully dubbed by the New England Wild Flower Society, is not unlike Noah's biblical vessel in its quest to preserve from calamity a rich diversity of life. In this case it's not animals marching two by two but vegetation threatened by any number of things, including natural disasters, climate change, unchecked development or simply being trampled afoot by unsuspecting hikers.

The society's 2015 survey of more than 3,500 known plant species determined that 22 percent were rare, in decline, endangered or perhaps already extinct.

"Plants have always been second-class citizens when it comes to conservation," said Bill Brumback, the organization's conservation

AP PHOTO



Bill Brumback, director of conservation at the New England Wild Flower Society

director who for three decades has supervised the collection and storage of rare seeds in New England. "Animals are much more, shall we say, charismatic. Plants don't get the same protections under the federal endangered species act."

Teams of staffers and volunteers scour some of the region's most remote areas in search of plants like Jesup's milk-vetch, a species so rare it grows in just three tiny clusters along the Connecticut River.

Once gathered, seeds are first

brought to a facility in western Massachusetts and dried to 20 to 30 percent of relative humidity, said Brumback, explaining that the drying process assures that liquid inside cells won't expand and crack when exposed to low temperatures.

The seeds are then brought to Framingham, sealed in foil envelopes and frozen at -20 degrees Celsius (-4 degrees Fahrenheit), keeping them viable for decades or even centuries, depending on the individual species.

"If we have the seed bank we have the genetic material to restore [the plants] and put them back on the landscape," as a hedge against extinction, said Debbi Edelstein, the society's executive director.

The "ark" is housed in a structure built to withstand many ravages of time. But already some seeds have been pulled from cold storage to help repopulate dying species.

An oft-cited example is *potentilla robbinsiana*, also known as Robbins' cinquefoil, a small yellow-

flowered plant found only near the top of New Hampshire's Mount Washington, New England's highest peak. When hiking trails threatened to destroy the plant, the society worked with Appalachian Mountain Club and other groups on a plan that restored Robbins' cinquefoil to the point it no longer was considered an endangered species.

Rare seed programs aren't unique to New England. Similar seed banks exist in several other U.S. locations, including the Chicago Botanic Garden and the Rancho Santa Ana Botanic Garden in Claremont, California.

Conservation efforts have assumed new urgency as scientists worry about the uncertain impacts of global climate change, Edelstein said. The United Nations Convention on Biological Diversity, she said, has established an ambitious goal of banking 75 percent of the world's rare seeds by 2020.

In the U.S., private conservation groups are shouldering the burden in part because the U.S. is the only major nation that never ratified the little-known 1992 treaty, though American officials over the years have voiced support for its objectives.

Preserving plant life is a worthy undertaking on many levels, Brumback said. Even the rarest of plants can be vital to ecosystems. Some could yet yield medicines or other products useful to mankind.

"These are species on Earth that deserve to live as much as we do," Brumback said.

He added: "If you lost one plant species is the world going to stop? No it's not. But if you lose enough plant species and enough biological diversity, we don't know what the effects are going to be." AP

ASK THE VET



by Dr Ruan Du Toit Bester

A GUIDE TO DOG KNEE SURGERY

Adog's knees are configured with a kneecap and ligaments connecting the femur to the tibia. If your dog suffers a knee injury or a chronic condition, dog knee surgery may be helpful in restoring his lost mobility and reducing pain. The most common knee injury in dogs is a canine cruciate injury, whereby the ligaments surrounding the kneecap become inflamed, or, in some cases, ruptured. Continue reading to learn about other common canine ACL and knee injuries, as well as their surgical treatments.

Identifying common dog knee injuries

There are a wide variety of dog knee injuries. Most of them result from damage to the ligaments, but others may affect the bones in and around the knee joint. If your dog displays any of the following knee injury symptoms, have him examined by a veterinarian immediately:

- Limping
- Difficulty sitting down or standing up
- General lethargy
- Hesitation to run or play
- Bleeding, swelling or other visual indication around the knee joint

Your Macau Vet should take x-rays and conduct a physical exam to determine the source of your dog's condition. He can also recommend treatment types based upon the condition and your dog's situation. Types of Dog Knee Treatments

Treatment for a dog knee injury depends entirely upon the nature of the injury itself. While the symptoms of many knee injuries can be remedied with medication and rest, most often surgery is necessary to address the underlying cause of the symptoms.

Extracapsular and intracapsular surgeries address damaged ligaments by replacing ligament tissue, either with preexisting tissue or a synthetic material. These surgeries are commonly used to treat canine knee conditions caused by ligament rupture.

Suture surgeries (referred to as lateral suture or lateral imbrication) are helpful in small dogs, because they require a minimal procedure and no incision. In a suture procedure, a suture is attached outside of the knee joint in order to help stabilize your dog's knee. Surgeries of the bones around the knee tend to be the most invasive and are typically reserved for specific conditions, although they have stronger results in many cases. Tightro-



pe surgery and tibial leveling adjust the knee system in order to reduce stress on the joint and fix bones in place. Other Considerations Canine knee surgeries sometimes require an overnight stay in the hospital as well as many hours of surgical work. For this reason, as well as the serious nature of the procedure, canine knee surgeries can be very expensive. Consult with a veterinarian to determine the best operation type for your dog and budget. Knee surgeries are major procedures that require ample recovery. For several weeks following any type of knee surgery, your dog must remain relaxed and inert for most of the day. Your vet will prescribe post-opera-

tion instructions based on your dog's condition and surgery. Dog knee surgery treatments can dramatically improve your pet's overall health and happiness.

Hope this info helps
Till next week
Dr Ruan

Ask the Vet:
Royal Veterinary Centre
Tel: +853 28501099, +853 28523678
Emergency: +853 62662268
Email: royalveterinary@gmail.com