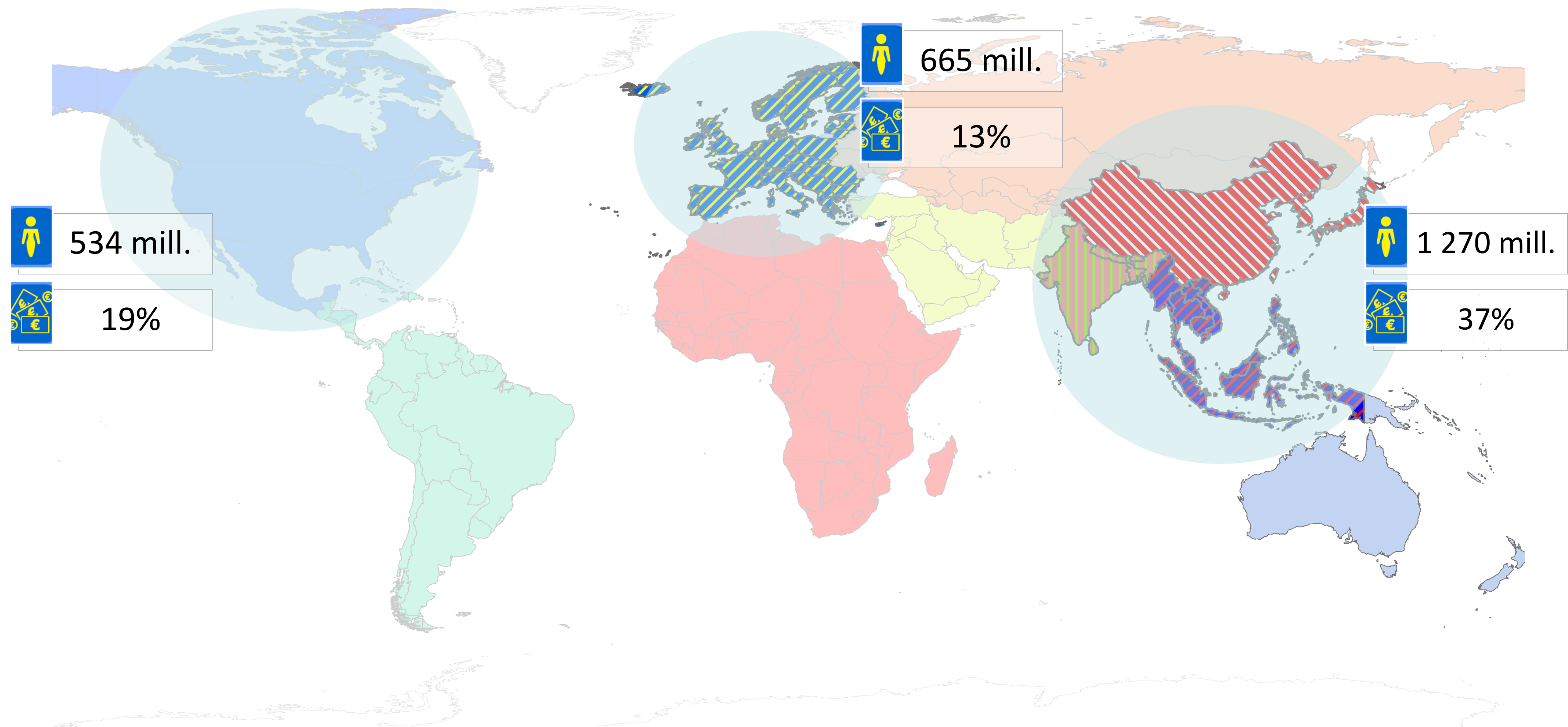




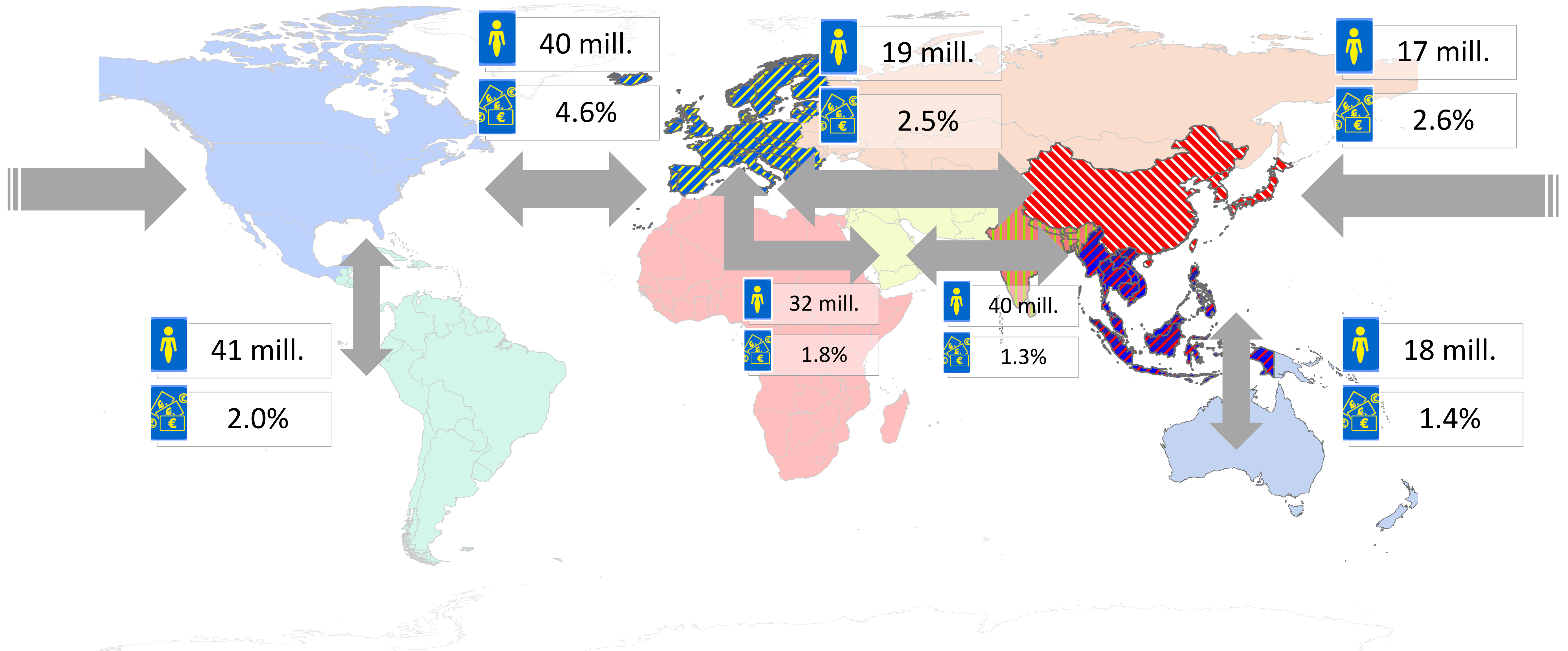
AIR TRANSPORT CONNECTIVITY BETWEEN ASIA AND EUROPE

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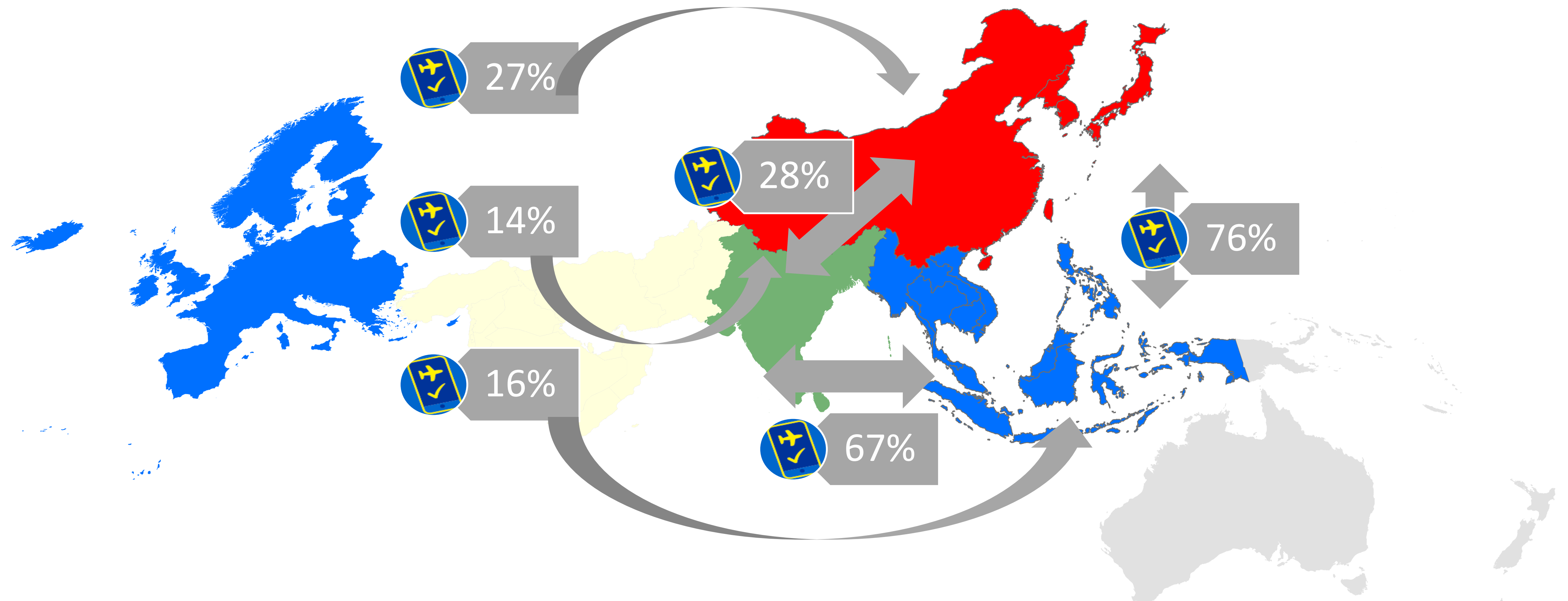
MAIN REGIONAL AVIATION MARKETS 2018



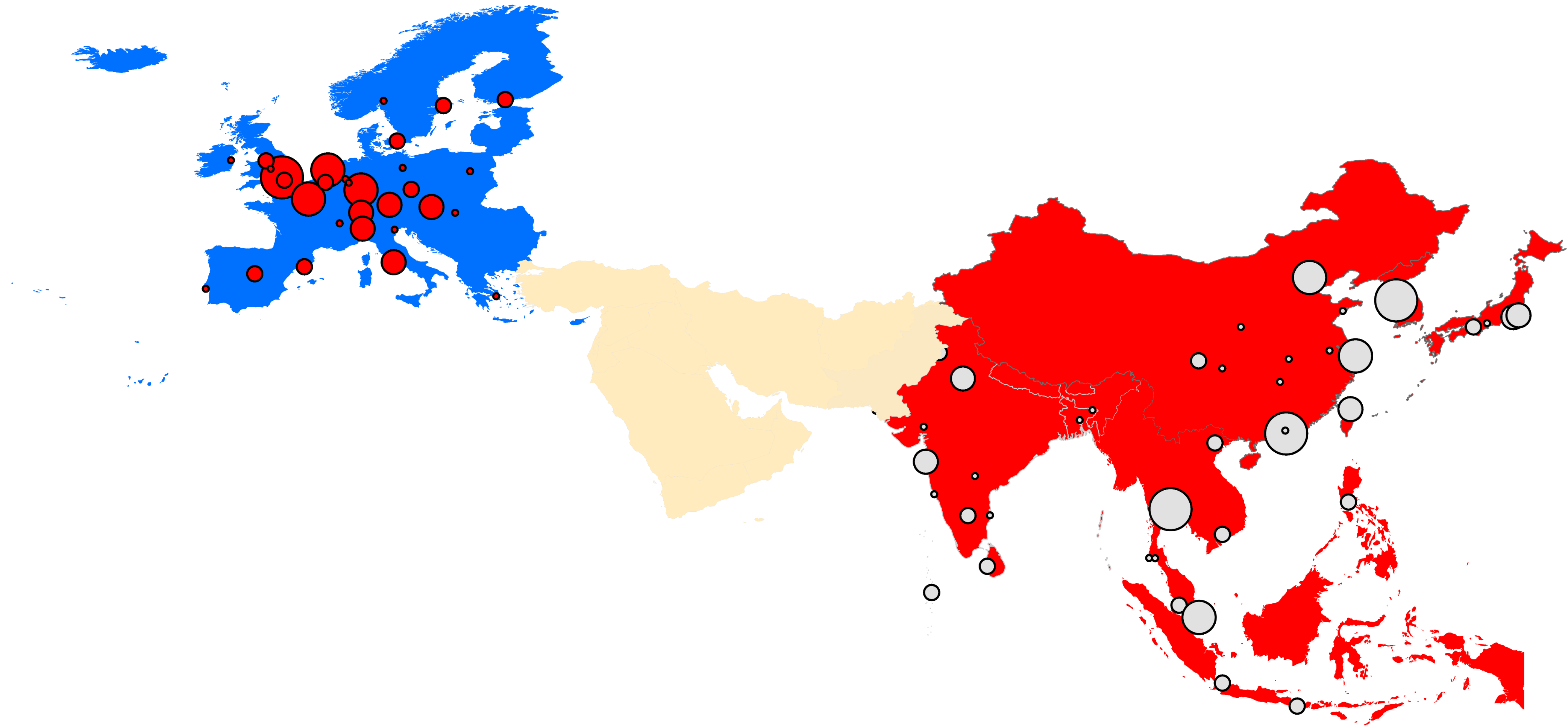
MAIN INTER-REGIONAL MARKETS, 2018



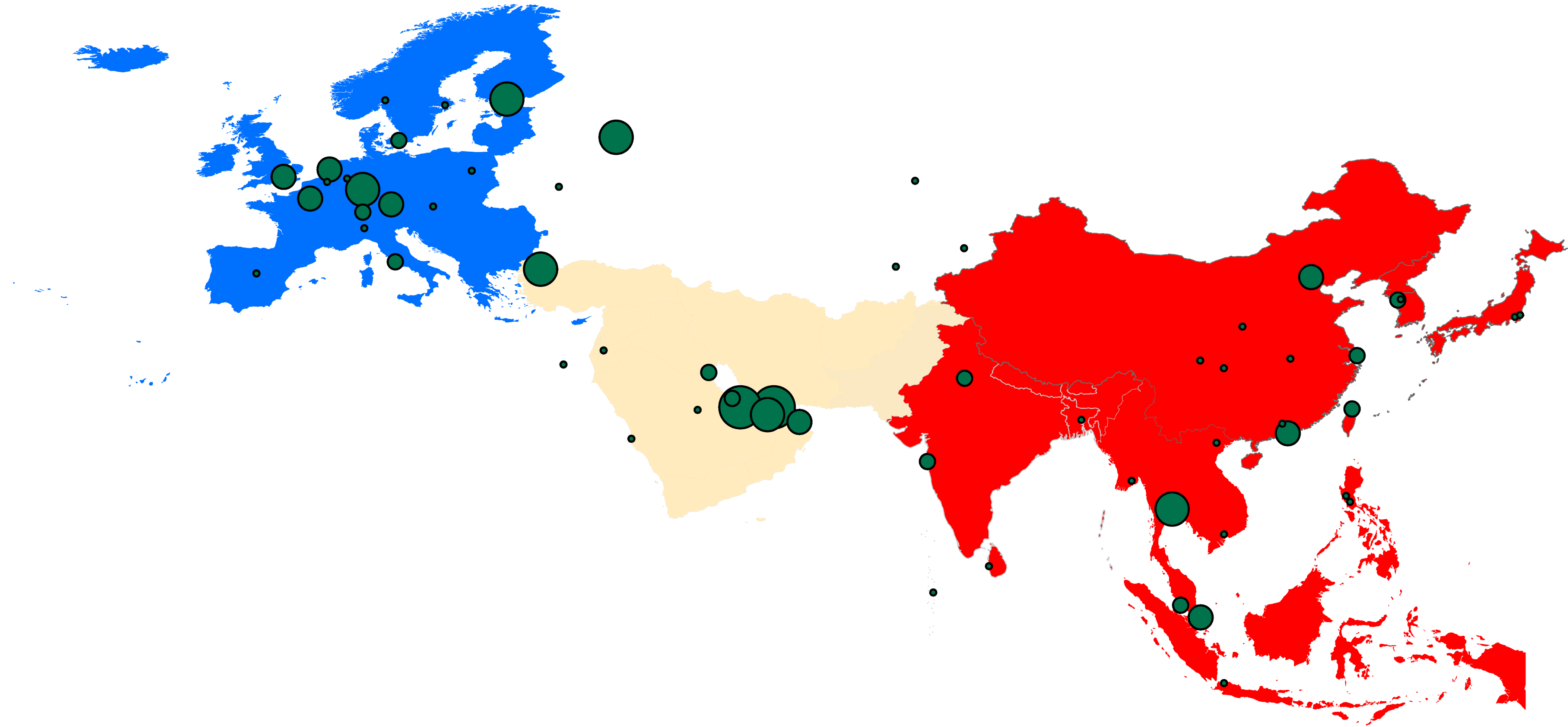
DIRECT FLIGHTS IN EUROPE-ASIA MARKETS, 2018



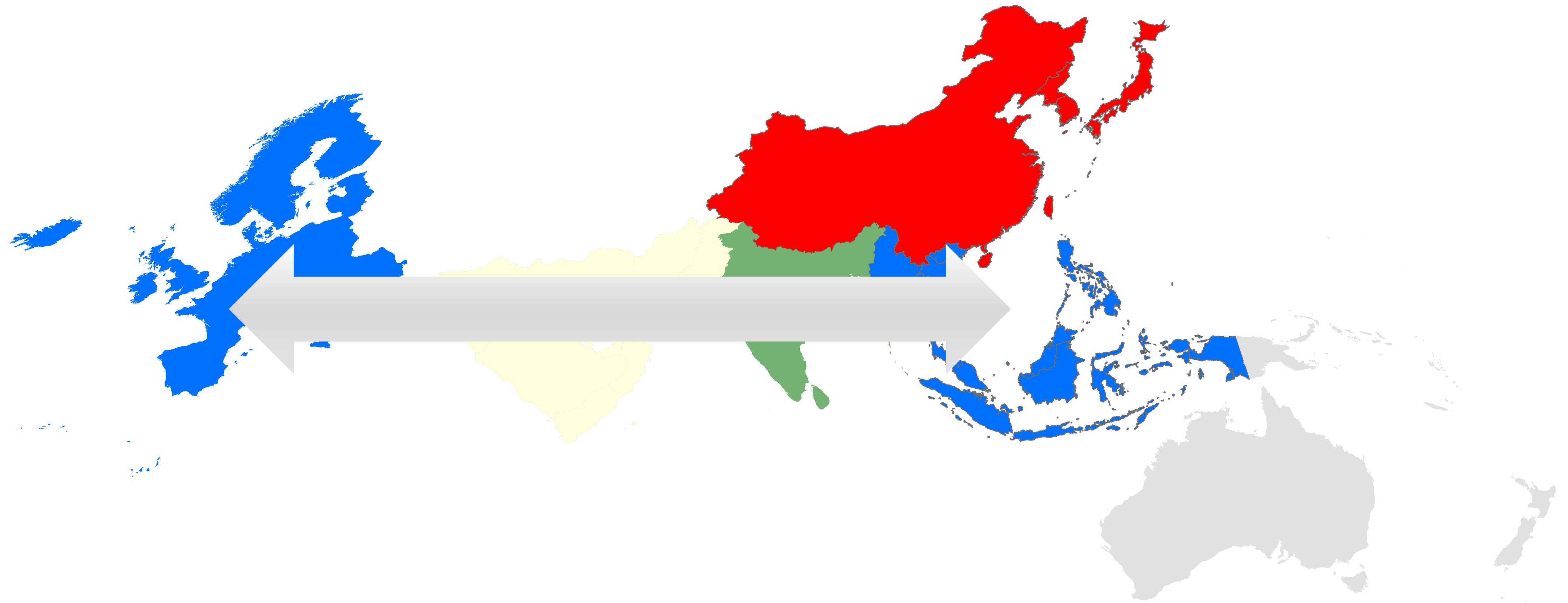
EU – ASIA DIRECT FLIGHTS



EU – ASIA TRANSIT FLIGHTS



THE STRAIGHT LINE PRINCIPLE



EU-ASEAN COMPREHENSIVE AIR TRANSPORT AGREEMENT (CATA)



- The 1st block-to-block agreement at inter-continental level
- To cover a wide range of areas of gradual regulatory convergence
- On-going series of negotiations started on June 7, 2016
- Tan (2015): three possible areas of agreement:
 - Unlimited market access provision between the two regions
 - Relaxation of the 5th freedom flight operations
 - Lifting-up restrictions on code-sharing that exist in the current air services agreements between the respective carriers: EU and ASEAN

MAIN MESSAGES

- Unlimited market access in the form of direct, non-stop flights between the two regions (full 3rd and 4th freedom rights) = increasing competition at hub-to-hub operations (decreasing HHI index)
- With CATA:
 - Unlimited 5th freedom operations: EU and ASEAN carriers can have intermediate stops and beyond EU/ASEAN regions with traffic rights in a third region shall increase the 'point-to-point', 'behind', and 'beyond' shares in ASEAN and EU regions.
 - More ASEAN and EU airlines shall enter to the existing hub-to-hub operation
 - Competition at the hub-to-hub operation: more hub-to-hub route cooperation and engagement in joint marketing and revenue-sharing.
 - Average travel cost reduction.
 - More ASEAN and EU players' shares = a reduction in the share of players from Gulf, Middle East and Turkish regions.



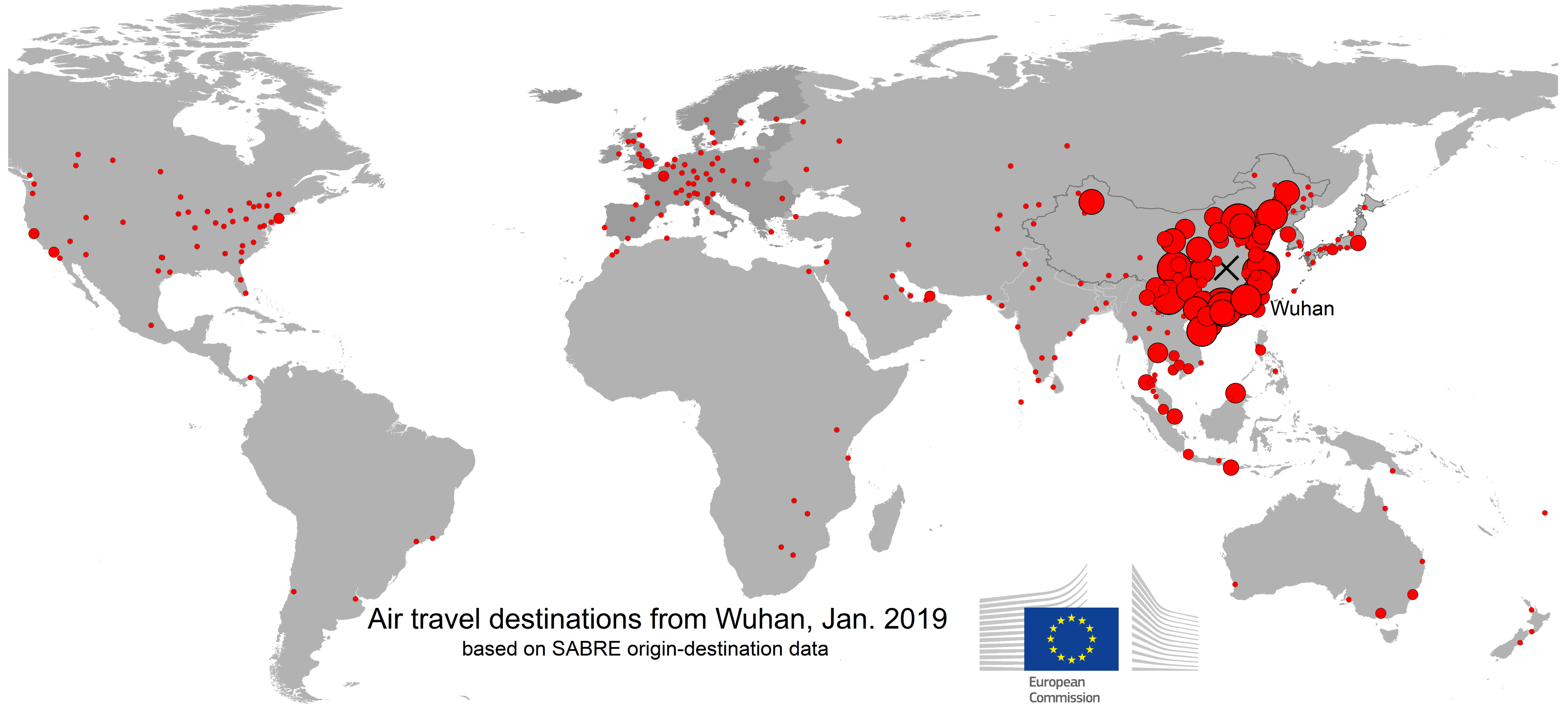
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LET'S START WITH THE BAD NEWS...



Air travel destinations from Wuhan, Jan. 2019
based on SABRE origin-destination data



TOP 10 PASSENGER TRAFFIC 2018



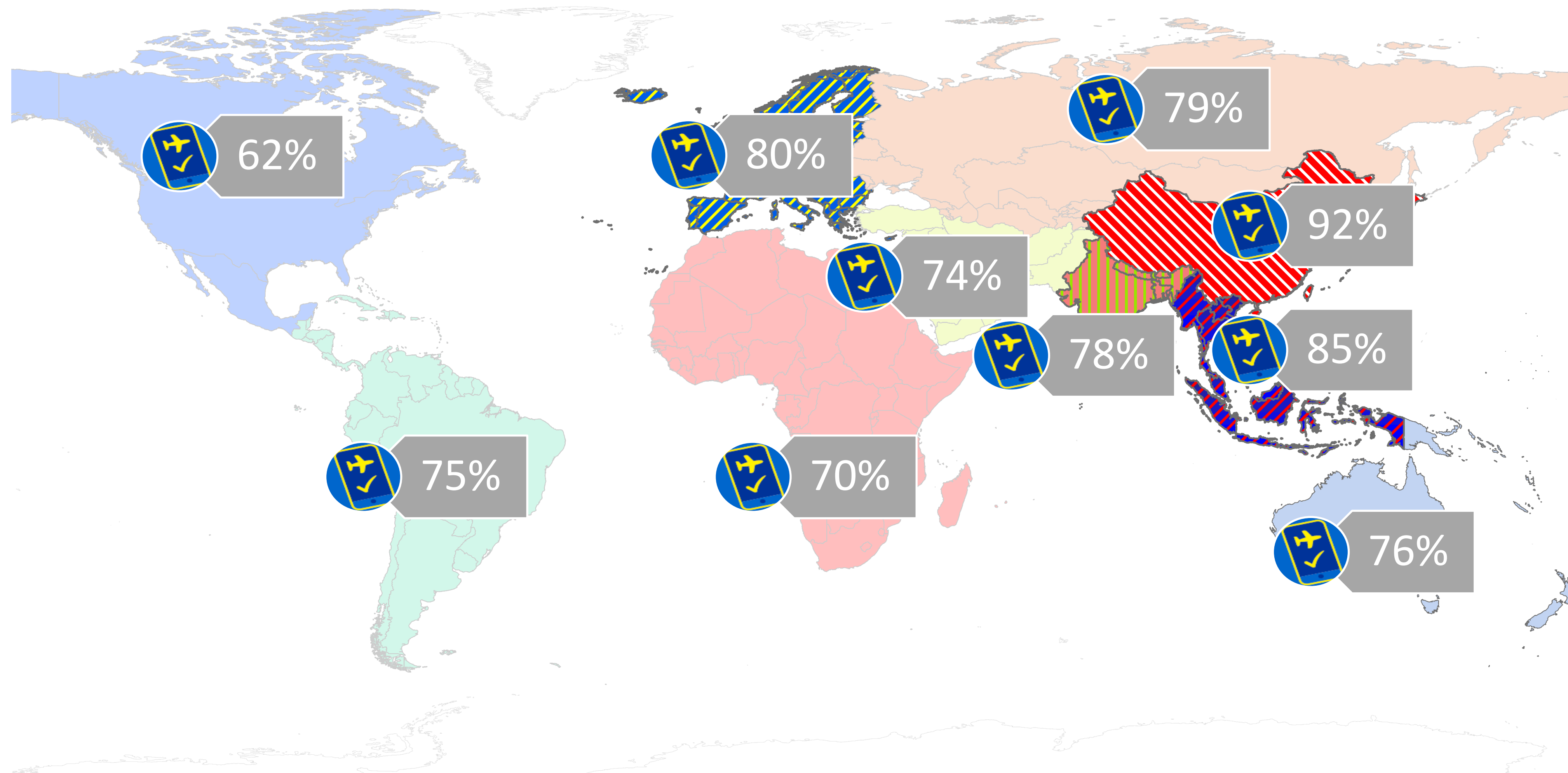
by airport	
Beijing Capital	48
Atlanta	46
Dubai	40
Los Angeles	39
Tokyo Haneida	38
Jakarta	36
London Heathrow	35
Shanghai Pudong	34
Chicago O'Hare	34
Hong Kong	34

by city	
London	81
New York	63
Tokyo	56
Shanghai	55
Beijing	51
Paris	48
Bangkok	47
Los Angeles	46
Atlanta	46
Chicago	44

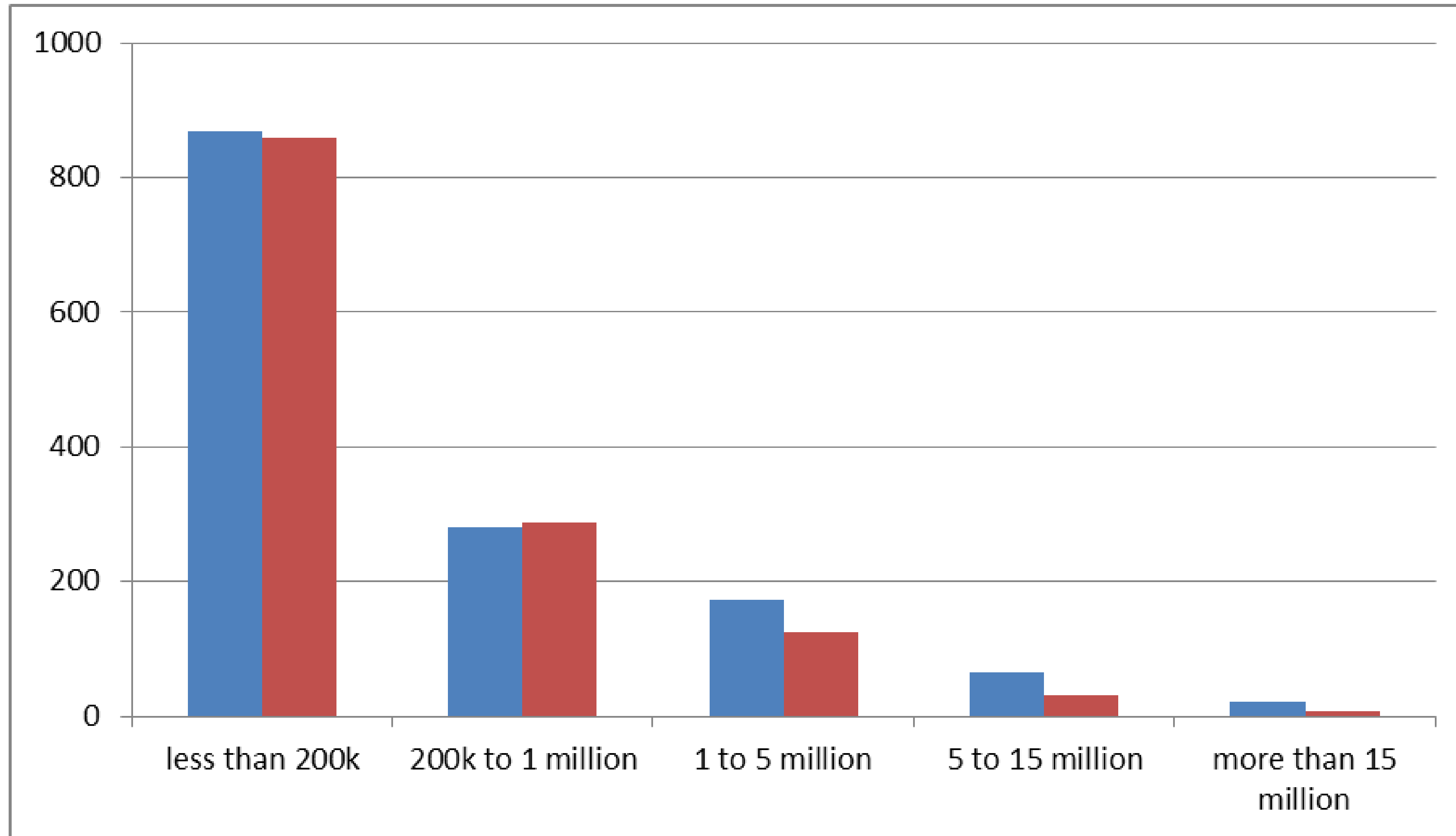
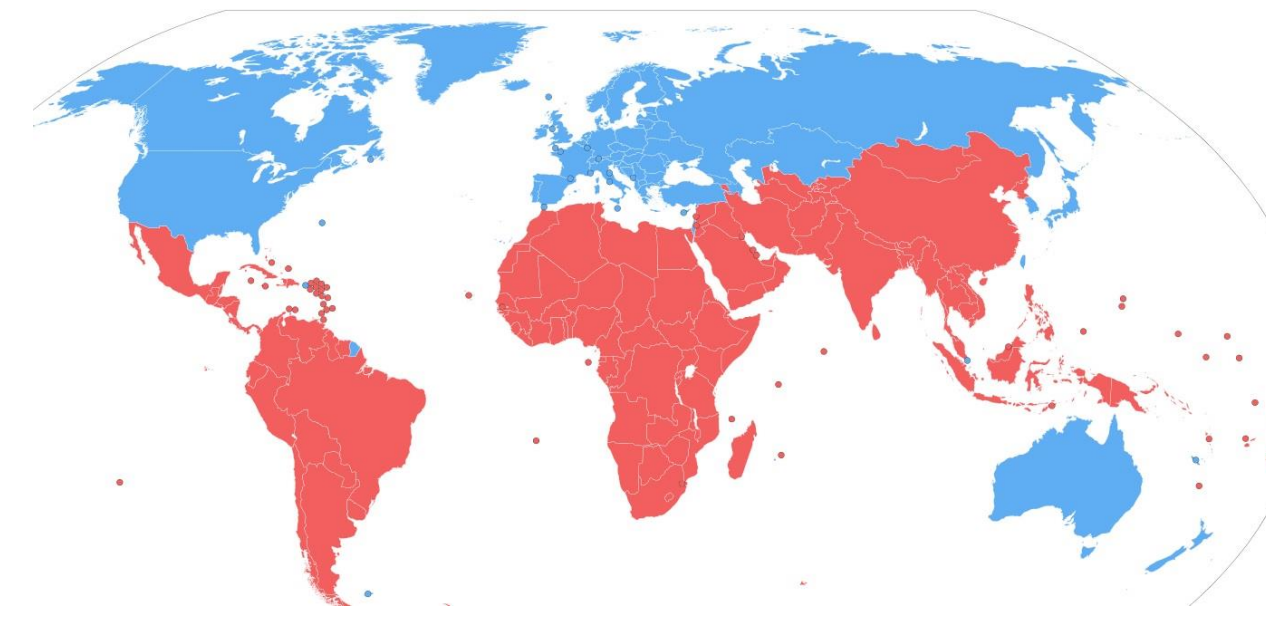
by country	
USA	800
China	604
India	167
Japan	143
Indonesia	137
United Kingdom	134
Spain	121
Germany	112
Brazil	100
Turkey	87

In million passengers

DEMAND SERVED WITH DIRECT FLIGHTS, 2018

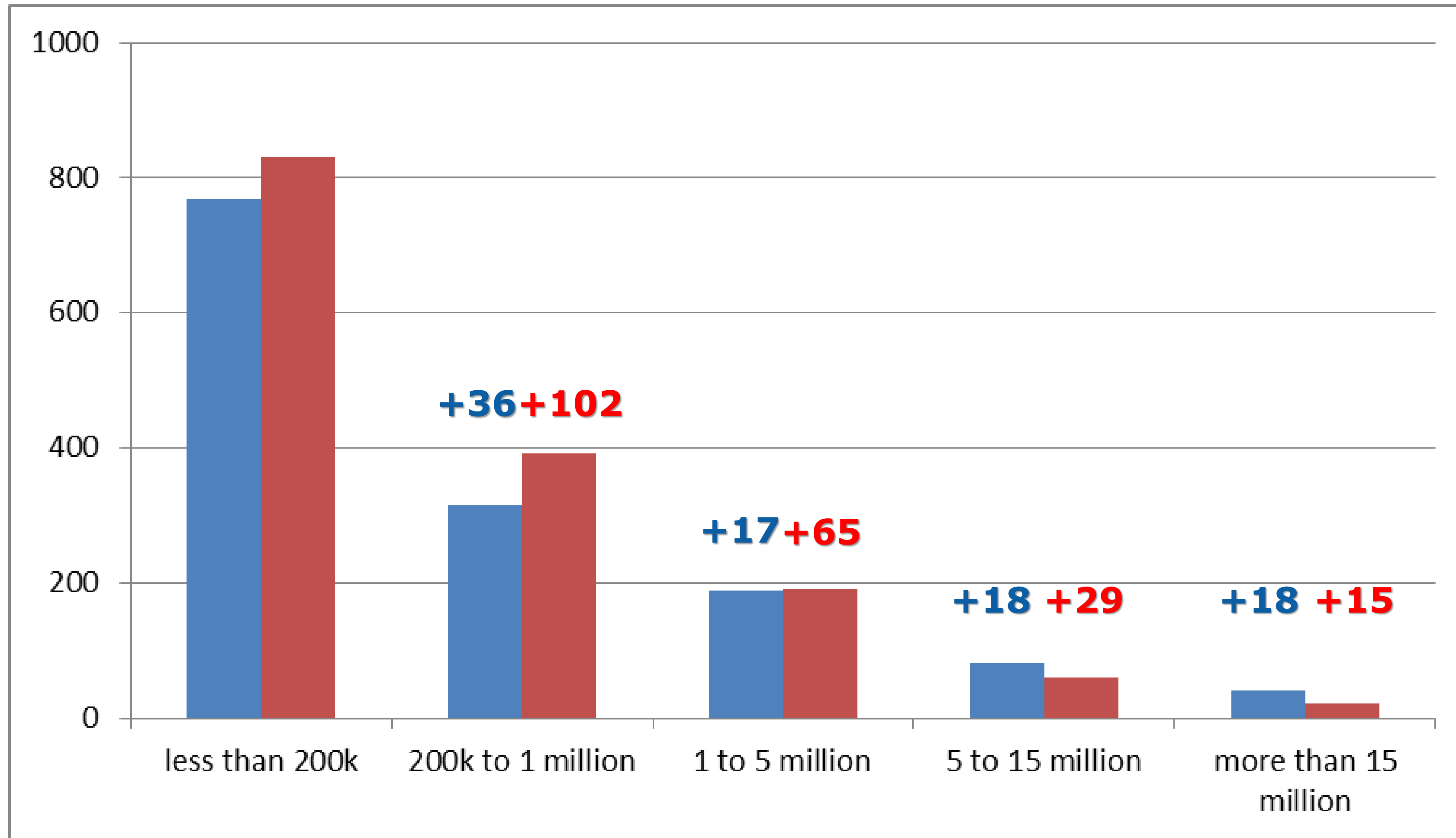
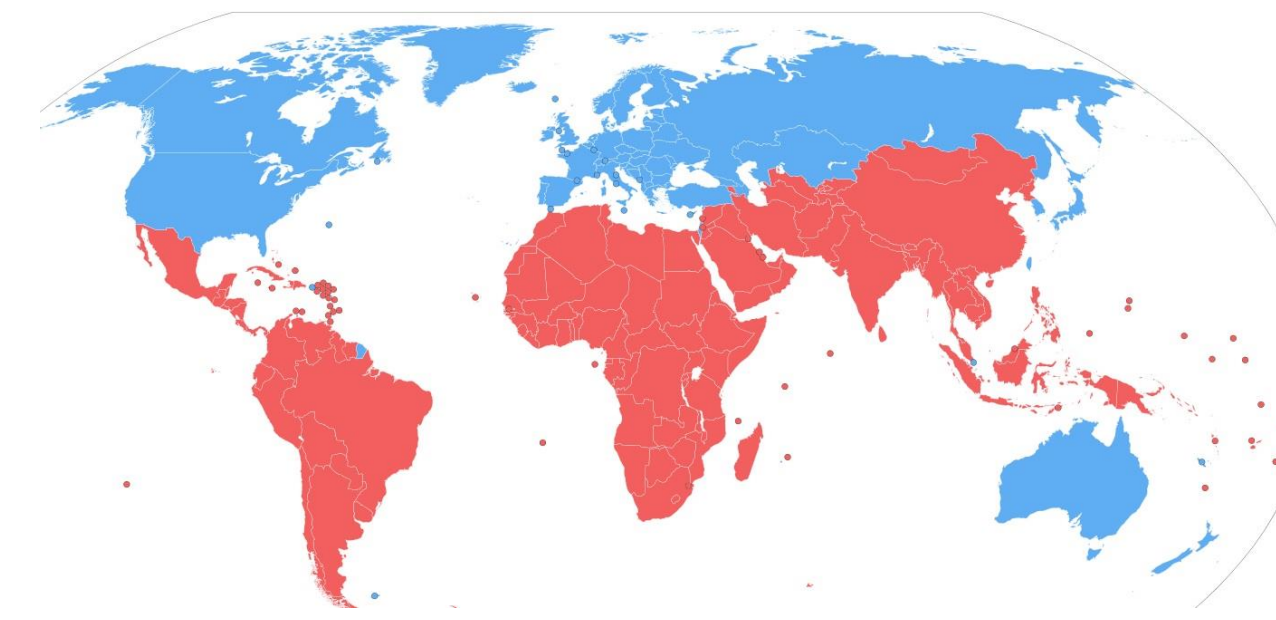


NUMBER OF AIRPORTS BY SIZE, 2010



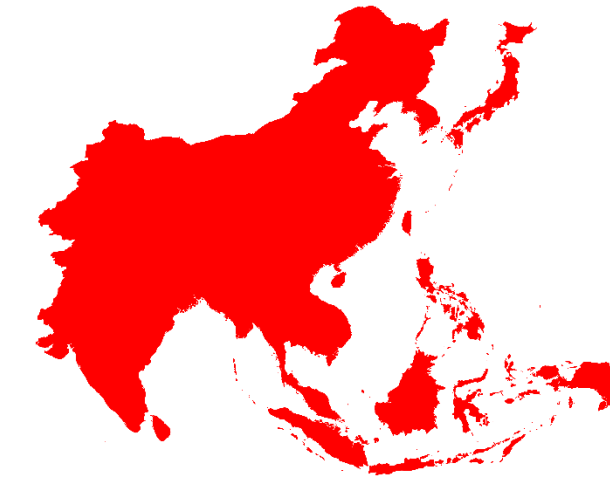
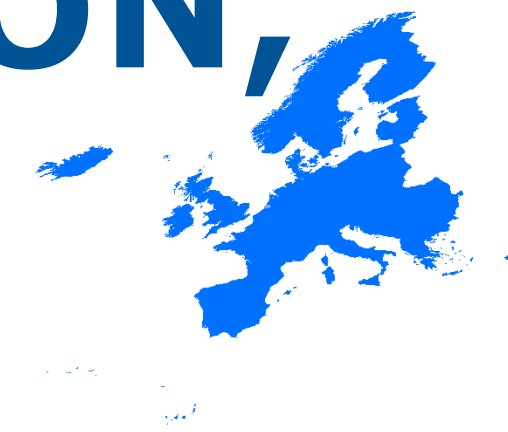
In million passengers

NUMBER OF AIRPORTS BY SIZE, 2018



In million passengers

MARKET CONCENTRATION, HHI INDEX



$$HHI = \sum_{i=1}^n (\text{market share } i)^2$$

