COVID-19 + oil crash test the mettle

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- **Iraq's ability to respond to the fiscal crisis is limited as the government formation process continues. The federal government's plans to end monthly payments to the Kurdistan Regional Government (KRG) could result in a stalemate between the two sides.**
- **The COVID-19 crisis has exacerbated problems in Lebanon, prompting resumed protests, and the currency is in freefall. The blame game and political bickering will continue as rallies continue to escalate.**
- **Debt service options for Oman will become increasingly costly. The market has yet to see a bold, new economic strategy from the new Sultan, who was in charge of Oman's Vision 2040 -- the first of its kind in the GCC.**
- **Cargo capacity has been recovering between China and the GCC, mainly driven by the need for Personal Protective Equipment (PPE), reinforcing the positions of the UAE and Qatar as regional transportation hubs.**

Iran: War of words

US sanctions and COVID-19 will continue to take their toll on Iran's economy, although many in the capital Tehran are returning to work. Simultaneously, US-Iran hostilities are ramping up as confrontations continue in the Gulf, where the US is pursuing its maximum-pressure agenda and Iran continues to reinforce its military power.

➢ Fractured policies and politics have played out in the country's COVID-19 response, with local municipalities and the army issuing measures while President Hassan Rouhani pushes back against them.
  - Rouhani has avoided an economic shutdown by trying to maintain some level of activity in local markets and shops.
  - His administration is now encouraging private and public sector employees in Tehran to return to work with smart social distancing measures. This comes despite a steady stream of new COVID-19 cases.
  - The impact of the virus is being felt heavily by Iranians; a poll by the Iranian Students Polling Agency showed 50.7% saying their purchasing powers had shrunk, 41.7% saying their businesses or sources of income had shut down, and 13.5% saying they had lost their jobs.
  - The oil market's collapse was another blow for Iran on top of its dominant oil export sector being hampered by US sanctions.

➢ Hostilities between the US and Iran are increasing with Iran confronting US warships in the Gulf and President Donald Trump threatening to "shoot down" Iranian gunboats.
  - The harassment of US warships has continued after Iran's earlier seizure and release of Hong Kong-registered tanker SC Taipei.
  - A war of words -- no more for now -- is likely to continue and is convenient for both sides, who like the upward pressure this places on oil prices.

➢ The US State Department is finalising a legal argument that the US is still a "participant state" in the JCPOA nuclear deal despite having announced its withdrawal. This is to invoke a snapback clause that would restore UN sanctions on Iran that were in place before the accord to now extends the existing arms embargo.

Table 1 – MENA Dashboard[1]

MENA Oil Exporters	Real GDP Growth (%)		Fiscal Balance (% of GDP)	
	2019	2020f	2019	2020f
Algeria	0.7	-5.2	-9.3	-20.0
Bahrain	1.8	-3.6	-10.6	-15.7
Iran	-7.6	-6.0	-5.7	-9.9
Iraq	3.9	-4.7	-0.8	-22.3
KSA	0.3	-2.3	-4.5	-12.6
Kuwait	0.7	-1.1	4.8	-11.3
Libya	9.9	-58.7	8.8	-7.2
Oman	0.5	-2.8	-7.0	-16.9
Qatar	0.1	-4.3	4.1	5.2
UAE	1.3	-3.5	-0.8	-11.1
Yemen	2.1	-3.0	-3.8	-8.0
Average Ex-Libya & Yemen	**0.2**	**-3.7**	**-2.3**	**-11.8**

MENA Oil Importers	Real GDP Growth (%)		Fiscal Balance (% of GDP)	
	2019	2020f	2019	2020f
Djibouti	7.5	1.0	-0.8	-2.7
Egypt	5.6	2.0	-7.4	-7.7
Jordan	2.0	-3.7	-6.1	-6.7
Lebanon	-6.5	-12.0	-10.7	-15.3
Mauritania	5.9	-2.0	2.1	-3.3
Morocco	2.2	-3.7	-4.1	-7.1
Palestine	0.9	-5.0	-7.4	-10.7
Somalia	2.9	-2.5	0.1	0.2
Sudan	-2.5	-7.2	-10.8	-16.9
Syria	...	...	...	...
Tunisia	1.0	-4.3	-3.9	-4.3
Average Ex-Syria	**1.9**	**-3.7**	**-4.9**	**-7.5**

Table 2 – MENA Geopolitical Calendar 2020

Country	Scheduled For	Event	Comment
Libya	H1 2019 Postponed	Referendum	No new date has been set yet.
		Presidential & Parliamentary (after referendum)	
Syria	May-20	Parliamentary elections	Postponed from 13 April to 20 May
Jordan	Sep-20	Parliamentary elections	On track
Kuwait	Oct-20	Parliamentary elections	Date tbc
Egypt	Nov-20	Parliamentary elections	On track

[1] Arabia Monitor; IMF.

- The snapback would bar countries from exporting conventional arms to Iran after the current ban expires in October.
- Any effort to renew the arms embargo is likely to be opposed by Russia and China. The Russians have already expressed their eagerness to resume conventional arms sales to Iran.

➢ Iran's successful launch of its first military satellite into orbit piles on additional pressure to the already fragile situation. In the past, the US has accused Iran of using its satellite programme as a cover for missile development.
- The launch was the first conducted by the Islamic Revolutionary Guard, marking the opening of its space efforts.

Iraq: Third time lucky?

Iraq is facing daunting technical and financial challenges as it begins to curb its oil output as part of the OPEC++ deal.[2] The federal government's plans to end monthly payments to the Kurdistan Regional Government (KRG) could result in a stalemate between the two sides. The country's ability to respond to the fiscal crisis is limited.

➢ Iraq's oil output quota (including the KRG's) is 3.6 Mb/d in May-June and 3.8 Mb/d in H2, down from 4.5 Mb/d in Q1. This would imply an average of 4.4Mb/d for 2020.
- Unlike previous cuts, this time Iraq can only meet its new quota by asking international oil companies to curtail output at oil fields they operate.
- This is an expensive ask. It is likely to trigger difficult negotiations, given contractual provisions.

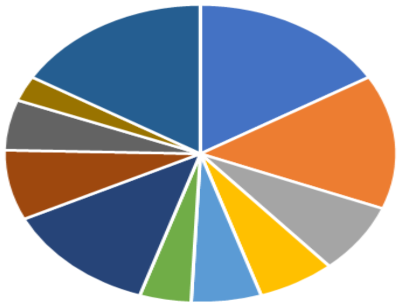
➢ As Iraq descends further into financial crisis, the Cabinet and Parliament have asked the Ministry of Finance to suspend approximately USD 384M in monthly payments to the KRG. Baghdad claims that the KRG has failed to deliver its quota of 250 Kb/d of oil to the state marketing firm SOMO in exchange for its share of the budget.
- Under a November 2019 deal, the KRG provides SOMO with 250 Kb/d in return for a 12.6% share of the Iraqi budget.
- Pushing the KRG too hard would jeopardise exports of oil from Kirkuk that go through KRG territory.
- When a new government is formed it will inherit this standoff, forcing renewed negotiations from the start.

➢ Fiscal difficulties have also prompted a rating outlook revision by Fitch to negative from stable.

➢ We expect Iraq will resort to central bank financing to meet the deficit in 2020, as well from multilateral institutions.
- The country has requested USD 2B from the World Bank, and a new funding programme with the IMF is possible. But Iraq would need to have a government and credible budget in place before that.

Iraq's latest prime minister-designate, Mustafa Al-Kadhimi, may successfully form a government after having received backing from all of Iraq's major Shi'a parties, as well as key Kurdish and Sunni blocs with no major political opposition so far. He also received support from the US, the UAE and Iran.

Figure 1 – Iraq Council of Representatives Members[3]



➢ Kadhimi's history as intelligence chief, his approval by the Iraqi old guard and foreign powers, and his signal that he is willing to play by the old rules with party stakeholders, means his main opposition will be the protesters who have taken to the streets since last October demanding a new system.

➢ Missing his initial Ramadan deadline of 25 April, Al-Kadhimi has until 9 May to form a government.

Lebanon: COVID-19 prompts larger protests

Aside from the simple positive that there *is* now a plan, we have serious doubts about the government's ability to implement its proposed rescue package.

➢ The plan sets highly ambitious targets, including cutting debt by half, fighting corruption, tackling the electricity problem and reducing the size of Lebanon's inflated public sector.

➢ Requisite foreign aid is also not imminent. The COVID-19 crisis has exacerbated problems, prompting resumed protests, and the currency is in freefall. The blame game and political bickering will continue as protests continue to escalate.

➢ Lebanese Prime Minister Hassan Diab said in his proposed plan that 98% of bank deposits would be safe. In reality, there are about USD 83B in losses that someone would have to bear if the plan were to be implemented, and these will primarily be bank shareholders and big depositors.
- The draft plan suggests existing equity shareholders would pick up losses estimated to be around USD 20B, with the rest of the USD 63B to be covered by depositors.

➢ In the meantime, Lebanon's currency (LBP) is facing more losses.
- The rescue plan includes the government's long-term proposal to gradually devalue the LBP from the official pegged rate of LBP 1,507.5 to the USD until it reaches around 3,000 in 2024.
  - With the current rate being above LBP 3,000, this means that LBP savings and earnings will remain at the mercy of the black market.

[2] OPEC+ and other allied producers (US, Brazil & Canada).

[3] Arabia Monitor.

- Meanwhile, on 24 April, the Banque du Liban (BDL - central bank) set the official wire transfer rate to LBP 3,625 per USD, effectively devaluing the currency from the LBP 1,507.5 peg and leading to highs of around LBP 4,000.
    - This led BDL to issue a circular on 27 April limiting the exchange rate to LBP 3,200 per USD.
    - The past two times it has tried this it has failed, but this move is more aggressive with the amending of the law itself to set the limit.
- The central bank's circulars are, however, failing to contain the currency's decline; instead, these have led to multiple exchange rates in the market.

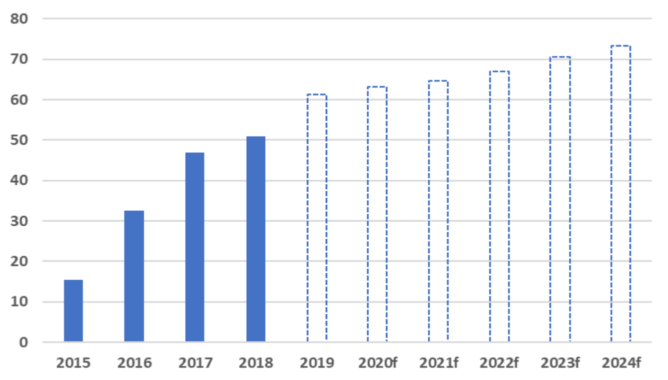
➢ As much as the government has tried to soften the blow by claiming that 98% of depositors will be protected, with only USD 22B in reserves in the central bank and around USD 4B liquidity with the banks, it is highly unlikely that major depositors will obtain their money in the near future.
- Indeed, part of the rescue plan is a form of hidden haircut through the "lirafication" of USD deposits. Depositors would only be allowed to withdraw money at the market rate, a far less favourable rate than the official pegged rate.
- This will put further pressure on the currency, prompting depositors to flood the markets looking to trade their Lebanese pounds with USD.

➢ Two influential political leaders, former Prime Minister Saad Al-Hariri and MP Walid Jumblat, have attacked the plan, with the former calling it financial suicide and the latter describing it as a financial and political coup.
- Meanwhile, the Association of Banks has opposed it, questioning whether it can be implemented.

➢ Key to all is an overseas bailout. The plan itself clearly states that without foreign aid of up to USD 15B, there will be a slim chance for it to succeed.
- The IMF has already expressed an intention to support Lebanon, and negotiations with it are already underway.
- However, the IMF's support comes with many conditions, which may be hard for the current government to swallow. Some key issues to watch out for are:
    - Will the government be able to implement reforms, such as fighting corruption and fixing Lebanon's electricity crisis?
    - Will the international community want to back a government accused of being controlled by Hezbollah, a proxy for Iran and designated by many countries as a terrorist group?
    - With the COVID-19 crisis intensifying all over the world, many other governments are also seeking aid from the international community, which makes it harder for Lebanon to secure the requested funds.
    - With lower oil prices and COVID-19, Lebanon's traditional GCC backers are now suffering from higher budget deficits, and are not expected to come to the rescue this time around.

➢ With COVID-19 in the mix, both the government and the IMF now expect Lebanon's GDP in 2020 to shrink by 12% adding to a 6.5% contraction last year.

Figure 2 – Oman Gross Government Debt[4]



- This will drive inflation and unemployment upwards, and with them. We are already seeing a resumption of protests with lockdown fatigue.
- Around 33% of the population lived below the poverty line in late 2019. The pandemic-related lockdown has increased this to almost 50% of the population with 22% in extreme poverty. If the virus scores a higher, or second peak this year, and no financial plan is implemented, these figures are bound to rise further.

Oman: Bold economic steps needed

Oman has also been hit by the double whammy of the oil price crash and COVID-19, but the sultanate is relatively more vulnerable than the rest of the GCC.

➢ The IMF revised its forecast of a 3.7% expansion in 2020 to a 2.8% decline (after a mere 0.5% growth in 2019). This constitutes a 6.5% difference in GDP growth. The sultanate's stimulus package, rolled out in response, makes up 25% of GDP and 58% of the 2020 budget. Oman has little room to manoeuvre and has so far focused on cutting spending.

➢ The Ministry of Finance has ordered all ministries and civilian government units to reduce spending by 10%, including a review of salaries and benefits. The government is also reviewing oil and natural gas projects that assume a breakeven cost of more than USD 30 pb.

➢ In January, the government was expecting a fiscal deficit of about 8% of GDP this year and planned to cover some 80% of that amount through foreign and domestic borrowing. We expect the deficit to be closer to the IMF forecast of about 17% of GDP - so more than double.

➢ Oman faces USD 5.7B in refinancing obligations this year and next, including a USD 1.5B Eurobond maturing in June of next year.

➢ Meanwhile, loan discussions to raise around USD 2B have been put on hold given the decline in oil prices and the sultanate's debt levels.
- With all three credit rating agencies now sharing the same downbeat view, Oman is likely to see its borrowing costs rise further.

[4] Arabia Monitor; IMF.

- This would pose a serious issue for the sultanate, which needed financing even when oil was at USD 50 pb (as compared with today's roughly USD 21 pb for benchmark Brent crude).
- Oman's total debt is USD 43B, compared with an estimated total sovereign wealth figure of USD 15B.

➢ Options are limited but include accelerating much-needed structural reforms, seeking regional financial assistance from GCC neighbours, and in the most acute scenario turning to the IMF for a rescue package.
- The market has yet to see a bold, new economic strategy from the new Sultan, who was in charge of Oman's Vision 2040 -- the first of its kind in the GCC.

Libya: Government gains, but no end to war

The tide in Libya has once again shifted with the UN-recognised Government of National Accord (GNA) making sizeable ground gains against the forces of General Khalifa Haftar, primarily thanks to Turkish help. However, fighting is likely to continue as Haftar will continue his offensive despite the setbacks, and ceasefire talks are unlikely.

➢ A counteroffensive by the GNA on 14 April resulted in Haftar losing eight western cities stretching from the capital to the Tunisian border.
- Turkey has been vital to the GNA's victories, notably through aerial support via armed drones.
- The key now will be the GNA's targeting of Tarhouna, a Haftar stronghold. Losing it would be a major blow for him.

➢ We could be looking at further patterns of escalation as the proxy war heats up and arms continue to pour into Libya despite the UN arms embargo.
- With Turkey assisting the GNA, Haftar is reported to be receiving help from the UAE. Two UAE companies have been reported to have broken the arms embargo.[5]
- The tit-for-tat will likely continue; we do not see the UAE and Egypt abandoning their stance anytime soon.

➢ The GNA's gains, meanwhile, do not mean an end to oil revenue loss from the fighting. One of the cities captured was Mellitah, an oil terminal. But its production is fed by a pipeline passing through areas still under Haftar's control to the south.

➢ With an economy that depends almost entirely on oil export revenues, current market conditions will have severe consequences for GDP growth, which we expect to contract this year by 60% or more.

Morocco: Low oil prices won't offset declines

Morocco will suffer its first recession this year since 1993. Drought-stricken agricultural output is translating into sizeable declines in exports, while the COVID-19 pandemic is all but freezing tourism and remittance revenues. Lower oil prices and efforts from international organisations will not be able to offset the negative impacts of the pandemic and drought.

➢ In April, the IMF revised Morocco's 2020 growth forecast from plus 2.2% to negative 3.7%.

Figure 3 – Libya Oil Production (Mb/d)[6]

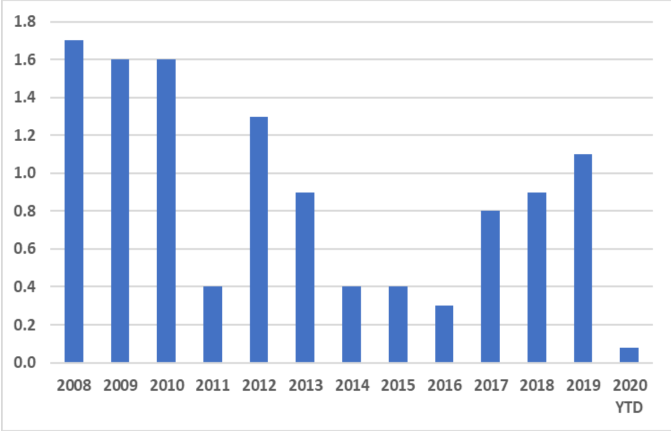
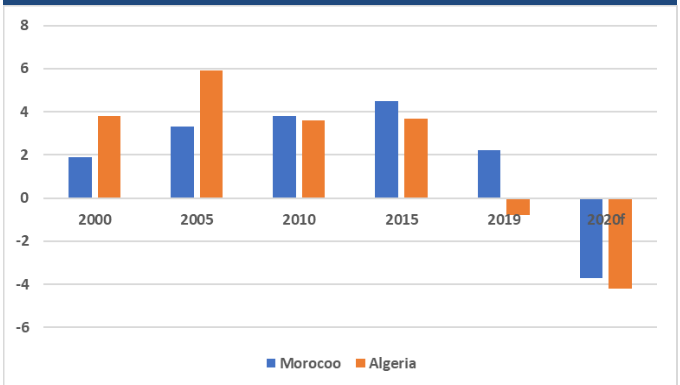


Figure 4 – Real GDP Growth in Morocco & Algeria[7]



- According to the planning agency, Q2 GDP will contract by 1.8% from 1.1% growth in Q1.
- The government expects its pandemic lockdown to cut 3.8 percentage points off growth in April alone -- equivalent to a loss of about USD 1B to add to March's estimated USD 400M.

➢ The Ministry of Agriculture estimates a 42% decrease in the productions of the country's main cereals -- wheat and barley -- compared with the 2018-2019 season.
- Drought is the main reason. The 2019-2020 agricultural season has recorded a 25% decline in precipitation compared with the previous season.

➢ On 7 April, Moroccan authorities drew on all available resources (about USD 3B) under the Precautionary and Liquidity Line (PPL) arrangement with the IMF.
- The PPL instrument is designed to meet the liquidity needs of member countries.
- The authorities announced that these funds will be used to cope with the impact of COVID-19.
- On 21 April, the French Development Agency announced a EUR 150M allocation to support Morocco. The amount will be disbursed throughout the next three months, of which EUR 100M will be dedicated to the state budget and EUR 50M for Moroccan public enterprises.

➢ Although low oil prices in 2020 will reduce energy import costs, the decline will not fully offset the negative impacts of the pandemic on exports of goods and services.
- We expect financing the balance of payment deficit to prove difficult given an expected slowdown in FDI.

[5] FT Article on 19 April titled "UAE groups implicated in suspected violation of Libyan arms embargo".

[6] Arabia Monitor; National Oil Corporation.
[7] Arabia Monitor; IMF.

Algeria: Austerity to test frail peace

Lower oil prices will further worsen Algeria's state finances as it struggles to maintain peace in a society based on generous subsidies. COVID-19 and ongoing political uncertainty create a perfect financial and social storm, now likely to be compounded by further austerity.

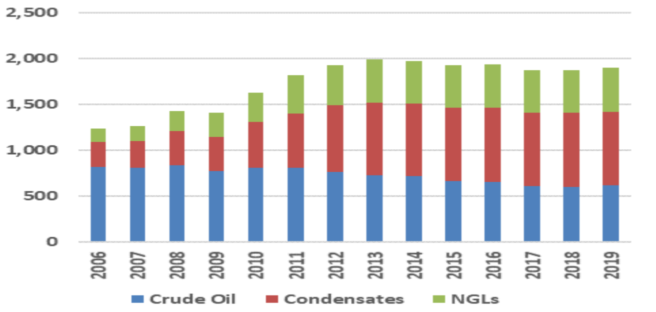
- The IMF forecasts GDP to contract by 5.2% in 2020 compared with initially forecast growth of 2.4%. This would compare with just 0.7% growth in 2019.
  - With fuel exports accounting for the lion's share of total exports (93% in 2019), the lower global oil price will batter Algeria's budget, initially forecast with a deficit of 7% of GDP in 2020
    - Foreign reserves shrunk to less than USD 60B (~13 months of imports) in March 2020 compared with a high of USD 179B (28 months) in 2014.
  - The government budget is based on an average oil price of at least USD 50 pb. The OPEC basket price is currently running at less than USD 20 pb.
- The authorities have already announced cuts of 30% in public spending and have delayed state projects (worth around 8% of GDP).
  - They have also announced several measures to cut the import bill by at least USD 10B (6% of GDP).
  - In addition, state-owned oil company Sonatrach has announced plans to curb spending by 50% this year.
- Meanwhile, the Hirak protest movement in Algeria remains resilient, with daily clashes between security forces and hundreds of young people in impoverished areas who continue to breach the pandemic lockdown.
- While a drop-off in participation was expected, it has not stopped protests despite President Abdelmadjid Tebboune's announced ban on the marches.
  - This has divided Hirak militants, many of whom see it as an attempt to put an end to the protest movement, despite government statements that it is a measure to combat the spread of the virus.
  - Any further measures to raise revenue in the form of tax increases or reductions in subsidies would further fuel unrest threatening its fragile social peace.

Yemen: The STC declares autonomy

Yemen could potentially divide into two - north and south -- after the Southern Transitional Council (STC) declared self-rule. This broke a November power-sharing deal between the Saudi-backed administration of President Abd Rabbuh Mansur Hadi and the secessionist STC, which has been supported by the UAE.

- The power-sharing deal's purpose was to unite allies fighting Iran-backed Houthi rebels -- nominally, both the Hadi government and the STC have been part of a coalition fighting against the Houthis, who control western and north-western portions of the country.
  - The splintering underscores a rift in the coalition, which we see as having conflicting objectives on the ground.
  - Saudi coalition forces have been vocal in their rejection of the declaration calling for a return to the November deal and the formation of a unity government.

Figure 5 – Qatar's Total Liquid Production[8]



- While the UAE initially funded the formation of the STC, it has slowly been withdrawing from Yemen. It is unclear how much the UAE was involved in the STC decision.
  - However, the announcement came out of Abu Dhabi and it would have been difficult for the STC to announce it without UAE approval.
- The STC has long been critical of Hadi's administration. It justified its secession on the weak administrative response to the humanitarian situation, flash-flooding and COVID-19. The self-rule declaration has the potential to prolong the broader, five-year civil war with the Houthis.
  - We see the rift in the coalition benefitting the Houthis as it strategically gives the rebels the upper hand in the fight.
  - While beneficial to them in the short-term by additionally giving the rebels effective control of the north, in the long term the resources are in the south with revenues from the ports, oil and gas.

MENA Energy Outlook: Qatar after OPEC exit[9]

Qatar's exit from the OPEC group in January 2019 has allowed it to focus more aggressively on its energy ambitions. According to Minister of Energy Saad al-Kaabi, the rationale was that Qatar was much more an exporter of gas than oil, and OPEC membership was hampering its gas development.

- In reality, Qatar's exit from the cartel was more of a political move as it did not want to be held hostage to Saudi Arabia's energy policies, given the ongoing embargo by Saudi Arabia, the UAE and others.
  - OPEC, meanwhile, has struggled to maintain harmony within its ranks in the face of deteriorating market fundamentals, and this has been exacerbated by the current coronavirus pandemic.
  - Recent developments have done little to quell the egos of the group's unpredictable members, even if they have agreed on a tactical 9.7 Mb/d cut to address the market imbalance.
- Gas expansion plans continue to gather pace even as Doha grapples with the double-whammy of the COVID-19 outbreak and oil price crash. Last month, Doha announced the start of a giant 80-well drilling campaign to fuel a 33 Mtpa increase in its LNG capacity to 110 Mtpa by 2024 under the North Field East (NFE) Project.

[8] Qamar Energy.

[9] This section is a guest author contribution courtesy of Robin Mills & Maryam Salman, Energy Analysts, Qamar Energy.

- It also ordered as many as 100 new LNG tankers from China's Hudong-Zhonghua Shipbuilding Group through to 2027.
- Overall expansion to 126 Mtpa will take place under the Phase-2 North Field South (NFS) Project, though international partner selection has been held up by the COVID-19 crisis and the collapse in LNG prices.
- Qatar has been one of the hardest-hit countries in the Middle East with daily reported cases of coronavirus above 800. The collapse in oil prices, according to Qatar, is a short-term contraction which it has "lived through" before, and has had no impact on its ambitions to remain the leading supplier of LNG in the coming decades. [10]
- Qatar wants to deter its competitors from launching new LNG projects into a perceived market window in the mid-2020s, and the current LNG price slump and economic crisis will help in this regard.

➢ Doha has no intentions of cutting its crude production to help with current OPEC++ efforts. The country produces about 610 kb/d of crude oil, 750 kb/d of condensate and 484 kb/d of natural gas liquids (NGLs), but overall production has been in slight decline since 2013, when it reached a peak of 2 Mb/d liquids' production, because of falling crude production from mature fields.
  - Production levels are too small to pose a threat to OPEC++'s quota recently agreed 9.7 Mb/d cuts through June 2020, with most crude output (~550 kb/d) directed to exports.
  - There will a major boost in condensate and NGLs from 2024, +175 Kb/d, with the increase in LNG. Qatar has repeatedly emphasised its independence from the cartel that governs its oil-rich neighbours' energy policies, branding itself as a "gas country", and maintains that it has no plans to return.
  - Unlike OPEC++ members such as Oman and Kazakhstan, it has therefore benefited from not being required to make production cuts.

➢ Petrochemical integration has become a cornerstone of its oil sector since its exit from the OPEC cartel for added value in an already saturated market.
  - Major projects include the recent integration of the Seef Petrochemical Company which operates a 100 Ktpa alkyl benzene plant, and a 25% stake in the Qatar Fertiliser Company.
  - Developing a gas-based industry is also moving ahead with Q-Chem announcing plans to increase local ethylene production capacity by 7% through to 2022.

Sino-MENA: PPE drives cargo recovery

Cargo capacity has been recovering between China and the GCC, mainly driven by the need for Personal Protective Equipment (PPE), reinforcing the positions of the UAE and Qatar as regional transportation hubs.

➢ Since 21 April, DHL Global Forwarding has been operating a dedicated 100-tonne weekly air freight service for organisations and governments in the Middle East and Africa from China.

Table 3 – GCC Airlines Flights to China Before COVID-19[10]

Airlines	Year Flights Started	No. of Direct Weekly Flights to China
Emirates	2004	35
Qatar Airways	2003	31
Etihad	2008	28

➢ The service prioritises sending healthcare provisions and PPE from Guangzhou via Dubai to final destinations, taking two to three days in total.

➢ Trade flows, supply chains, transportation and logistics have been severely disrupted over the past few months by the COVID-19 pandemic.
  - Ninety-four direct passenger flights between the three major GCC airlines to China were halted at the start of the pandemic, reducing their bellyhold capacity.

➢ With travel bans in place and the large-scale cancellation of commercial flights, air freight capacity has also been reduced significantly.

➢ Currently, the average lead time for China-produced PPE to arrive by air in Europe, Middle East and Africa region markets can take up to 10 days, partly due to backlogs.

➢ We estimate that the 100-tonne capacity could hold a combination of 400K N95 masks, 400K face shields, 100K items to protect eyes, 1M surgical masks, 2M gloves and 200K protective suits.

Qatar Airways was the first MENA airline to restore its bellyhold cargo service on normal passenger planes to China, now available on all six of its existing routes (to and from Beijing, Shanghai, Chengdu, Hangzhou, Guangzhou and Chongqing).

➢ Qatar Airways' freight-only planes have also been operational throughout the pandemic on routes to Hong Kong, Macau, Shanghai and Guangzhou, amounting to approximately 700 tonnes in weekly capacity.

➢ The restored bellyhold services in passenger planes should add a weekly 600-tonne capacity, helping to ease the current pressure on cargo and logistics.
  - Each flight can hold up to 25 tonnes of cargo. They fly without passengers and cabin crew.

➢ On 21 February, when the pandemic was plateauing in China, Qatar Airways transported 300 tonnes of medicines and PPE on five freighters to Beijing, Shanghai and Guangzhou, making it the largest cargo donated by an overseas airline at the time.
  - The donation underscored the importance Qatar places on its bilateral relation with China, as well as on its ability to mobilise donations rapidly.

➢ The airline's current capacity will now be used to transport PPEs to the wider Middle East, Europe and the Americas, helping to maintain Doha's position as a key international airline hub.

[10] Arabia Monitor.

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