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Business Aviation in the Middle East

by Dan Smith



From 16 to 18 November the Middle East Business Aviation Association (MEBAA) will this year host the second edition of its highly successful Middle East Business Aviation exhibition. MEBAA expects 250 exhibitors and over 5,000 visitors to attend the 2008 show. That is double the number of visitors from 2007 and two and a half times the number of exhibitors. There will also be around 60 aircraft on static display, up from 31 last year. So what is driving that level of interest in business aviation in the Middle East?

For Ali Al Naqbi, Founding Chairman of MEBAA, the reasons behind the growth are simple: "What we are seeing is that companies are doing the math and realising that an entry-level jet can be chartered at a convenient time, fly more executives in the same luxury as first class, but on a more cost-effective budget." The economics are the same as those driving the industry forward in other parts of the world, despite current financial woes.

Interest in MEBAA itself has also grown exponentially. Just two years after its creation by 16 founding members, the Association now counts around 150 members. Mr Al Naqbi expects this number to grow to around 300 by 2012. The commitment shown by MEBAA to date makes us think they might just make it. The organisation hosted the first edition of MEBA at the end of January 2007, less than a year after its formation.

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Large and Long-Range

Large, wide-cabin aircraft with extensive range have been the mainstays of the market in the Middle East. "Generally, Middle Eastern customers favour larger aircraft with longer range capabilities," says Trevor Esling, Cessna's Vice President for International Sales. "So our Citation XLS+, Citation Sovereign and newly launched Citation Columbus are faring especially well in this market."

With its 4,000 nautical mile range at Mach .80, the Columbus makes it possible to fly non-stop from Dubai to Europe and most parts of Asia and Africa. The aircraft features seating for eight, enough to meet the needs of most operators in the area. Cessna has been very successful with the Columbus in the Middle East: with over 75 orders for the jet from the region, almost ten percent of the worldwide total.

The strength of the Middle Eastern market has led manufacturers like Dassault, Gulfstream and Hawker Beechcraft Corporation to establish sales offices and parts distribution centres in the region. Dassault, for one, claims that such a move has enhanced its efficiency and responsiveness for the region's growing Falcon fleet.

Bombardier Business Aircraft also enjoys a strong presence in the Middle East. It claims to have cornered 60% of the market for large jets in the region, with 22 Challenger 600s based in the Middle East and Turkey.

Demand Continues

ExecuJet became the first independent operator in the Middle East when they obtained their AOC in 1999. "The Board of ExecuJet saw an opportunity and boy is it coming through!" says Mike Berry, Managing Director of ExecuJet Middle East.

The company opened its state-of-the-art FBO facility at Dubai Airport in December 2005. Since the new terminal opened, the number of aircraft under management has doubled and the company saw record sales of aircraft in 2007.

ExecuJet has employed 40 people for its Middle East operations in the past two months alone and staff in the region now number over 200. This includes over 70 maintenance personnel and over 75 pilots. According to Berry, the worldwide shortage of qualified staff also affects the Middle East. "It is difficult to find skilled staff that meet ExecuJet's safety standards, but we are solving this in a number of innovative ways."

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Investing in the West

While most of the world is in the midst of an economic crisis of epic proportions, the impact on business aviation in the Middle East seems muted. "One or two prospects have delayed purchases of aircraft until the market situation becomes a little clearer," says Mike Berry. "However, that has driven up our charter business. Once someone makes the decision to buy an aircraft they realise that they can be enjoying the benefits of bizav through charter."

Based on a buoyant outlook, companies in the region are also looking outward to invest in new products and services. In June 2008, Dubai-based Emivest Aerospace acquired 80% of the shares in Sino Swearingen, makers of the SJ30 light jet."

Speaking at the naming of the new company in October, Anthony Power, CEO of Emivest said: "The projected growth of the business aviation sector is quite strong throughout the world." Buti Saeed Al Ghandhi, Chairman of Emivest, is even more bullish about his plans for the new company: "We intend to follow in the footsteps of bigger, greater, aerospace companies. We are planning to add both horizontal and vertical services, whether it is maintenance, finance or leasing."

Rizon, an air charter operator based in Bahrain, has decided to bring its products to Europe. The company has just announced plans to open an operating base at London's Biggin Hill Airport, a key business aviation gateway to the city. Rizon will invest around €15.5 M in a new

13,000 square metre hangar, FBO and ramp area at the airport and another €11.7 M on a 75 room hotel directly adjacent to the site of its FBO facility.

Will Curtis, CEO of Rizon Group Holdings, explains the rationale behind the plan to offer executive jet services in both the Middle East and Europe: "European companies traditionally have the Middle East in their sights when it comes to expansion. We are simply doing business the other way around. Whilst the main driver for business users in the Gulf Region at present is primarily eastward-facing investment initiatives, we are convinced there will be continuing and sustained demand for business aviation to and from Europe over the longer term."

While no-one can accurately predict the effect of the current economic climate on the Middle East, most people who know the area well remain very optimistic. MEBA 2008 will provide a valuable insight into whether that optimism is justified.

