

BBC NEWS**BUSINESS**

14 November 2011 Last updated at 09:31

Dubai Airshow: Dubai emerges as global aviation hub

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Bigger and better have long been buzzwords in the United Arab Emirates (UAE), and nowhere more so than at the international airport where the Dubai Airshow is held this week.

Vast, glass-fronted terminal buildings are fronted by palm trees and manicured lawns, their facades punctuated by massive cranes that bring testimony to the continued expansion of capacity here.

The existing international airport, with its huge, air-conditioned terminal buildings, has proved that it is capable of processing a monthly throughput of between four and five million people.

In July, a record 4.7 million people travelled through the airport, marking a 9.7% rise over July 2010. Then, in September, Dubai Duty Free proudly declared that its sales had topped \$1bn (£625m) since 1 January and could reach almost \$1.5bn by the end of the year.

New hub

Those may be big figures, but the traffic at the existing international airport is set to be dwarfed by the new Al Maktoum International Airport, constructed half an hour's drive outside the city.

The new airport is an integral part of a 140 square kilometre transport hub, and thus essential to Dubai's grand ambition of becoming a global centre for logistics, trade and travel.

On the passenger front, the airport aims to be able to handle a whopping 160 million passengers per year.

That is not to say Dubai will receive that many people into the city. Instead, the vast majority will be passing through, having been flown here in enormous aircraft such as the Airbus A380 or the Boeing 777, only to switch to similarly-sized aircraft for long-haul flights or to smaller planes for trips within the region.

'Game changer'

If it all goes according to plan then Dubai is set to become home to the largest airport in the world.

"Emirates, Dubai's main carrier, is expected to move its entire operation to the new airport around 2020, avoiding a fragmented operation over two facilities," says John Strickland, aviation analyst with JLS Consulting.

"This is in stark contrast to the constraints for growth at airports like London Heathrow."

Dubai's ability to expand both terminal and runway capacity quickly without any major constraints makes it easier for UAE's airlines to offer direct, frequent routes to destinations across the world, acknowledges Colin Matthews, chief executive of airport operator BAA, which owns Heathrow, one of Europe's main hubs.

"The region's major airlines, Emirates, Etihad and Qatar, will certainly have a big impact on global aviation," he says.

"Dubai is changing the game."

Logistics capabilities

In addition to the dramatic growth in passenger traffic, Dubai's embryonic cargo terminal is also growing at an impressive rate.

"Logistics will always remain one of Dubai's key sectors and its key strength," says Ayesha Sabawala at the Economist Intelligence Unit.

"With the gradual shift in trade from West to East, I don't think Dubai can afford not to continue to improve on its logistics capabilities."

Moreover, the air cargo terminal is linked to the world's sixth-largest container terminal, Jebel Ali Sea Port, which helps cement Dubai's role as an ultra-efficient commodities trading hub that links Africa with Asia.

"As key 21st century markets like China, Africa, India and Latin America grow, Dubai's airport infrastructure allows it to maintain its centuries old status as a key trading crossroad," says Mr Strickland.

Big deals

For the world's aerospace companies, the UAE carriers have thus become their best clients.

"Traffic is still growing in the Middle East," according to Paul Sheridan, head of risk advisory for aviation specialists Ascend.

"Carriers based here will be ordering aircraft to grow their market share of traffic between Asia and Europe and the US."

This is especially pertinent a time when there is "little demand from Europe or the United States" due to ongoing economic woes, observes Daniel Broby, chief investment officer at Silk Invest.

Stephen Furlong, transport analyst at Davy Research, agrees.

"We absolutely expect the Gulf airlines to continue on the expansion trail," he says.

"They are very into having a young fleet and are determined to be super-connectors who try to Hoover up traffic flows on a global basis."

Already at the show, resident carrier Emirates has ordered \$18bn worth of Boeing 777 aircraft, whilst signing options for a further \$8bn worth of planes.

And as the week progresses, Qatar and Etihad are expected to place multi-billion dollar aircraft

orders of their own.

The Dubai Airshow runs from 13 to 17 November 2011.

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