



**OPPORTUNITIES FOR DUTCH BUSINESS
IN THE GULF REGION
AEROSPACE AND AVIATION**



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1

INTRODUCTION

As the balance of global aviation gradually shifts away from the traditional markets such as Europe and the US, the GCC (Gulf Cooperation Council) aviation industry is emerging as the centre of the sector worldwide. Having grown steadily over the last two decades, the GCC's aviation industry has outperformed most of the other regional markets.

The commercial activity in the sector has resulted in excellent national airlines such as Emirates Airline, Etihad Airways, and Qatar Airways emerging successful at an international level. Being strategically located at approximately an eight-hour flying distance from two-third of the world's population, the Gulf acts as a central aviation hub and a key link between the eastern and the western world. Passenger traffic growth during 2008-2012 of airports like Dubai, Doha and Abu Dhabi by far outpaced that of the traditional hubs such as Hong Kong, Amsterdam, Frankfurt and London.

Between 2012 and 2032 growth in air passenger and cargo traffic in the Middle East is expected to outperform all other regions in the world. The geographic location combined with the fleet expansion and the expanding airport infrastructure are some of the key growth drivers.

A growing aviation sector also means a growing aviation industry. This growth fits the ambitions of the Gulf to play a role in the supply chain of aircraft builders such as Airbus and Boeing. It also demands a growing aircraft maintenance industry. As a major buyer of new aircraft Middle Eastern airlines and governments have an excellent negotiating position towards aircraft builders in establishing and strengthening a local industry, in both the manufacturing industry and the aircraft maintenance industry.

The purpose of this report is to give Dutch businesses an insight in the Gulf's aviation sector and help them to identify possible business opportunities. The focus of this report is especially on the UAE, Saudi Arabia and Qatar.

A lot of the information in this report was taken from an excellent report written by Alpen Capital. To download the full Alpen Capital report please go to <http://www.alpencapital.com/news-article-3-March-2014.htm>



Concourse A, Dubai Airport

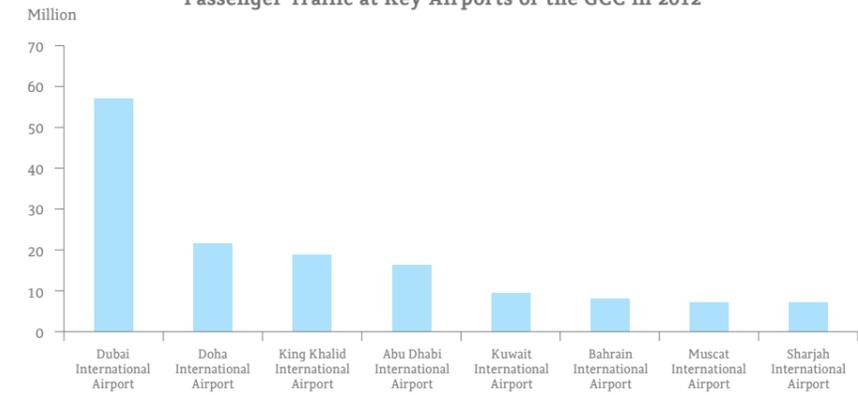
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GCC MARKET OVERVIEW

Over the last decade, the Gulf has been making the most of its favourable geographic location by complementing it with state-of-the-art airport infrastructure. The result is its deep-rooted standing as a global aviation hub. Particularly basking in this glory are the UAE and Qatar, with their sophisticated airports at places such as Dubai, Abu Dhabi, and Doha. It is therefore no surprise that these countries house the fastest growing carriers of the world, namely, Emirates Airline, Etihad Airways, and Qatar Airways. The Dubai International Airport, which handled 57.7 million passengers in 2012, is the largest airport of the GCC.

Exhibit 1

Passenger Traffic at Key Airports of the GCC in 2012



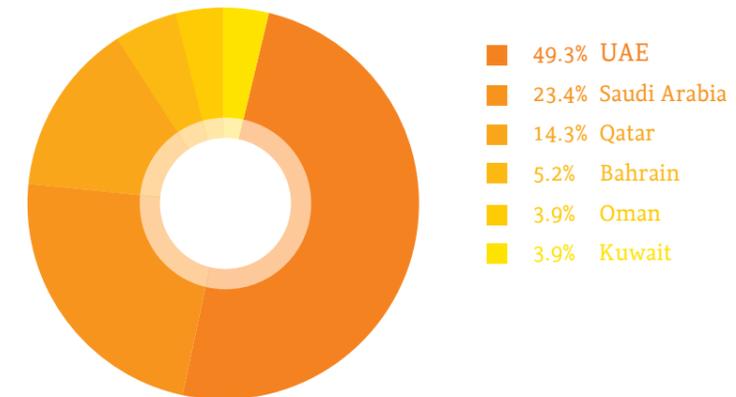
Source:
Exhibit 2 of the Alpen Capital GCC Aviation Industry 2014 report
Websites of the respective airports; General Authority of Civil Aviation, Saudi Arabia; Alpen Capital

The UAE and Saudi Arabia are the two key aviation markets in the region, together constituting approximately 73 per cent of the total fleet size in the GCC aviation sector. Air Arabia, flydubai and Jazeera Airlines are the low cost carriers (LCCs) of the region, while the remain are full service carriers (FSCs).

Exhibit 2

Fleet size across the GCC

total fleet size 994



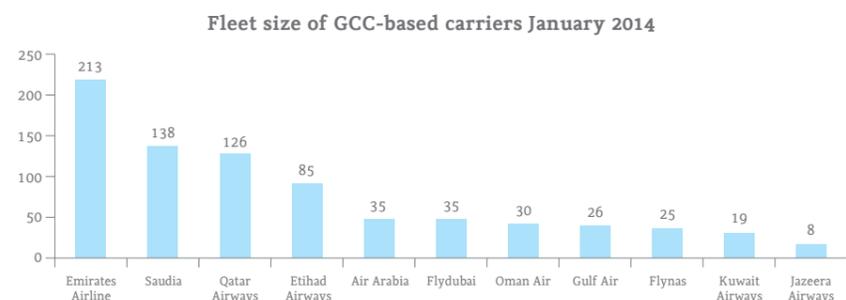
Source:
Exhibit 7 of the Alpen Capital GCC Aviation Industry 2014 report
Middle East Maintenance, Repair and Overhaul Market – 2013 Market Overview and Growth Opportunities”, ICF SH&E Limited, February 2013

The major commercial airlines of the GCC region include:

- **UAE:** Emirates Airline, Etihad Airways, Air Arabia, and flydubai
- **Qatar:** Qatar Airways
- **Saudi Arabia:** Saudi Arabian Airlines (Saudia) and flynas
- **Bahrain:** Gulf Air
- **Oman:** Oman Air
- **Kuwait:** Kuwait Airways and Jazeera Airlines

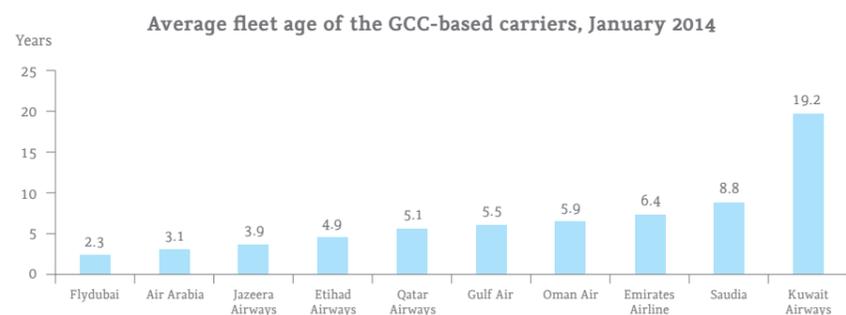
In line with the region-wide industry trend, major GCC-based airlines such as Emirates Airline, Etihad Airways, and Qatar Airways have seen significant traffic growth and route expansion in the past few years.

Exhibit 3



Source: Exhibits 8 & 11 of the Alpen Capital GCC Aviation Industry 2014 report
Airfleets, ch-aviation

Exhibit 4



Source: Exhibits 9 & 12 of the Alpen Capital GCC Aviation Industry 2014 report
Airfleets, ch-aviation

The GCC-based airlines are increasingly challenging the established European air cargo players. State-sponsored fleet expansion and access to relatively cheap aviation fuel has led major airlines of the region to become dominant global players within a short time span.

The major GCC-based Key Air Cargo Carriers include:

- **UAE:** Emirates SkyCargo, Etihad Cargo
- **Qatar:** Qatar Airways Cargo
- **Saudi Arabia:** Saudia Cargo
- **Bahrain:** Gulf Air Cargo

To leverage the geographical advantage, the governments of the Gulf countries are making significant investments towards the improvement and expansion of their airport infrastructure. The UAE accounted for around 63 per cent of the GCC's airfreight volume in 2012, leveraging its sophisticated airport infrastructure. The on-going extensive expansion of key airports of the Gulf is expected to increase their contribution to the global airfreight volume.

Exhibit 5

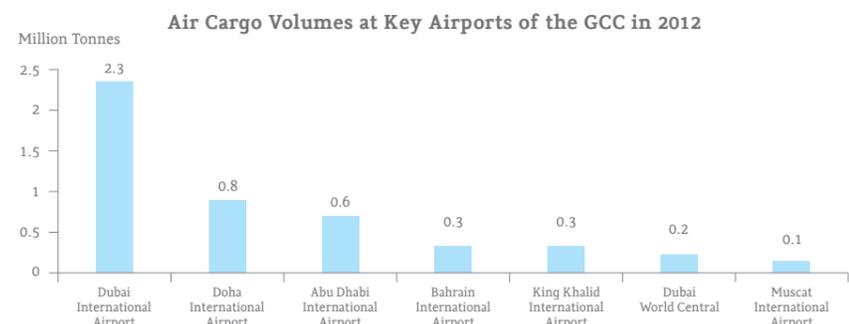
Country	Airport	Project Value (USD billion)
Qatar	Hamad International Airport	16
UAE	Dubai World Central	8
UAE	Dubai International Airport (Phase 4 development)	7,8
UAE	Abu Dhabi International Airport	6,8
Oman	Expansion of Muscat International Airport and Salalah Airport. New Airports at Sohar, Duqm, Ras al Hadd and Adam	6,1
Kuwait	Kuwait International Airport King Abdulaziz International Airport (Phase 1 development)	2,1
Saudi Arabia	Jeddah	1,5
Bahrain	Bahrain International Airport	0,3
Total		48,6

Source: Exhibit 17 of the Alpen Capital GCC Aviation Industry 2014 report



Dubai has emerged as the major air cargo hub of the Gulf Region, mainly due to its world-class infrastructure. Both its airports, Dubai International Airport and Dubai World Central, are capable of facilitating fast transit of freight from sea to air. They harbour the capability to transfer full container loads between the quayside at Port Rashid or Jebel Ali to the Dubai International Airport, or vice versa, within as less as six hours.

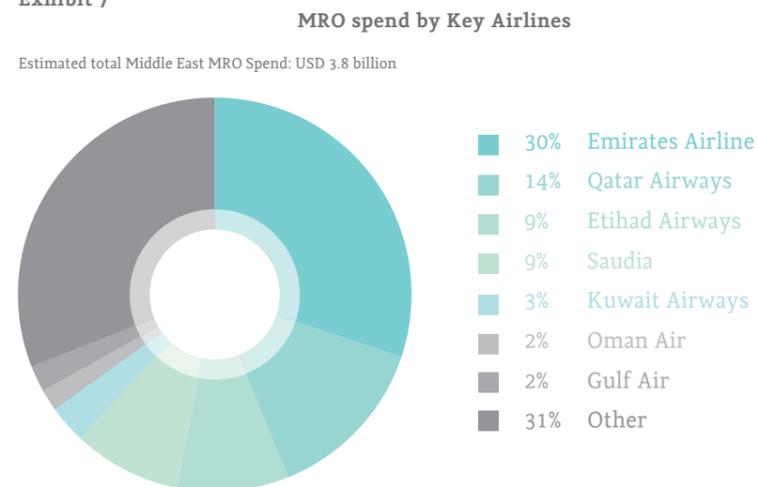
Exhibit 6



Source:
Exhibit 18 of the Alpen Capital GCC Aviation Industry 2014 report
Websites of the respective airports; General Authority of Civil Aviation, Saudi Arabia

The overall Middle East's Maintenance, Repair, and Overhaul (hereafter MRO) industry size stands at an estimated USD 3.8 billion, accounting for approximately 6 per cent of the global market. The major FSCs of the Gulf are Emirates Airline, Qatar Airways, Etihad Airways, Saudia, Kuwait Airways, Oman Air, and Gulf Air. Together they spent around an estimated USD 2.7 billion on MRO services to represent approximately 69 per cent of the total amount spent by the Middle East airlines. Engine overhaul is the main segment of the Middle East aircraft MRO market, constituting around 42 per cent of the overall spend. Other market segments include airframe heavy maintenance (22 per cent), component overhaul (19 per cent), and line maintenance (17 per cent).

Exhibit 7

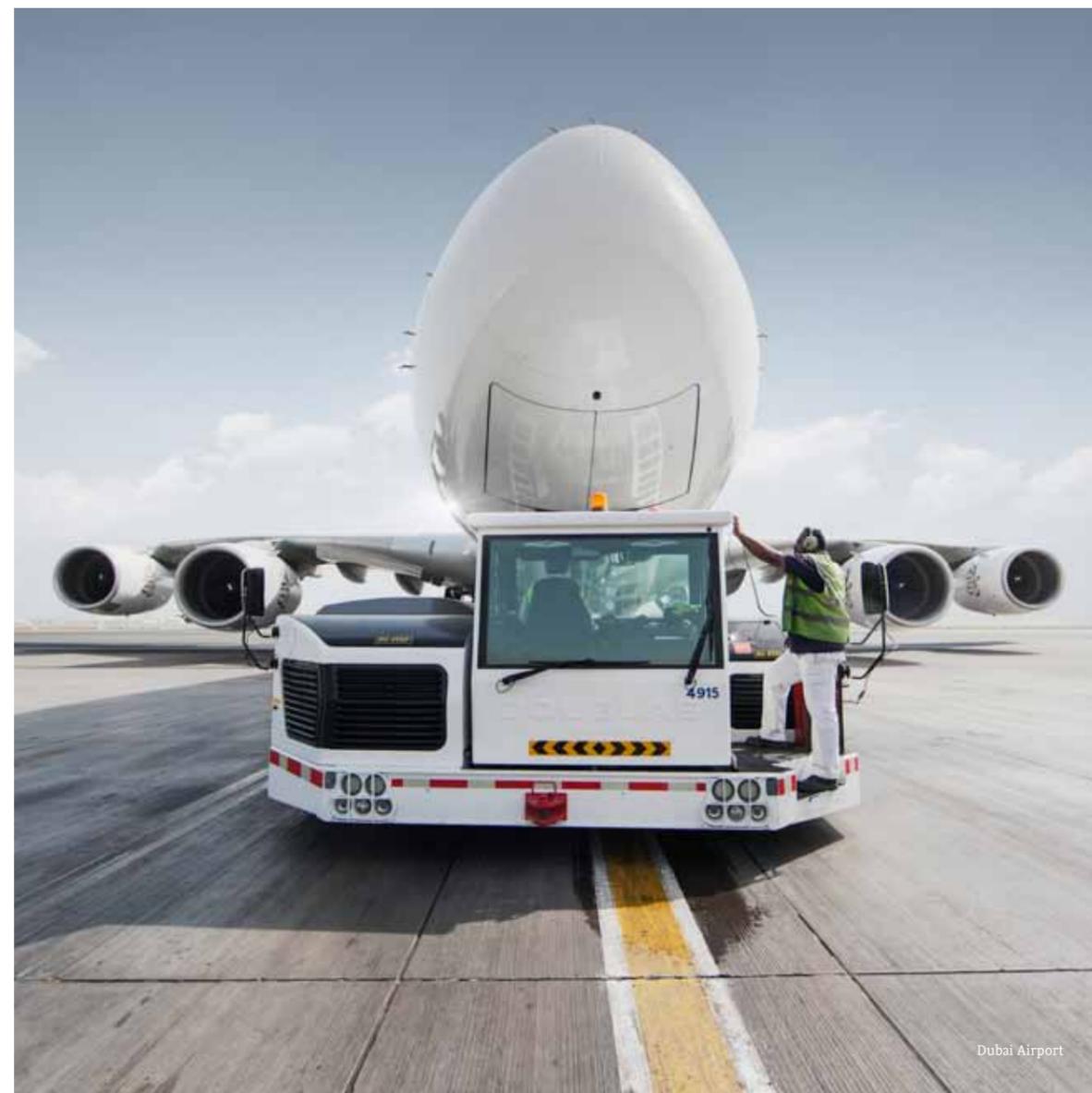


Source:
Exhibit 22 of the Alpen Capital GCC Aviation Industry 2014 report

The MRO segment of the GCC aviation sector has transformed with time. Until some years ago, there were only a few standalone MRO service providers in the region. Most line maintenance activities were performed by the in-house maintenance division of national carriers, while heavy maintenance activities were outsourced. However, the entry of foreign players and high government investment in the sector has changed the market structure significantly.

GCC-based key MRO companies

- **UAE:** Abu Dhabi Aircraft Technologies (ADAT), Emirates Engineering, Dubai Aerospace Enterprise
- **Saudi Arabia:** Alsalam Aircraft Company, Saudia Aerospace Engineering Industries



3

MAJOR DRIVERS PER GCC COUNTRY

3.1 THE UAE AVIATION MARKET

UAE's government agenda concerning aerospace/aviation

In its continued efforts to diversify the economy away from overdependence on the hydrocarbons industry the UAE's government is investing heavily in the development of the aerospace sector. UAE companies and state agencies will invest over USD 136 billion in the aviation industry over the next decade to diversify the economy and make the country a global transport hub, says the Minister of Economy.

Aviation already makes up the largest part of Dubai's economy. According to indications, the industry accounts for almost 20 per cent of the workforce and 28 per cent of the Emirate's GDP. At full capacity the contribution of the new airport to GDP is expected to grow to 35 per cent. In Abu Dhabi, the contribution of the aviation sector to GDP is 2.9 per cent (USD 19.45 billion).

Mubadala, a strategic investment company owned by the Abu Dhabi Government, is an important player in the country's industrial plans for aviation. The company oversees plans to develop maintenance facilities for civilian and commercial aircraft, flight training, high-technology manufacturing for aircraft parts and research and development work. In Al Ain, the second largest city in the Emirate of Abu Dhabi, a mix of public and private investment envisaged to create a dedicated aerospace and aviation cluster, the Nibras Al Ain Aerospace Park.

The UAE seek to build up an aerospace and defense industry to increase the country's own defense capacity. A breakthrough is that ADCOM Systems, an Abu Dhabi based company that has been producing unmanned target-training drones since the 1990s, has succeeded in developing an advanced unmanned aircraft known as United 40, which can fly for 100 hours and can carry up to 10 air-to-ground missiles, prompting 10 countries, including the US and Russia to express their buying interest. The value of the deals is no less than USD 272 million. This will have economic and scientific consequences that are important for the future of advanced manufacturing in the country.

The UAE is at the core of the vibrant aviation sector of the GCC and constitutes around 49 per cent of the total fleet size of the GCC aviation sector.

Major Carriers

The four major carriers of the UAE are Emirates Airline, Etihad Airways, Air Arabia, and flydubai. The first two are full service carriers (FSCs), while the last two are low-cost carriers (LCCs). Emirates Airline is Dubai-based while Etihad Airways is based in Abu Dhabi. Both the airlines enjoy local government support as well as strong brand recognition due to their high service standards and international connectivity. To strengthen their global presence Emirates and Etihad continue to augment their flight frequency along existing routes, while embarking on new ones. Both carriers have plans to expand their fleet size aggressively in the future. At the Dubai Airshow in November 2013, both carriers together placed an order of 343 planes. Emirates Airline is the leading customer of Airbus A380, the world's largest passenger aircraft.

The leading LCCs in the Middle East, Air Arabia and flydubai, are also UAE-based and are gradually increasing their share in the short- and medium-haul passenger traffic segment. The operational performance of the country's LCCs has been impressive in the recent past. Air Arabia's sound market positioning in the short and medium-haul passenger traffic segment is highlighted by a robust growth in its number of passengers. Like Air Arabia, flydubai demonstrated strong growth since the commencement of its operations. It has carried a total of 10.4 million passengers since its launch. In the last two years, the budget carrier more than doubled the number of destinations it covers. The airline came into existence with an aim of supporting the thriving commercial and tourism sectors in Dubai.

Airports

The three major airports of the UAE, Dubai International Airport, Abu Dhabi International Airport and Sharjah International Airport handled approximately 80 million passengers in 2012, registering a compound annual growth rate (CAGR) of 11.5 per cent between 2008 and 2012. The country is expected to record a 6.6 per cent CAGR in passenger traffic between 2012 and 2017, mainly on the back of traffic growth at Emirates Airline and Etihad Airways. This growth is concurrent with the expanding passenger seat capacity of local airlines, a large inflow of tourists, and the country's increasing importance as a global transit hub. Air passenger throughput will receive another major boost when Abu Dhabi's and Dubai's new airports are fully operational.

Manufacturing and MRO

Mubadala and other existing local players are investing heavily in developing the UAE's Manufacturing and MRO sector.

Shortly after the large order placements from UAE airlines with Boeing, Mubadala and Boeing signed a USD 2.5 billion agreement in which Mubadala, through Strata, will supply advanced composites and machine metals to the US plane maker.

These components will be used in the new Boeing 787 Dreamliner and the 777X. Boeing will support Strata in developing production facilities of desired quality. This will allow the UAE economy to further evolve in the aerospace manufacturing and technology industry, which creates jobs for trained Emirati.

Major players and companies

Company	Type	Website
Emirates Airline	Full service carrier	www.emirates.com
Etihad Airways	Full service carrier	www.etihad.com
Fly Dubai	Low cost carrier	www.flydubai.com
Air Arabia	Low cost carrier	www.airarabia.com
Dubai Aerospace Enterprise	Aircraft Leasing and MRO	www.dubaiaerospace.com
Abu Dhabi AirCraft Technologies	MRO	www.adat.ae
Emirates Engineering	MRO	www.emiratesengineering.com
AMMROC	Military MRO	www.ammroc.ae
Strata Manufacturing	Aerostructures manufacturing company	www.strata.ae
Mubadala (Aerospace)	Investment company	www.mubadala.com

Quick facts

UAE	
Population	9.2 million (2013)
Area	83,600 km ²
GDP	USD 396 billion (2013)

Key driving factors**• Favourable demography:**

A population growth of around 3 per cent between 2013 and 2018 coupled with high proportion of expatriates, who travel frequently to their native country, are likely to be key drivers for the UAE aviation sector.

• Rising income levels:

The UAE has one of the highest levels of GDP per capita in the Middle East. In the future, the income levels are likely to grow, resulting in the expansion of the 'High Net Worth Individual' segment. This augurs well for both business and leisure segments.

• Growing reputation as a global aviation hub:

With its strategic location and unmatched airport infrastructure, the UAE is poised to take advantage of growing air traffic between the eastern and western parts of the world.

• Tourist influx:

The UAE's growing recognition as a leading destination for leisure and business travelers will continue to draw a large number of visitors to the country. This augurs well for the country's aviation sector.

• Expansion initiatives:

The UAE's key airlines as well as airports are undergoing substantial expansion aimed at increasing the overall capacity. Following the expansion, the country's carriers will become better equipped at accommodating increased cargo and passenger traffic.

3.2 THE SAUDI ARABIAN AVIATION MARKET**Saudi Arabia's government agenda concerning aerospace/aviation**

Saudi Arabia's government agenda concerning aerospace/aviation Saudi Arabia is literally one of the powerhouses among the Gulf States. The country has a population of approximately 30 million people, and with the largest oil reserves in the world a strong financial position.

Overall, the Saudi Arabian aviation market is standing on the threshold of change. The government is bringing about positive changes within the sector to boost its growth and thereby, the ability of its carriers to compete in the global market. In 2011, Saudi Arabia's General Authority for Civil Aviation opened up the domestic sector to foreign airline operators for further liberalisation. Consequently, Qatar Airways and Gulf Air have already been granted licenses to establish new airlines in Saudi Arabia. As a result, 2014 sees the launch of two new operators, Al Maha and Saudi Gulf Airlines.

In a bid to provide a level-playing field to the private operators in the country, in 2006, the Supreme Economic Council formulated a plan to privatise Saudia. The plan involved splitting the company into six private businesses, namely, catering, cargo, ground handling, maintenance, training, and the core airline unit. The privatisation plan gained momentum in 2007, when 49 per cent of the government stake in the catering division was sold to the Strategic Catering Company. In 2008, the carrier's cargo unit was privatised, in 2010 the ground handling services and in 2013 its MRO unit.

Saudi Arabia constitutes around 24 per cent of the total size of the GCC aviation sector.

Major carriers

Historically, the Saudi Arabian aviation market has been highly regulated, with its national carrier Saudia enjoying absolute monopoly. To boost capacity, in 2007 the country granted aviation licenses to two new players, flynas and Sama, of which the latter stopped operations in 2010. Despite the entry of new players, Saudia controls 94 per cent of the country's domestic air travel market, while the remaining 6 per cent is handled by flynas, the country's budget airline.

Saudia provides aviation services within Saudi Arabia and across the Middle East, Asia, Europe, and North America from its base, King Abdulaziz International Airport in Jeddah. Saudia receives financial and regulatory support from the government, primarily in the form of subsidized aviation fuel. Today, the airline operates with a fleet of 138 aircraft and transports around 70,000 passengers daily. In 2013, the carrier transported more than 25 million passengers.

The low cost carrier flynas operates with a fleet size of 25 aircraft. Although flynas is yet to achieve profitability on an annual basis, the carrier's performance has improved significantly in the recent past. The airline made an operational shift in focus to shorter routes. In 2012, flynas increased the number of its flights from Jeddah, Riyadh, and Dammam to deepen its domestic presence. The company expected to report a profit for the first time in 2013.

Airports

Saudi Arabia is spending heavily on the expansion of its airports, including the Airport Development Phase I at King Abdulaziz International Airport in Jeddah, with an investment of around USD 1.5 billion. Also the other three major airports are undergoing expansion to cater for the growing air passenger traffic. These are the King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam, and Prince Mohammed Bin Abdulaziz International Airport in Medina.

Manufacturing and MRO

The Saudi Arabian Alsalam Aircraft Company (Alsalam) is one of the leading MRO companies in the Middle East. The company is privately owned and provides maintenance, modification, and technical services to commercial, corporate, VIP and military clients around the world. Boeing holds the majority stake in Alsalam.

The low cost carrier flynas is also developing its own MRO facilities in Saudi (mainly A-checks).

Major players and companies

Company	Type	Website
Saudi Arabian Airlines	Full service carrier	www.saudiairlines.com
flynas	Low cost carrier	www.flynas.com
Alsalam Aircraft	MRO	www.alsalam.aero
Saudi Aramco	State Oil Company (Saudi Aramco owns 17 aircrafts and 20 helicopters)	www.saudiaramco.com

Quick facts

Saudi Arabia	
Population	29.9 million (2013)
Area	29,994,272 km ²
GDP	USD 718 billion (2013)

Key driving factors**• Large and growing population base:**

The population of this most inhabited country of the GCC is likely to grow at 2-3 per cent until 2018, thereby providing a large potential customer base to the aviation companies.

• Religious tourism:

Saudi Arabia is the hub of religious tourism in the Middle East, with the country being the most visited in the region. Tourism in the nation is driven by a growing number of pilgrims visiting the holy Islamic cities of Mecca and Medina. It is expected that religious tourism will continue to drive the Saudi Arabian aviation sector in the future, with visitors for Hajj and Umrah expected to reach 13.7 million by 2019. To cater to the growing traffic, Saudi Arabia is spending heavily on the expansion of its airports.

• Liberalization:

The Saudi Arabian government's decision to open up the domestic aviation market to private players will result in the launch of two new carriers in the sector in 2014, adding to the competition.

• Privatisation of Saudia:

The privatisation of the core airline unit of Saudia in the near future will make the sector more competitive, transforming into enhanced services for customers.

**3.3 THE QATARI AVIATION MARKET****Qatar's government agenda concerning aerospace/aviation**

Qatar has developed rapidly in recent years and with revenues from the large oil and gas reserves this will certainly continue for some time. The country invests heavily in infrastructure, such as the construction of railways and the new airport Hamad International Airport. The first phase opened in May 2014 and Qatar Airways has already moved its operations to the new airport. The capacity of the New Hamad International Airport is designed to be 29 million passengers per year, i.e. three times the capacity of the current airport. When all the terminals will be in use the capacity of the new airport will amount to 93 million passengers per year, which makes it the second largest airport in the region. Qatar has seen an increase in air traffic due to its robust economic development, a rising population of foreign nationals as a result of increased job opportunities, and the country's emergence as a major destination for sporting events.

Aerospace city is a project that was announced in 2012 and with aimed completion in 2017. The Qatar Foundation for Education and Research chaired by Her Highness Sheikha Mozah Bint Nasser, wife of the Emir of Qatar, is committed to an ambitious project to create an Aerospace City near Al Khor. The Qatar Foundation is acting as prime contractor for the project, with technical support from Qatar Petroleum for the planning and design aspects. In January 2008, the Qatar Foundation announced an architectural competition for the project master plan. KPF (Kohn Pederson Fox Associates) and its partners won this competition, which include ADPI (a French company specialised in airport architecture and engineering) for the airport area of the development.

The project aspires to include: a business airport for general aviation and helicopters operated by Gulf Helicopters; a military area; an education and research area incorporating a university campus and aerospace college; a business and residential district with a marina, chalets and swimming pools; a theme park and aerospace museum.

The Qatar Civil Aviation Authority (QCAA) was established in 2001. The objective of establishing QCAA is to promote civil aviation and weather forecasts in terms of efficiency, accuracy and security, thereby accomplishing the social development goals.

In the context of the 2022 FIFA World Cup and the development of stadiums and infrastructure several Dutch companies are already active in the country.

Qatar accounts for around 14 per cent of the total fleet size of the GCC aviation sector.

Major carriers

Qatar is one of the fastest growing aviation markets in the Middle East, with its national carrier, Qatar Airways, being at the helm of the development. The airline has evolved into one of the aviation industry's biggest success stories. The five-star airline has since its launch in 1994 grown into a company with 130 aircraft in operation, 196 ordered and another 48 in option. The company has all current and new models from Airbus and Boeing in operation or on order. The average age of the aircraft is 5 years.

Qatar Airways has a huge fleet expansion plan in place, and is expecting a delivery of more than 230 new aircraft worth more than USD 50 billion, over the next few years. In October 2013, Qatar Airways became the first Gulf-based carrier to join oneworld, an alliance of international airlines. Qatar Airways flies to over 125 destinations in 6 different continents

The LCC segment in the country is yet to take off, evident from the fact that there are currently no budget carriers based out of Qatar. However, budget carriers of other Gulf countries are fairly active in the country.

Qatar Amiri Flight is the VIP carrier for the royal family. Although the aircraft wear the colours of Qatar Airways, operation is completely separate. The aircraft Qatar Amiri Flight has in operation are Airbus A319, A320, A330 and A340, two Boeing 747's and a C-17 Globemaster.

Airports

Doha International Airport is the gateway that links Qatar to the world, and with the help of QCAA, has always played a major role in all the country's developments. It offers handling and navigation services, as well as services related to civil aviation safety and security, in compliance with the ICAO (International Civil Aviation Organization) standards adopted by more than 25 aviation companies that have regular flights to more than 48 destinations in Europe, Middle East, North Africa, the Indian Peninsula, and the Far East.

Hamad International Airport first phase opened in May 2014. The second phase of the airport, due to open after 2015, will increase capacity to nearly 50 million passengers per annum.

Al Khor Airport is located south of Al Khor in Qatar. The airport is mostly used by general aviation aircraft and is the venue for the Al Khor Fly-In since 2008.

Al Udeid Air Base is a military base west of Doha also known as Abu Nakhlah Airport.

Manufacturing and MRO

Qatar Airways has its own maintenance organisation. The new maintenance hangar at Hamad International Airport – which will be the largest in the world – is able to accommodate two A380s simultaneously.

Qatar holds the largest market for helicopter maintenance. It has the largest helicopter airport in the region, mainly to serve the local oil and gas industry. Gulf Helicopters, offering operation, maintenance, and training, currently has 45 machines, spread across facilities in Doha, India, Malaysia, and Saudi Arabia. In short time another 12 aircraft will be added to the fleet.

Major players and companies

Company	Type	Website
Qatar Airways	Full service carrier	www.qatarairways.com
Qatar Amiri Flight	Carrier of the Royal Family	www.amiriflight.gov.qa
Gulf Helicopters	Helicopter operator and Maintenance	www.gulfhelicopters.com
QCAA	Qatar Civil Aviation Authority	www.caa.gov.qa

Quick facts

Qatar	
Population	2.2 million (2013)
Area	11,571 km ²
GDP	USD 214 billion (2013)

Key driving factors

• **Demography:** Population in Qatar is expected to grow at a healthy annual rate of 4 per cent between 2013 and 2018, which bodes well for the country's aviation sector. Further, the country's population base is characterized by a large proportion of expatriates, which form an attractive target market for the national carrier.

• **Prosperity:** Qatar has among the highest per capita incomes in the world. The country's economy has registered healthy growth in the past few years and is likely to continue to do so in the future, driven mainly by the oil and gas sector. A high number of wealthy individuals and a thriving economy present strong growth potential for the country's aviation market.

• **Tourism:** Qatar is likely to see an increase in tourist arrivals, mainly backed by government efforts on promoting business/leisure tourism. Sports tourism, in particular, will continue to flourish in the future, with the country winning the bid to host the 2022 World Cup. The country also hosts annual sporting events such as tennis and golf tournaments, which attract a large number of international tourists.

• **Development of a new airport:** To enhance its passenger and cargo handling capacity, Qatar is developing a new airport in Doha, Hamad International Airport, the first phase of which opened in 2014.

• **Positioning of Qatar Airways:** Backed by an expanding fleet and good service quality, Qatar Airways is expected to play a material role in the GCC aviation market. To expand its operations, the carrier is expecting the delivery of over 230 aircraft, in the next few years.



4

OPPORTUNITIES AND CHALLENGES FOR DUTCH BUSINESSES IN THE GCC REGION

4.1 Dutch business opportunities and challenges

There are plenty of opportunities for Dutch companies in the fast growing Middle Eastern aviation market, especially in the field of MRO and education.

The maintenance organisations of the major airlines in the Gulf Region, cannot keep track with the growth in number of aircraft in operation and the related maintenance. It is expected that certain maintenance will be outsourced, preferably in the region. Cooperation with smaller maintenance organizations may thus be relevant for a position within the MRO supply chain of Emirates, Etihad and Qatar Airways.

In addition, the rise of the budget airlines (often without their own maintenance organisation) provides opportunities for external suppliers. The maintenance of these airlines has to be done by independent MRO companies or by the maintenance organisations of national carriers who have capacity for “third party maintenance”.

Next to maintenance, the Aerospace Manufacturing industry is also on the rise. In Al Ain, Abu Dhabi's second city, the UAE government is developing a dedicated aerospace and aviation cluster, the Nibras Al Ain Aerospace Park. Strata, a composite aerostructures manufacturing company, is located in the Nibras Al Ain Aerospace Park and manufactures for the biggest players in the industry, e.g. Airbus and Boeing.

The aggressive expansion of the GCC carriers also requires a large number of skilled personnel to fly the new aircraft and poses a need for a bigger cabin and ground handling staff. The Middle East is expected to require around 36,100 new pilots and 53,700 new technical personnel over the next two decades. Education City in Qatar has a strong focus on education and developing R&D capacity for the aviation industry.

The relatively young population of many countries in the Gulf Region, paired with the often still insufficient attention for technical vocational education, provide for opportunities in transferring knowledge and skills as part of doing business.

Local customers often prefer to work with companies or institutions that have a base in the Gulf States for easy accessibility and back up support and service. Access to the right contacts, prompt delivery and availability of the product in the market and competitive prices are important factors.

Many initiatives are being undertaken to control the emissions of the aviation sector and reduce its environmental impact. The aviation regulatory authorities of the UAE and Saudi Arabia have declared policies pertaining to engine emissions. Adhering to such environmental norms and policies is a challenge for the airline companies and the knowledge of the Netherlands in the fields of clean energy and environmental technology can be beneficial to these players in the Gulf Region.

4.2 Support by the Dutch government

The Netherlands economic government network in the Gulf Region offers a number of products and services that can help you prepare and establish your business. These services focus on providing market information, identifying potential partners and advising you in setting up a business in the GCC.

Trade requests

Do you have a trade request about doing business in the GCC? The embassies and consulate general are more than happy to assist you. Besides offering concrete answers to your questions relating exporting and investing abroad, they can also assist you in efforts to discover potential market opportunities.

Business partner scan and matchmaking

A business partner scan gives you an overview of potential business partners in your target market. These partners can be agents or distributors, but also manufacturing partners. The network looks for parties that meet your specified criteria and are interested to work with you. Further information on: www.rvo.nl/onderwerpen/hoi/netwerkpartners-zoeken/internationale-zakenpartners/zakenpartnerscan (in Dutch).

Company check

The embassies and consulate general can run a company check at the request of Dutch companies about a potential business partner. The check verifies if the company is legally registered with a local authority.

Trade missions and delegations

Trade missions, delegations and joint submissions for exhibitions are organised from the Netherlands to the Gulf Region. In the Gulf several trade fairs take place that can be of great interest to Dutch businesses. The embassies and the consulate general can provide you with the right information, advise you in participating and help you to meet potential local partners.

Trade disputes

Trade disputes range from differences in interpretation of contracts and agreements, to liability for breach of local regulations and requirements. The embassies and consulate general can provide a list of local attorneys who may be able to assist you in the process.

Other services

- Access to the broad network of the embassies and the consulate general
- Introduction to contacts at different levels
- Advice on lawyers and accountants
- Advice on the Orange Carpet visa procedure
- Holland promotion

Support tools

The embassies and consulate general work closely together with organisations and ministries in the Netherlands. For example with RVO, which has several tools to support Dutch companies with ambitions abroad, both starting and seasoned entrepreneurs.

4.3 Desert Tulip

In 2012 a three-year Partners in International Business (PIB) programme was initiated named "Desert Tulip". The program is initiated by RVO to enhance the cooperation between industry, government and the branch organization Netherlands Aerospace Group (NAG). The objective of this partnership is to promote the business position of the Dutch aviation industry in the UAE, by identifying, initiating, developing, and contracting of substantial orders. During the three-year period the six companies in the cluster regularly visit the UAE. Participating partners are KVE Composites Group, NLR, QAPS, TNT Express Worldwide, and VisionWaves. In 2015 the PIB programme is coming to an end, but already the participating companies look back on it with considerable satisfaction.

Often information about tenders is communicated only through local media. Access for foreign companies is dependent on their own local network, and local cooperation. The Netherlands embassy in the country or the Netherland Aerospace Group can put Dutch companies in touch with local organizations. There are no local trade organisations for the aviation industry yet.

In the Gulf Region, the government plays a crucial role in the development of the local aerospace market. Building relationships with the Dutch government representations often strengthens the business position.



5

REFERENCES AND USEFUL LINKS

Useful links:

An excellent overview of the aviation industry in the GCC is written by Alpen Capital:

<http://www.alpencapital.com/news-article-3-March-2014.htm>

A good overview of the aviation industry in all emerging markets can be found on:

www.aviationguideem.com

A good source for news about the aviation industry in the Middle East is:

www.arabianaerospace.com

UAE

Mubadala, www.mubadala.com

Strata Manufacturing, www.strata.ae

Nibras Al Ain Aerospace Park, www.mubadala.com/en/what-we-do/aerospace/nibras-al-ain-aerospace-park

ADCOM Systems, www.adcom-systems.com

Dubai Airshow, www.dubaiairshow.aero

Emirates Airline, www.emirates.com

Etihad Airways, www.etihad.com

Saudi Arabia

Saudi Arabian Airlines, www.saudiairlines.com

flynas, www.flynas.com

Alsalam Aircraft Company, www.alsalam.aero

Qatar

Qatar Airways, www.qatarairways.com

Gulf Helicopters, www.gulfhelicopters.com

The Netherlands:

Rijksdienst voor Ondernemend Nederland (RVO), www.rvo.nl

Netherlands Aerospace Group (NAG), www.nag.aero

Trade fairs and exhibitions

In the Gulf Region, various exhibitions take place in the field of aviation and related areas such as business jets, MRO, defense, aircraft interior and helicopters. Also, an Airport Show is held, focusing on airport development. The majority of the events take place in Dubai and Abu Dhabi, only a few in the neighbouring countries. The main events are:

Airport Show Middle East, Dubai: www.theairportshow.com

Aircraft Interiors Middle East, Dubai: www.aime.aero

MEBA, Dubai: www.meba.com

Abu Dhabi Air Expo, Abu Dhabi, www.adairexpo.com

Global Aerospace Summit, Abu Dhabi: www.aerospacesummit.com

Helishow Dubai, Dubai: www.dubaihelicoptershow.com

IDEX, Abu Dhabi: www.idexuae.ae

Interiors Middle East, Dubai: www.meba.aero

MEBA, Dubai: mebaa.com/events/view/22

MRO Middle East, Dubai: events.aviationweek.com

NETHERLANDS ECONOMIC NETWORK IN THE GULF REGION

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Embassy of the Kingdom of the Netherlands in Doha

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