

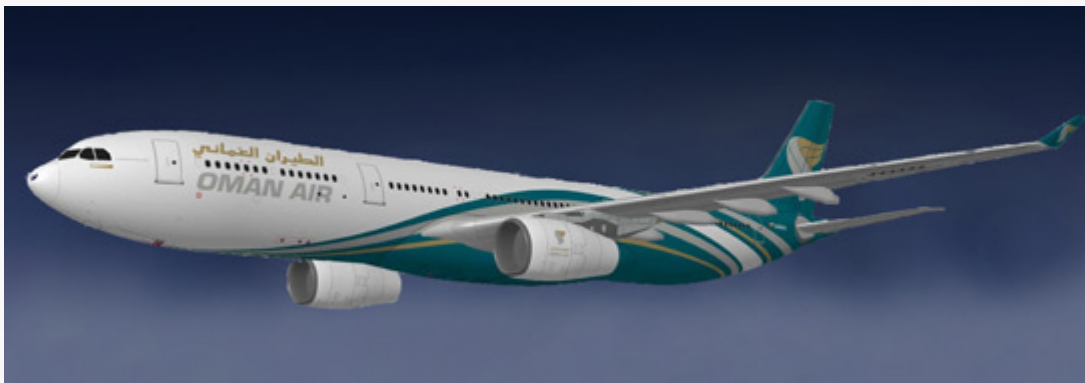


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Oman Air Participates In The Second ME Aviation Outlook Summit Experts: ME Is Fast Becoming The Next-Gen Aviation Centre Of The World

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Oman Air, the national carrier of Oman represented by its CEO Peter Hill, took part in The Second Middle East Aviation Outlook Summit held in Abu Dhabi recently. Hill was invited to participate in two panel discussions. Aviation experts, who convened to discuss the future of the Middle East Aviation industry, believe that the Middle East aviation sector is set to soar. The Summit organized by Terrapinn, a leading global business media company, unveiled results of the Centre for Asia Pacific Aviation (CAPA) report, which declared that the region will be growing while others are stagnating.



Terrapinn conducted a survey amongst more than 400 top executives from the aviation industry from around the world and the Middle East. The survey revealed that 90% of the respondents are still upbeat about the Middle East aviation industry. Fifty per cent of the respondents stated that growth would continue due to government support, followed by geographic location (43.5%) the strength of regional economies (35.5%) and consumer's purchasing power 37%.

The Majority of respondents in the survey thought the biggest obstacle to ME aviation growth in the next 12 months was volatile fuel prices 65%, followed by operational efficiency 25.4%, government policy 23.8% and recruitment of pilots 20.6%. About 53% of them felt that the biggest opportunity for airlines is passenger growth from Middle Eastern countries followed by the Subcontinent, Asia, and then Europe, which is in line with the demographic make up of the region and in line with recent regulatory and route development efforts of regional players. The Terrapinn survey also showed that 60% of the respondents were of the opinion that the regional legacy carriers will face their stiffest competition from Low Cost Carriers, both regional and international. 64% of them agreed that the Middle East needs more airport capacity.

According to Capa report, whatever happens in the remainder of the world, there are still strong indications the Middle East will continue to support strong levels of traffic growth - on both long haul

and short-haul point-to-point operations. The region's geographic situation is merely good fortune; but it is by adding the other two ingredients that a powerful recipe for growth is created. With new generation aircraft technology, Arab airlines now have the ability to access any point in the world non-stop. Combined with the simultaneous easing of market access, this makes one-stop global travel increasingly possible.

Further highlighting the prospects for the Gulf airlines in 2009, Capa's outlook states that the carriers in the region are "extraordinarily well positioned" to be the beneficiaries of a prolonged economic downturn. Although they too must suffer some pain, the timing of this reversal could hardly have been better. They have the potential to emerge from difficult times with their global position greatly entrenched because they are well funded and well conceptually founded the report stated.

However, the region and the Gulf in particular have shown a resilience that is absent from many other markets. Furthermore, there are indications that the premium sector has held up much better than in other parts of the world and its market share is soaring. The region is not immune to financial constraints, but well supported. The timing of this downturn probably comes at an almost ideal time for the expansion of some of the leading airlines in the region, as they consolidate their positions in a global order.

A continuing expansion of each of the Gulf carriers through negative economic conditions, while many competitors cut back, has both short and long-term implications. But, as the world economy starts to pick up, the advantages of having maintained a strenuous delivery schedule will start to show through. The region's airlines will then possess younger and more fuel efficient fleets, positioning them well to capitalise as markets resume growth," he concluded.

The Middle East airlines are expected to add 114 aircraft to their fleets in 2009 [eight per cent of worldwide deliveries] and 122 in 2010 [nine per cent of the total], whereas, most European and Asian network airlines will either reduce capacity or remain around current levels, according to a latest industry report. The report revealed that there is a lot more capacity coming on line in the region in the next two years, adding that a disproportionately large number of long-haul orders, which Boeing and Airbus have on their books, are from the Gulf.

Looking only at widebody aircraft, which are predominantly operated on long-haul international routes, Middle East airlines are taking delivery of 21% of the world's widebodies this year (50 aircraft in total) and 13% of the total in 2010. The Middle East carriers also account for 6% of worldwide narrowbody deliveries this year and 7% in 2010, presaging a surge in intra-Middle East flying in what is still an immature market.

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