Conference is bizav master class

by Charles Alcock

The first Middle East Business Aviation Conference (MEBA) is to be held in Dubai on November 19, on the eve of the Dubai Air Show (November 20 to 24). The event is a response to rising levels of interest in business aircraft from a widening prospective client base throughout the region.

According to Royal Jet, the Abu Dhabi-based executive charter operator acting as host, the conference will present various options for aircraft use (such as full and fractional ownership, management and charter) and answer frequently asked questions about this mode of transportation. In this respect it will be a sort of business aviation master class, with contributions from aircraft manufacturers, finance companies, operators, completions specialists, lawyers and existing customers.

Former NBAA president Jack Olcott is putting together the MEBA agenda and acting as conference chairman. Following initial speeches by Olcott and Royal Jet CEO Chris Crum, the keynote address will be given by the event's patron, HH Sheikh Ahmed Bin Saeed Al Maktoum, president of Dubai's Department of Civil Aviation and of fast-growing Emirates Airline. The conference is also being held under the patronage of Royal Jet chairman HE Sheikh Hamdan Bin Mubarak Al Nahyan.

As of early last month, at least two major business aircraft manufacturers had signed up as conference sponsors. Further sponsorship opportunities are still open for the event, which is being run by Dubai show organizer Fairs & Exhibitions and is supported by Aviation International News and its sister publication Business Jet Traveler. It will be held at Dubai's Le Meridien hotel, and more information can be found at www.dubaisairshow.org.

The sponsoring companies will invite the majority of the anticipated 300 conference delegates, most of whom are expected to be current or prospective business aviation customers from the Arabian Gulf states. Royal Jet sales and marketing v-p Ammar Balkar told AIN that conditions for owning and operating business aircraft in the Middle East are not as restrictive as many people imagine. Private aircraft ownership is certainly permitted in the United Arab Emirates (of which Dubai and Abu Dhabi are part), and in many other neighboring states. At the same time, local financial institutions, such as the Abu Dhabi-based First Gulf Bank, are increasingly willing to put together funding packages to buy aircraft.

What’s more, Balkar added, the newcomers are a taking a more pragmatic approach to business aviation by contemplating options such as aircraft management, charter and fractional ownership. Business aviation in the Middle East, in its own, is moving away from the stereotypical money-no-object royal barge. Many local people want to use business aircraft in a low-profile way as possible.

For the time being, many Arab-owned aircraft are registered in other countries. Balkar said that this is often for tax and technical reasons, and be predicted that the registries of Arab states are likely to grow as there is now a stronger case for having these aircraft in the Middle East, such as opportunities for placing them on the charter market.

Region ripe for growth of bizav market

The number of business jets registered in Middle Eastern countries has grown by about one-fifth over the past 10 years. By the standards of other still-emerging markets such as Europe (which had 45-percent growth during the same period), the Middle East’s 18-percent fleet growth is not exactly earth-shattering. On the other hand, it is markedly higher than the 8-percent hike seen in Asia—a market over which most business aircraft makers are now salivating.

But these figures from London-based aircraft data specialist Airclaims tell only part of the story because they ignore the significant numbers of aircraft registered outside the region but owned by Middle Eastern companies and individuals. The national aircraft registers of countries such as Switzerland, Bermuda, the U.S. and the Cayman Islands reveal one of the key characteristics of Middle Eastern business aviation: it is extremely low-profile.

Airclaims data released to AIN last month show jet registrations in 15 Middle Eastern states rising steeply around the turn of the 21st century before settling into a steady progression. At the end of 2000, there were 204 jets in the region, and over the course of the following year that total climbed to 221 before edging up to the 229 aircraft on record at the end of last year. In fact, even more recent statistics showing

Who are the Middle East’s Bizjet Operators?

Analysis of the national aircraft registers of Middle Eastern countries gives the strong impression that there is little private or corporate flying activity in the region. This is quite misleading because the ramps of Middle Eastern airports are in fact routinely occupied by aircraft owned by local individuals and companies that have opted to register them in places such as Bermuda, Switzerland, the Cayman Islands and the U.S. The vast majority of aircraft actually logged on the Middle East’s national registers are reported as being in royal, military or government service. That said, in some countries the definition of “royal service” can be broad and poorly defined, as is the notion of the government flight department. In some Arab Gulf states, the government almost acts like a corporation, with officials moving around like company executives to oversee their fast-moving redevelopment programs.

There are in fact a growing number of for-hire and corporate business aircraft operators in the Middle East, and some of these do not have aircraft on local registers. On Saudi Arabia’s books, for example, are aircraft owned by Netjets Middle East, Araborso and Daalah Al Baraka. Other locally registered operators include Bexair (Bahrain); Arab Wings (Jordan); Fahed Fadel (Lebanon); Executive Wings Aviation, Pyramid Airlines and National Aviation (all Egypt); Kuwait Airways; Execujet Middle East, Royal Jet and Fujairah Aviation Centre (all United Arab Emirates).

The Middle East also has more than 60 turboprop-powered business and utility aircraft. The vast majority of these are in government and military service.

—C.A.
Jet Aviation launches service hub in Dubai

by Charles Alcock

Jet Aviation’s new facility in Dubai is now operating as the first full-service FB0 in the United Arab Emirates. The Swiss group’s maintenance center opened at Dubai International Airport in May, and since then the operation has been approved to provide in-house customs, as well as immigration and security clearance.

The two-story, 10,760-sq-ft FBO building includes a reception area and refreshment center, as well as passenger and pilot lounges, a conference room, offices and a prayer room. The facility also includes a fully equipped flight-planning suite and full security screening equipment, including an X-ray machine for baggage.

In July, the civil aviation authority in the United Arab Emirates approved the facility to provide maintenance for new-generation Boeing 737s (including the Boeing Business Jet), Dassault’s Falcon 2000 and 900, the Gulfstream IV and G300, the British Aerospace Hawker 1000, and Cessna’s 500-series Citations. The facility, which comprises 45,192 sq ft of hangar space and another 10,760 sq ft of workshops, is in the process of completing approval as an authorized service center for the Falcon 900 and 2000 and is part of Jet Aviation’s existing service center agreement with Airbus. The company is in the process of negotiating secure authorized service center approval from other OEMs.

The Dubai facility—run by Jet Aviation senior v-p and general manager Philip Balmer—is the company’s third FBO in the Middle East. It also has facilities in the Saudi Arabian cities of Jeddah and Riyadh, which are managed by v-p general manager Toni Gisler.

At its full-service Dubai facility, Jet Aviation provides maintenance for the Falcon 2000 and 900, Gulfstream IV and G300, Hawker 1000 and 500-series Citations. The facility also provides in-house customs, immigration and security clearance.

Report continues on next page.

Airclaims Case Database

Airclaims, an international provider of information, consultancy and claims management services, supplied data for this analysis of the Middle East business jet fleet. Further details of the company’s Case and BriefCase commercial aircraft databases can be found at www.airclaims.com.

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region are Gulfstream’s G300/G400/G550; Cessna’s Citation Bravo, XLS, Sovereign and Excel; Dassault’s Falcon 900EX; Raytheon’s Beechjet 400A; and Bombardier’s Global 5000, Challenger 300 and Raytheon’s Beechjet 400A; and Bombardier’s Excel; Dassault’s Falcon 900EX; important though, Boeing, which has added the Boeing Business Jet to its airliner-class VIP portfolio over the past decade, still accounts for almost a quarter of the Middle East’s executive/royal fleet with 55 aircraft. Airbus boosted its market presence during the same period but still has plenty of ground to make up with just 14 aircraft in this segment.

Saudi Arabia continues to dominate the region’s business aviation fleet with half of the years have also seen the withdrawal of other out-of-production types such as the Lockheed JetStar, the Rockwell Sabeliner and the older British Aerospace 125s.

Not Just a ‘Royal Barge’

At first glance, there appears to be little in these rather pedestrian jet registration figures to bolster the belief that the Middle East is poised to become an oasis of business aviation prosperity. But closer examination of the data tells another story that bears out the long-held contention of business jet sales people that the region’s customer gene pool is growing as local customers buy into the notion of business aircraft as a purely pragmatic tool of commerce rather than as a royal barge. This trend is manifesting itself in the rise of the number of purpose-built business jets in the region, as against gilt-edged converted airliners.

Bizjet builders have markedly increased their market presence in the Middle East. Factoring in the August 31 registration data, Gulfstream now has 52 jets in the region, followed by Bombardier (29), Dassault (28), Cessna (13) and Raytheon (5). In fact, adding the heritage British Aerospace 125/Hawker series to Raytheon’s cluster takes the U.S. airframer’s total to 18.

Even the market’s newcomer, Embraer, now has one of its Legacys operating in Kuwait. Among the new jet arrivals in the Middle East, a trend that has diluted the complete fleet dominance by VIP-configured airliners a decade ago. Only Gulfstream now has 52 jets in the region, as against gilt-edged converted airliners.

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Even the market’s newcomer, Embraer, now has one of its Legacys operating in Kuwait. Among the new jet arrivals in the region are Gulfstream’s G300/G400/G550; Cessna’s Citation Bravo, XLS, Sovereign and Excel; Dassault’s Falcon 900EX; Raytheon’s Beechjet 400A; and Bombardier’s Global 5000, Challenger 300 and Learjet 45.

These manufacturers now account for almost 55 percent of aircraft delivered to the Middle East, a trend that has diluted the complete fleet dominance by VIP-configured airliners a decade ago. Only Gulfstream and Dassault had any meaningful market share in 1995, and the intervening

Airclaims Case Database

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Bizjet builders eye growing Middle East market

by Kirby J. Harrison

A decade ago, any discussion of the private aircraft market in the Middle East was generally limited to members of the royal families as customers, and the airplanes were for the most part executive/VIP versions of widebody airliners.

Ten years later, business aviation as a business tool is coming into its own in the Middle East, and the market includes wealthy entrepreneurs and individuals, corporations and an expanding list of business aircraft charter operators: from Arab Wings in Jordan, which recently added a Citation XLS to its fleet; to ExecuJet Middle East in Dubai, which saw its fleet grow with the addition this year of a Challenger 604 and a Pilatus PC-12; to Saudi Arabia’s National Air Services, partnered with NetJets Middle East; to Abu Dhabi-based Royal Jet, which is hosting the inaugural Middle East Business Aviation (MEBA) conference one day before this year’s Dubai Air Show opens.

As for aircraft fractional ownership operator NetJets Middle East, it has matured from a somewhat tentative beginning in 1999 to a major presence six years later with a fleet of nearly 30 business jets. It has firm orders for three Gulfstream G550s and is negotiating to acquire more Falcon 2000EXs and Hawker 800XPs.

Taken at face value, it’s a Middle East market calculated to make the business jet manufacturers show up in increased numbers this year at the Dubai Air Show. Clive Richardson, CEO of the organizing Fairs & Exhibitions aerospace division, said, “The flexibility and privacy of private jet charter has formed a growing market for private aviation travel, demanding air transport in every aircraft type from single-engine Pilatus PC-12s to Boeing Business Jets.

Boeing Business Jets Finds a Middle East Niche

Twenty-five Boeing Business Jets are in service in the Middle East, representing a 28-percent share of the worldwide BBJ market, “so it’s a huge market for us,” said Boeing Business Jets president Steven Hill. And he expects that market share to grow in the near future.

The rapidly growing economy, fueled in no small part by oil money, is a major factor, as is the fact that many of the Middle East private jet fleets are now ready for an upgrade. Some may choose to have a major overhaul and cabin interior makeover. Others may simply decide to replace the older airplane with a new one.

In recent years, Boeing has made an effort to bring service closer to its Middle East customer, rather than force the customer to take the airplane to a European center for maintenance.

“We have a spares warehouse center in Dubai, and we have a service center arrangement in Riyadh in Saudi Arabia,” said Hill. “And we’re near signing up a second authorized Middle East service center before year-end.

“We have dozens of service representatives throughout the Middle East, and we have a 24/7 dedicated field representative in Dubai who responds only to VIP customers who are operating Boeing airplanes.”

A spokesman for Airbus, whose Airbus Corporate Jetliner (ACJ) is a competitor to Boeing’s BBJ, made it clear that the European conglomerate has no intention of being Boeing’s Middle East water-boy, despite coming late to the party.

“We’ve had a lot of success in the Middle East,” said a spokesman, noting there are now more than a dozen ACJs in service in the region, including an ACJ delivered to Al Kharafi Group of Kuwait and operated on its behalf by UK-based Twinjet of Luton.

Qatar Airways was the first Middle East customer to order an ACJ, initially planning to use it in its executive/VIP configuration on airline routes. But it proved so popular that the airplane’s VIP flight division took it over. Now, in addition to charter, it’s being employed to open new routes, then being replaced by an ACJ9LR in an all-business-class configuration.

National Air Services in Jedda, said an Airbus spokesman, is “essentially” a business jet operator, with two executive version A331s equipped with fully reclining business-class seats.

Perhaps the biggest news is that Airbus is selling the first private jet version of the giant A380 airliner to a Middle East customer, with German outfitter Luftansa Technik as the most likely choice to do the executive/VIP interior.

Airbus has numerous service centers worldwide capable of supporting the ACJ, including Qatar Airways in Doha, Qatar.

Bombardier Builds a Presence

Until the arrival of its Challenger 604 in 1996, Canadian OEM Bombardier had found it tough going in the Middle East. “But with the 604, we had a true nonstop transport from almost any point in the Middle East to London,” said a spokesman.

Bombardier’s Skyjet International—operated by UK-based Twinjet of Luton—laid the foundation in the Middle East, to HH Sheikh Saleh bin Mohammed Al Harasi, who plans to use it to expand his architectural business in the Middle East and Mediterranean.

“However, the industry there is still in its infancy, and we have a 24/7 service center arrangement in Dubai the same year.

The program is positioned to provide a seamless global travel solution—international service into the Middle East primarily through association with a network of Middle East charter providers such as Royal Jet of Abu Dhabi, Bexair of Bahrain, Qatar Airways of Qatar and further abroad through such international operators as ExecuJet Aviation in Dubai and Cirrus Aviation in Beirut.

Bombardier plans a considerable display on the static line at the Dubai Air Show, with a Global 5000, a Challenger 300 and a Challenger 604, along with a Global 5600, International Business Aviation.”
a Learjet 45XR. Also at the Dubai Air Show, Bombardier plans to announce a partnership with ExecuJet to open a service facility and spares depot for the entire Bombardier aircraft line.

**A Re-emerging Market**

“There’s no doubt,” said Jerry Gore, president of Gore Design Completions in San Antonio, “the Middle East is a re-emerging market for business aviation with a shifting demographic.

“There’s going to be a lot of activity, not merely based on the increasing price of oil, and some of that oil money is going to be spent on airplanes.” However, he also noted that “Not all that money is oil money, and some of that also is going into buying new airplanes.”

If that oil money, or any other money from an expanding economy, will be spent on airplanes, Wichita-based Cessna plans to collect its share.

The U.S. manufacturer has seen its business begin to develop more in the Middle East over the past several years, according to Trevor Esling, division sales director for Africa, Europe and the Middle East.

In most of the world’s markets, small aircraft make up the base of the pyramid, with larger aircraft making up a smaller market share near or at the top of the market pyramid. In the Middle East, that pyramid has traditionally been inverted, with larger aircraft making the greater market share at the base of the pyramid. “Now the smaller business aircraft—in particular midsize business jets—are starting to represent a growing market share.”

This summer, Cessna delivered two Citation XLSes to Jordanian charter operator Arab Wings and in the fall delivered two Citation Bravos to the Saudi Air Force.

Cessna’s long-term strategy is to focus on the market segment best served by its midsize cabin aircraft, such as the Citation XLS, “focusing on private individuals and successful businessmen who have an appreciation of value, and on the charter business.” To help achieve this end, Cessna is represented in the Middle East by Riyadh-based Wallan Aviation.

Esling said there is no approved Cessna service center in the Middle East. The nearest centers are in Europe. But he noted that the new Jet Aviation facility in Dubai can do the necessary maintenance and that Cessna is looking at a new facility near Riyadh that has applied for status as an approved Cessna service center.

Cessna has a long history of attending the Dubai Air Show, and, said Esling, it has been more productive every year. “With the growing economy and available funds, it will probably be the strongest show in years for us,” he added.

**Dassault Dines Well on a Middle Eastern Plate**

Dassault Falcon Jet has long been active in the Middle East, and despite the company’s well established presence, activity in the past year has been remarkable, said Falcon Jet president John Rosanvallon.

While the company’s primary focus is currently on Egypt and Saudi Arabia, Rosanvallon said that after a long, quiet period, interest has also been picking up in Turkey.

Saudi Arabia, he said, has always been a good market for the Falcon line.

The driving force in this more recent interest in business aviation, he said, has been economic growth. “Money that has been invested abroad is finding its way back into these countries, and some basic industries—such as hotels and telecommunications—are developing well.”

Dassault says it has about 40 aircraft in the Middle East, including the Falcon 2000EX. NetJets Middle East is in negotiations to add more 2000EXs to its fleet.

Dassault has about 40 aircraft in service in the Middle East. Rosanvallon said the company expects to show its Falcon 2000EX and Falcon 900EX at the Dubai show. Demands of the certification program have been such that the new Falcon 7X will appear at the NBAA Convention early this month, but the program will not permit a debut at Dubai.

“While the company’s primary focus is currently on Egypt and Saudi Arabia, Rosanvallon said that after a long, quiet period, interest has also been picking up in Turkey. Saudi Arabia, he said, has always been a good market for the Falcon line. The driving force in this more recent interest in business aviation, he said, has been economic growth. “Money that has been invested abroad is finding its way back into these countries, and some basic industries—such as hotels and telecommunications—are developing well.”

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Middle East Business Aviation

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a dominant market position in the Middle East, partly because of a large cabin that is easily adapted to private use and partly because of the large-cabin airplanes’ ability to fly nonstop from any Middle Eastern city to any destination in Europe.

“And we continue to dominate the market,” said Tarek Ragheb, Gulfstream v-p of international sales, despite the best efforts of competitor Bombardier, which introduced the Global Express in the 1990s to complement the Challenger.

Gulfstream remains particularly well entrenched in the special-mission market. “With the exception of Jordan, Bombardier has never penetrated the special-mission market,” said Ragheb.

At this point, Gulfstream remains the most widely owned business jet in the Middle East, with the Savannah, Ga.–based manufacturer claiming an installed fleet–aircraft actually registered in the region–of 71 Gulfstreams. The disparity between Airclaims’ numbers (page 45) and manufacturers’ numbers serves to illustrate the difficulty of precisely defining the region’s business aviation market.

Ragheb agrees with other OEM representatives that there is a growing market for midsize business jets in the Middle East. “Clearly, private ownership is increasing [and] it will continue to increase.” He also noted that these customers are interested in the airplane as a business tool, rather than as a status symbol.

As a long-time market leader in the Middle East, Gulfstream has established an extensive support system. Technical representatives based in Jeddah and Riyadh have factory-direct connections and travel extensively to support the Challenger.

Gulfstream has a major service organization and an extensive support system. Technical representatives based in Jeddah and Riyadh have factory-direct connections and travel regularly throughout the region. The company maintains a major spares depot in Saudi Arabia.

And since it acquired BBA Aviation at London Luton Airport, Gulfstream has doubled the size of the facility and is capable of providing service to any aircraft in the Gulfstream line.

“The Middle East is an important market for Gulfstream,” said a spokesman in Savannah, “With respect to business jets, the region is one of the most sophisticated markets in the world.”

Raytheon attributes new interest in smaller aircraft, including the Hawker 800XP, to cost-conscious business people.

Raytheon Notes Greater Emphasis on Cost of Operation

“In the Middle East, there’s been greater interest in smaller business airplanes in the past few years,” said Ted Farid, v-p of international sales for Raytheon.

The royal families are still buying the big, bigger and biggest, he said, but he also noted a new generation of private businessmen now emerging who are focused on initial acquisition price, depreciation and operating costs. “We just delivered a new Hawker 800XP and it went to a private company.”

Farid said in the Middle East, the Hawker 800XP is the most popular of Raytheon’s business jet line. “It has good cabin size and is a good performer in hot conditions.” The next most popular business airplane from the Raytheon stable is the Beech King Air 200, “also with a nice cabin but economical to operate and capable of getting into undeveloped airfields that could not accommodate a jet.”

Raytheon made an extensive tour of the Middle East earlier this year with the King Air 200 and the Beech Premier I. As part of the tour, one Premier I was sold to a Middle East customer, said Farid, “but he’s operating it out of the UK.” He added that there are 21 Hawkers and 46 Beech aircraft in service in the Middle East.

Authorized service centers for the Raytheon Hawker and Beech series are located in Europe, and the new Jet Aviation FBO and maintenance facility opened this spring in Dubai has been appointed a Hawker service center. At this point, said Farid, the nearest technical representative remains in the UK, but the company plans to locate a tech rep in the Middle East.

Raytheon expects to have a substantial presence at the Dubai Air Show, including a Hawker 800XP, a King Air—maybe a 350—and a Premier I. After the show, the company hopes to spend some more time touring the region to show its aircraft line.

Piaggio Sees a Future for Its Avanti II

Massimo Isadori, senior v-p of Avanti II commercial sales, sees “very real” possibilities for the Italian manufacturer’s upgraded twin-turboprop Avanti II in the Middle East.

“They are accustomed to much larger airplanes, used on much longer routes,” said Isadori, “but there is a need for the Avanti II in the Middle East, and we are experiencing more interest from corporate operators, as well as from air ambulance carriers.”

With 1,500 nm range and a cabin the size of that of a midsize jet, the Avanti II will fly nonstop from Dubai to Lebanon, said Isadori. “And we continue to dominate the market in the Middle East.”

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He said Piaggio had done several studies and determined that the typical route length for the Middle Eastern businessman is between 400 and 800 nm and that the Avanti II can easily manage some of the smaller airfields closed to jets.

“We have consolidated our sales activities in Europe and North America, which are a major part of our market, and now, we are definitely taking aim at the Middle East,” he concluded.

Isadori said Piaggio plans to be at Dubai with at least one Avanti, and possibly two airplanes at the static display line.