



U.S.-U.A.E. Commercial Aviation Update: Flying Higher

June 2014

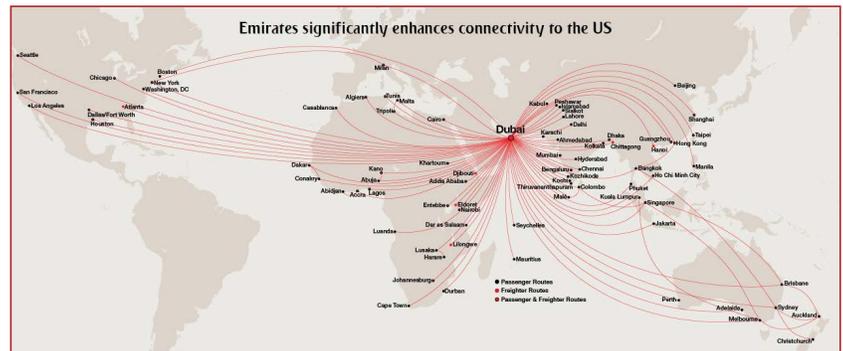
The U.S. and U.A.E. continue to share the world’s fastest growing bilateral commercial aviation relationship over the last decade. In fact, the commercial landscape underpinning United States-United Arab Emirates (U.A.E.) commercial aviation ties has undergone immense, rapid, and significant development in the year since we published the ‘U.S.-U.A.E. Commercial Aviation: Taking Flight’ report. In 2013 alone, commercial aviation-related exports were the largest subset of products that fueled a banner year in U.S.-U.A.E. trade totaling \$26.9 billion. The U.A.E.’s global carriers – Abu Dhabi’s Etihad Airways and Dubai’s Emirates Airline – have opened new routes to the United States and record-breaking long-term aircraft, engine, and parts deals between American firms and Emirati carriers were signed to complement ambitious delivery schedules already put in place by both airlines. Amidst this activity, the U.A.E. has made greater strides toward its goal of integrating into the global commercial aviation supply chain.

Route Launches

Abu Dhabi’s Etihad Airways now flies to three cities in the United States (Chicago, New York, Washington, D.C.) with plans to launch flights to its fourth U.S. destination, Los Angeles, in June 2014, and its fifth U.S. destination, Dallas, in December 2014. Dubai’s Emirates flies to eight U.S. cities currently, including its newest destination, Boston, as well as Dallas, Houston, Los Angeles, New York, San Francisco, Seattle, and Washington, D.C. In February, Emirates announced plans to open non-stop service to Chicago in August 2014.

These new flights boost economic, social, and cultural ties between the U.S. and two global cities in the Middle East. Both airlines publicly underscore the significance of U.S. expansion to their respective international growth plans, indicating that more routes into the U.S. market are planned. By the end of 2014, there will be daily non-stop flights between the U.A.E. and 15 destinations around the U.S. – including United Airlines’ non-stop flight between Washington, D.C. and Dubai and Delta Airlines non-stop service between Atlanta and Dubai. Moreover, Etihad Airways has a code share with American Airlines on its flights between Abu Dhabi and the U.S. and Emirates Airline signed a unilateral code share agreement with JetBlue to complement standing interline agreements with American Airlines, Alaska Airlines, and Virgin America. Finally, in January 2014, the U.S. Customs and Border Patrol opened a preclearance facility to service all inbound U.S. traffic from Abu Dhabi International Airport. This development will significantly enhance economic, business, and cultural ties with the U.S.

Emirates Route Map (incl. Chicago)



Etihad Route Map (incl. Los Angeles & Dallas)



Dubai Airshow

The November 2013 [Dubai Airshow](#), held at the newly-opened Al Maktoum International Airport at Dubai World Central, set global air show records for the largest single-day purchase of aircraft and engines. On Day 1 of the Dubai Airshow, all three international carriers based in the United Arab Emirates – Emirates Airline, Etihad Airways, and flydubai – placed orders for Boeing aircraft, many to be powered by General Electric engines, totaling over \$130 billion at list prices. Combined, Emirates' and Etihad Airways' air show orders are expected to support around 500,000 U.S. jobs, per U.S. Department of Commerce projections.

Emirates Airline: Ordered 150 Boeing 777Xs (35 Boeing 777-8Xs and 115 Boeing 777-9Xs) at list prices totaling \$76 billion with an option for 50 more. The airline ordered 300 GE9X engines to power the Boeing 777Xs for an additional \$20+ billion at list prices.

Etihad Airways: Ordered 56 Boeing 777s valued at \$25.2 billion at list price, including necessary GE engines. The airline ordered 30 Boeing 787 Dreamliners, making Etihad Airways the world's largest customer of the aircraft. They are also the world's leading customer for the Boeing 777-8X aircraft, set to be in operation by the end of the decade.

flydubai: The Dubai-based regional carrier purchased 111 Boeing 737s and 738s for \$11.4 billion at list prices during a joint announcement with Emirates, Etihad Airways, and Qatar Airways at the Airshow.

Partnerships between American and Emirati firms were established in the areas of supply chain, training, and maintenance, repair and overhaul (MRO) during the Dubai Airshow, most notably:

Boeing & Mubadala Development Company: Announced a deal set to increase the long-term role of Mubadala as a Tier 1 supplier for Boeing commercial programs, including the 787 and 777X, with up to \$2.5 billion in advanced composites and metal aerostructures. Al-Ain-based STRATA Manufacturing, a Mubadala subsidiary, is the prime contractor.

Boeing & Tawazun Precision Industries: Announced a partnership to develop and launch an aerospace surface treatment facility in Abu Dhabi by 2016.

Lockheed Martin & Bayanat Airports Engineering & Supplies LLC (BAES): Announced the successful installment of the region's first Windtracer® system at Dubai Airport, which maps turbulence from incoming and outgoing aircraft, with the second and third units currently being installed.

Rockwell Collins & Emirates Airline: Announced a five year exclusive agreement for Rockwell Collins to provide flight simulators to Emirates and guaranteed MRO services for avionics on the carrier's entire fleet.

Technical Partnership

In January 2014, it was announced that Boeing has teamed with Etihad Airways, Honeywell UOP, and Abu Dhabi-based Masdar Institute of Science and Technology to launch the [Sustainable Bioenergy Research Consortium \(SBRC\)](#), a commercial and educational partnership set to provide a forum for global engineers to research biofuel technology and its potential applications for commercial aviation. Under the umbrella of the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA), the U.S. and U.A.E., along with global partners, are exploring methods and developing technology to decrease air congestion and [monitor](#) offshore aircraft.

Dubai Expo 2020

Major aviation infrastructure projects are underway in the United Arab Emirates and set to be fully operational when the nation hosts [World Expo 2020](#) in Dubai. These large airport expansion projects include runway and terminal construction at Dubai International Airport, infrastructure and continued outfitting of Al Maktoum International Airport at Dubai World Central, and the completion of the new Midfield terminal at Abu Dhabi International Airport. The modernization and enhancement of the U.A.E.'s aviation infrastructure is set to provide a broad range of opportunities for U.S.-U.A.E. commercial partnerships. Notably, expanding passenger operations and services at Al Maktoum International Airport (already slated to become the world's largest airport by capacity) and refurbishment of terminals at Dubai International are set to create job opportunities for suppliers and contractors across a multitude of sectors. Each of these projects will also boost the U.A.E.'s already state-of-the-art, multimodal infrastructure and its ability to host millions of visitors in Dubai for World Expo 2020.

Development in Northern Emirates

Significant commercial aviation development is also taking place in the Northern Emirates of the U.A.E., where concerted efforts to boost infrastructure marry demand for regional transportation alternatives. Airport and airline projects underway in Ajman, Ras Al Khaimah, and Sharjah are set to create potential for increased U.S.-U.A.E. commercial aviation partnership and investment.