

U.S.-U.A.E. Business Council Commercial Aviation Update

December 2017

The 2017 Dubai Airshow proved once again the enormous strength of the U.S.-U.A.E. commercial aviation relationship. U.A.E. airlines placed more than \$42 billion in new orders for U.S. commercial aircraft, bringing the total value of such orders over the last decade to over \$190 billion. These purchases have meant hundreds of thousands of American jobs. They have also helped transform the U.A.E. into a global transportation, logistics, and tourism hub. In addition, they have – with the help of America’s Open Skies policy – anchored a growing number of routes between the two countries, increasing U.S.-U.A.E. trade, investment, and tourism. Consequently, bilateral trade has grown 112% over the last ten years to reach \$25.7 billion in 2016; the U.A.E. has been the largest export destination for the U.S. in the Middle East for eight-straight years, with an over \$19 billion U.S. trade surplus in 2016; and the total U.A.E. FDI stock in the U.S. eclipsed \$26 billion in 2016.

Commercial Aircraft Sales

At the 2017 Dubai Airshow, U.A.E. carriers announced purchases of 265 new Boeing aircraft. Defying predictions that the Airshow would not feature any major deals, Emirates began the Airshow with a bang when it placed a firm order for 40 Boeing 787-10 Dreamliner aircraft valued at \$15.1 billion. Three days later, regional airline flydubai announced a \$27 billion order for 225 Boeing 737 Max airplanes, the largest-ever single-aisle jet order by a Middle East carrier.

These purchases further entrenched the deep relationship between U.A.E. carriers and Boeing.

- **Emirates** is the world’s largest operator of Boeing 777 aircraft, with 124 delivered and 165 on order, thanks to the biggest commercial airplane order in the history of U.S. commercial aviation at the 2013 Dubai Airshow. Now that it will be adding 40 Boeing 787-10 Dreamliners to its fleet, Emirates has received or has on order a total of 329 Boeing aircraft.
- **Etihad Airways**, the Abu Dhabi-based national airline of the U.A.E., currently flies 24 Boeing 777 passenger aircraft with 25 more on order. It is also a major customer of Boeing 787 Dreamliners, with 18 in its fleet at present and 53 on order.
- **flydubai** operates an all-Boeing fleet of planes, and it is the largest operator of Boeing 737s in the region, with 63 in total. Thanks to the new order for 225 more aircraft, flydubai has received or has on order 361 Boeing 737s.



In tandem to its purchases of Boeing aircraft, U.A.E. carriers have also awarded U.S. companies large contracts for the provision and maintenance of engines and other aviation equipment. **General Electric** GE9X engines power the vast majority of Emirates’ Boeing 777 aircraft, and GE engines power all of Etihad’s Boeing 777 and 787 aircraft. Meanwhile, a joint venture between GE Aviation and UTC’s **Pratt & Whitney** provide GP7200 engines for many of Emirates’ non-Boeing airplanes. In addition, **Rockwell Collins** provides cutting-edge avionics equipment for Emirates.

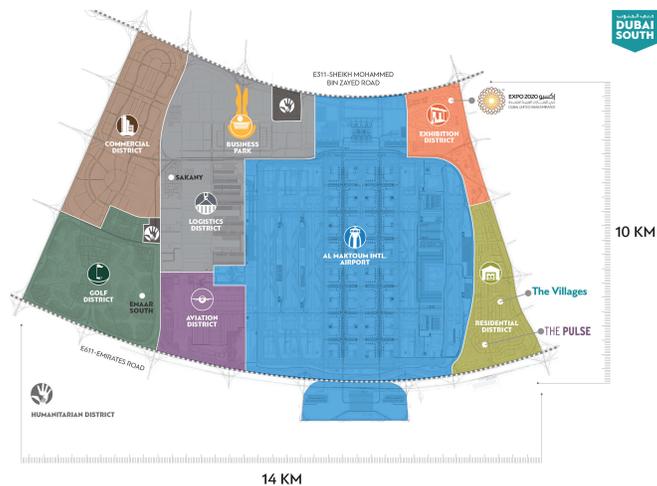
These massive purchases of U.S. aircraft and aviation equipment are poised to support hundreds of thousands of U.S. jobs into the next decade. The U.S. Department of Commerce estimates that \$1 billion in export sales creates or sustains approximately 5,200 U.S. jobs. As such, the recent purchase of \$15.1 billion of Boeing 787-10 Dreamliner aircraft will support over 78,500 U.S. jobs at its assembly plant in North Charleston, South Carolina and throughout the United States. Meanwhile, flydubai’s purchase of \$27 billion in Boeing 737 Max Airplanes will create 140,400 jobs at its manufacturing facility in Renton, Washington and other states.

Emirati companies and workers have also benefited from these purchases. Most notably, in April 2012, Mubadala Aerospace and Boeing announced a ten-year direct contract for **Strata Manufacturing**, a subsidiary of Mubadala, to produce commercial composite aerostructures for the Boeing 777 and Boeing 787 Dreamliner. In early 2014, Strata delivered its first advanced composite parts as a direct supplier to Boeing, marking a major milestone in the development of the U.A.E.’s aerospace industry.

Regional Aviation Hub

The U.A.E.'s purchases of U.S. aircraft have long been integral to the country's plans to become a global aviation hub. In 2016, U.A.E. airports handled approximately 120 million passengers and millions of tons of cargo. These figures are set to greatly increase as U.A.E. entities, often in partnership with U.S. construction companies, embark on new projects or major expansions of existing facilities.

The U.A.E. is currently building the world's biggest airport, **Al Maktoum International Airport**. Since it opened for cargo operations in June 2010, this airport has already become the world's 20th-largest airport for international freight, with 900,000 tons handled in 2016. Moreover, after opening its doors to passengers in October 2013, it now welcomes around one million passengers per year, many to its luxurious VIP terminal. Once completed, this airport will become the world's biggest airport with a capacity of 220 million passengers and 16 million tons of cargo. It will also be the beating heart of **Dubai South**, a massive new development that is also home to Expo 2020 Dubai, or the World's Fair.



Importantly, Al Maktoum International Airport will supplement the U.A.E.'s existing airports:

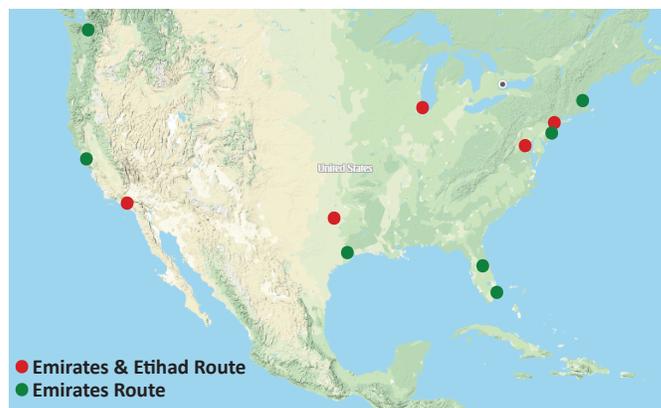
- **Dubai International Airport**, which is the hub of both Emirates and flydubai, has (with the help of leading U.S. companies such as Bechtel) rapidly grown since 1960 such that it is now the **busiest airport in the world for international travel**, with 83 million international travelers in 2016. It is also the **fifth-largest cargo airport in the world** with 2.5 million tons of cargo serviced in 2016.
- **Abu Dhabi International Airport**, which is the home of Etihad Airways, is **one of the fastest-growing airports in the world** with 24 million passengers in 2016. In partnership with U.S. companies such as AECOM, it is currently constructing a new terminal, the Midfield Terminal, that will ultimately enable the airport to accommodate 45 million passengers per year. Notably, this airport hosts a U.S. Customs and Border Patrol preclearance facility to service all traffic into the United States.
- **Sharjah International Airport**, which is the hub for Air Arabia, serviced over 11 million passengers in 2016. In May 2017, Parsons won the project management services contract to increase the airport's capacity to 25 million travelers per year.

U.S.-U.A.E. Routes

The above airports serve as important gateways between the U.S. and U.A.E. As of now, there are **approximately 270 flights per week between the U.A.E. and 12 U.S. gateways** that carry millions of passengers per year as well as important cargo.

• Since beginning non-stop passenger flights between Dubai and New York in 2004, **Emirates** has expanded its U.S. routes such that it now flies approximately **188 direct flights per week from Dubai to 11 U.S. destinations**: Boston, Chicago, Dallas, Fort Lauderdale, Houston, Los Angeles, New York, Orlando, San Francisco, Seattle, and Washington, D.C. Emirates also **operates to a 12th destination**, Newark, via a stopover in Athens. In addition, it runs freighter routes to other U.S. cities such as Columbus, Ohio.

• **Etihad Airways** flies around **84 non-stop flights per week from the U.A.E. to five U.S. destinations**: Chicago, Dallas, New York, Los Angeles, and Washington, D.C. Etihad Cargo, like Emirates, also flies to additional destinations such as Columbus, Ohio.



The positive economic impact of these routes on local communities is tangible, as they help stimulate U.S.-U.A.E. trade, investment, and tourism. **“One daily route alone between the U.S. and U.A.E. is estimated to support hundreds of millions of dollars in annual U.S. economic activity and associated jobs,”** according to Florida Governor Rick Scott when discussing the economic impact of such routes on Florida. Taken as a whole, these routes collectively inject billions of dollars into local communities and support hundreds of thousands of U.S. jobs in hospitality, retail, and domestic airlines. These benefits are all **made possible by the U.A.E.-U.S. “Open Skies” aviation agreement**, which gives U.A.E. and U.S. passenger and cargo airlines equal access to each other's markets and is a bedrock of the burgeoning U.S.-U.A.E. aviation relationship.