

Airbus confident of Mideast growth despite challenges

Region's chief talks of prospects for A380 programme and future growth



Image Credit: AP

Emirati officials visit an Airbus A-380 decorated with an image of the late Shaikh Zayed Bin Sultan Al Nahyan, during the opening day of the Dubai Air Show, United Arab Emirates.

Published: 08:36 November 12, 2017
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DUBAI: Airbus' new president for Africa and Middle East does not like to address its customers as customers. "I do not like the term customer. All those airlines who trust our product, are our partners," said Mikail Houari, in an interview with Gulf News.

He is, however, cautious to talk about what those partners might have in store for the European plane manufacturer at this year's Dubai Air Show.

Airbus is nearing a deal worth at least \$14 billion to sell about 30 of its A380 aircraft to Emirates "in a bid to secure production of its struggling superjumbo until the middle of next decade", Reuters reported on Thursday citing sources, adding that the deal, if confirmed, could be announced on the opening of the Dubai Air Show.

Asked if Airbus was going to bag the A380 order at the show, Houari neither denied nor confirmed but hinted that Emirates is currently discussing more A380s. He did not say if an order would come through at the air show. "You will have to wait to see what happens. Airbus has a pretty impressive backlog. So we have to work to deliver

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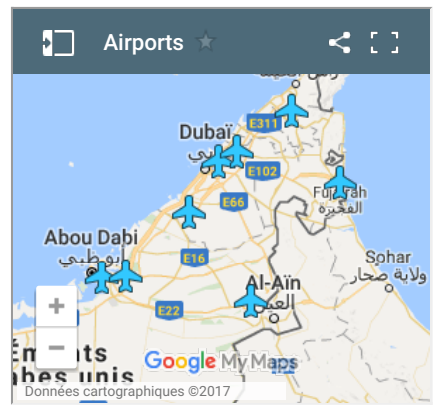
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what is already in our order book.”

Emirates received its 100th A380 earlier this month, with 42 more to go, and Airbus has been working with the airline to add roughly 30 more superjumbos to its kitty.

Shaikh Ahmad Bin Saeed Al Maktoum, President of Dubai Civil Aviation, Chairman and Chief Executive of Emirates airline and Group, reportedly said in Hamburg at the time of receiving the airline's 100th superjumbo that the two sides have been in discussion for the new A380 order, and that they aimed to arrive at a decision in time for the air show. “It's really about the work between the two teams. There are discussions,” he had said, adding that contract talks “take ages and are expensive.”

Commenting on the future of the A380 programme, Houari said: “This programme is here to last. At least this is the will and the wish of Airbus.

“Globally, there are 4 billion passengers at the moment, forecast to grow to 8 billion over the years. So it's good to have a bigger aircraft.” But Airbus has seen no new takers for its A380 aircraft in the last two years at least.

Emirates, however, will need more A380s in future, according to US-based aviation analyst Addison Schonland, Partner at AirInsight. “Like Singapore Airlines, Emirates will retire its early (heavy) models and replace with newer, lighter models. 20 is just the start,” he said, adding that Airbus and Emirates are “tied to each other”.

Mideast growth

The Middle East today accounts for 24 per cent of Airbus' global revenue and 10 per cent of its total backlog, according to Houari, who believes the revenue from the region will continue to soar in the coming years.

“The Middle East is growing faster than the rest of the world, with average traffic growth per year forecast to be 5.9 per cent compared to the global average of 4.4 per cent,” he said, adding that Airbus today commands a “54 per cent” market share in the region.

Manufacturing aircraft parts

By 2020, every single aircraft manufactured by Airbus will have components made in the UAE, Houari said. Airbus has a long-term strategic agreement with Strata Manufacturing, owned by Mubadala Investment Company. It was in 2010 that the first Airbus parts were delivered from the UAE. And today the UAE is a major supplier on all Airbus programmes including the A330, A350 and A380.

In July last year Airbus awarded Strata with a \$1 billion contract to build composite components and completed major assemblies for its small and mid-sized aircraft. Aircraft parts that Strata produces for Airbus currently include Flap Track Fairings for A330 and A380, A330 Spoiler, A330 Aileron, and Flap Support Fairings for the A350-900 and A350-1000. “What we have with Strata is like a wedding,” Houari said.

New technologies

While Boeing is going all out talking about new age technologies such as pilotless, all-electric, hybrid the US aircraft manufacturer plans to bring on-board its aircraft in the future, one hasn't heard much from Airbus on the front. Why? “We do not make a lot of noise ... we are rather specific and professional. It's not that we are hiding things ... it's just that we have our way. But we are definitely working on this,” Houari said, without divulging any specific plans.

Airbus also doesn't see the need to bring out an all new aircraft category into the marketplace, unlike Boeing, which is planning a new mid-market aircraft.


"Airbus, for the time being, is covering the largest number of seats, from minimum to maximum, if you take our range of products, from the A320 family to the A330 and A350 and the A380," Houari pointed out. "There is no hole at all in the seat capacity."

A Frenchman who took the helm at Airbus earlier this year, Houari said he is thinking about planes even when he is not working. In his own words: "We have to be 150 per cent sure of everything we are doing."


"This is not a smartphone. If Airbus were to produce smartphones, you will not have any missed calls."


[END]





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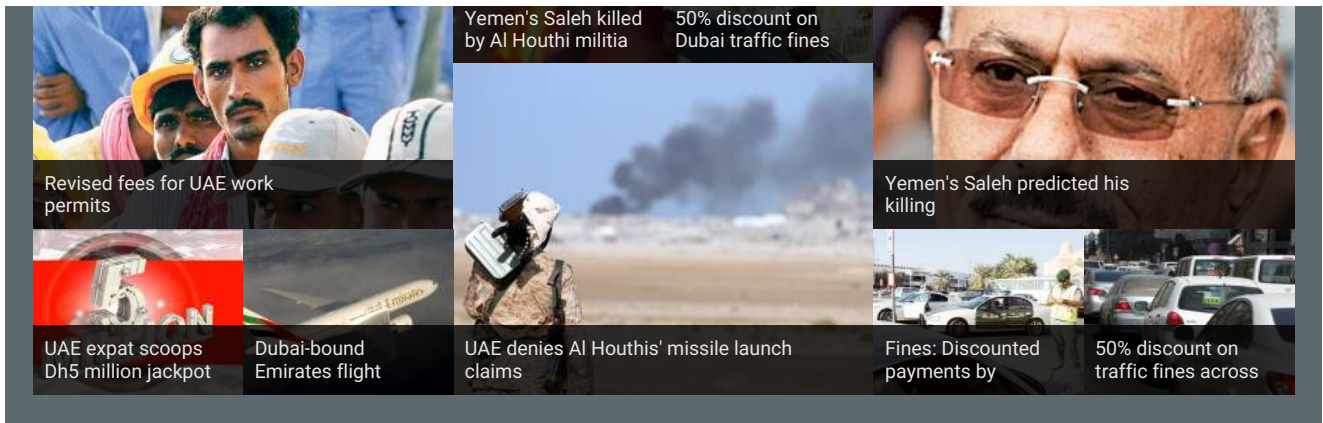
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