BOEING CONFIDENT GULF AIRLINES CAN KEEP GROWING AMID OIL PRICE VOLATILITY

News / Manufacturer

Boeing expects Arabian **Gulf** carriers to weather the impact of lower **oil prices** on regional economies and sustain their rapid **growth.**

In an interview at last week's Dubai Airshow, Bertrand-Marc Allen, the president of Boeing International, said that the UAE's efforts to beef up its aviation manufacturing capabilities will also help to mitigate any volatility in oil prices.

"It is certainly a challenge right now for national budgets [of Gulf countries], and national budgets have to take the oil price into account," said Mr Allen. "[But] the airlines on the other hand are individual actors that will continue to use the motion and movement in the oil price to continue to better their individual standing around the world."

Oil contributed to 30 per cent of the UAE's GDP last year as the country moves to diversify its economy away from hydrocarbons.

Other GCC states have suffered significantly because of the lower prices of oil that have hit their

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

treasuries.

Airlines, however, are beneficiaries of lower oil prices as jet fuel is considered the largest expense for an airline. Emirates, for example, said that jet fuel made up 28 per cent of its operating cost, according to its financial results released last week.

“The oil prices coming down have left the airlines in a stronger position. They are more profitable right now than they have been for years,” said Mr Allen.

“We are seeing a lot of these airlines use this profit to drive investment and innovation of product and renovating their fleet.”

Mr Allen pointed to the importance of “industrialisation” of the aviation sector in the region to override the fluctuations in oil prices. He was referring to Mubadala Development’s Strata, the sole producer of aircraft parts in the region. The company’s Al Ain facility opened in 2010. Currently it makes composite parts for the wings and tail fins for the Airbus A380 and the A330. For Boeing, it manufactures parts of the Boeing 777 and Boeing 787 models.

“We have built a supply partnership with Mubadala in our efforts to industrialise the region,” said Mr Allen.

“Industrialisation is a way for diversification and diversification is the response to relying on the volatility of oil price for national [Gulf] economies.”

Strata has orders from Boeing and Airbus worth $7.5 billion until 2030.

15 NOVEMBER 2015

SOURCE: THE NATIONAL
ARTICLE LINK:
https://50skyshades.com/news/manufacturer/boeing-confident-gulf-airlines-can-keep-growing-amid-oil-price-volatility

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.