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MEDFA 2005

- **Our duty free business**
- **Building for the future**
 - **Airlines**
 - **Airports**
 - **Tourism Development**
- **MEDFA's plans**



Duty Free Business

- **Global business \$25 billion in 2004**
- **22% increase over 2003**
- **Business in M.E. and North Africa (incl. Iran)**
 - **\$1.4 billion in 2004**
 - **39% increase**
 - **U.A.E. contributed \$716 million**
 - **Increase in U.A.E. 35.5%**
- **18.5% increase expected by MEDFA members in 2005**



Duty Free Business

- Strong growth in first 3 quarters of 2005 in:
 - ALDEASA Jordan 36%
 - Cairo Duty Free 32%
 - Muscat Duty Free 23%
 - Beirut Duty Free 20%
 - Dubai Duty Free 19%
 - Saudi SkySales 11.4%
 - Kuwait Duty Free 10%
 - Abu Dhabi Duty Free 9.5%
 - Bahrain Duty Free 9%
- **\$1 billion business in 2005 !**



Travel and Tourism

- Middle East Travel & Tourism worth \$128 billion in 2005 and will increase to \$228 billion in 2015
- Represents 2% of the world tourism market and is growing by 4.4% per year until 2015

Travel and Tourism

- **Tourist arrivals into Middle East up 3% in 2005, compared to 18% in 2004 (over 2003)**
- **Tourism impacted by attacks in Lebanon, Egypt, Turkey, Delhi and Jordan**
- **However, arrivals up in Egypt (13%) and Syria (55%) while Lebanon is down 16%**

Travel and Tourism

- IATA reports Middle East growth in 2004 was 24.8% over 2003 against industry growth of 15.3%
- Middle East recorded year-to-date passenger growth of 13.1% (2nd highest), with 15.1% for October alone (highest)
- Global airline passenger growth 7.9%
- Cargo growth YTD in Middle East highest at 14.1% against industry 2.6%
- Economies in region growing at 5.6%



Travel and Tourism

- **M.E. airlines continue to report profits against global airline losses of \$7.4 billion estimated for 2005**
- **Gulf Air reported profit of \$4 million for 2004**
- **Emirates reported profit of \$251 million for 6 months from April to September 2005**
- **“The Middle East remains an oasis of good news” – Giovanni Bisignani, IATA Director – General 30/11/05**

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Planning for the Future—Airlines

- **Emirates Airlines**

- **Fleet of 83 aircraft with 132 on order (including order for 42 Boeings 777s during the Airshow).**
- **Orders worth \$37.4 billion for 45 A380s, 20 A340s, 23 B777s and 2 A310Fs**
- **Seat capacity would increase to 72,000+ from 20,000+ at present**
- **Ranked 9th in global airline traffic**
- **Will carry over 35 million pax in 2012**



Planning for the Future—Airlines

- **Qatar Airways**

- 42 aircraft in its fleet
- 60 Airbus aircraft and 20 B777s on order for US \$15 billion
- 4.6 million pax carried in 2004

- **Etihad Airlines**

- Started operations in November 2003 with 2 A330s
- 1.2 million passengers estimated for 2005
- 24 Airbus aircraft (including 4 A380s) and 5 B777-300ER on order for \$8 billion



Planning for the Future—Airlines

- **Other Middle East carriers**

- **Gulf Air continues to develop its offer and showed a 23% increase in 2004 with 7.4 million pax**
- **Iran Air, Egypt Air, Royal Jordanian, Oman Air, Kuwait Airways continue to show growth in a competitive market**
- **Saudi Airways continues to show strong growth with 8.8% increase to 15.7 million pax**
- **Air Arabia, Al Jazeera and other new low cost carriers are making an impact as the region has many short to medium haul sectors**

Planning for the Future—Airports

- Middle East is increasingly a force in long-haul aviation
- Geographically mid-way between Europe and East Asia
- Direct flights to many European and Asian non-hub airports
- By 2010, Emirates may have greater long-haul capacity than BA or Lufthansa
- 240+ aircraft on order by Emirates, Qatar, Etihad, with mix of super jumbos (A380) and sub jumbos (A340 and B777) for long and medium haul
- World class airports supporting airline expansion



Planning for the Future—Airports

- \$8 billion Jebel Ali Airport with phase 1 in 2007
- \$4.5 billion Dubai Airport expansion
- \$6.8 billion Abu Dhabi Airport expansion until 2010
- \$225 million expansion in Sharjah Airport
- \$183 million development of Fujairah Airport
- \$75 million expansion of Al Ain Airport



Planning for the Future—Airports

- Qatar's \$5.5 billion new Doha airport
- Bahrain's \$185 million expansion
- Saudi Arabia will invest \$2.5 billion in upgrading the Kingdom's airports
- Total spending on airports in MENA region will be \$30 billion by 2020
- 180% increase over current capacity
- \$18 billion out of \$30 billion in U.A.E.
- India will spend \$8-10 billion over 4 years



Planning for the Future

- **The oil boom**

- **Oil exports from 10 M.E. countries increased from \$200 billion in 2003 to \$ 450 billion in 2005**
- **Spending on infrastructure projects likely to increase**
- **No sharp drop in oil prices foreseen in the near or medium term**
- **Private wealth in Gulf states continues to increase and currently estimated at \$1.5 trillion**

\$1,500,000,000,000

Planning for the Future—Tourism

- Major Investment in projects to increase tourism to the Middle East
- Projects in Turkey, Morocco, Jordan, Lebanon, Bahrain, Oman, Qatar, Kuwait and U.A.E.
- Water-front projects alone total up to \$20 billion
- Middle East already the 4th most visited region with 35 million arrivals in 2004
- Saudis spend \$6.7 billion and UAE travellers \$4.9 billion on out-bound tourism



The Future of Our Business

- **Bright prospects for the future**
 - **Increasing attractiveness of region as a tourist destination**
 - **Growth in air-travel driven by expanding M.E. carriers, development of region's airports as global aviation hubs and popularity of low cost airlines**
 - **1000 aircraft will be ordered in M.E. by 2025**
 - **Heavy investment in airport infrastructure by governments in the M.E**
 - **Increase in wealth and spending by citizens of Gulf states due to high oil prices**



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MEDFA's Plans

- **Growth of MEDFA over 5 years**
- **Website www.medfa.ae in September**
- **Training programme to be announced**
- **Support to Sri Lanka Tsunami relief**
- **World Duty Free Council**
- **Middle East Exclusive**
- **2005 Conference**

