PARIS

KEY GULF AIR HUBS CLOSED

Thriving thanks to their strategic geographical position, strong state backing and leading carriers, huge air hubs in the Gulf oil kingdoms have been shaken by the conflict over Iran.

Following US and Israel strikes on the Islamic Republic, Iran's retaliatory strikes have hit targets across the Gulf, forcing authorities to close airspace and stalling traffic at big hubs such as Dubai and Abu Dhabi.

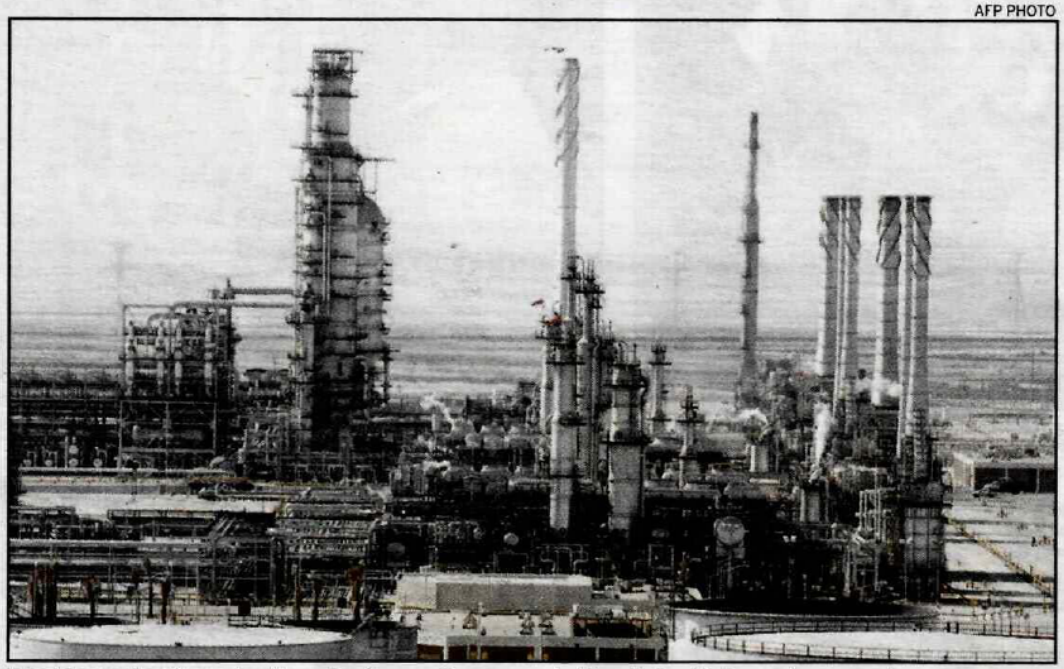
"Gulf airspace closures are disrupting aviation corridors between Europe and Asia," wrote analysts from ING bank in a note yesterday.

Kathleen Brooks, a research director at trading platform XTB, noted that the Middle East sees 18% of air freight. This "will now be impacted and could cause some supply chain disruption," she wrote in a note.

"Airline stocks, hotels and holiday companies are all expected to see large declines in their share prices, as travel to the region remains closed."

Here are facts about the major role of the Gulf hubs in global air transport and what is at stake in the current disruptions:

AFP PHOTO



Ras Tanura's oil production plant near Dammam in Saudi Arabia's eastern province on December 27, 2004. The Saudi oil refinery along the Gulf coast was targeted in an attack yesterday, a source familiar with the incident told AFP, as Iran launched a fresh barrage at countries across the region

UNIQUE REGION FOR AIR LINKS

Dubai's main airport ranks as the second-busiest worldwide, behind Atlanta in the US, according to Airports Council International.

After handling 95 million passengers last year, it was targeting just under 100 million this year – a tenfold increase over 30 years. Also expanding rapidly, Doha's Hamad airport reported 54 million passengers last year, comparable to Frankfurt and Hong Kong.

The vast majority of travellers only stop for transfers. Beyond tourism and business traffic, diaspora populations such as Indians have helped fill aircraft.

"This is a very unique region in the geography that it represents," Stan Deal, then head of Boeing Commercial Airplanes, told CNBC in 2023.

"Within an eight-hour flight, you are able to get to 80% of the world's population, and we forecast over the next 20 years about 3,000 aircraft will be needed in this region."

COMPETITIVE ADVANTAGES

Heavily supported by states with budgets overflowing with oil dollars, the Gulf hubs offer very competitive cost bases.

The states have fewer labour law restraints than in the West and total alignment between airlines and airport operators.

Emirates works hand in glove with Dubai airport to develop a global network of connections using its long-haul Airbus A380s and Boeing 777s.

Qatar Airways and Etihad follow the same model.

Gulf hubs do not impose night curfews, allowing them to run 24 hours a day and streamline operations as much as they possibly can.

Their competitive position has been further strengthened since 2022 by Russia's closure of its airspace to Western and Japanese carriers, while Gulf and Turkish airlines continue to overfly and serve the country.

AFP