JAZEERA AIRWAYS EYES LONG-HAUL VENTURE

News / Airlines

Kuwaiti low-cost carrier Jazeera Airways could set up a long-haul service with a foreign partner as an alternative to buying a stake in national carrier Kuwait Airways.

Jazeera Chairman Marwan Boodai told Reuters news agency he would still prefer a stake in loss-making Kuwait Airways, but that he was preparing an alternative strategy.

"Plan 'B' is tying up with an international player to go long-haul. We're seriously considering this now," he said.

Kuwait Airways' privatisation was ratified in 2008, and both Jazeera and logistics firm Agility expressed an interest in buying a stake.

However, Kuwait Airways' weak finances and bureaucratic hurdles have delayed the process. The carrier is currently in the midst of a restructuring aimed at returning it to profit, a step required ahead of a sale.

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Jazeera currently only has short-haul regional operations and buying into the national carrier would give it exposure to the long-haul market.

Privatisations are being explored with greater urgency in some Gulf countries as a way of boosting state finances hit by a slump in oil prices.

LONG-HAUL

Because of the delay, Jazeera is exploring possible routes for future long-haul operations. Once these are determined, Boodai said it could then identify possible international partners and seek a long-haul joint venture.

Last year, Jazeera paid off all of its debt in order to move ahead with investment plans. It has USD$105 million in cash on its books, Boodai said.

About 10.7 million passengers travelled through Kuwait Airport from June 2014 to June 2015, up 8 percent year on year, according to the country's civil aviation authority.

A large portion of the traffic is on long-haul routes, Boodai said.

"Jazeera covers about 5 million passengers in the region. There is another 6 million to tap into if we have strong operations," he said.

In order to focus on its passenger airline business, the carrier last year sold its capital-intensive aircraft leasing unit for USD$507 million.

Jazeera made a net profit of KWD14.5 million dinars in the first nine months of 2015, up 11.7 percent year on year.

Boodai expects to deliver a double-digit percentage rise in full-year profit, driven by an expanding Kuwaiti market and lower fuel costs.

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