Boeing 777s and Airbus A380s. With these capable jets, any two cities in the world can be linked with one stop via Dubai. In 2016, *Emirates* carried 55 million passengers. *Emirates* makes the most of its location. Dubai International Airport (DXB) is an ideal stopping point for air traffic between Europe and Asia, and between Africa and Asia. Connecting 220 destinations, DXB handles over 40 million passengers a year, soon to be expanded to 60 million a year. Since Dubai's own population is fewer than four million, the majority of the passengers are connecting (transit) passengers who are not from or going to Dubai.

Emirates is directly challenging traditional long-haul carriers such as *British Airways* (*BA*), *Air France-KLM* and *Lufthansa*. These established airlines fear that just like no-frills competitors squeeze their short-haul flights, *Emirates* can threaten their profitable long-haul business. In fact, *Emirates* already has more intercontinental seats than *BA* and *Air France* combined. *Emirates* focuses on secondary (but still sizable) cities, such as Manchester, Hamburg and Kolkata. Passengers flying, for example, from Hamburg to Sydney may not care whether they change planes at Frankfurt or Dubai, especially when *Emirates* flies newer and quieter planes, offers cheaper tickets and provides better amenities. One of *Emirates*' open secrets of success is to fly super-sized planes – one A380 can carry 500 passengers – to reduce the cost per passenger. The savings help to undercut the fares of traditional airlines.

However, *Emirates* faces aggressive competition from two regional rivals that realized that geographic advantage is not a Dubai monopoly. Doha, Qatar, is only 200 miles from Dubai. *Qatar Airways,* founded in 1992, put in service the first next-generation Airbus, the A350-900, on the Doha to Frankfurt connection. Replacing its ageing Doha International Airport (handling 15 million passengers in 2010), Qatar opened a new international airport at Hamad in 2014 with a capacity of 29 million and a projected future capacity of 48 million. Signalling its global ambitions, *Qatar Airways* built up a 20% stake in *IAG*, *British Airways*' parent, as well as 10% each in of *LATAM* and *Cathay Pacific*.

Closer to Dubai, Abu Dhabi (a fellow emirate in the UAE) launched *Etihad Airways* in 2003. It quickly became the fastest-growing airline in the history of commercial aviation. Only a 45-minute drive from DBX, Abu Dhabi International Airport had a capacity of 20 million in 2012 and plans to expand to 40 million. *Etihad Airways* developed its business by partnering with smaller European airlines facing liquidity difficulties, which it developed as feeder airlines for its global network. Thus *Etihad* acquired a 30% stake in (the now bankrupt) *Air Berlin* of Germany, 49% in Italian *Alitalia* and 49% in *Air Serbia*.