

For Sale: Middle East Airline with Good Growth Potential

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News stories about Middle-Eastern - and especially Gulf-based - airlines tend to be about record profits, new acquisitions or new levels of luxury. However, that is not the case with the government-owned Kuwait Airways

According to the state-owned Kuwait News Agency, the government has decided to sell 40 percent of the airline to the public and 35% to a long-term investor.

The carrier, which lost most of its fleet during Iraq's 1990-1991 occupation of Kuwait, has 17 aircraft, according to its website. Earlier this year it cancelled an order worth \$3 billion for Airbus and Boeing aircrafts when the government refused to provide funding.

Kuwait Airways is the second regional airline to face financial difficulties: last year the Bahraini Gulf Air went through a turbulent period due to financial and management problems, according to The Media Line's business analyst.

'What we are seeing now is the survival of the fittest among the regional airlines, where some like Etihad and Emirates will continue to grow and prosper to become the British Airway or Continental of the Gulf,' the analyst said.

While the American airlines currently involved in a similar process only have themselves to depend on, the Gulf-based airlines all have wealthy royal families to provide financial backing, creating a totally different business climate, the analyst said.

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