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Ladies and gentlemen, I am very honoured to be invited to speak here again. The last time I had this pleasure was in March 2007.

That year, Gordon Brown succeeded Tony Blair as Prime Minister and leader of the Labour party. Across the pond, George W Bush was in the White House and a junior senator from Illinois named Barack Obama had just announced he was going to run for President. Monks in Myamar led "the Saffron protests", and Pakistan was in the throes of political transition and turmoil. In Europe, Bulgaria and Romania joined the EU, and Sarkozy became President. Putin was Time magazine's Person of the Year 2007, Canadian PM Justin Trudeau was starring in a mini-series on Canadian television, and his Greek counterpart Alexis Tsipras was a council member in Athens.

On the economic front, the housing bubble in the US burst after months of increasing defaults on subprime mortgages. This triggered a meltdown on Wall Street, the ripple effects of which would later manifest in the global financial crisis of 2008.

2007 was also the year that Steve Jobs unleashed the first iPhone onto the world. With that, Apple placed an intuitive, touch-screen mini-computer in the hands and pockets of consumers, and totally reinvented the mobile phone category. Kodak was still in business in 2007, Facebook was 3 years old but growing fast with 50 million users, Twitter had just celebrated its first birthday, and neither Uber (2009) nor AirBnB (2008) existed.

In 2007, Emirates had not yet received our first A380. We had 96 wide-body aircraft in our fleet, serving 89 cities and 17.5 million passengers annually. Emirates was winning global awards for our product and services. Some of our competitors at that time, notably in Europe, were bleating on about subsidies and unfair competition. We proved Emirates was not subsidised, and that our business model was sustainable and profitable in spite of the odds.

Fast forward to today, 2016.

Emirates today has 250 wide-bodied aircraft - including 87 A380s - serving 52 million customers in 150 cities. Our operations have more than doubled in size since 2007, and our footprint is now truly global, spread across six continents. In essence, Emirates received 10 million dollars in seed capital in 1985, and turned it into a global brand with a balance sheet of 23 billion dollars. And we've not had a penny since. In the process, we have also paid over 3 billion dollars in dividend to our owners, the Dubai Government. We are STILL winning customers, as well as global awards for our products and services.

New challengers have emerged close to home, and they essentially seek to replicate Emirates' "super connector" model. But unlike us, they enter and play the game with very deep pockets. Meanwhile, our competitors in some places are AGAIN bleating on about subsidies and unfair competition. This time, with a new mantra of seeking a 'level playing field' - whatever that is - and where its perceived absence is a pretext for market restrictions. And so we have proved - again - that Emirates isn't subsidised. We published a 300-page rebuttal in June 2015 for a US audience this time, fully supported by audited financial data, annexes and appendices etcetera, and put it on the internet for anyone to have a look at.

Our house is in order financially, and our business fundamentals are rock solid. But that doesn't mean we are immune to external forces.

Global airlines like Emirates are, by nature of our business, affected by world events. Politics, economics, consumer trends… all of these developments impact business sentiment, consumer confidence, and ultimately, appetite for air travel and air transport services.

That is why we watch with interest the world events of this year.

Politics in 2016 has been eventful, to say the least. Against what pundits predicted, we've had the Brexit vote and installed a new Prime Minister in the UK; and across the Atlantic, Trump, a business personality who has never held an elected office, will soon be President of the United States.

On the economic front, many countries in Africa and Latin America are facing currency crises. Deutsche Bank is in difficulties, and commodity prices have tanked. Economic performance is so limp, that the IMF and policy makers are talking about a "new mediocre", in which the long-term growth malaise becomes the rule, not the exception. Things in the less developed world look even grimmer. And sadly, no one expects a speedy recovery.

This year, it wasn't iPhones that made the headlines, but defective Samsung Note 7s which quite literally "set the world on fire". Thankfully, airlines and the regulatory authorities acted quickly to ensure passenger safety.

And thankfully, aside from Samsung Note 7s, consumers have a plethora of other smart phones to choose from. More than 2 billion people today own a smart phone and over 3.2 billion consumers are connected to the internet and the digital world. Uber and AirBnB, who respectively own neither vehicle nor guest room inventory, have become real options for consumers making travel plans. Facebook today has over 1.7 billion active users, and Twitter, 320 million. Travellers are using these, as well as other social media channels, to share their travel experiences, research their travel, and give ratings and feedback to their service providers including airlines, airports, and hotels. And this is only the tip of the iceberg of the digital revolution that has swept across all industries including ours, presenting huge opportunities and challenges.

When I last addressed this Club, I spoke about how globalisation would lead to a paradigm shift in civil aviation. I bravely ventured that demand for travel would be galvanised by the Internet; and also by the urbanisation and economic stimulation of colossal markets like India, China, parts of Africa, LatAm, and Southeast Asia. Demand would boom, but the axis of traffic flows would gradually shift away from established hubs in the West to the East.

The backdrop to all of that - was advancements in aircraft technology that would make possible new non-stop city pairings, as well as continued progress towards multi-lateralism in aero-politics.

Unfortunately the 2008 global financial crisis stalled things a bit. Also, I'm afraid I may have been over-optimistic about the pace of aero-political liberalisation. Aeropolitical protection - the greatest subsidy of all in our industry - is still very much alive, and I fear we may see liberalisation lose even more momentum in the short term.

However, we've all witnessed how demand for air travel around the globe has, and continues to grow - relentlessly, in spite of the onslaught of negative shocks from security threats, natural disasters, and economic dampeners.

Consumers simply recalibrate their plans. They still want to experience places they have seen on the internet, attend sports tournaments, and participate in big world events. They still need to conduct business, study, visit relatives and friends and so on. IATA expects 7.2 billion people to travel by air in 2035, nearly double the 3.8 billion today.

The new aircraft that have flown off the drawing board and into airline fleets since 2007 - including the A380s, the A350s, and the 787s – have enhanced the flying experience for consumers. It's now possible to travel further, faster, safely, more comfortably, and more responsibly - with less noise and carbon emissions than ever before. And the next generation aircraft yet to come: such as the 777X that Emirates has ordered 150 of, hold even more promise.

So where are we today and what lies on the horizon?

Ladies and gentlemen, I believe we are at an inflection point. Our industry has done well in the past years on the wings of global trade and liberalisation, which are key catalysts for global aviation growth. However, all that is at risk of getting derailed by protectionism, and inward-looking policies.

We know all the jokes about making money in the airline business, but the fact is, as an industry, we are out of the red. And IATA expects 2016 to be the 5th consecutive year the industry improves on aggregate profitability.

However, the devil is always in the details. Most of the profitability in our industry is being driven by North American carriers. Delta, American, and United have never been more profitable.

Innovative pricing models account for some of that. But a recent Harvard Business Review paper attributes the US airlines' profit story to 2 structural changes. Firstly, multiple mergers, aided by intense lobbying efforts, have made the industry a lot more concentrated, and perhaps "more oligopolistic". Secondly, largely unnoticed by the public and under the regulatory radar, a small set of large institutional investors have acquired significant stakes in competing airlines. Even before Warren Buffett's investment, the major U.S. airlines had one thing in common: their largest investors. BlackRock, Vanguard, State Street, and PRIMECAP are among the top seven shareholders for *all four major U.S. airlines*. Warren Buffett's Fidelity is among the top seven shareholders for three of them and is the tenth-largest shareholder of the fourth.

Given the huge extent of common ownership in the U.S. airline industry, it is not surprising that the price wars of the 1990s have ended and that profits are on the rise. In other words, rather than competing to deliver better service at lower prices, all four airlines are soaring together.

Coupled with the risk of inward-looking policies with a new Administration, that must be a worrying situation indeed for consumers, businesses and cities in the US.

Trump, Brexit and Europe outlook, and EK context

In past months, I have often been asked my views on the implications of Brexit and a Trump Presidency on aviation.

For starters, I think both events tell the same cautionary tale: people have lost faith in the status quo and they want change. Globalisation has happened. But the wealth created has benefited only a few and hasn't filtered down to the broader society. And in this era of social media and relatively easy access to information - that disparity is glaringly obvious.

Economists have noted that the share of GDP going towards workers' pay checks have been diminishing over the years. A disproportionate amount of gains from corporations are instead going to other capital income such as shareholder dividends and bonuses. Not enough is being invested back in the workforce or other assets.

Meanwhile, policy makers trim social entitlements and public services in order to pay for tax cuts. No surprise then, that people say "enough is enough" with their votes against the status quo.

The issue though, is not trade or business itself, but the allocation of wealth - to address not only the wage gap, but also overall output through investments in infrastructure and innovation.

Discounting all the bluster and growl of his campaign, I am quietly hopeful that Trump, who has had many business interests outside of the US, isn't opposed to free trade. Trump's focus on jobs and making America great, I interpret - not as a call to shut down global trade entirely - but more as a call to rebalance the scale, thereby enabling the grassroots to participate more fully in the benefits of globalisation.

No one really knows what will materialise from the new Trump Administration. There could be some intelligent interdiction of global trade. Perhaps we can expect a slowdown due to uncertainty while the new Administration takes up the reins. Thinking logically, it does not make economic or social sense for global liberalisation to end.

Unfortunately, logic isn't always enough to dissuade those with narrow self-interests. I'm sure many of you are aware of the debacle stirred up by my friends at Delta, United and American and their proxies in America - which resulted in Emirates having to produce the 300-page rebuttal document I previously mentioned. They are lobbying for protection against competition, and what is essentially a reversal of America's long-standing open skies policy - which dates from the early 90's and has been replicated by virtually all major countries.

Emirates has always advocated the benefits of competition for consumers, economies and the aviation industry as a whole. There are reams of data proving the direct and indirect economic benefits of international air connectivity - including the creation and sustenance of jobs that Trump has promised to deliver. We continue to engage with the US on this issue, through the UAE government. I am not sure where it will end, but a new Administration will be in place on 20th January.

Meanwhile we remain optimistic that American policy makers will prioritise the interests of the broader economy, against the interests of a few very profitable airlines that already enjoy the privilege of a protected domestic market, and open ended anti-trust immunity for many of their international joint ventures. The recent decisions by the U.S. Department of Transportation in the Delta/Aeromexico, American/Qantas cases suggest that a fundamental reassessment is now underway of past anti-trust immunity and airline merger policy. And the US Department of Transportation's Final Order in early December, finally, to grant Norwegian Air International a foreign air carrier permit to operate flights between Cork and the US, is also a positive signal from the US regulators for supporting competition on international services.

On Brexit, I don't think it is all that bad - always assuming Prime Minister Theresa May gets the green light from Parliament, and apparently the Supreme Court, to invoke Article 50.

Prior to the referendum, there were many who predicted an immediate impact on the UK economy should the country vote to leave the EU. But so far doomsday has not come to pass. Figures show the economy grew by 0.5% in the three months after the Brexit vote, powered by the UK's services sector. The lower Pound Sterling adds to inflationary pressure, but exporters are getting a boost. Good and bad news for us in Emirates as well - tourists are pouring into the UK even more, but at the moment we lose 20% of the revenues that we earn here to the currency exchange.

The long-term effect of Brexit, and in particular on aviation, will perhaps only be truly understood once the future arrangements that define the UK's relationship with the EU27 are clarified and put in place.

But I understand that Brexit naturally raises real questions for many aviation stakeholders - in particular what it means for UK aviation's continued and unfettered access to the continent, and how it may impact pan-European supply chains in the aerospace sector and so forth.

Across the channel, we see Europe facing its own set of challenges with immigration problems, terror alerts, flaccid economies, and signs of a shift away from mainstream political parties. Future policy makers could favour inward-looking policies that appeal to short term populist sentiment, and a shift away from liberalisation, back to pre-determinism. That is a real risk.

Europe and Brussels need to look with a clear head at the reasons for the Brexit vote and ensure it takes into account the views and interests of all states in the EU - the populations and not just the politicians. If they do not, it is highly likely that the forthcoming elections in France, Germany, Netherlands may produce more shocks - like the referendum earlier this week in Italy has.

In June this year, the European Commission was given a mandate by EU Member States to negotiate, on their behalf, "Comprehensive EU air transport agreements" - but only with the UAE, Qatar, Turkey and the ASEAN block and with a negotiating time limit of 3 or 4 years. Air traffic rights have traditionally been sovereign instruments, and aviation policies and priorities vary across EU countries. It will be a balancing act for the Commission to handle these various sovereign interests at an "EU-level". Let me stress, however, that Emirates will welcome negotiations between the UAE and EU and will work to make them a success - as long as the focus is on expanding opportunity, bolstering competition, and giving consumers more options and better value for the money they pay.

We continue to engage in productive dialogue with many European cities and their Mayors who are keen to link their airports to our global network, and in so doing catalyse their local economy through tourism and commerce. For Emirates it is business as usual in Europe. Inbound and outbound travel demand for us in Europe remain steady overall, but like our industry peers, yields have taken a big hit.

Opportunities and impediments

Aside from the prevailing political and socio-economic winds, our industry also faces internal forces of change, and I will now turn my thoughts to two of these.

First: the digital revolution

Digitization is marching through industry after industry. And it has put information and power into the hands of consumers.

Of course people want more for less. The internet opens up a whole world of choice for consumers, and gives them the ability to search and compare products and prices. Consumers also see the services and conveniences that they get from companies in other industries that are way ahead of airlines on the digital curve. And they expect the same of us.

Our customers are managing their transactions, their schedules, their relationships…even their health, and their homes...with a swipe or two on their mobile devices. In fact, they are doing all of that using multiple devices – laptop, tablet, smart phone, self-service kiosks and so on.

They expect airlines to transact with them, and provide value to them on all these platforms and channels, and they expect everything to be joined up - not only in the digital world, but also when they are speaking to our call centre agents, or at the airport, in our lounges, or on our planes.

Our challenge of course is making sure that our partners in other parts of the complex airline eco-system - immigration, customs, ground handler, airport operator - are all on-board with putting consumers first.

A better consumer experience is just the beginning. Think disruptive technologies like Robotics, 3-D printing, the potential use of block chain technology for identity management or distribution and secure transactions, think cloud-based computing and its many applications. Think big data, and intelligent algorithms that can give us real-time information on our passengers and every aspect of our operations. Just let's not forget that reams of data isn't useful in itself, unless it is also matched with effective business responses - such as using the data insights to delight our customers with great service, or to maintain clockwork precision through our operations.

Our industry is notoriously resistant to change, but those who have realised that B2C rules are already adapting their business models. And I believe the pace of change will increase. After all, it is a case of adapt, or die.

Second, I am concerned about ATC and airport infrastructure

One of the biggest impediments to airline industry growth has been ATC and airport capacity. That hasn't changed since 2007, in fact, since way before 2007.

Passenger demand and volumes are growing year on year, airlines are growing their fleet, air traffic needs have increased tremendously. Our skies and our airports are getting increasingly congested. This results in long passenger queues at airports, on ground aircraft congestion, and more and more flights going into fuel and timewasting holding patterns prior to landing. Not a great customer or airline experience.

We know airports are chronically under invested when it comes to new systems and technologies. When airports are being built, the tendency is to look at how things are done today rather than what could be done for the future. Buildings are built, and the passenger experience is then force-fitted into the structure, rather than the other way around - where we build around the passenger journey. And, by the time approvals are gotten to start building anything, we'll be looking at facilities that are outdated by another 10 years.

Speaking of airport infrastructure, no speech at the Aviation Club of the UK would be complete if it didn't touch upon the topic of expansion at London Heathrow. At least, this seems to be the case for the last decade, from the time Alistair Darling, then transport secretary, published a White Paper with plans for a third runway and a sixth terminal at Heathrow in 2003.

Over the intervening years, the issue of additional capacity in the south east, particularly at Heathrow, has always come up against opposition. Many of you will recall the period from 2003 to 2009, and how the government spent those 6 years re-approving a third runway at Heathrow.

We had The Stern Review, and The Eddington Transport Study; and later the government public consultation document. We saw politicians, climate activists, mayors, residents, businesses, and occasionally, a traveller weighing into the debate.

After all of that, numerous governments seem to return back to the same option of expanding Heathrow.

At Emirates, we welcome the Government's recent announcement to go ahead with building a third runway. But what we really need now is action, not another 10 years of procrastination. In the meantime, we need to get on with making the best use of existing capacity across the whole of the UK. And there are many very good airports in the UK - and Emirates successfully serves nearly all of them.

In terms of who should pay for the Heathrow expansion: well, the modus operandi of many private airports is to simply raise levies and charges. Why do said airports not model their cash flow for the next 30-40 years, and use that as a basis to seek funding in financial markets - instead of trying to squeeze more and more out of travellers and airlines?

Heathrow is already one of the most expensive airports in the world. If they were to raise charges to fund expansion, and then tarmac over IAG and BA's Waterside HQ in the process, I'd suggest to Willie to consider moving his HQ to Doha, and be done with it.

In conclusion, I remain an optimist, and frankly have always been one, during the 30+ years I've been at Emirates - I have had to be, to drive the airline to where it is today.

The digital and consumer revolution is already happening - around us, to us, and hopefully, with us driving some of it. Many airlines, including Emirates, are already adapting our business approach. There will be some that do it better and faster than others, and some who may be able to ignore the change for a while because they have artificial protection.

But we all know that when the music stops, there won't be enough chairs for all the players.

Thank you.