AVIATION SPECIAL | Page 4

Trade growth, booming e-commerce continue to lift global air freight

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GULF TIMES
BUSINESS

BUYING SUPPORT : Page 2

QSE back in black as index gains 47 points; M-cap adds QR2.67bn

QIIB board to discuss potential distribution of semi-annual dividends to shareholders

QIIB board of directors has announced plans to discuss the potential distribution of semi-annual dividends to shareholders.

This discussion will take place at their upcoming meeting, which will review and approve the semi-annual financial results for the period ending June 30, 2024.

QIIB chairman Sheikh Dr Khalid bin Thani bin Abdullah al-Thani stated that the board of directors, at their meeting held yesterday discussed a proposal to be included and discussed in the agenda of board meeting scheduled for July 21.

The proposal includes the possibility of distributing semi-annual cash dividends to shareholders. This move comes as a culmination of steps previously initiated following the amendment of the QIIB's articles of association to include a provision allowing the board, based on their decision, to make quarterly or semi-annual distributions.

This aligns with the Qatar Financial Markets Authority (QFMA) board of directors' Decision No. 3 of 2023 on the Rules of Dividend Distribution by Listed Joint-stock Companies.

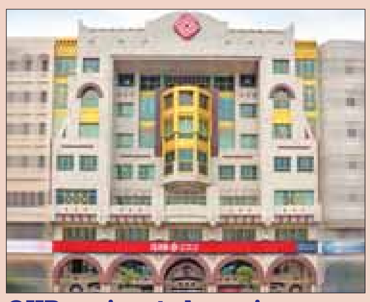
Sheikh Dr Khalid bin Thani bin Abdullah al-Thani, QIIB chairman.

Sheikh Khalid emphasised that this initiative was aimed at boosting economic activity and providing liquidity to investors, especially small shareholders.

He highlighted that this step aligns with country's economic policy and the Qatar National Vision 2030, which aim to generate quicker returns for shareholders. This, in turn, will enable them to reinvest in various sectors within Qatar, including the rapidly evolving financial markets, which now offer a range of investment products alongside the shares of listed companies. This development is expected to have a positive impact on the overall financial market.

Sheikh Khalid said QIIB aspires to be a pioneer in successfully adapting to the general economic trends and meeting the aspirations of investors who are shareholders in the bank.

This is planned to be achieved by taking practical steps regarding the implementation of the decision of the Qatar Financial Markets Authority by fulfilling the required approvals from the regulatory authorities and fully complying with the legal requirements according to the dates specified in the conditions for implementing the interim distributions.



QIIB aspires to be a pioneer in successfully adapting to the general economic trends and meeting the aspirations of investors who are shareholders in the bank

Qatar Airways Cargo lifts more freight in 2023-24

■ **As of March 31, Qatar Airways Cargo had a dedicated fleet of 29 aircraft**

By Pratap John
Business Editor

Qatar Airways Cargo lifted more freight in 2023-24 as the national airline's freight subsidiary celebrates 20 years of operations in 2024.

With a tonnage of 1,569,512,700kg in chargeable weight, Qatar Airways Cargo increased market share to 7.1% in the fiscal 2023-24, national airline said in its latest annual report.

As one of the carrier's primary areas of business development focus, digitalisation and transformation has been the driving force behind Cargo's key enhancement for the 2023/24 fiscal year – the introduction of real-time pricing to its online booking platform – 'Digital Lounge'.

The Digital Lounge enables customers to book cargo immediately at the "best price" available in the industry to date, with the portal taking more than 200,000 online bookings since its inception, contributing towards an increase in cargo's market share to 7.1% during the 2023/24 financial year, up by 0.04% compared to previous financial year.

As of March 31, Qatar Airways Cargo had a dedicated fleet of 29 aircraft. The subsidiary has a firm order for 34 Boeing 777-8 (and options for 16 more), to augment its streamlined fleet of Boeing 777 freighters.

The report noted that Qatar Airways Cargo has maintained its position as the world's leading air freight carrier in 2023-24, bringing great enhancements to its services and sharply accelerating its digital transformation by retiring its last Boeing 747 aircraft and transitioning to an all Boeing 777F fleet.

The cargo carrier currently operates to more than 170 belly-hold and over 70 freighter destinations, utilising more than 200 passenger aircraft and its 28 Boeing 777 freighters.

Qatar Airways Cargo continued to launch new freighter services, including Algiers, Bogota, Dallas Fort Worth, Dammam, Miami, Sharjah, and Warsaw during 2023/24.

In the Middle East, Qatar Airways Cargo revamped its network to introduce new and resumed destinations, as well as adding more frequencies to Dubai and Riyadh and opening Sharjah.

In Europe, the cargo carrier improved its footprint in Amsterdam and Frankfurt by adding a further weekly and eight weekly frequencies, respectively.

In Asia, Qatar Airways Cargo expanded its presence to better serve e-commerce customers, adding services to Macau and charter operations to China.

With a tonnage of 1,569,512,700kg in chargeable weight, Qatar Airways Cargo increased market share to 7.1% in the fiscal 2023-24, national airline said in its latest annual report.

Qatar's economy shows resilience, maintains stable inflation levels, says QFC chief economist

By Santhosh V Perumal
Business Reporter

Doha's economy demonstrates resilience, maintaining stable inflation levels despite international economic volatility, inflationary pressures, and escalating regional geopolitical tensions, according to an economist of the Qatar Financial Centre (QFC).

Doha's GDP (gross domestic product) is projected to grow at 2% in 2024, with near-term outlook slated to remain stable, Kamal Naji, chief economist of the QFC, said in an article posted in LinkedIn.

The country's GDP growth had hit a 5-year high of 4.9% in 2022, largely fuelled by the successful hosting of the FIFA World Cup Qatar 2022, and the economic activities it generated,

Naji said Qatar has been successful in managing inflationary pressures amidst a volatile global economy and high-interest rate environment, maintaining a stable inflation rate at 2.9% (2024) against 5% in 2022.

The consumer price index (CPI) has remained stable but is expected to decline due to signs of easing price pressures in the housing segment (highest contributor to inflation).

Both international reserves and the Qatar Central Bank (QCB) assets have recorded growth in 2024 (year-to-date). The QCB's total assets grew at a compound annual growth rate (CAGR) of 3.53% from 2018 to 2024.

The year-on-year (Y-o-Y) growth from FY 2023 to 2024 (YTD) stands at 0.8%. Furthermore, the QCB's total international reserves and foreign currency liquidity increased by 3.3% from FY 2023, while the CAGR growth rate from 2018 to 2023 stood at 4.65%.

The growth in total assets and foreign currency liquidity indicates a "stable and positive" outlook for the state's economy. In addition, the real effective exchange remained stable through FY 2023 and FY 2024.

The overall market capitalisation of the Qatar Stock Exchange declined by 3.2% from 2022 to 2024 (YTD), mirroring the decline in the overall index.

The QSE index dropped 3.2% in 2024 (YTD), with potential factors attributable to global economic volatility, rising interest rates and geo-political events (Israel-Gaza conflict).

The number of firms registered with the QSE has increased from 42 in FY 2014 to 52 by March 2024. Dukhan Bank, Beema and Meeza QSTP were the latest to list in 2023. 2024 is expected to see further listings.

Non-Qataris account for only 14.8% of the overall investors, with the majority being Qataris, according to Naji.

Finding that the RE (real estate) index ended at 1.4% lower than FY 2023 average; he said the index is expected to "stabilise" at these levels.

Qatar's average RE index in FY 2023 stood at 217.5, lower than the all-time high of 315 points in the fourth quarter of 2015, and experienced a steady decline during the first quarter of 2024.

In FY 2022, the total office supply reached 5mn sqm, residential apartments and villas reached 350,000 units and the total number of hotel rooms reached 45,000, marking all-time highs across these three real estate classes.

Philippines eyeing Qatari investments in renewable energy, AI

By Peter Alagos
Business Reporter

The top official of the Department of Trade and Industry (DTI) in the Philippines has identified several specific sectors or industries that could be infused with investments from the State of Qatar.

DTI Secretary Alfredo E Pascual said Qatar may pour investments in the following priority sectors: agribusiness/agriculture; energy efficiency technologies and renewable energy (RE); infrastructure and public-private partnership (PPP) projects, such as real estate development and logistics; artificial intelligence (AI); Information Technology and Business Process Management (IT-BPM); manufacturing; oil and gas; processed and speciality food (Halal food); and tourism, including hospitality.

In an interview with *Gulf Times*, Pascual said the Philippine government welcomes investment stakes in the RE sector to accelerate the exploration and development of RE sources, achieve energy self-reliance, and produce clean energy to mitigate the effect of climate change.

According to Pascual, a total of 1,002 projects were awarded RE contracts as of December 31, 2022. Of these, 216 are existing facilities, with a total installed capacity of 5,571MW. Meanwhile, 786 projects with a potential capacity of 80,399MW are still under the predevelopment and development stage.

Pascual said variable RE technologies, particularly wind and solar, have the highest combined potential of 67,046MW, comprising 83% of the total potential capacity. For ocean energy, the Philippines potentially has 24MW from eight proposed projects.

The DTI secretary noted that the DTI sees potential for increased collaboration or joint ventures between Philippine and Qatari companies in the RE industry and other related downstream supply chain operations.

"We also offer various opportunities in this field. Aside from the development and operation of RE projects, the Philippines can also host Qatari companies and their partners/suppliers engaged in the production and supply of turbine, foundation, cable and substation, and EPC/construction," Pascual emphasised.

Department of Trade and Industry Secretary Alfredo E Pascual.

Pascual also stressed that IT-BPM is a key pillar of the Philippine economy and serves as an enabler of support industries essential to the global value chain linkages of the aerospace, automotive, and electronics industries.

He said the Philippine IT-BPM industry specialises in around 10 sector verticals and thus, also represents a major contributor to the competitiveness, productivity, and efficiency of the respective sectors they are supporting. Some of these are bank and financial institutions, the aerospace sector, the electronics industry, and healthcare, Pascual pointed out.

"Moreover, the sector was valued at $35bn in 2023 and is currently employing 1.7mn. Based on the projections of the IT and Business Process Association of the Philippines (IBPAP), the industry is expected to grow to $59bn by 2028.

"The Philippines can also serve as a captive base/global business service centre for finance, accounting, logistics, data analytics, and other high-value services. Further, we boast of its software development capabilities, with a total manpower of 200,000," Pascual said.

The DTI is also prioritising PPP infrastructure projects, particularly in the fields of water storage and management, renewable energy, waste management, logistics, transportation, Information and Communications Technology (ICT), urban development, and disaster mitigation, Pascual said.

"Sustainable infrastructure is vital to the achievement of global clean growth and climate resilience. Hence, the administration of President Ferdinand 'Bongbong' Marcos, Jr has pledged to expand on 'Build, Build, Build', the previous leadership's committed infrastructure programme, which was intended to launch a 'golden age' for infrastructure and economic growth. The programme has since been renamed 'Build, Better, More'. President Marcos approved 198 high-impact infrastructure flagship projects (IFPs) worth P8.8tn ($155tn)," Pascual said.

He added: "We are actively working towards establishing the Philippines as a manufacturing and logistics hub in Asia, particularly for Halal products. Efforts are also being made to streamline certifications for Philippine products in Qatar, aiming to reduce the burden on exporters and facilitate trade."

Turkiye's inflation cools faster than expected in turnaround

Bloomberg
Istanbul

Turkish inflation eased for the first time in eight months, a faster-than-estimated slowdown from a peak reached in May that puts consumer prices on course for a steep deceleration during the summer months.
Data on Wednesday showed headline inflation slipped to 71.6% in June, from 75.5% the previous month. Monthly price growth, the central bank's preferred gauge, came in at 1.6%, the lowest in more than a year.
No economist surveyed by Bloomberg predicted such an abrupt deceleration. The median forecasts of analysts were for an annual rate of 72.6% and a 2.2% monthly gain.
"The disinflation process has begun," Treasury and Finance Minister Mehmet Simsek said on X.
The government's lira bonds rallied after the data release, with the yield on two- and 10-year securities falling 122 basis points and 54 basis points, respectively. The Turkish currency briefly erased losses and was trading little changed as of 2.35pm in Istanbul.
Turkiye is starting to turn the page on two years of a severe cost-of-living squeeze caused by one of the world's fastest rates of price growth. Officials are optimistic that the letup will mark the start of rapid disinflation following an aggressive monetary tightening cycle that raised the key interest rate by over 40 percentage points to 50% in less than a year.
Investors are closely watching how the deceleration unfolds as they pile into local assets. The trajectory ahead will also determine when rate cuts move back to the agenda of policymakers who've been telegraphing a hawkish message by warning their approach will remain tight "until a significant and sustained decline in the underlying trend" of monthly inflation.
Inflation may slow to "50% or even slightly lower" in August, said Tufan Comert, director of global markets strategy at BBVA in London.
"After that, the fall in inflation will slow down as the favourable base effect starts to dissipate, but the effect of the tight monetary policy, and hence the cooldown in the economy, will become more effective," Comert said.
Still, many economists see inflation ending the year above the central bank's goal of 38%, with a steep price slowdown in July and August driven largely by the statistical effect of a high base from 2023.
Price gains in Istanbul, Turkiye's commercial hub, aren't slowing at nearly the same pace as seen nationwide.
The city's retail inflation barely changed in June from May in annual terms while dropping slightly on a monthly basis to 3.4%, according to the Istanbul Chamber of Commerce.
Food and non-alcoholic beverage prices decelerated to an annual 68.1% in June from 70.1% the previous month Annual core CPI, which excludes volatile items like energy and food, was 71.4%, slowing from 75% in May Services inflation slowed slightly and reached 95.3% in annual terms and was at a monthly 3.3%.
The producer price index — an early indicator of inflationary pressures — was at an annual 50.1% last month from 57.7% in May Policymakers pointed to "the high level of and the stickiness in services inflation," according to the minutes of the central bank's most recent rate meeting, warning that "inflation expectations, geopolitical risks, and food prices keep inflationary pressures alive."
Simsek said earlier this week it was "important" for inflation to slow below 42% — the upper range of the central bank's year-end forecasts but still about eight times the official 5% target rate.
"Last year's price acceleration means annual inflation in the coming months will be lower, creating an illusion of disinflation," said Erik Meyersson, chief emerging markets strategist at SEB AB, in a post on X.
"It will be important to monitor other measures of inflation."
"Gains in food and clothing items came in lower than our expectations, but underlying trends show price gains are still hot in some sectors, including services where annual inflation remained above 95%," says Selva Bahar Baziki, economist, Bloomberg Economics.
While inflation expectations are falling among market participants, the outlook of households is proving more stubborn, with price growth seen at 71.5% a year from now.


A vendor sells vegetables in Istanbul. Turkish inflation eased for the first time in eight months, a faster-than-estimated slowdown from a peak reached in May that puts consumer prices on course for a steep deceleration during the summer months.

QSE back in black as index gains 47 points; M-cap adds QR2.67bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday gained more than 47 points, on the back of buying interests, especially at the telecom and banking counters.
The foreign funds were seen net buyers as the 20-stock Qatar Index rose 0.47% to 10,053.15 points, recovering from an intraday low of 10,002 points.
The local retail investors' weakened net selling had its influence on the main market, whose year-to-date losses truncated to 7.18%.
About 59% of the traded constituents extended gains in the main bourse, whose capitalisation added QR2.67bn or 0.46% to QR580.01bn on the back of mid-cap segments.
The Gulf institutions' lower net profit booking had its say in the main market, which saw 0.06mn exchange traded funds (sponsored by Masraf Al Rayan) valued at QR0.14mn trade across 11 deals.
The domestic institutions continued to be net buyers but with lesser intensity in the main bourse, which saw no trading of treasury bills and sovereign bonds.
The Islamic index was seen gaining on par with the main barometer in the main bourse, whose trade turnover and volumes were on the decrease.
The Total Return Index gained 0.47%, the All Share Index by 0.48% and the All Islamic Index by 0.47% in the main market.
The telecom sector index shot up 1.1%, banks and financial services (0.67%), industrials (0.45%), consumer goods and services (0.27%), insurance (0.13%) and real estate (0.07%); while transport declined 0.3%.
Major gainers in the main bourse included Zad Holding, Inma Holding, Mannai Corporation, Beema, Qatar National Cement, Qatar Islamic Bank, QIIB, Widam Food and Ooredoo.
In the venture market, Al Mahhar Holding saw its shares appreciate in value.
Nevertheless, Ahlibank Qatar, Milaha, Qatar Oman Investment, Qatar Electricity and Water and Medicare Group were among the losers in the main market. In the junior bourse, Techno Q saw its shares depreciate in value.
The foreign institutions turned net buyers to the tune of QR1.22mn compared with net sellers of QR16.78mn on July 2.
The Qatari individual investors' net selling decreased substantially to QR7.36mn against QR27.52mn the previous day.
The Gulf institutions' net selling weakened noticeably to QR6.51mn compared to QR10.83mn on Tuesday. The Gulf individual investors' net profit booking eased marginally to QR0.43mn against QR0.45mn on July 2.
However, the Arab individuals were net sellers to the extent of QR5.25mn compared with net buyers of QR1.56mn the previous day.
The foreign retail investors turned net seller to the tune of QR0.25mn against net buyers of QR0.71mn on Tuesday.
The domestic institutions' net buying shrank significantly to QR18.57mn compared to QR53.33mn on July 2.
The Arab institutions had no major net exposure against net profit takers to the extent of QR0.01mn the previous day.
Trade volumes in the main market declined 15% to 105.3mn shares, value by 12% to QR350.78mn and transactions by 8% to 14,669.
The venture market saw a 97% shrinkage in trade volume to 0.29mn equities, 97% in value to QR0.53mn and 57% in deals to 34.

The foreign funds were seen net buyers as the 20-stock Qatar Index rose 0.47% to 10,053.15 points, recovering from an intraday low of 10,002 points.

Qatar industrial producers' price index surges in May, says NPC

By Santhosh V Perumal
Business Reporter

Qatar's producers' price index (PPI), which measures the average changes in prices received by domestic producers for their output, rose 2.24% year-on-year in May on surge in the index of hydrocarbons and certain manufactured products as cement, food products and refined petroleum products, according to the official estimates.
The country's PPI saw 2.39% jump month-on-month, mainly due to increase in the indices of beverages, basic metals, cement and food products, said the figures released by the National Planning Council (NPC).
The PPI measures inflation from the perspective of costs to industry or producers of products as it measures price changes before they reach consumers. The NPC had released a new PPI series in late 2015. With a base of 2013, it draws on an updated sampling frame and new weights.
The previous sampling frame dates from 2006, when the Qatari economy was much smaller than today and the range of products made domestically much narrower.
The mining PPI, which carries the maximum weight of 82.46%, reported a 2.68% increase year-on-year in May 2024 owing to a 2.69% jump in the extraction of crude petroleum and natural gas, even as there was a 0.02% fall in the index of other mining and quarrying.
The mining sector reported a 3.3% rise on a monthly basis in May 2024 on a 3.3% expansion in the extraction of crude petroleum and natural gas.
The manufacturing sector PPI, which has a weight of 15.85% in the basket, was down 0.17% year-on-year in May 2024 on account of 12.22% contraction in the index of rubber and plastics products, 4.17% in basic metals, 0.81% in chemicals and chemical products and 0.49% in printing and reproduction of recorded media.
Nevertheless, there was a 5.95% increase in the index of cement and other non-metallic mineral products, 4.28% in food products, 3.14% in refined petroleum products and 1.33% in beverages in the review period.
The manufacturing sector had seen a 1.82% month-on-month decline in May on a 6.61% dip in the index of refined petroleum products, 2.32% in chemicals and chemical products and 0.33% in printing and reproduction of recorded media.
However, there was a 9.41% surge in the index of beverages, 3.27% in basic metals, 2.15% in cement and other non-metallic mineral products, 1.97% in food products and 1.13% in rubber and plastics products in the review period.
The index of electricity, gas, steam, and air conditioning supply reported 2.19% growth year-on-year but plummeted 6.93% month-on-month in May 2024.
The index of water supply was seen gaining 2.59% and 4.41% on annualised and monthly basis respectively in May 2024.

Pakistan has met all requirements for IMF bailout deal, says finance official

Reuters
Karachi

Pakistan is looking to clinch a staff level agreement on an International Monetary Fund bailout of more than $6bn this month after addressing all of the lender's requirements in its annual budget, its junior finance minister told Reuters.
The South Asian country has set challenging revenue targets in its annual budget to help it win approval from the IMF for a loan to stave off another economic meltdown, even as domestic anger rises at new taxation measures.
"We hope to culminate this (IMF) process in the next three to four weeks," Minister of State for Finance, Revenue and Power Ali Pervaiz Malik said on Wednesday, with the aim of thrashing out a staff level agreement before the IMF board recess.
"I think it will be north of $6bn," he said of the size of the package, though he added at this point the IMF's validation was primary focus.
The IMF did not respond immediately to a request for comment.
Pakistan has set a tax revenue target of 13tn rupees ($47bn) for the fiscal year that began on July 1, a near-40% jump from the prior year, and a sharp drop in its fiscal deficit to 5.9% of gross domestic product from 7.4% the previous year.
Malik said the point of pushing out a tough and unpopular budget was to use it a stepping stone for an IMF programme, adding the lender was satisfied with the revenue measures taken, based on their talks.
"There are no major issues left to address, now that all major prior actions have been met, the budget being one of them," Malik said.
While the budget may win approval from the IMF, it could fuel public anger, according to analysts.
"Obviously they (budget reforms) are burdensome for the local economy but the IMF programme is all about stabilisation," Malik said.
Sakib Sherani, an economist who heads private firm Macro Economic Insights, said a quick deal with the IMF was needed to avoid pressure on Pakistan's foreign exchange reserves and the currency given the country's maturing debt repayments and the effects of unwinding of capital and import controls that were applied earlier.
"If it takes longer, then the central bank may be forced to temporarily re-instate import and capital controls," he said. "There will be a period of uncertainty, and one casualty is likely to be the rally in equities."
Pakistan's benchmark share index closed up 0.9% on Wednesday, reaching a record intraday high of 80,405 points before closing at 80,332 points.
The index has rallied roughly 10% since the budget was presented on June 12, helped by continued optimism on getting an IMF bailout package to bolster the struggling economy.


A labourer is silhouetted against the rising sun in Lahore. Pakistan has set challenging revenue targets in its annual budget to help it win approval from the IMF for a loan to stave off another economic meltdown, even as domestic anger rises at new taxation measures.

Atos crisis nears an end with creditors' €2.9bn debt swap

Bloomberg
Paris

Atos SE's creditors are set to take control of the embattled French IT services provider, following months-long battle over the future of a company once hailed as the rising star of the country's tech industry.

Bondholders and lenders have agreed to convert €2.9bn ($3.1bn) of loans and bonds into equity, provide as much as €1.68bn of new debt and to inject €233mn in new equity, either themselves or alongside a private industrial investor, the company said in a statement.

Atos asked creditors to leave the door open to an anchor investor for the equity injection, according to people with knowledge of the matter, who asked not to be identified because the talks are private. The agreement marks a pivotal moment in the long-running saga to save the sprawling IT giant that's a key supplier to both the French nuclear industry and the Olympic Games.

Atos headquarters in Paris. Atos creditors are set to take control of the embattled French IT services provider, following months-long battle over the future of a company once hailed as the rising star of the country's tech industry.

Supply chain constraints, accounting errors, profit warnings and industry-wide headwinds have wiped out nearly €12bn of the company's market value over the past seven years, and with a wall of debt coming due, Atos has been under acute pressure to find a solution.

By doing the deal on their own, the debt holders participating in the new debt stand to benefit more from the economics of the deal. While existing shareholders' equity will be worth close to zero as a result of the restructuring, it does remove uncertainty over the company's fate after David Layani's Onepoint, Atos's biggest investor, walked away from an agreement last week.

Creditors signing the lock-up agreement by July 12 will receive a 50 basis-point fee.

"With this agreement, the Atos group should put an end to the suspense, with the exception of the identity of a possible reference investor," wrote Alexandre Plaud, an analyst at CIC Market Solutions.

Maersk drops out of bidding for logistics giant DB Schenker

Bloomberg
Copenhagen

AP Moller-Maersk withdrew its bid for DB Schenker, the logistics unit of Deutsche Bahn AG that's been reported to be valued at more than €15bn ($16.1bn).

Maersk walked away from the process after participating in an in-depth due diligence over the past few weeks, according to a statement.

Bloomberg News earlier reported the Danish logistics giant was considering pulling out.

"We said we would look into this opportunity, and we did," Maersk Chief Executive Officer Vincent Clerc said, calling DB Schenker an interesting company with potential. "The in-depth review also identified areas of challenges from an integration perspective and ultimately, we concluded that acquiring DB Schenker would not be the right thing to do for our business at this time," he said.

Deutsche Bahn said in e-mailed comments that the sales process is "going according to plan," but it won't comment on individual bidders, details of talks, the sales process itself or price speculation. "We are currently in intensive discussions with the various parties interested in DB Schenker," Deutsche Bahn said. "We will inform of any decisions in due course.

The condition for a sale remains that it must be economically advantageous for Deutsche Bahn."

Other bidders remain interested in the asset, according to people with knowledge of the matter who asked not to be identified as the information is private.

Bloomberg News reported in May that Deutsche Bahn had received a handful of confirmatory bids for the logistics unit, which could fetch more than €15bn.

A consortium led by CVC Capital Partners Plc and Carlyle Group Inc submitted an offer, people familiar with the talks said at the time.

DSV A/S and MSC Mediterranean Shipping Co were also among the bidders, the people have said.

American commits to 100 hydrogen-electric engines for regional jets

By Alex Macheras

American Airlines on Wednesday announced that it has entered into a conditional purchase agreement with clean aviation innovator ZeroAvia for 100 hydrogen-electric engines intended to power regional jet aircraft with zero inflight emissions save for water vapour.
In addition, American has increased its investment in ZeroAvia. American made its first investment in ZeroAvia in 2022 and has also now participated in the company's Series C financing round. The engine agreement follows the MoU the companies announced in 2022.
ZeroAvia is developing hydrogen-electric (fuel cell-powered) engines for commercial aircraft, which offer the potential for close to zero inflight emissions.
The company is flight testing a prototype for a 20-seat plane and designing an engine for larger aircraft such as the Bombardier CRJ700, which American operates on certain regional routes.
"Advancing the transition of commercial aviation to a low-carbon future requires investments in promising technologies, including alternate forms of propulsion," said American's CEO Robert Isom. "This announcement will help accelerate the

development of technologies needed to power our industry and uphold our commitment to make American a sustainable airline so we can continue to deliver for customers for decades to come."
The investment and conditional commitment to purchase novel engine technology contributes to American's aggressive goal to achieve net-zero greenhouse gas emissions by 2050. In recent years, American has undertaken the most extensive fleet renewal effort in the history of commercial aviation, which currently gives it the youngest mainline fleet of any major US network carrier and improves fuel efficiency. American has made industry-leading investments in sustainability, including finalising an offtake agreement with Infinium, a producer of next-generation low-carbon sustainable aviation fuel, and becoming the first customer of Graphyte's innovative and permanent carbon removal process.
"In signing this purchase agreement and furthering its investment, American is supporting our mission of innovation for clean aircraft propulsion and it is a good signal that ZeroAvia is delivering on our technology roadmap," said ZeroAvia Founder and CEO Val Miftakhov. "The solutions that can serve the largest airlines are within reach, and the clean future of flight is coming."
ZeroAvia's hydrogen-electric engines use hydrogen in fuel cells to generate electricity, which is then used to power electric motors to turn the aircraft's propellers. The only inflight emission is low-temperature water vapour, and the lower intensity electrical systems have the potential to offer significant cost savings.
ZeroAvia is working to deliver cleaner, greener by enabling electric propulsion. With a primary focus on developing hydrogen-electric (fuel cell-powered) engines, ZeroAvia has submitted its first powertrain for up to 20 seat planes for certification with a target of the end of 2025 and is working on a larger powertrain for 40–80 seat aircraft by 2027. The company has secured experimental certificates to test its engines in three separate testbed aircraft with the FAA and CAA and passed significant flight test milestones.
Last year, ZeroAvia conducted a 10-minute test flight using an engine that converts hydrogen fuel into electricity to power one of the aircraft's two engines.
For heavy transport in particular, such as air travel, hydrogen is likely to be a promising option in reducing greenhouse gas emissions where the lower energy density (hence lower range), high initial costs, and slow recharging performance of batteries are major disadvantages.
The advantages are clear: Hydrogen as on-board fuel or energy will allow for the complete elimination of CO_2 emissions in flight, and along the entire energy life-cycle if produced from renewable sources. Its usage in fuel cells allows for zero-emission propulsion (including NOx and particles). When burnt in a turbine engine, very low particle emissions can be expected, as well as reduced NOx emissions, provided that the combustion system is optimised. However, when using hydrogen for combustion, more water vapour is produced. Considering all non-CO_2 emissions at flight altitudes, the use of hydrogen in a thermal (combustion) engine will lead to different emissions compared to 'drop-in' fuel alternatives and consequently the full climatological impact will have to be assessed carefully.
Rolls-Royce is working with easyJet to develop hydrogen combustion engine capabilities capable of powering a range of aircraft, including those in the narrow-body market segment.
"Green hydrogen, made with electricity from renewable sources is the major factor for sector coupling in the energy sector. Fuel cells, fuelled with this green hydrogen, will play a key role in the decarbonisation of drive systems and power supply. No other technology offers such high reliability, modular scalability and the advantages of renewable energy without dependence on the conventional energy market", explained Andreas Schell, CEO, Rolls-Royce Power Systems.

■ *The author is an aviation analyst. Twitter handle: @AlexInAir*

Trade growth, booming e-commerce continue to lift global air freight

By Pratap John

Global air freight continues to soar great heights lifted by trade growth, booming e-commerce and capacity constraints on maritime shipping.
Air cargo markets around the world maintained double-digit year-on-year growth so far this year, latest data from International Air Transport Association (IATA) reveal.
Total demand, measured in cargo tonne-kilometres (CTKs), rose by 14.7% compared to May 2023 levels (15.5% for international operations).
This is the sixth consecutive month of double-digit year-on-year growth, IATA noted. Capacity, measured in available cargo tonne-kilometres (ACTKs), increased by 6.7% compared to May 2023 (10.2% for international operations).
Air cargo demand moved sharply upwards in May across all regions, IATA noted. The sector benefitted from trade growth, booming e-commerce and capacity constraints on maritime shipping.
Middle Eastern carriers saw 15.3% year-on-year demand growth for air cargo in May. The Middle East–Europe market performed particularly well with 33.8% annual growth, ahead of Middle East-Asia which grew by 18.6% year-on-year. May capacity increased 2.7% year-on-year.
Asia-Pacific airlines saw 17.8% year-on-year demand growth for air cargo in May. Demand on the Africa-Asia trade lane grew by 40.6% year-on-year, while the Europe-Asia, within Asia and Middle East-Asia trade lanes rose by 20.4%, 19.2% and 18.6% respectively. Capacity increased by 8.4% year-on-year. Trade growth is clearly mirrored on the latest figures vis-a-vis industrial production, a measure of the output generated by industrial sectors such as mining, manufacturing, and utilities, recorded a small 0.5% rise over the previous month.
Compared to 2023, the indicator pointed at expansion with an annual growth rate of 2.7%, thus marking the continuation of the moderate upward trend seen over the past years, which is also in line with pre-pandemic trends

A cargo handler prepares air freight containers for a British Airways flight at Heathrow Airport in London. Global air freight continues to soar great heights lifted by trade growth, booming e-commerce and capacity constraints on maritime shipping.

Beyond the Tarmac

(2012-2019). Global cross-border merchandise trade also displayed expansions both month-on-month and year-on-year in April, with readings of 1.5% and 1.8%, respectively.
In particular, April delivered the second month of positive annual growth in 2024 after February.
This is an encouraging signal in a strained business environment that continues to be impacted by inflation, impaired supply chains, geopolitical tensions, and rising cross-border trade restrictions.
The Purchasing Managers' Index (PMI) gauges economic trends in manufacturing and services. For example, a PMI above 50 suggests that more purchasing managers expect their business to grow compared to the previous month, while a figure below 50 indicates fewer managers with that outlook.
Specifically, the manufacturing output and new export order PMIs are two leading indicators of global air cargo demand.
The new export orders PMI, an indicator that can be understood as a measure of the perceived well-being of international trade, signalled expansion in May with a reading of 50.4 points (down from 50.5 in April).
This, IATA noted is the second optimistic reading after the global indicator moved past the critical 50-point benchmark for the first time in over two years in April.
It represents an encouraging signal that is aligned with the upward evolution of global merchandise trade discussed earlier (for April). As for the regional perspective, China and the US continued to experience optimistic expectations for new export orders last month, as they have for most of 2024. On the other hand, readings in Europe and Japan maintained their signals of contraction, although Europe exhibited the smallest contraction since early 2022.
IATA Director General Willie Walsh noted: "Air cargo demand moved sharply upwards in May across all regions. The sector benefitted from trade growth, booming e-commerce and capacity constraints on maritime shipping. The outlook remains largely positive with purchasing managers showing expectations for future growth.
"Some dampening, however, could come as the US imposes stricter conditions on e-commerce deliveries from China. Increased costs and transit times for shipments under $800 may deter US consumers and pose significant challenges for growth on the Asia-North America trade lane—the world's biggest."

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Middle Eastern airlines see 9.7% year-on-year increase in passenger demand in May: IATA

By Pratap John

Middle Eastern airlines saw a 9.7% year-on-year (y-o-y) increase in passenger demand in May, IATA's new data reveal.
Capacity increased 9% year-on-year and the load factor increased 0.5ppt to 80.7% compared to May 2023.
Asian routes to the Middle East are particularly strong, now standing some 32% higher than in 2019.
Another notable development is the Europe-Middle East route, which saw an April-May revenue passenger kilometre (RPK) increase for two years in a row, reversing the previous historic pattern of a decline between these months.
"In the coming months, it will become clearer to what extent these trends could be related to the Russia-Ukraine war," IATA noted.
Total global passenger demand, measured in revenue passenger kilometres (RPKs), was up 10.7% compared to May 2023. Total capacity, measured in available seat kilometres (ASKs), was up 8.5% year-on-year. The May load factor was 83.4% (+1.7ppt compared to May 2023), a record high for May.
International demand rose 14.6% compared to May 2023. Capacity was up 14.1% year-on- year and the load factor improved to 82.8% (+0.3ppt on May 2023).
Domestic demand rose 4.7% compared to May 2023; capacity was up 0.1% year-on-year and the load factor was 84.5% (+3.8ppt compared to May 2023).
Asia-Pacific airlines continue to lead the way, with a 27% year-on-year increase in demand. Capacity increased 26.0% year-on-year and the load factor rose to 81.6% (+0.6ppt compared to May 2023). This performance maintains Asian carriers as the largest contributor to
industry-wide growth in May, accounting for 42% of the year-on-year increase, the report noted.
IATA's Director General Willie Walsh said: "Strong demand for travel continues with airlines posting a 10.7% year-on-year increase in travel for May. Airlines filled 83.4% of their seats, a record for the month. With May ticket sales for early peak- season travel up nearly 6%, the growth trend shows no signs of abating. Airlines are doing everything they can to ensure smooth journeys for all travellers over the peak northern summer period.
"But our expectations of air navigation service providers (ANSPs) are already being tested. With 5.2mn minutes of air traffic control delays racked up in Europe even before the peak season begins, it is clear that Europe's ANSPs have unresolved challenges.
And the 32,000 flight delays over the Memorial Day weekend in May show that challenges persist in the US too.
"Airlines are accountable to their customers; ANSPs must be as well. ANSP performance matters to their airline customers and to millions of travellers. We all need them to do their job efficiently."

Lufthansa gets approval from European Union for ITA Airways deal

Bloomberg
Berlin

Deutsche Lufthansa AG's €325mn ($350mn) investment in Italy's ITA Airways won approval from the European Union, allowing Prime Minister Giorgia Meloni to offload responsibility for an airline whose predecessor has been a drain on state resources for decades.

The European Commission said yesterday it approved the planned deal after accepting a slate of concessions aimed at preserving fair competition on key routes out of Italy to the rest of Europe and North America.

"We needed to prevent that passengers end up paying more or end up with fewer and lower quality air transport services," the EU's competition chief Margrethe Vestager said in a statement, adding that proposed remedies address the commission's competition worries.

The approval from EU watchdogs puts an end to months of uncertainty over the future of the deal — in which Lufthansa will initially buy 41% of the successor to failed flagship Alitalia from the Italian state, with an option to acquire the rest later.

Lufthansa shares rose on the decision, which was swiftly welcome by Italy's government.

"As an Italian citizen, and as a minister, what makes me happiest is that Italian taxpayers won't have to put additional billions to cover for ITA losses," Finance Minister Giancarlo Giorgetti said during a press conference in Rome Wednesday.

The transaction had earlier seemed on the brink of collapse, as EU regulators pressed the parties for better concessions in a bid to preserve fair competition on flights out of Milan Linate and Rome airports,

An ITA Airways passenger jet in Rome. Deutsche Lufthansa's €325mn investment in Italy's ITA won approval from the European Union, allowing Prime Minister Giorgia Meloni to offload responsibility for an airline whose predecessor has been a drain on state resources for decades.

with particular concerns emerging over ensuring fair competition on transatlantic routes.

ITA Chairman Antonino Turicchi said during the event in Rome that remedies offered to the EU to clear the deal will weigh less than 1% of the airline revenue.

The sale of ITA is in line with Meloni's efforts to meet a €20bn privatisation target, which Giorgetti confirmed during the press conference. While her right-wing government will not immediately cash in millions as part of the deal, it will limit exposure to an industrial liability which has weighed on public coffers to keep flying.

For Meloni, the deal also marks a symbolic element of pride as several governments before hers, including the one led by Mario Draghi, failed to put a definitive end to the Alitalia saga.

The transaction had been closely watched in the aviation industry as an indicator of how the much overdue consolidation in the European market might progress. Lufthansa and the Italian government had grown increasingly frustrated with the pushback from Brussels in recent months, with Lufthansa CEO Carsten Spohr saying that he could well live without the Italian business, while the same couldn't be said of ITA without Lufthansa.

Under the terms of the EU decision, Lufthansa and the Italian government have to make available to at least one rival airline the assets for them to operate non-stop flights between Rome or Milan and certain airports in Central Europe. Lufthansa will also transfer take-off and landing slots at Milan Linate airport for certain European routes.

For long-haul flights, the new company had pledged to enter into agreements with rivals to improve their competitiveness, by way of interlining agreements or slot swaps.

The EU commitments require Lufthansa to obtain approval from the European Commission for remedy takers before the deal can finally close, the bloc's regulators said.