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QNB Group BoD approves shares buyback of up to QR2.9bn on QSE

The Board of Directors of QNB Group decided at its meeting held yesterday to approve a buyback of QNB's shares up to a value of QR2.9bn on the Qatar Stock Exchange, as part of the evolution of QNB Group's disciplined capital distribution and allocation policy.

The share buyback will be executed after obtaining regulatory approvals from the Qatar Central Bank (QCB) and Qatar Financial Markets Authority (QFMA).

The decision to initiate a repurchase of QNB's own shares arose after careful consideration of several factors including current and future shareholders expectations, strength of QNB Group's financial position, growth strategy, strong return on equity, high quality and superior earnings, financial ratios associated with equity and liquidity, and continued confidence of the investor community.

QNB's share buyback is a confidence building measure, which is expected to raise investors' trust in QNB's robust capital allocation process, improve market liquidity and enhance returns.

QNB Group intends to fund its share buyback from its retained earnings and surplus liquid funds available with QNB.

Despite share repurchases, QNB Group will continue to hold robust capital buffers, well



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above regulatory minimums of the QCB and the Basel III requirements, and the Group does not anticipate any material impact on its capital and other ratios. The share buyback will be conducted using an

Open-Market Repurchase (OMR) mechanism as per applicable QFMA rules and regulations. Further information on the buyback process including regulatory approvals and the buyback mechanism will be disclosed in due course.

QCB Governor meets senior US Treasury official



HE the Governor of the Qatar Central Bank Sheikh Bandar bin Mohammed bin Saoud al-Thani yesterday met Anna Morris, US Department of the Treasury Acting Assistant Secretary for Terrorist Financing, along with the accompanying delegation. During the meeting, they reviewed the relations between the two countries, with focus on enhancing collaboration within the financial and banking sectors.

Impact of energy transition on water resources on spotlight at Al-Attayah Foundation CEO Roundtable

The intricate relationship between water and energy was on the spotlight at the Al-Attayah Foundation third CEO Roundtable of 2024 in Doha yesterday.

The event gathered top decision-makers, internationally renowned experts, and dignitaries to examine the critical interconnection between the energy transition and water resources.

The high-profile event, titled 'The effect of the energy transition on water resources', was moderated by broadcaster Stephen Cole.

The distinguished guest speakers were Dr Mohammed Mahmoud, Water Management and Climate Adaptation expert; Professor Gary Amy, Dean Distinguished Professor at Clemson University; Radia Sedaoui, Chief of Energy at the UN Economic & Social Commission for Western Asia (ESCWA); and Dr Albert Janssen, Principal Advisor Circular Economy at Shell.

During the roundtable, the panel highlighted that water is a crucial component in nearly all aspects of energy production, from electricity generation to fossil fuel extraction and biofuel cultivation. The energy sector accounts for approximately 10% of total global freshwater use. Conversely, energy plays a vital role in ensuring global water supply by enabling the extraction, treatment, and distribution of water.

The discussion also addressed the rising reliance on non-traditional water resources, such as desalination, due to increasing water stress. Energy used for desalination, which separates saline water into freshwater and concentrated salt, has seen global demand nearly double since 2010, with projections indicating another doubling by 2030.

Currently, 21,000 desalination plants are operating across 150 countries, with half of the global installed capacity located in the Middle East and North Africa.

In the Middle East and North Africa (Mena) region, where freshwater use per capita is among the lowest in the world, desalination remains a primary solution to water scarcity.

Countries such as Qatar, Kuwait, Bahrain, Oman, and Saudi Arabia rely heavily on desalinated water to meet daily needs, with numerous projects underway to expand capacity.

For example, Jordan is planning a major plant on the Gulf of



The event gathered top decision-makers, internationally renowned experts, and dignitaries to examine the critical interconnection between the energy transition and water resources

Aqaba that will increase its desalination capacity from 4bn to 350bn litres each year – enough to supply a city of 2.5mn people.

Desalination is energy-intensive, often requiring over one kilowatt-hour per cubic metre of water treated. In 2023, energy used by desalination services in the Middle East accounted for nearly half of all energy consumed by the region's residential sector.

Speaking of the roundtable, HE Dr Ibrahim Ibrahim, Vice-Chairman of the Board of Trustees of the Al-Attayah Foundation, expressed his gratitude for the insightful discussions, stating: "It gave me great pleasure to host this important roundtable and hear the valuable insights from our member CEOs and expert guest speakers. As the energy transition accelerates, it is crucial that we address the implications for water resources, particularly in regions like the Middle East where water scarcity is a growing concern. The intersection of energy and water security will be pivotal in shaping sustainable development in the coming decades."

QIIB bags STP Excellence Award from Commerzbank Frankfurt

Commerzbank Frankfurt awarded QIIB the 'Excellence Award' for the use of the Straight-Through Processing (STP), in international payments in 2023, recognising the bank's technical ability for correct formatting of its payments.

Mohammed Khair Barhoumeh, chief operations officer at QIIB, received the award from Georges Bou Nemar, Representative and Relationship Manager at Commerzbank Frankfurt, during a ceremony held at the bank's headquarters.

The event was attended by Syed Asim Mahmood, head of Operations at QIIB, and Badr Abou Assali, director, Structured Solutions at Commerzbank.

Commerzbank Frankfurt awarded QIIB for its outstanding performance in international payments STP, and its ability to meet the highest globally recognised standards OF STP. This results in an efficient and less costly payment process.

Commenting on the award, Barhoumeh said, "We thank Commerzbank Frankfurt for presenting us this award. In fact, we are pleased to see that our meticulous work in interna-

tional payments has been recognised. Our early investment in technological solutions in this field has proven successful, as most payments are now reaching their destinations directly without manual interference."

"Our reliance on advanced technological solutions supports us in our various operations, particularly in payments, where we have been able to significantly improve efficiency and reduce costs, in line with the plans and strategies set by QIIB's management."

Barhoumeh pointed out: "QIIB places great importance on staying current with various technological developments and emerging trends in payments. We also provide regular training for our staff on new Swift updates/products, through trainings, workshops and webinars, and this is reflected in our performance."

QIIB has made significant strides in digital transformation, with most of its operations now conducted using cutting-edge technology and various digital channels.

This progress has strengthened the bank's leadership, contributed to the expansion of its customer base, and increased demand for its various banking services and products.



Mohammed Khair Barhoumeh, Chief Operations Officer at QIIB, receives the award from Georges Bou Nemar, Representative and Relationship Manager at Commerzbank Frankfurt, during a ceremony held at the bank's headquarters. The event was attended by Syed Asim Mahmood, head of Operations at QIIB, and Badr Abou Assali, director, Structured Solutions at Commerzbank.

GWC wins 'Industrial Project of Year' award for Al Wukair Logistics Park



GWC Managing Director Sheikh Abdulla bin Fahad bin Jassim bin Jaber al-Thani, and Group CEO Ranjeev Menon.

Gulf Warehousing Company (GWC) has been selected as the National Winner for Qatar in the 'Industrial Project of the Year' category of this year's 2024 MEED Projects Awards, in association with Mashreq.

This prestigious recognition qualifies the company for the next phase, where the Mena regional winners will be announced on November 20.

GWC managing director Sheikh Abdulla bin Fahad bin Jassim bin Jaber al-Thani said, "We are honoured to receive the Industrial Project of the Year award, a recognition that reflects the significance of Al Wukair Logistics Park in contributing to the diversification of Qatar's

economy by supporting micro, small, and medium-sized enterprises (MSMEs)." He added: "Al Wukair Logistics Park serves as a successful public-private partnership model. As GWC is tasked with the construction, operation, and transfer (BOT) of the logistics park, under a public-private-partnership that entails a 30-year lease tenure and a significant investment value exceeding QR1.5bn."

"This agreement aligns with Qatar's Third National Development Strategy (2024-2030) and Qatar National Vision 2030, which both aim to strengthen public-private partnerships and expand the private sector's leadership in fostering economic growth."

Commenting on the achievement, Ranjeev Menon, Group CEO, GWC, stated, "We are honoured to be recognised as the Industrial Project of the Year, this milestone underscores the innovation and excellence of Al Wukair Logistics Park and adds to our track record of remarkable accomplishments. "This recognition from MEED Projects Awards, a leading stamp of quality and achievement for projects across the Mena region, serves as a testament to GWC's industry leadership, while inspiring us to continue enhancing our services. We are committed to pushing the boundaries of logistics solutions and look forward to further success and growth in the future." **To Page 2**



Saab and Fusion Q Technology forge strategic partnership

Saab signed a landmark partnership agreement with Qatari-owned company Fusion Q Technology during the recent official visit of His Highness the Amir, Sheikh Tamim bin Hamad al-Thani to Sweden. The agreement, which was signed on the sidelines of the official visit and in the presence of HE the Minister of Commerce and Industry, Sheikh Mohammed bin Hamad bin Qassim al-Thani and Sweden's Minister for International Development Co-operation and Foreign, Trade Johan Forssell, grants Fusion Q Technology the rights to market and sell Saab's advanced air traffic management solutions, including digital towers and virtual control towers within Qatar.

This partnership strengthens the strong commercial ties between Qatar and Sweden, contributes to the transfer of knowledge and technology to Qatari companies operating in the field of aviation technology, and highlights the role of Fusion Q Technology in contributing to the development of aviation infrastructure in Qatar through Saab's innovative solutions, thereby enhancing local expertise in the aviation sector. "With this agreement, Fusion Q Technology will be poised to support the aviation authorities in their drive for continuous modernisation of technology, reinforcing Qatar's commitment to innovation, safety, and operational efficiency in the aviation industry," said Captain

Hassan al-Mousawi, CEO, Fusion Q Technology. "Our collaboration with Saab is a testament to our dedication to integrating cutting-edge technology into Qatar's aviation infrastructure, ensuring that we remain at the forefront of industry advancements." Per Ahl, CEO, Saab Digital Air Traffic Solutions, said, "We are excited to partner with Fusion Q Technology, a company that shares our vision for innovation and excellence in air traffic management. This partnership will not only strengthen our presence in Qatar but will also contribute to advancing the capabilities and efficiency of air traffic management within the region."



The deal, which was signed in the presence of HE the Minister of Commerce and Industry, Sheikh Mohammed bin Hamad bin Qassim al-Thani and Sweden's Minister for International Development Co-operation and Foreign, Trade Johan Forssell, grants Fusion Q Technology the rights to market and sell Saab's advanced air traffic management solutions, including digital towers and virtual control towers within Qatar.



Cash proceeds generated from the repurchase of green bonds issued by Qatar will be committed to the funding and purchase of green assets aligned to Doha Bank's Sustainable Finance Framework

Doha Bank, MUFG close Green Repo scheme in Mena region

Mitsubishi UFJ Financial Group (MUFG) and Doha Bank have successfully closed their first Green Repo scheme in the Middle East and North Africa (Mena) region. This transaction marks the first Green Repo scheme for both institutions, utilising green bonds as the underlying collateral. Green Repo schemes use the proceeds of green collateral, such as green bonds, to finance further green initiatives. In this case, cash proceeds generated from the repurchase of green bonds issued by Qatar will be committed to the funding and purchase of green assets aligned to Doha Bank's Sustainable Finance Framework.

"Innovative products such as Green Repos are central to Doha Bank's ESG (environmental, social and governance) initiative. These funding initiatives help in raising liquidity to invest into 'green eligible' collateral that act as a bridge in achieving our sustainability targets in line with Qatar National Vision 2030," said Sheikh Abdulrahman bin Fahad al-Thani, Group CEO, Doha Bank.

Andre Van Hese, International Head of Securities Financing, MUFG said it remains committed to working with clients in the Mena region to build bespoke solutions to help navigate the importance of fostering an ESG compliant eco-

system. "This transaction is a testament to our efforts and we look forward to building on this success as the region moves to execute on its ambitious sustainability strategy," he added.

A MUFG analysis said regulators and policymakers in the Gulf Co-operation Council (GCC) economies are undertaking extensive investments to progress net zero target across the region, focused on decarbonising high-carbon emitting sectors in hydrocarbon production, power generation and industrial production.

"Looking ahead, the GCC region remains well positioned to capitalise on its comparative advantages

of low-cost positioning across the energy value chain, geographical proximity to key import markets and its constructive regulatory backdrop to become a vital global decarbonisation leader," the analysis said.

These favourable characteristics, combined with a constructive macro backdrop for a region that remains in a league of its own, will enable these economies to strengthen their pedigree beyond conventional fossil fuel energy sources in becoming a global hub for both clean electronics (solar, wind and energy storage) and clean molecules (hydrogen, carbon capture and bioenergy), it added.

GWC wins 'Industrial Project of the Year' award

From Page 1

He added: "Since the inauguration of the first phase of Al Wukair Logistics Park in early 2022, it has effectively drawn a significant number of MSMEs. In 2023, GWC launched the second phase of the park, further advancing Qatar National Vision 2030, which reflects the company's commitment to accelerating growth and contributing to the nation's strategic goals."

Spreading across 1.5mn square metres, GWC Al Wukair Logistics Park is dedicated to light industry infrastructure required for the operational success of MSMEs. With various light industrial workshops, warehousing units, and open yards, the park has been designed to meet all types of warehousing and distribution requirements for sector-wide enterprises.

It also offers a one-stop-shop for leasing a warehouse or workshop, company formation formalities, including applications for necessary permits, and logistics operations. Start-ups who work with GWC benefit from years of local, regional and international experience, along with



a global, integrated network. GWC's deep, hard-earned knowledge of the local market makes Al Wukair Logistics Park the ideal destination for businesses to avail of and enjoy the best logistics infrastructure. Last June, GWC launched Al Wukair Logistics Park Directory, a comprehensive platform designed to boost the MSMEs growth and enhance partnerships

and alliances within the local market, empowering them to succeed and achieve their goals. The Logistics Park is part of GWC's mandate to offer a broad spectrum of services ranging from end-to-end logistics services, from point of entry to point of use and highly co-ordinated reverse logistics, thus giving MSMEs the chance to boost their bottom line and take advantage of new business opportunities.

The MEED Projects Awards in association with Mashreq are the pinnacle of recognition for the most outstanding projects completed in the Middle East and North Africa (Mena) region over the past year.

This year, more than 60 projects across 18 categories from over 250 entries have been distinguished as National Winners, showcasing the highest standards of excellence, innovation, and impact.

These winners were selected after a thorough and impartial judging process, focusing on technological innovation, engineering brilliance, sustainability, and the significant benefits these projects bring to society.

Qatari firms to participate in Italy's 'EIMA International 2024'

By Peter Alagos
Business Reporter



Italian Trade Commissioner Paola Lisi.

A delegation of Qatari companies specialising in landscape materials and heavy-duty equipment will be representing Qatar in the International Agricultural and Gardening Machinery Exhibition (EIMA International 2024), slated from November 6 to 10 in Bologna, Italy.

According to Italian Trade Commissioner Paola Lisi, the participation of Qatari companies during EIMA International 2024 reflects robust Qatar-Italy ties in the field of industry, among others. "Their trip to Bologna will therefore contribute to enhancing and strengthening commercial and industrial bilateral co-operation between Italy and Qatar," Lisi told *Gulf Times* in a statement.

She added: "We truly believe that the participation of the Qatar delegates at the upcoming EIMA International 2024, as part of the business mission organised by ITA Doha - Trade Section of the Embassy of Italy, in co-operation with the organisers of the exhibition, will provide them with an exclusive opportunity to learn about the latest technologies and solutions in agricultural machinery." Lisi's statements came on the heels of the recently held international press conference in Italy, where top officials, including Lorenzo Galanti, CEO and Managing Director of the Italian Trade Agency (ITA), expounded on the significance of EIMA International 2024, which highlights Italy's strong position in the global agricultural machinery sector.

In his speech, Galanti underscored EIMA's importance as a leading international exhibition and highlighted the ITA's role in promoting the event, which will have a special focus on African operators for this year's edition.

In a video message, Francesco Lollobrigida, the Minister of Agriculture of Italy, emphasised the government's commitment to supporting the agricultural sector, specifically citing technological advancement and environmental sustainability.

The minister highlighted significant investments in the sector and emphasised that the upcoming G7 event in Ortigia, Sicily, will serve as an opportunity to showcase Italian excellence in the field of agriculture and machinery. Lollobrigida noted that a new competitive bid for the agricultural sector "will be announced soon," adding that there are also plans to connect buyers with Italian businesses during the G7 event in Ortigia.

Citing challenges and opportunities, the minister also emphasised the need to balance technological advancement with environmental sustainability, maintaining production levels while reducing environmental impact, and promoting 'Made in Italy' products to the global market.

In another video message, ITA President Matteo Zoppas underlined the agency's vital role in Italy's agricultural machinery sector, particularly in promoting Italian agritech to global markets, as well as its responsibility in supporting small and medium businesses in their internationalisation initiatives.

Citing 2023 statistics, Zoppas said 216 businesses were involved in last year's activities with 400 buyers and 40 journalists brought to EIMA. Some €10bn in exports for the sector was recorded in 2023, registering a 10% export growth compared to previous years, he added.

Mariateresa Maschio, the President of FederUnacoma, lauded the role of the ITA in supporting Italian agricultural firms to get access to international markets, saying EIMA International 2024 plays a key role in the global agricultural machinery industry. FederUnacoma General Manager Simona Rapastella, on the other hand, highlighted EIMA's international reach and focus on various state-of-the-art technologies.

UAB strives to drive innovation, sustainable growth in financial, banking sectors

By Santhosh V Perumal
Business Reporter

The Arab Banking conference concluded yesterday, underscoring the importance of ongoing collaboration among stakeholders in the Arab world to drive innovation and promote sustainable growth in the financial and banking sectors. The conference, organised by the Union of Arab Banks (UAB) in association with the Qatar Central Bank (QCB), was marked by dynamic and insightful discussions, with speakers and participants exchanging valuable strategies for achieving success and growth amidst escalating

regional and global challenges. They also shared best practices for navigating rapid changes in the financial markets and achieving long-term sustainability for future generations as well as discussed ways to enhance public-private partnerships to foster sustainable development projects. The conference, which was inaugurated by QCB Governor HE Sheikh Bandar bin Mohammed bin Saoud al-Thani, saw a significant gathering that facilitated a series of engaging discussions and in-depth working sessions, focusing on the pivotal role that banks and financial institutions play in advancing sustainable development.

The conference discussed ways and measures to enhance the development finance in the region and increase bank lending directed to financing the sustainable development goals in view of more than \$100bn annual financing gap to achieve the sustainable development goals. The Arab banks' collective viewed that within the framework of sustainable development, the presence of a strong financial sector is crucial to achieving growth, as financial sector development contributes to building and improving the productivity of assets owned by the poor, creating opportunities for entrepreneurship and investment, facilitating financial transfers, improving efficiency in

product and factor markets, and stimulating the private sector development, job creation, and growth. One of the conference sessions explored ways to harness financial technology for sustainable financing, digital inclusion, access to information for all, and financial technology solutions for sustainable financing. It also addressed the availability of financing for small and medium-sized enterprises and entrepreneurs. Another panel discussion was on climate financing and environmental sustainability, tackling challenges related to climate change and environmental degradation, the importance of mobilising resources for renewable energy and sustain-

able infrastructure, and promoting green finance initiatives in the Arab region. It also discussed integrating environmental and social (ESG) elements in investment decisions and legislation, as well as the role of Islamic banking as a tool for environmental sustainability. Ahmed Abdulsalam al-Emadi, Head of Policies and Reporting - ESG Department at the QCB highlighted the pioneering initiatives introduced by the central bank in developing financial technology in Qatar. These initiatives align with the country's Third Financial Sector Strategy and the Fintech Strategy, marking a significant transformation in the services of-

fered by Qatari banks and financial institutions. Mohamed Mahmoud El Etreby, chairman, Union of Arab Banks reiterated the important role of financial sector in supporting and backing and financing different green development projects by issuing green bonds. Dr Fahad M Alturki, Director General/Chairman of Arab Monetary Fund, had highlighted the Arab Green and Sustainable Finance Network, which provides a forum for peer-to-peer learning and exchange of experiences, sharing knowledge, and enhance coordination on sustainable finance issues to stay up with the changing landscape of sustainable financial activities and services.

Air Canada expects almost total shut down if pilots strike

By Alex Macheras

Air Canada is finalising plans to temporarily shut down most of its operations, likely beginning on Sunday, as talks with the pilot union are nearing an impasse over "inflexible" wage demands, the country's largest airline said earlier this week.

Air Canada and its low-cost subsidiary, Air Canada Rouge, together operate nearly 670 flights per day. Unless they reach a settlement with the Air Line Pilots Association, the shutdown could affect 110,000 passengers daily. The airline's pilots have been pushing to close the salary gap with their US peers, who signed lucrative labour deals in 2023 amid pilot shortages and strong travel demand.

"Air Canada should stop threatening to disrupt air travel and come to the bargaining table with serious proposals to keep the flagship Canadian carrier competitive in the global aviation market," said Charlene Hudy, who heads the local union representing the airline's pilots. Talks between ALPA, which represents more than 5,200 pilots at the carrier, are continuing, but both parties remain far apart, the company said.

"Air Canada believes there is still time to reach an agreement with our pilot group, provided ALPA moderates its wage demands which far exceed average Canadian wage



increases," CEO Michael Rousseau said. ALPA pilots have previously said the current pay rates at US rival Delta Air Lines are up to 45% higher than the Canadian carrier's hourly pay rates.

On August 27, the union and the airline entered a mandated three-week cooling-off period, during which the union cannot go on strike. Air Canada anticipates it would take seven to 10 days for normal operations to resume, once the complete shutdown is

in place. The company said it is in talks with other airlines to accommodate its stranded passengers in the event of flight cancellations. "Our government firmly believes in the collective bargaining process and Canadians are counting on the parties to get a deal," a statement from Canadian Labour Minister Steven MacKinnon's office said.

"Air Canada should stop threatening to disrupt air travel and come to the bargaining table with serious proposals," said Charlene Hudy, head of the union's Air Canada contingent, in a statement. The airline said some services such as holiday packages could see a wind down as early as Friday, while it has already started limiting acceptance of some goods in its cargo division.

If all flights are suspended in a work action, Air Canada says resuming normal operations will take as much as seven to 10 days. Air Canada Express flights will continue to operate during a strike, the airline said.

The airline is allowing customers with bookings between September 15 and 23 to make changes if they want to at no cost, or to receive a credit for future travel. It says the policy will be expanded as warranted. However, passengers will not be eligible for extra compensation, as under the rules labour disruptions are considered outside of the airline's control.

On X, Alberta Premier Danielle Smith called on the federal government to step in

and stop the strike or lockout before it starts.

"The looming Air Canada pilot strike threatens to cripple our economy and there are no signs of progress. The impact would be immediate. Businesses, tourism, and essential travel will take a massive hit," she said. "The federal government must take this issue seriously and push for a swift resolution before the impacts become irreversible."

The government stepped in last month to send railway workers at both CN and CPKC, who move a combined \$1bn in freight every day, back to the job after a lockout at both firms that was only 16 hours old. The Teamsters Rail Conference, who represented the workers, has appealed that decision in court and denounced the Liberals for interfering in the bargaining process. The Liberals also stepped in earlier this summer, sending WestJet mechanics to binding arbitration to avoid a labour disruption.

Hartley Witten, a spokesperson for Labour Minister Steven MacKinnon, said the government wants to see this issue resolved at the bargaining table. Air Canada CEO Rousseau said the union's wage demands are too high and far exceed what other employees in Canada have demanded. He said the company was going public with its plans to alert the public and the government.

"We are publicising our plans to give the more than 110,000 people who travel with us each day greater certainty and the oppor-

tunity to reduce the risk of being stranded by using our goodwill policy," he said. "We are also alerting the government of Canada to the potential disruption's impact upon Canadians." Air Canada said pilots who reach the status of captain, which can happen between three and 15 years, can make between \$215,075 and \$351,958 per year, while also getting generous benefits. The union contends those numbers apply to only a narrow number of the airline's pilots with most making much less after years of training and experience.

Charlene Hudy, a first officer and the senior union member representing Air Canada pilots, said Air Canada's rhetoric on the potential lockout has been unhelpful. "Air Canada can afford to match recent wage increases in the US, where pilots are now paid as much as 40% more than Air Canada pilots. "Air Canada continues to post record profits and reward its executives handsomely, while expecting pilots to accept below market compensation. Now, because of their corporate greed, Air Canada is preparing to disrupt flights and inconvenience passengers," she said. "Air Canada should get back to the bargaining table — and get serious about negotiating a contract that reflects the unique contributions of its pilots."

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

Timing delicate to slap extra tax on jet fuel on emission concerns

By Pratap John

An increase in the price of air tickets for travel to and from the European Union based on a tax proposal may be delayed with EU putting it on hold for the foreseeable future.

The European Commission proposed an overhaul of energy tax rules in 2021 to make them more climate-friendly, including by gradually introducing taxes on fuels for flights within the 27-nation bloc, which currently escape EU-wide levies. European Union countries are considering delaying the introduction of EU-wide taxes on polluting aviation fuels for 20 years, as they seek a breakthrough on tax reforms that have been negotiated for years with little progress, a recent Reuters' dispatch showed.

Levying a tax on jet fuel due to pollution concerns, however, is a complex issue, especially given the current global context, market analysts say.

"Since currently there is not enough sustainable aviation fuel (SAF) on the market, the taxation of aviation fuels would result in price increases of air tickets and not in a general switch from fossil fuels to SAF," the agency said.

After countries could not agree on earlier proposals that would introduce a minimum EU tax rate for jet fuel from 2028, they are now considering exempting both aviation and maritime fuels from these taxes for a further 20 years, a draft compromise seen by Reuters showed. Only small aircraft with a maximum of 19 seats, and



Ground operations employees fuel a plane. European Union countries are considering delaying the introduction of EU-wide taxes on polluting aviation fuels for 20 years, as they seek a breakthrough on tax reforms that have been negotiated for years with little progress.

Beyond the Tarmac

boats used for "private pleasure navigation" would face minimum EU taxes before the 20 years are up, it said. For other aircraft and vessels, countries can introduce national levies if they choose - but they are not obliged to. Under the draft compromise, EU countries would reconsider in 15 years whether to start applying EU minimum tax rates to aviation and maritime fuel

once the 20-year holiday ends. Other fuels, such as petrol used in cars, as well as electricity, already face minimum EU tax rates. The compromise was reportedly drafted by Hungary, which holds the EU's rotating presidency and therefore chairs negotiations among EU countries until the end of the year. EU country diplomats will discuss the proposal later this

month. Changing EU tax policy is fiendishly difficult because it requires unanimous approval from EU countries - meaning any one government can block it. Climate campaigners, who have long called for an end to jet fuel's EU tax holiday, said a 20-year delay would be at odds with the EU's target to reach net zero emissions by 2050. "By the time this tax would be in effect, the world is meant to have reached climate neutrality," said Jo Dardenne, aviation director at non-profit group Transport & Environment. A fuel tax on airlines would generally increase the cost

of airline tickets, as airlines invariably pass higher operating costs, including taxes, on to consumers.

In all likelihood, airlines operating in the EU region would have raised ticket prices to offset the additional cost of the proposed fuel tax. But the extent of the price increase would depend on the tax rate and the competitiveness of the airline market.

The airline industry is still recovering from the devastating impact of the Covid-19 pandemic. Airlines have faced massive losses, and a fuel tax will undoubtedly increase their operating costs, potentially hampering recovery. The aviation sector accounts for approximately 2-3% of global CO2 emissions, and its share is only expected to grow given the industry's rapid growth.

Taxing jet fuel, therefore, could incentivise airlines to adopt cleaner technologies, reduce fuel consumption, and promote sustainable aviation fuels. While there may be a strong environmental case for taxing jet fuel to curb emissions, the timing is delicate given the global economic uncertainty, airline industry recovery, and inflationary pressures. A phased or globally coordinated approach, combined with incentives for green innovation, may be more suitable at this moment. The EU's rethink on the issue might be on those lines.

■ Pratap John is Business Editor at Gulf Times. X handle: @PratapJohn

Lufthansa said to consider investment in Air Baltic before IPO

Bloomberg
Berlin

Deutsche Lufthansa AG is considering taking a stake in AirBaltic Corp ahead of the Latvian state-owned carrier's proposed initial public offering, according to people familiar with the matter.

Talks are at an early stage and no decision about an investment has been made, said the people, asking not to be identified discussing confidential deliberations. AirBaltic's management has been gearing up for an IPO by the end of 2024, though Chief Executive Officer Martin Gauss has indicated it could also occur in the first half of 2025. Lufthansa declined to comment, as did AirBaltic.

Latvia has said it plans to keep at least 25% of AirBaltic after the IPO. Its Ministry of Transport, which is managing the sale, declined to comment.

Acquiring a stake in AirBaltic would fit Lufthansa's broader approach of building investments in national flag carriers with the option of later increasing ownership. Earlier this year, Lufthansa received approval to purchase a 41% stake in Italy's ITA Airways, the successor to Alitalia, adding to its existing holdings in carriers in Switzerland, Belgium and Austria.

Lufthansa's management is determined to play a role in further consolidation of Europe's aviation market. Chief Executive Officer Carsten Spohr met this month with Portuguese government officials as the German airline group weighs a possible investment in state-owned TAP SA.

The German airline has operated flights with AirBaltic under a code-share agreement since 2021. Earlier this year, Lufthansa's Swiss subsidiary used Air Baltic aircraft under a leasing agreement, where Swiss-ticketed flights were operated by the Latvian carrier using its planes and crew.

An unidentified strategic investor is in talks with AirBaltic to acquire an initial 10% of the airline's shares ahead of a public offering, Latvia's public broadcaster reported on Sunday, without saying where it got the information.

Samarkand International Airport sees rapid growth

By Kamran Rehmat
Samarkand, Uzbekistan

Since its establishment in 2020, Air Marakanda has emerged as a key player in Uzbekistan's aviation industry, managing the state-of-the-art terminal at Samarkand International Airport. This terminal is not only a modern marvel of aviation technology but also a tribute to the city's rich historical and cultural legacy. As the ground handling and terminal management company, Air Marakanda provides comprehensive services ranging from baggage handling and cargo to passenger support and aircraft maintenance.

The construction of the new terminal — valued at over \$80m — was realised through the first public-private partnership in Uzbekistan's aviation history. This partnership, formed between Air Marakanda and Uzbekistan Airports, has reshaped Samarkand's airport into a world-class facility. Air Marakanda manages the terminal's operations, while Uzbekistan Airports oversees the airfield complex, which has also undergone extensive renovations.

The design of the terminal itself pays homage to Samarkand's centuries-old

legacy. Shaped like an open book, the building symbolises the monumental work of the 15th-century scientist Mirzo Ulugbek, specifically his "New Astronomical Table of Kuragoni." In a unique and breathtaking feature, passengers can witness glowing constellations on the terminal's roof as they take off or land, a nod to Ulugbek's astronomical studies and a beautiful fusion of the ancient and the modern.

Beyond its stunning architectural design, the terminal offers cutting-edge amenities for travellers. Twenty-nine check-in desks, eight boarding gates, four telescopic gangways, and advanced passport control systems ensure efficient processing for passengers. Departing travellers benefit from 10 passport control booths and 6 E-gates, while arriving passengers have access to 15 passport control booths, allowing for a smooth and hassle-free experience.

In 2023, Samarkand International Airport achieved a significant milestone by serving over a million passengers — double the number it welcomed in 2022, which was itself a record year. This surge highlights both the growing appeal of Samarkand as a destination and the efficiency of Air Marakanda's operations.

The airport's connectivity has expanded



Samarkand International Airport resembles an open shaped book

through partnerships with 22 airlines, offering flights to 18 destinations, including 17 international routes and 1 domestic route.

This expansion has positioned Samarkand as a major gateway for both international and local travel, making it easier for visitors to explore one of the most historic cities in Central Asia.

The airport's success has not gone unnoticed on the global stage. In December 2022,

Air Marakanda became a Silver Member of the European Chapter of Airports Council International (ACI Europe), cementing its reputation as a major player in the region's aviation landscape. Additionally, in early 2024, Samarkand International Airport was ranked second in passenger traffic growth among medium-sized airports in the European division of ACI Europe.

For the third consecutive year, the airport

has also been recognised among the top ten regional airports in Skytrax's World Airport Awards for the Central Asian region, a prestigious aviation rating that underscores its operational excellence and world-class facilities.

Samarkand International Airport has also become a critical location for diplomatic engagements. In 2022, during the Shanghai Co-operation Organisation (SCO) Summit, Air Marakanda handled over 85 flights for official delegations from 14 countries. Similarly, during the Organisation of Turkic States Summit, the airport served official delegations from seven member and observer countries, further demonstrating its capacity to handle large-scale international events.

Air Marakanda's ability to balance historical reverence with cutting-edge technology has not only transformed Samarkand International Airport into a regional aviation leader but has also set new benchmarks for Uzbekistan's aviation industry. As the airport continues to grow in capacity and reputation, it remains a shining example of how public-private partnerships and modern infrastructure can bring ancient cities into the global spotlight, bridging the gap between the past and the future.