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Saudi giga-project Diriyah agrees deals worth \$1bn with European firms

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Qatar emerges as Mena's latest retail destination, says Knight Frank

By **Santhosh V Perumal**
Business Reporter

Qatar is fast emerging as the Middle East and North Africa (Mena)'s retail destination, cashing in on the mammoth infrastructure built up in the run up to 2022 FIFA World Cup, as the 880,000sq m of new retail area built has further contributed to Qatar's tourism attractiveness, according to Knight Frank, a London-based global real estate advisory firm.

Moves by the government to capitalise on the \$330bn infrastructure spend in the 10 years leading to the 2022 FIFA World Cup are paying dividends, Knight Frank said in a report, citing the increased inflow of tourists.

"Qatari authorities have channelled their efforts into transforming Qatar into a modern state, complete with a plethora of and growing number of tourist attractions, including the recently announced \$ 5.5bn Simaisma Project," said Faisal Durrani, Partner - Head of Research, Middle East and North Africa, Knight Frank.

Aside from the incredible tourist attractions that are emerging around the country, the luxury retail sector is fast emerging as a key magnet to prospective visitors, he said.

It has found that the not only is the sector the second most popular investment asset class for GCC (Gulf Co-operation Council) nationals and GCC-based expats, but 79% of regional visitors are keen to visit the country purely to go shopping.

"This suggests that the 880,000sq m of new retail built in Qatar since 2011 has not gone unnoticed and is further contributing to Qatar's attractiveness as one of the world's most exciting new tourist destinations," he said.

Knight Frank's research reveals that for the GCC nationals aged 18-45, the retail sector was the second most popular investment asset class, behind branded residences. For Saudis and Emiratis, the retail sector is also the second most popular asset class in Qatar at 40% and 36%, respectively, behind branded residences.

The sector is held in even higher regard for GCC-based expats, with 44% of Saudi-based expats and 34% of UAE-based expats naming it as their target asset class, hinting at the authorities' success in fostering a vibrant and attractive retail landscape.

Overall, nationals and expat residents in Bahrain and Saudi Arabia have the strongest desire to travel to Qatar for shopping at 85% each. The UAE (76%) and



A general view of the coastal city of Lusail. Moves by the government to capitalise on the \$330bn infrastructure spend in the 10 years leading to the 2022 FIFA World Cup are paying dividends, Knight Frank said in a report, citing the increased inflow of tourists.

Kuwait (75%) show moderate interest. In comparison, Oman exhibits a lower interest rate of 63%.

The appeal of Qatar to those living in Bahrain and Saudi Arabia as a place for a shopping holiday likely stems from their relative proximity and cultural similarities, it said, adding strong historical and economic ties are also likely factors, according to Knight Frank. Saudi Arabia emerged as the top source market for tourists in 2023, while Bahrain ranked seventh, ahead of the UAE (ninth place).

This interest in travelling to Qatar to shop is particularly strong among the higher income brackets, irrespective of country of residence or origin, it said, highlighting that 88% of those earning QR22,500-25,000 per month and 86% of those earning above QR25,000 per month showed interest in Qatar for a shopping holiday.

Highlighting that Qatar's strategic location, world-class retail offerings, and unique shopping experiences make it a premier destination for the GCC visitors; Jonathan Pagett, Partner - Retail Advisory, Middle East and North Africa, Knight Frank, said its survey reveals a robust interest across various demographics, particularly among younger adults and those in higher income brackets, indicating strong market potential.

"The appeal of Qatar's luxury brands, modern malls, and cultural affinity with neighbouring countries like Saudi Arabia and Bahrain further enhance its attractiveness. By continuously improving the retail experience and hosting major events like Shop Qatar, Qatar is well on its way to emerging as the region's latest retail destination," he added.

QFZ CEO meets Czech delegation



The CEO of the Qatar Free Zones Authority (QFZ), Sheikh Mohammed bin Hamad bin Faisal al-Thani, has met with a Czech delegation headed by Minister of Industry and Trade of the Czech Republic, Jozef Sikela, who is visiting Doha, reports QNA. A QFZ statement on Thursday said that the delegation visited the Ras Bufontas and Umm Al Houli Free Zones. The visit comes after the first session of the Qatari-Czech Joint Committee meetings, which were organised with the aim of exchanging trade, economic and technical co-operation between the two countries, where the delegation met with the QFZ team to explore investment opportunities and the advantages offered by the free zones in Qatar to investors.



China's stimulus plan bolsters QSE as index vaults 118 points

By **Santhosh V Perumal**
Business Reporter

The proposed Chinese stimulus package brightened the prospects in global bourses, including the Qatar Stock Exchange (QSE), which closed this week with a 118-point jump in key barometer and QR9.51bn addition in capitalisation. The foreign institutions were seen increasingly net buyers as the 20-stock Qatar Index shot up 1.12% this week which saw Ooredoo sign QR2bn financing pact with QNB, Doha Bank, and Masraf Al Rayan. An across the board buying, notably in the real estate and telecom counters, lifted the sentiments in the main bourse this week. About 58% of the traded constituents extended gains to investors in the main market. The Arab institutions were seen net buyers in the main bourse this week which saw QIB issue a

\$300mn additional Tier-1 sukuk. The Gulf individuals continued to be net buyers but with lesser intensity in the main market this week, which saw Commercial Bank issue largest ever Green CHF-denominated bond. The local retail investors were seen increasingly into net selling in the main bourse this week which saw a total of 0.03mn Masraf Al Rayan-sponsored exchange-traded fund QATR worth QR0.06mn trade across 15 deals. The domestic funds turned net profit takers in the main market this week which saw as many as 0.02mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.24mn change hands across 13 transactions. The Gulf institutions were increasingly bearish in the main bourse this week which saw the realty and banking sectors together constitute about 58% of the total trade volumes.

WEEKLY REVIEW

The Islamic index was seen outperforming the other indices in the main market this week, which saw no trading of sovereign bonds. Market capitalisation added 1.56% to QR618.07bn on the back of large and midcap segments this week, which saw no trading of treasury bills. Trade turnover fell amidst higher volumes in the main market this week, which saw Al Faleh Mesaieed Petrochemical Holding and Qatar Industrial Manufacturing in a local consortium to establish industrial and table salt project. The Total Return Index rose 1.12%, the All Share Index by 1.09% and the All Islamic Index by 1.4% this week, which saw international credit rating agency Fitch say the issuance in Qatar's debt capital

market is slated to be broadly stable. The real estate sector index zoomed 5.49%, telecom (1.54%), banks and financial services (1.09%), insurance (1.02%), consumer goods and services (1.01%), transport (0.76%) and industrials (0.46%) this week which saw Baladna's move to establish an integrated dairy and poultry project in Algeria. Major gainers in the main market included Ezdan, Alijarah Holding, Mazaya Qatar, Aamal Company, Barwa, Commercial Bank, Masraf Al Rayan, Qatar Oman Investment, Salam International Investment, Woqod, Qatari Investors Group, Qatar Electricity and Water, Qamco, Ooredoo and United Development Company.

In the venture market, both Al Mahhar Holding and Techno Q saw their shares appreciate in value this week. Nevertheless, Inma Holding, QLM, Qatar German Medical Devices, Qatar Islamic Insurance, Doha Bank, Al Faleh Educational Holding, Meeza and Gulf International Services were among the losers in the main bourse this week. The foreign funds' net buying increased substantially to QR157.26mn compared to QR11.26mn the week ended September 19. The Arab institutions turned net buyers to the tune of QR0.47mn against net profit takers of QR0.38mn the previous week. However, the Qatari retail investors' net selling grew significantly to QR76.09mn compared to QR56.3mn a week ago. The domestic funds were net sellers to the extent of QR53.63mn against net buyers of QR47.37mn

the week ended September 19. The Arab individuals' net profit booking strengthened noticeably to QR25.95mn compared to QR10.49mn the previous week. The Gulf institutions turned net sellers to the tune of QR3.88mn against net buyers of QR0.18mn a week ago. The foreign individuals' net buying weakened perceptibly to QR0.92mn compared to QR6.79mn the week ended September 19. The Gulf individual investors' net buying eased marginally to QR0.88mn against QR1.56mn the previous day. The main market witnessed a 7% jump in trade volumes to 983.92mn shares but on 3% fall in value to QR2.06bn amidst 17% growth in deals to 776,583 this week. In the venture market, trade volumes soared 28% to 1.4mn equities, value by 25% to QR3.27mn and transactions by 4% to 125.

Dubai stocks confront regional risks after rally to 10-year high

Bloomberg
Dubai

A rally that's propelled Dubai stocks into the ranks of the best global performers looks set to cool as geopolitical risks increase and bargain valuations become harder to find. The Dubai Financial Market General Index has advanced 12% this quarter to the highest since 2014. Its gains are among the 10 biggest across more than 90 equity benchmarks worldwide tracked by Bloomberg. Stocks tied to the strength of Dubai's economy and population growth — like Emirates NBD Bank PJSC, toll gate operator Salik Co PJSC and utilities provider Dubai Electricity & Water Authority PJSC — have led the advance. Positive earnings news and a lower sensitivity to changes in oil prices than Gulf peers have helped drive the surge in Dubai. Its equity market benefits more from tourism and demand for real estate than neighbours like Abu Dhabi and Riyadh. But after the strong run in

stocks, investors may turn wary about testing whether valuations can rise further. "Increasing property prices and tourist arrivals, as well as physical distance from the region's conflict hot spots have driven Dubai equities higher," said Hasnain Malik, emerging market equity strategist at Tellimer in Dubai. Still, Dubai stocks may now be "more sensitive to any setbacks than further good news." Although the macro backdrop remains healthy, "risk reward in stocks is clearly no longer so attractive," given the now more demanding share-price valuations, Malik said. HSBC Holdings Plc strategists are among those advising greater caution toward the region's equities. John Lomax and his team cut their overweight positions on Saudi Arabia and the United Arab Emirates to neutral. "We love the structural story, but a combination of heightened geopolitical risk and low oil prices is creating near-term headwinds," they wrote in a note.

Stocks in Dubai and neighbouring exchanges have generally rallied in the past three months, even as concerns over the threat of a broader Middle Eastern conflict grew. The market in Abu Dhabi, the UAE's capital, has advanced 5% — the best quarter since March 2022. In Saudi Arabia, the Tadawul All Share Index has climbed about 6% in the best quarter of this year so far. Dubai has outperformed its Gulf peers since the start of July. Divye Arora, the head of portfolio management at Daman Investment Psc in Dubai, doesn't view valuations as too stretched yet. "With bonds yields going down, major Dubai names continue to offer attractive dividend yields of more than 5% in 2025," he said. The index trades at 8.6 times forward earnings, after bouncing off 2020 lows, but still below the average of 9.2 times over the past decade. Arora sees further upside in the likes of Salik, Dubai Taxi Co, Tecom Group PJSC, Emaar Properties PJSC, Emaar Development PJSC and Emirates Central Cooling Systems Corp, he said.



Saudi mega-project Diriyah agrees \$1bn deals with European firms

Reuters
New York

Diriyah, one of Saudi Arabia's so-called mega-projects, has agreed deals worth nearly \$1bn with European firms and is in talks to attract more foreign capital, its CEO said. The \$63bn project is one of the Public Investment Fund's giant construction efforts aimed at boosting economic growth and diversifying the oil-reliant kingdom's economy.

Diriyah, located at a Unesco World Heritage site outside the capital Riyadh, has been backed by PIF investments worth a total of around 20bn riyals (\$5.33bn) in 2023 and 2024, and should get 12bn riyals more next year, its CEO said.

It has recently agreed deals worth nearly \$1bn in total with an Italian developer and a French company and is in talks with several foreign investors looking to buy equity stakes in hotels and other real estate developments, Jerry Inzerillo told Reuters in New York this week.

He declined to disclose the names of the European firms. "There's a lot of interest from America, a lot of interest from every country," he said. "We'll work with any country that can deliver quality and stay on time."

Driving such projects, including a futuristic desert city called Neom, is the \$925bn PIF sovereign wealth fund.

This is the vehicle of choice for Crown Prince Mohammed bin Salman's Vision 2030 to end Saudi Arabia's dependence on oil. Foreign investment is also crucial to turn the plan of a future beyond oil into reality.



A Saudi man walks past the logo of Vision 2030 in Jeddah (file). The Public Investment Fund's giant construction efforts are aimed at boosting economic growth and diversifying kingdom's economy.

Foreign investors have already bought stakes in several projects in Diriyah, said Inzerillo, with more to come. "A lot of people can see that it's built, it's doable; it's no longer renderings, no longer 'you wait and see'... So now we're seeing a big spike in interest in foreign investment."

Saudi Arabia's ambitious economic transformation plans, unveiled in 2016, have been met at times with some scepticism. Reuters reported earlier this year that the PIF aims to focus on investments with a higher

chance of success after scaling back some projects, including Neom's The Line — a zero-carbon city with robots and 170 kilometre-long mirrored facades. Inzerillo said investment priorities have changed because of upcoming events such

as the Expo 2030 world fair, which Riyadh last year won the right to host. But the pace and scope of the Saudi mega-projects have not been scaled back, he said. "It's a realignment, a reprioritisation...not a reduction," he added.

Aster's Gulf unit eyes \$250mn healthcare deals for Saudi expansion

Bloomberg
Dubai

Aster DM Healthcare Ltd's newly-hived off Gulf entity is considering acquiring assets worth as much as \$250mn in a bid to expand its footprint in Saudi Arabia.

The deals are likely to be for medical centres and hospitals and completed in the next three to five years, said Alisha Moopen, managing director and group chief executive officer of Aster's Gulf Co-operation Council unit.

"We have a very solid lineup of acquisitions that we are evaluating right now," she said in an interview. "We are not only doubling down, we are tripling down on Saudi Arabia."

Health care is one of the main focus areas of Crown Prince Mohammed bin Salman's trillion-dollar Vision 2030 plan, as the government makes a push to draw in expatriates to the biggest Middle Eastern economy.

Aster aims to have more than 1,000 hospital beds, 180 pharmacies and more than two dozen medical centres across Saudi Arabia in the next three to five years. It currently operates one hospital in Riyadh and expects to run about 20 pharmacies in the next few months.

The United Arab Emirates-based firm, which is listed in India, agreed last year to sell a majority stake in its Gulf business for \$1bn. A spin off of the unit, which now operates as a private entity, was completed in April.

"It's a good time to build before we take the company public, but the end goal is in the next few years to look at a listing," Moopen said.

She declined to comment on where in the GCC Aster may pursue a public offering but she's closely watching companies including Lulu Group International, which Bloomberg News reported is eyeing a dual listing in Abu Dhabi and Riyadh.

The Saudi healthcare sector has seen some listing activity of late, with Dr Soliman Abdel Kader Fakeeh Hospital Co raising \$763mn in the country's biggest IPO of the year.

Meanwhile, the Saudi wealth fund is preparing to list the kingdom's largest medical procurement firm, Bloomberg News has reported.

Masdar eyes Iberian renewables champion after recent deals

Reuters
Madrid

United Arab Emirates' renewable energy company Masdar will seek to further grow its presence in the Iberian market after clinching two deals in the region in recent months, an executive in the company told Reuters.

Masdar clinched this week its second large renewables deal in Spain in two months, buying Saeta Yield from Canada's Brookfield in a \$1.4bn deal.

In July, it agreed to take a minority stake in a 2-gigawatt solar portfolio controlled by Endesa — a unit of Italy's Enel.

"The fact that we've done two deals in a matter of a couple of months tells you that we are very keen on the Spanish market," M&A chief Faisal Tahir Bhatti said. "We're well on our way to building up our own champion."

Saeta's 745 megawatts of mostly wind assets, 1.6 GW of projects under development in Spain and Portugal, and 90-strong staff offer a strong platform to grow in Iberia and beyond, he said.

With a 100GW renewable capacity target by 2030, Masdar has so far invested in roughly 20GW of renewable projects valued \$30bn around the world, excluding the recent deals.

Masdar and other deep-pocketed investors from the Gulf and other regions have intensified dealmaking in a sector hit by high interest rates and rising debt costs, with energy giants like Iberdrola and Enel happy to sell minority stakes in wind and solar parks to maximise returns and curb debt.

Masdar — which is controlled by UAE's utility TAQA, oil company Adnoc and the sovereign wealth fund Mubadala Investment Company — will now focus on developing its Spanish platforms. Masdar is in talks with Endesa to develop up to 5 GW of capacity tied to the July deal, he said, while the Saeta pipeline should be connected to the grid by 2030.

Masdar will look at potential new opportunities with current partners, such as Endesa and Iberdrola, but is also open to new partnerships, under the right conditions and with a "very selective" approach.

Turkish trade deficit drops 42.7% in August



Seagulls fly over the Bosphorus as they follow a passenger ferry in Istanbul. Türkiye's foreign trade deficit dropped 42.7% year-on-year in August to \$4.99bn, official data showed yesterday, reports Reuters. In August, exports rose 2.3% year-on-year to \$22.05bn and imports decreased 10.7% to \$27.04bn, data from the Turkish Statistical Institute showed.

Bloomberg QuickTake Q&A

Europe can't seem to kick its Russian energy habit

By Elena Mazneva and Anna Shiryaevskaya

Three years ago, Russia was the world's biggest exporter of natural gas and Europe was its top customer. For the continent's leaders, access to all that cheap Russian energy outweighed any misgivings over doing business with President Vladimir Putin. Then Russia launched its full-scale invasion of Ukraine, and this overwhelming reliance on a single supplier suddenly looked like a threat to the region's economic and political security.

Fear that Putin would cut off deliveries of gas, coal and oil to punish European nations for supporting Ukraine prompted a frantic scramble in search of alternative energy sources. The shift was formalized by sanctions on Moscow aimed at de-funding Putin's war machine. Today, European leaders are hailing an energy supply revolution. Many gas, oil and coal importers dropped Russia in favour of alternative sources. Consumers found ways to use less energy, reducing demand. In the end, the lights stayed on and most factories kept humming — even if many Europeans are now paying more for their energy.

What many aren't aware of is that Russia remains one of the continent's most important energy suppliers, and the European Union's goal to end its dependence on Russian fossil fuels by 2027 will be hard to achieve.

How did Europe get so hooked on Russian energy?

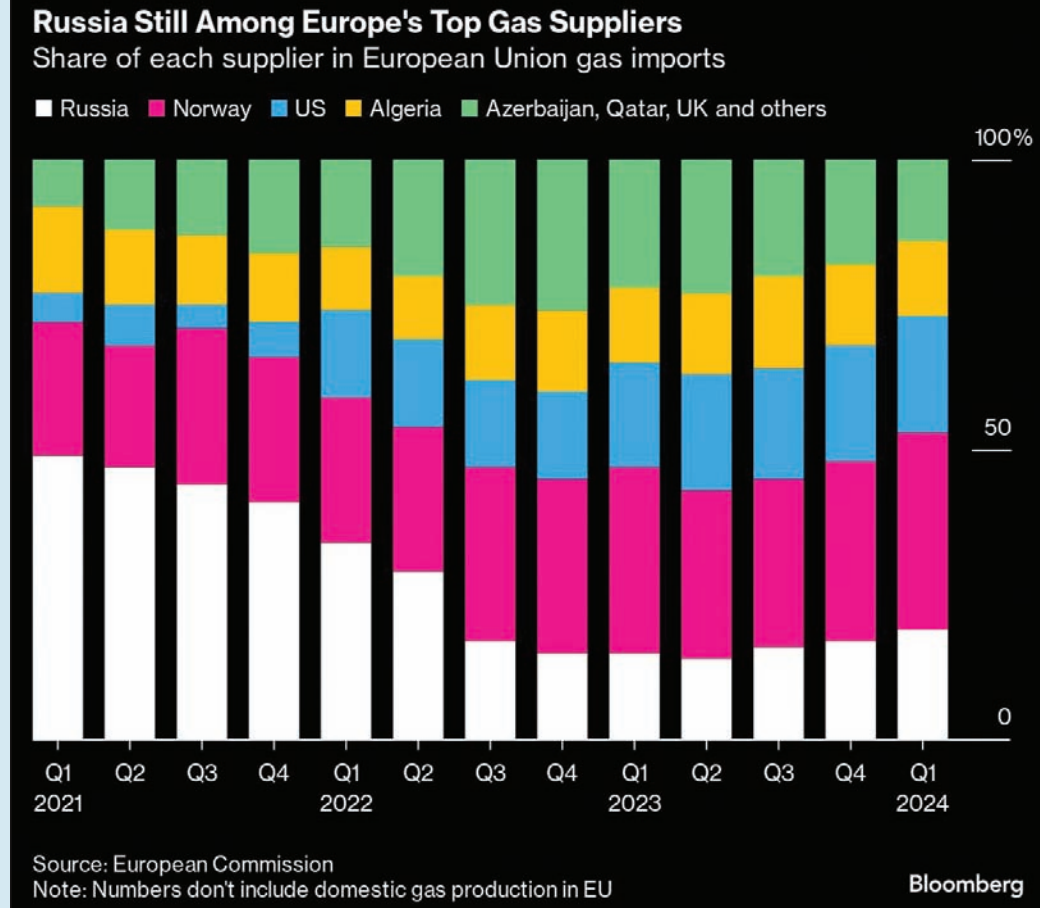
It started more than half a century ago. The Soviet Union needed money and equipment to develop newly discovered giant gas fields in Siberia amid tensions with China and the US. West Germany was hunting for cheap energy to support its fast-growing manufacturing sector.

In 1970, the USSR and West Germany signed a "pipes for gas" deal in which German factories supplied thousands of miles of pipes to carry Russian gas to Western Europe. Energy flows grew steadily in the following decades until Germany found it was buying more than half of its gas from Russia, along with about a third of all its oil.

Germany and other European countries began to shift into wind and solar energy in recent years. But piped Russian gas remained a convenient, affordable option for generating the baseload power needed when the wind wasn't blowing and the sun wasn't shining.

How is Europe still using Russian energy?

Imports of Russian fossil fuels to the European Union stood at around \$1bn per month at the end of 2023, down from a high of \$16bn per month in early 2022, according to the Bruegel think tank in Brussels. Most of those remaining imports were natural gas. Russia still accounted for 15% of the EU's total gas imports in 2023, behind Norway and the US at 30% and 19% respectively, and ahead of North African countries at 14%, according to data



from the European Commission. Much of that gas arrives in pipelines crossing Ukraine and Türkiye. Among the biggest buyers are Austria, Slovakia and Hungary, whose economies are heavily reliant on the fuel. Big energy consumers including Spain, France, Belgium and the Netherlands are still importing Russian liquefied natural gas on tankers. Some of it ends up being mixed with other gas sources in Europe's pipeline network, meaning it potentially goes to Germany, despite that country's pledge to avoid Russian gas.

Why aren't Russian gas contracts being scrapped?

Russia's European customers were often locked into iron-clad, long-term contracts that weren't easy to wriggle out of. And making the switch can be costly as available supplies in the global gas market are expected to remain tight for the next two years, until a new wave of supply emerges from exporting nations. A good part of the gas available for import into Europe is

being soaked up by countries that closed their coal-fired and nuclear power stations in recent years. Austria, Slovakia and Hungary have said they are looking for alternative sources. But industries in these landlocked countries were built to run on energy from the east, and would pay more if they bought non-Russian gas arriving at new LNG terminals being built in Western Europe.

For now there is no Europe-wide ban on Russian gas, although some countries such as the UK, Germany and the Baltic states decided to stop imports of the fuel. Some large European corporations have long-standing investments in Russian energy that they are reluctant to abandon. France's TotalEnergies SE remains a shareholder in the giant Yamal LNG project in Russia's Arctic. Spanish utility Naturgy Energy Group SA holds a 20-year contract to purchase liquefied fuel from Yamal until 2038.

How else is Russian energy finding its way through?

Pipeline imports of Russian crude oil and land

deliveries of some unsanctioned petroleum products have continued, though in far smaller volumes than previously. There's still no ban on oil products made at refineries outside Europe using Russian oil, such as in Türkiye. Sales from those refineries into the EU brought Russia an estimated €1.1bn (\$1.2bn) in tax revenue in 2023, according to Global Witness.

It's likely that some Russian crude oil finds its way to Europe after being bought by middlemen in other countries and mixed with supplies from other origins.

Tracing Russian crude and LNG to its destination has become harder since Moscow deployed a large tanker "shadow fleet" to skirt the impact of international sanctions.

Some of the shadow fleet has been sanctioned by the UK, the EU and their allies, and there's been no evidence of direct deliveries to Europe. But it's hard to monitor all re-sales across the globe.

What's the state of play now?

Russia accounted for less than 10% of Europe's gas consumption in 2023, down from more than a third before 2022. Norway has supplanted Russia as the continent's biggest provider of pipeline gas. Thanks partly to the new facilities built to offload LNG from alternative exporting nations, the US has become Europe's top supplier of the liquefied fuel.

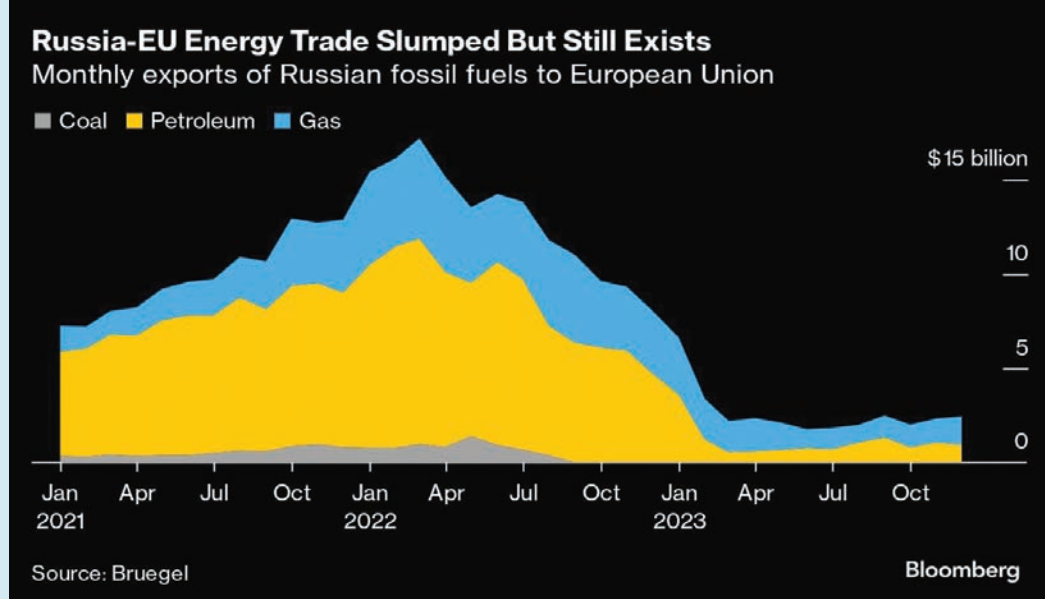
On top of that, Europe has been consuming less energy — in part because some industries struggling with high energy bills have reduced their activities, but also because of energy savings and record installations of renewable power.

The 2022 crisis made European governments more determined to accelerate the adoption of cleaner energy. As a result, gas and coal power generations has fallen by a record amount, according to London-based energy research firm Ember. In 2023, wind for the first time produced more power than gas. European gas demand was 20% below the pre-crisis average in the January-August period, according to UBS Group AG.

How is Europe coping with higher energy prices?

Energy prices surged in 2022, at times more than 20-fold compared to their historic norms. Some European factories were forced to shutter their operations or reduce output, and many small businesses closed. Prices have fallen since then, but remain above their pre-crisis levels, making Europe's most energy-hungry industries less competitive. While subdued demand abroad is now the main challenge for many German manufacturers, costly energy remains one reason why companies such as Volkswagen AG and BASF SE are struggling.

Households hit by surging energy bills have found ways to lower their consumption. But for many, the additional cost is causing real hardship. Almost 11% of EU citizens were unable to keep their homes warm enough in 2023, according to the European Commission.



A ship backs into a terminal at Lubmin Port, opened in 2022 specifically for importing LNG, in Germany. Fear that Russia would cut off deliveries of gas, coal and oil to punish European nations for supporting Ukraine prompted a frantic scramble in search of alternative energy sources. The shift was formalised by sanctions on Moscow aimed at de-funding its war machine.



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'Halal-Friendly Philippines' campaign looks to tap Asean, GCC countries

By Peter Alagos
Business Reporter

The Department of Trade and Industry (DTI) is strongly banking on its 'Halal-Friendly Philippines' campaign to foster robust collaboration with its international partners and enhance the country's presence in the Southeast Asia and the Gulf Co-operation Council (GCC) regions, an official has said.

Aleem Siddiqui M Guiapal, the Director and Programme Manager of the DTI's Halal Industry Development and Trade Office, emphasised that 'Halal-Friendly Philippines' is a new brand campaign that is part of the DTI's comprehensive strategy to enhance and develop the country's halal industry.

To achieve this, Guiapal said, the new brand campaign is being supported by a comprehensive collaboration of multiple government agencies comprising the DTI, the Bangko

Sentral ng Pilipinas (The Central Bank of the Philippines), the Department of Science and Technology (DOST), the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and other halal certification bodies.

"Halal-Friendly Philippines is more than a brand campaign - it is about building relationships and strengthening our presence in the Asean and GCC countries," Guiapal stressed.

Guiapal pointed out that the DTI has been venturing out to foreign shores to showcase the Philippines' burgeoning halal sector and to promote the industry's vast investment potential by participating in various international exhibitions.

Last May, the Philippines debuted at the 'Halal Expo Canada', said Guiapal, who added that the country's most recent milestone was participating in the recently-held Malaysia International Halal Showcase (MIHAS) 2024 in Kuala Lumpur,

Malaysia, touted as the "world's largest halal exhibition.

On the sidelines of MIHAS 2024, Guiapal told *Gulf Times* that Qatar is a "promising market" for the Philippines' halal export products.

According to Guiapal, the country is set to expand its halal product exports by 20% in 2024, building on the current 3,000 halal-certified products already available in various international markets.

Qatar is among the GCC countries being eyed by the DTI for a planned halal roadshow in 2025. This year, the DTI is expected to promote the Philippines' halal products in Saudi Arabia and the UAE.

"These roadshows provide opportunities for micro, small and medium-sized enterprises (MSMEs) in the Philippines to access international markets, which not only increases the presence of our halal export products but contributes to the growth of the country's trade with other

countries," Guiapal said.

To tap GCC markets like the UAE, Guiapal said he met with Rajmal Rafeeqe, country manager for LuLu Hypermarket's Philippines operations, to explore opportunities for local halal producers and MSMEs to expand their reach internationally.

"The Philippines has been setting certain milestones in the halal sector. The country is the winner of the 'Emerging Muslim-friendly Destination of the Year for Non-OIC' and ranked seventh in the 'Top 20 Non-OIC Destinations' in the Global Muslim Travel Index (GMTI).

"The country registered half a million Islamic tourists in 2023. Currently, the Philippines has 237 Muslim-friendly restaurants and 28 Muslim-friendly establishments, as well as 17 recognised halal and organic agriculture enterprises.

P5m worth of animals are for distribution in areas covered by the halal multiplier farms," Guiapal emphasised.



Aleem Siddiqui M Guiapal, Director and Programme Manager, Halal Industry Development and Trade Office of the Department of Trade and Industry.

China cuts key rate, frees up cash for banks to spur growth

Bloomberg
Hong Kong

China cut the amount of cash banks must keep in reserve yesterday and lowered a key policy rate, as Beijing rolls out a strong stimulus package unveiled this week in a push to shore up the slowing economy and investor confidence.

The People's Bank of China (PBoC)'s 0.5 percentage point reduction to the reserve requirement ratio was announced earlier this week by central bank chief Pan Gongsheng, who didn't provide a timeframe.

The cut is aimed at creating a "good monetary and financial environment" for the steady growth of the Chinese economy, the PBoC said in a statement.

The central bank also trimmed seven-day reverse repurchase rate to 1.5% from 1.7%, authorities said in a separate statement, confirming the timing for another move already revealed by Pan.

Late Friday, the PBoC followed with a reduction to a clutch of interest rates considered the ceiling for borrowing costs — known as the standing lending facilities — by 20 basis points each.

The PBoC governor unleashed one of the country's most dar-

ing policy campaigns in decades Tuesday, when Pan announced a blitz of easing measures during a rare televised press conference in Beijing. That came after a slew of Wall Street banks downgraded their forecasts for China's annual growth to below the government's around 5% target.

The Politburo, comprising the ruling Communist Party's 24 most-senior officials including President Xi Jinping, vowed to strengthen fiscal and monetary policies and pledged to "strive to achieve" the annual goal, according to a Thursday statement. They also committed to action to make the property sector "stop declin-

ing," their strongest vow yet to stabilize the crucial industry.

The elite group called on officials across the nation of 1.4bn people to "earnestly enhance the sense of responsibility and urgency of doing economic work well." The PBoC responded to that message hours later, posting a statement promising to "act immediately and go all out" to implement the additional policies.

The cut in the RRR will free up about 1tn yuan (\$143bn) in long-term liquidity for banks, Pan said previously. That will allow banks to lend more and buy government bonds issued to fund infrastructure spending.

Fed's favoured inflation gauge, consumer spending barely rise

Bloomberg
Washington

The Federal Reserve's preferred measure of underlying US inflation and household spending rose modestly in August, underscoring a cooling economy.

The so-called core personal consumption expenditures price index, which excludes volatile food and energy items, increased 0.1% from July, according to Bureau of Economic Analysis data out yesterday. On a three-month annualised basis, the measure rose 2.1%, in line with the central bank's target.

Spending also rose 0.1% after adjusting for inflation. Nominal personal income increased 0.2% and the saving rate eased to 4.8%.

Treasury yields and the dollar fell on expectations the figures will keep the Fed on track for more rate cuts in the coming months while fuelling ongoing debate over how big the reductions should be.

The central bank opted for an outside half-point cut this month to kick off its easing cycle, and investors are split over whether it will take a similar step or opt for a smaller move in November, according to futures.

"The modest rise in consumer inflation in August on its own provides strong reason for the Fed to continue easing the still restrictive monetary policy stance," Kathy Bostjancic, chief economist at Nationwide, said in a note. "The tepid 0.1% rise in real consumer spending in August underscores that consumers are becoming more frugal in their spending and that the momentum in spending is slowing."

Details of the August inflation numbers showed a broad cooling. Services prices excluding housing and energy rose 0.2% for a second month. Goods prices minus food and energy declined 0.2%, the most in three months.

The spending data also points to an economy that's gradually slowing this year. Overall serv-

ices spending, which makes up the bulk of household consumption, rose 0.2% in August, marking the smallest three-month gain since October 2023. Goods spending was unchanged following a solid advance in July.

"The downside surprise in August's personal income, spending and inflation data validate the Fed's decision earlier this month to cut policy rates by 50 basis points. Income growth is cooling, helping to make consumers more discerning in their spending habits. As underlying inflation pressures wane, we think the Fed increasingly will emphasize the full-employment side of its dual mandate," according to Stuart Paul, Eliza Winger and Estelle Ou, Bloomberg Economics.

The central bank opted for an outside half-point cut this month to kick off its easing cycle, and investors are split over whether it will take a similar step or opt for a smaller move in November, according to futures

Wages and salaries rose by the most since May. Still, growth in overall disposable income slowed, restrained by declines in proprietors' income, interest income and dividend income.

Separate data published Friday by the Census Bureau showed the advance goods trade deficit narrowed in August to \$94.3bn — the least since March — while growth in wholesale and retail inventories moderated. Results of a Bloomberg survey showed forecasters expect inflation to return to the Fed's 2% target by early next year.

Yesterday's data follow annual revisions to gross domestic product data published on Thursday by the BEA, which showed faster economic growth and more saving — fuelled by higher incomes — than previously reported in 2022 and 2023.

The Bureau of Labor Statistics will provide a monthly update on hiring and unemployment for September on October 4.



A man walks past the headquarters of the People's Bank of China in Beijing. The rate cut is aimed at creating a "good monetary and financial environment" for the steady growth of the Chinese economy, the PBoC said.

Outdated fleet and seats, supply woes hobble Air India turnaround

Reuters
New Delhi/Sydney

Two years after Tata Group took control of Air India in a \$2.4bn deal, re-kitting an ageing fleet amid parts shortages and persistent flight delays stand in the way of the former state-owned carrier's intent to become "a world class airline".

Global shortages are hurting plans for most airlines, but the problem is "more acute" for Air India, CEO Campbell Wilson said, as India's flag carrier is nearing the halfway mark of a five-year turnaround plan, but starting a generation behind carriers like Dubai's Emirates and Qatar Airways.

"Our product is obviously a lot more dated. These aircraft haven't had a product refresh since they were delivered in sort of 2010, 2011. And so it's more of an acute need for us," CEO Wilson said in an interview in Sydney.

"If we've got legacy seats and legacy in-flight entertainment systems, we're operating with one arm tied behind our back," he said.

The challenges are the biggest at the premium end of the plane as Air India looks to lure high-spending travellers, added Wilson, a former Singapore Airlines executive.

Air India has already placed mammoth orders to upgrade its fleet and just this month kicked off a \$400mn plan to refit old planes to drive its transformation.

The carrier's restructuring after decades of decay under state ownership is being

watched by manufacturers and lessors, as well as investors in Singapore Airlines — which is set to own a 25% stake in the Indian carrier from November and has agreed to invest an additional up to \$600mn in the turnaround.

"Air India...has a long way to go before being closer to international standards for which it needs to complete the process of re-kitting with new and retrofitted aircraft," Singapore-based independent aviation analyst Brendan Sobie said.

Rebuilding Air India's reputation hinges on getting planes with top-notch premium seats and service in the skies as fast as possible to lure flyers who are reluctant to book the carrier, even if it offers non-stop flights on key international routes, due to poor product and risk of delays.

Of the 470 new planes the airline has ordered, 70 are widebody jets. It has already taken delivery of six Airbus A350s and leased 11 Boeing 777s.

It is refitting about 67 planes starting with 27 narrowbody ones that will be completed by mid-2025, allowing it to better compete with domestic rival IndiGo's larger and more modern fleet.

The start of the 40 widebody refits, originally slated for this year, has been pushed to early 2025 due to delays in getting its customised business and first class seats.

Seat manufacturers have said they are grappling with a shortage of skilled labour and capacity, Wilson said.

Once the refit starts, it will take about two

years to bring the widebody fleet to international standards, he added.

Older jets have led to lower utilisation by about an hour per day on average across Air India's fleet, and even more for planes flying long-haul routes like to the US, Wilson said. As an interim solution, Air India is ring-fencing some of its most profitable long-haul sectors like Mumbai to San Francisco and Delhi to London by guaranteeing modern planes.

In the year ended March, Air India increased its capacity by 21% from a year ago and pushed up passenger load factors, or the percentage of seats filled, narrowing net losses by 60% to \$532mn and growing its revenues by 24.5% to \$6.15bn.

"When we can command the prices the product deserves and people have a good view of the reliability and service proposition, we can fly to more high-yield routes and bring back the high-yield customer," Wilson said.

He did not give a target date for reaching profitability.

Air India, founded in 1932 by Tata Group's late chairman JRD Tata, was once among the world's best airlines. Since its nationalisation in 1953, it entered a long decline mainly due to lack of investment.

When Tata regained control in 2022, the airline's systems were antiquated, offices scattered and there were 30 aircraft on the ground for want of spare parts.

"It was just in absolute shambles. We've had to really spend the first six months to stabilise the ship," Wilson said.



Air India CEO Campbell Wilson speaks during a news conference in Gurugram, India (file). Global shortages are hurting plans for most airlines, but the problem is "more acute" for Air India, Wilson said.

By October 1, Air India will have completed the merger of its low-cost carriers Air India Express and AirAsia India, and by November 12 it will add Vistara to the fold, which Tata currently jointly owns with Singapore Airlines. Flight delays are still an issue, with only 18% of Air India's flights to Europe and 48% to North America arriving within 15 minutes of the scheduled time in August, according to aviation data provider Cirium.

A shift to Air India's own maintenance and repair facility should help reduce maintenance-related delays, Wilson said. The facility, which is building with help from Singapore Airlines subsidiary SIA Engineering, will be ready by 2026. Air India is contractually obligated to use government-owned Air India Engineering Services Ltd until the end of 2024.

"Two years in, I think we're in a good place," Wilson said.