

Dual challenge of managing rising fuel costs, navigating complex sustainability path

To advertise here
CONTACT:
444 666 21

TO ADVERTISE HERE
Call: 444 11 300



Thursday, October 3, 2024
 Rabia I 30, 1446 AH

GULF TIMES BUSINESS



OUTSTANDING DEMAND | Page 2
 Dukhan Bank's \$800mn sukuk oversubscribed more than three times

Shop with Confidence 16001 | **البنك التجاري COMMERCIAL BANK** | **Trade with confidence!** | **FIRST'S TRADES FOR FREE** | **CB Alpha Trader** | To know more, please contact us on +974 4449 5552, or scan the QR code

Qatar 'keen to enhance' economic, trade ties with Asian countries: Sheikh Mohammed

QNA
 Doha

HE the Minister of Commerce and Industry Sheikh Mohammed bin Hamad bin Qassim al-Thani stressed the State of Qatar's interest and keenness to enhance economic, commercial, and investment co-operation with Asian countries, as Qatar hosts the Business Forum of the Asia Co-operation Dialogue (ACD) for the second consecutive time after hosting it in May 2019.



HE the Minister of Commerce and Industry Sheikh Mohammed bin Hamad bin Qassim al-Thani has pointed out Qatar, as one of the founding members of the ACD, seeks to enhance integration between Asian economies by activating co-operation between the ACD members.

In his inaugural speech at the ACD Business Forum, held under the theme 'AI and New Businesses' yesterday, HE Sheikh Mohammed said that the State of Qatar has close co-operative relations with the ACD countries, covering various fields, especially economic and commercial. These relations have witnessed remarkable development in recent years due to the mutual keenness to strengthen and develop them through high-level official visits and joint investment projects, in addition to the existing co-operation between the private sector in those countries.

in 2000 of the total trade, and at the international level, trade in goods witnessed an annual growth rate of 5% for Asian countries between 2017 and 2023. This remarkable growth reflects the strength of trade ties between Asian countries and highlights the pivotal role of the region in promoting global trade.

of Qatar National Vision 2030, which has played a major role in the economic development of various vital sectors in the country, contributing to Qatar occupying 11th place globally in overall competitiveness according to the Global Competitiveness Report issued by the International Institute for Management Development (IMD) for 2024.

HE Sheikh Mohammed pointed out that the State of Qatar, as one of the founding members of the ACD, which includes 35 countries representing more than 56% of the world's population and 35% of the global GDP, seeks to enhance integration between Asian economies by activating co-operation between the ACD members in areas of mutual benefit. He pointed out the State of Qatar's keenness to enhance trade and economic co-operation in Asia, where trade exchange between its countries has witnessed remarkable growth, and that Asia has become the world's second most trade-integrated region.

Regarding foreign direct investment, HE the Minister indicated that despite the relative slowdown in some regions, Asia has maintained its flexibility, as incoming foreign direct investment flows to the region increased by 8%, while outgoing flows increased by 18%. This strong performance reflects Asia's ability to address global challenges and enhances its position as a vital economic and investment hub on the global scene.

He noted that over the past years, Qatar has launched various initiatives to attract foreign direct investment and global talent in various fields, including technology, infrastructure, health, trade, investment, and the financial sector.

He added that in 2022, the percentage of intra-Asian trade represented 57% compared to 54%

HE the Minister of Commerce and Industry Sheikh Mohammed bin Hamad bin Qassim al-Thani has pointed out Qatar, as one of the founding members of the ACD, seeks to enhance integration between Asian economies by activating co-operation between the ACD members.

HE the Minister of Commerce and Industry praised the role of several Asian companies operating in Qatar, which have made positive contributions to its ambitious development plans. He voiced Qatar's welcome to more Asian investments in the coming period, wishing the forum's work success and that its outcomes would contribute to developing joint Asian action in a way that serves the efforts to achieve sustainable economic development in the Asian countries.

Al-Kuwari meets chief executive of Hong Kong Monetary Authority



HE the Minister of Finance, Ali bin Ahmed al-Kuwari held a meeting with Eddie Yue, Chief Executive of Hong Kong Monetary Authority at the headquarters of the Ministry of Finance in Doha yesterday. The meeting covered several topics related to sustainable development and reviewed bilateral relations between the two parties, focusing on aspects of joint co-operation and discussing ongoing developmental projects.

Commercial Bank gets two major awards from Global Finance

Commercial Bank, the leader in innovative digital banking solutions in Qatar, has been recognised with 'Best Mobile Banking App in the Middle East' and 'Best Mobile Banking in Qatar' by *Global Finance* at a ceremony held in London.

Commercial Bank Group CEO Joseph Abraham said, "Digital banking is at forefront of our strategy and is core to our focus on client convenience. "These awards are positive recognition of our mobile banking application as being the best in the Middle East and continuous im-

provement of the mobile banking application will remain a key focus in the future. Shahnawaz Rashid, executive general manager and head (Retail Banking) at Commercial Bank, said: "Winning the Best Mobile App award across Qatar and the Middle East reflects our relentless pursuit of excellence in delivering exceptional mobile banking solutions. "We continuously invest in cutting-edge technologies to enhance the customer experience, making banking more accessible, intuitive, and secure. This recognition reaffirms our leadership in digital transformation."

provement of the mobile banking application will remain a key focus in the future. Shahnawaz Rashid, executive general manager and head (Retail Banking) at Commercial Bank, said: "Winning the Best Mobile App award across Qatar and the Middle East reflects our relentless pursuit of excellence in delivering exceptional mobile banking solutions. "We continuously invest in cutting-edge technologies to enhance the customer experience, making banking more accessible, intuitive, and secure. This recognition reaffirms our leadership in digital transformation."

provement of the mobile banking application will remain a key focus in the future. Shahnawaz Rashid, executive general manager and head (Retail Banking) at Commercial Bank, said: "Winning the Best Mobile App award across Qatar and the Middle East reflects our relentless pursuit of excellence in delivering exceptional mobile banking solutions. "We continuously invest in cutting-edge technologies to enhance the customer experience, making banking more accessible, intuitive, and secure. This recognition reaffirms our leadership in digital transformation."

provement of the mobile banking application will remain a key focus in the future. Shahnawaz Rashid, executive general manager and head (Retail Banking) at Commercial Bank, said: "Winning the Best Mobile App award across Qatar and the Middle East reflects our relentless pursuit of excellence in delivering exceptional mobile banking solutions. "We continuously invest in cutting-edge technologies to enhance the customer experience, making banking more accessible, intuitive, and secure. This recognition reaffirms our leadership in digital transformation."



Commercial Bank, the leader in innovative digital banking solutions in Qatar, has been recognised with 'Best Mobile Banking App in the Middle East' and 'Best Mobile Banking in Qatar' by *Global Finance* at a ceremony held in London

QIA to combine QNBN, GBI to bolster Qatar's digital infrastructure

QNA
 Doha

Qatar Investment Authority (QIA) announced its intention to combine the telecommunications businesses of Qatar National Broadband Network (QNBN) and Gulf Bridge International (GBI). The integration of QNBN and GBI brings together two highly complementary businesses to create a carrier-neutral digital and AI infrastructure leader, further connecting Qatar to the world. The CEO of QIA Mansoor bin Ebrahim al-Mahmoud commented: "This decision reinforces QIA's commitment to Qatar's Third National Development Strategy. By expanding the digital infrastructure ecosystem, we will attract further foreign direct investment, and serve as a catalyst for economic diversification. We aim to position Qatar as a leading digital hub both

regionally and globally and connect Qatar to the world." The chairman of QNBN and GBI Eng Essa bin Hilal al-Kuwari added: "Together, QNBN and GBI have a unique opportunity to accelerate delivery of critical digital services in Qatar. With highly complementary assets and operations, our combined businesses will be better placed to capture the rapidly growing international connectivity opportunity to support our future growth ambitions. Our long-term vision is to create a digital infrastructure champion, unlocking new opportunities." QNBN is the leading national passive fibre service provider in Qatar with over 95% nationwide coverage. As a cornerstone of Qatar's digitalisation agenda, the company offers next-generation fibre-optic cable to public and private customers across government and enterprise. GBI is a leading provider of



Mansoor bin Ebrahim al-Mahmoud, CEO of QIA, and Eng Essa bin Hilal al-Kuwari, chairman of QNBN.



high-capacity, low-latency, and resilient connectivity solutions across the Middle East, Europe, and Asia, providing services to blue chip, international carriers and hyperscalers to enhance Qatar's international connectivity and integration into the global

digital economy. Combining GBI's international submarine and terrestrial cables and QNBN's unparalleled domestic fibre network will form a world-class connectivity platform for data traffic to and through Qatar. This platform will attract global hyperscalers and

cutting-edge AI innovators from Europe and Asia to Qatar, offering a seamless gateway to interconnect within the Middle East region. The combined company will focus on maximising opportunities within the international data traffic market. By leveraging its combined

resources and expertise, the company aims to position itself as a key player in this rapidly growing sector, driving innovation and expanding its presence globally to meet increasing demand for data connectivity across borders. The combination will strengthen Qatar's ICT sector by accelerating the development of human capital in critical and niche ICT domains and new digital industries. This will drive new investment and growth opportunities for all industry players in Qatar's telecommunications market. The transaction is expected to close in Q4 2024, subject to regulatory approvals and other statutory procedures. As QNBN and GBI progress with the integration of the two entities, they remain dedicated to providing a smooth transition for their key clients, maintaining a strong emphasis on service quality, customer satisfaction, and data security.

Chamber official underscores 'promising future' of AI



Qatar Chamber Chairman Sheikh Khalifa bin Jassim al-Thani delivering inaugural speech during the Asia Co-operation Dialogue Business Forum held under the theme 'AI and New Businesses' yesterday in Doha.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani emphasised that the future of artificial intelligence (AI) in Qatar is "promising", noting that the country is "on track to become a leader in this field". He delivered an inaugural speech at the Asia Co-operation Dialogue (ACD) Business Forum held under the theme 'AI and New Businesses' yesterday in Doha. The event was inaugurated by HE the Minister of Commerce and Industry Sheikh Mohamed bin Hamad bin Qassim al-Thani and was attended by ranking leaders from ACD member countries. Sheikh Khalifa stated that Qatar Chamber is keen on leveraging AI in its services for private sector members, including customer service, data processing, automating daily operations, and analysing market trends. He also emphasised that this helps provide the best services to Qatari businessmen and their counterparts in

other countries with business interests in Qatar. He underscored the significance of the forum, saying it provides an ideal opportunity for exchanging views and insights on the challenges and opportunities related to AI, noting that the pace of digital technological developments is accelerating. Sheikh Khalifa stressed that these developments have become a key economic and developmental pillar that countries rely on for shaping their future strategies and implementing reform, social, and development policies. He further said the development of AI has changed many economic, commercial, and social concepts, and directly and positively affected work methods. He shared that Qatar Chamber has benefited from the use of AI after the state adopted it in many sectors, according to the directives of His Highness the Amir Sheikh Tamim bin Hamad al-Thani, in line with the Qatar National Vision 2030.

Qatar Chamber chairman discusses developing economic relations, investment with Iranian counterpart



Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani and the president of the Iran Chamber of Commerce, Industries, Mines, and Agriculture, Samad Hassanzadeh, discussed economic co-operation relations and ways to enhance them to advance relations between the business sectors of Qatar and Iran. Sheikh Khalifa stressed the need to activate the private sector's role in developing trade exchange between the two nations during the meeting, which was held yesterday on the sidelines of the 2nd Business Forum of the Asia Co-operation Dialogue.

Indian minister interacts with IBPC representatives in Doha



India's Minister of State for External Affairs, Kirti Vardhan Singh, interacted with the representatives of Indian Business and Professionals Council (IBPC) in Doha yesterday. According to the India's Ministry of External Affairs, Singh also addressed the 2nd Asia Co-operation Dialogue (ACD) Business Forum on the sidelines of the 3rd ACD Summit in Doha.

QCB extends 'Fawran' to Qatar's corporate customers

By Pratap John
Business Editor

The Qatar Central Bank (QCB) has expanded 'Fawran', providing corporate customers in the country to avail of benefits of the instant payment service.

To avail of 'Fawran', corporates should register in the service using identifiers such as establishment ID, commercial registration and commercial license, the QCB said yesterday. "Upon successful registration, corporates in the country will be able to send or receive fund transfers, instantly using their registered identifiers," QCB noted.

According to the QCB, the participating banks are QIIB, Commercial Bank, Masraf Al Rayan, Doha Bank, Dukhan Bank and Ahli Bank.

Fawran is considered one of the most innovative and advanced services, in line with the third strategy for the financial sector in the country and in continuation of the QCB's efforts to develop the infrastructure of payment systems and keep pace with the latest developments in payment systems and electronic transfer of funds.

Fawran was designed in accordance with a system based on the latest technologies and security standards, to maintain the security and confidentiality of the information created by the QCB to enable financial institutions to provide the service to their customers with complete reliability.

One of the most prominent advantages provided by the instant payment service is enabling bank customers to send and receive money in the country immediately, and within moments. It will also be available round-the-clock without interruption.

Earlier, the QCB noted that the launch of the Fawran is part of the projects it has undertaken to enhance the country's payment system.

This initiative plays a significant role in strengthening the financial sector, providing diverse payment options for all segments of society, facilitating payment processes, and reducing reliance on cash, thereby lowering associated costs.



Sheikh Mohamed bin Hamad bin Jassim al-Thani, chairman and managing director of Dukhan Bank, and Ahmed Hashem, acting Group CEO.

Dukhan Bank's \$800mn sukuk oversubscribed more than three times

Dukhan Bank has successfully issued a \$800mn five-year senior unsecured sukuk with annual profit rate of 4.56%, representing a spread of 100 bps over five-year US Treasuries.

The transaction, which marks the debut senior sukuk issuance for Dukhan Bank, was met with outstanding demand from global and regional investors.

Order books were covered more than three times and peaked at

\$2.6bn, enabling the bank to issue \$800mn – the largest issue size achieved by a Qatari Islamic bank since 2020.

Final price guidance came in at 100 bps over 5-year US treasuries, representing 30 bps tightening from the initial price thoughts of 130 bps.

The success of the transaction is reflective of the strength of the Qatari economy and Dukhan Bank's strong credit fundamentals. It reaffirms Dukhan Bank's position as

a leading financial institution in Qatar. It is also a significant milestone for the bank as it continues to broaden funding base and enhance its presence in global markets.

"This success is a testament to Qatar's credit robustness and aligns seamlessly with the ambitious goals outlined in Qatar's National Vision 2030," said Sheikh Mohamed bin Hamad bin Jassim al-Thani, chairman and managing director of Dukhan Bank.

The issuance comes after a series of global investor meetings and presentations led by Dukhan Bank's senior management team.

"This reflects the global confidence in both Qatar's economic stability and Dukhan Bank's strong financial foundation. It also highlights the bank's esteemed standing within the international financial community," according to Ahmed Hashem, acting Group chief executive officer of Dukhan Bank.



Fawran is considered one of the most innovative and advanced services, in line with the third strategy for the financial sector in the country and in continuation of the QCB's efforts to develop the infrastructure of payment systems and keep pace with the latest developments in payment systems and electronic transfer of funds. Fawran was designed in accordance with a system based on the latest technologies and security standards, to maintain the security and confidentiality of the information created by the QCB to enable financial institutions to provide the service to their customers with complete reliability

QIB wins 16 accolades at Global Finance World's Best Digital Bank Awards

Qatar Islamic Bank (QIB) has made history at the *Global Finance* World's Best Digital Bank Awards by winning 16 accolades in an unprecedented accomplishment.

The recognition came for both consumer and corporate digital banking categories, highlighting QIB's leadership and prominent position within the banking sector globally. Constantinos Constantinides, QIB Chief Strategy and Digital officer, received the awards on behalf of the bank, during a ceremony held in London.

QIB was honoured as the Best Corporate Digital Bank in Qatar, reflecting its strategic investments in advanced technologies to enhance the experience of corporate customers. Additionally, the bank received the Best Online User Experience (UX) Portal in Qatar, Middle East and the World, as well as the Best Mobile Banking App in Qatar titles, recognising its intuitive and efficient digital platforms for businesses; and the Best in Innovation in Qatar and the Middle East awards for driving digital advancements and setting new

benchmarks in the industry, showcasing its relentless pursuit to meet the evolving needs of its corporate customers.

In the consumer banking category, QIB was celebrated as the Best Consumer Digital Bank in Qatar, reflecting its excellence in delivering custom-made digital banking solutions. Additionally, it has received the Best Information Security and Fraud Management award locally and regionally, as a testament to the robust security measures and dedication to safeguarding customer information. QIB's success in the consumer banking category also includes awards for Best Online Product Offerings, Best User Experience Design, Best Social Media Marketing and Services locally and regionally, and Best in Lending. These accolades speak of the bank's consistent efforts to boost customer engagement and satisfaction through exceptional service and pioneering digital solutions.

Moreover, QIB won the Best Islamic Digital Bank Award in Qatar, in acknowledgement of its expertise in delivering

digital solutions that adhere to Islamic banking principles. The prize further highlights the bank's commitment to integrating traditional Islamic values with cutting-edge technology.

Bassel Gamal, QIB Group CEO, said: "We are happy to be recognised at the *Global Finance* World's Best Digital Bank Awards. These consumer and corporate prestigious awards demonstrate our commitment to delivering the most innovative digital solutions to address our customers' evolving needs. By focusing on innovation, we continuously elevate our digital offerings to provide the best customer experience. On this occasion, I would like to thank the Board of Directors for their continuous support and each one of our team members for their exceptional performance and dedication."

Looking ahead, QIB is committed to expanding its digital services, focusing on improving user experience, security, and accessibility. The bank plans to introduce new digital initiatives that will further solidify its position as a leader in the digital banking sector.



Constantinos Constantinides, QIB Chief Strategy and Digital officer, receiving the awards on behalf of the bank, during a ceremony held in London.



Qatar's 25% stake set to strengthen Virgin Australia

By Alex Macheras

Qatar Airways' 25% equity stake in Virgin Australia signals a strategic move to strengthen Virgin Australia in the face of Qantas' dominance. As Qantas benefits from a close relationship with Emirates on the lucrative "kangaroo route" between Australia and Europe, Qatar Airways' investment seeks to bolster its presence in the Australian market, strengthen and re-introduce Virgin Australia's long-haul capabilities and increase competitive pressure.

The plan includes a wet lease arrangement where Qatar Airways will provide aircraft and crew, enabling Virgin Australia to offer long-haul flights to Doha, enhancing global connectivity. In the highly competitive Australian aviation market, Qantas holds a near-monopoly, especially after Virgin Australia exited long-haul services following financial difficulties in 2020. Qantas has further leveraged its strong position by aligning with Emirates, securing a dominant share on the key "kangaroo route," which refers to the popular route between Australia and Europe. Qatar Airways, already limited by



Australian protectionist policies that restrict its flights to Australia, saw an opportunity to challenge Qantas' dominance by acquiring a 25% stake in Virgin Australia. Virgin Australia, with the financial backing of Qatar Airways and the operational flexibility that comes with it, will be able to launch new long-haul services to Doha and beyond, adding more options for travellers and

increasing competition. The "kangaroo route" between Australia and Europe has long been one of the most profitable and fiercely contested in global aviation. As a vital air link for millions of Australians and Europeans, airlines covet a share of this market.

A key component of Qatar Airways' investment in Virgin Australia is a wet lease agreement. Wet leasing involves one airline (in this case, Qatar Airways) providing another airline (Virgin Australia) with aircraft, crew, maintenance, and insurance. Virgin Australia will market and sell tickets for these flights, along with Qatar Airways on a code-share basis, but the aircraft and flight operations will be handled by Qatar Airways - making it ultimately a Qatar Airways flight. This arrangement is set to begin around mid-2025, with Virgin Australia launching flights from major Australian cities such as Brisbane, Sydney, Melbourne, and Perth to Doha. This wet lease model allows Virgin Australia to quickly re-enter the long-haul market without the immediate financial burden of purchasing new wide-body aircraft. It also gives Qatar Airways greater access to the Australian market, bypassing existing flight restrictions. The wet lease strategy also helps Virgin

Australia regain consumer confidence by providing an easy experience for passengers, with high-quality service backed by Qatar Airways established operational abilities. The Australian air travel market plays a pivotal role in the country's economy, connecting the vast continent internally and with the rest of the world. Due to Australia's geographic isolation and the need for efficient domestic connectivity across its major cities, air travel is an essential component of business, tourism, and freight services. As of 2023, the Australian air travel market has shown robust growth, valued at approximately A\$30bn annually. This growth is driven by increasing demand for both domestic and international travel. But it's the domestic air travel market of Australia that forms the backbone of the overall aviation industry. With major cities such as Sydney, Melbourne, Brisbane, and Perth separated by vast distances, flying is the most practical and time-efficient mode of transportation for both leisure and business travellers. Prior to the pandemic, the domestic market saw over 60mn passenger movements annually, a number that has been steadily recovering as travel restrictions have eased. The increased

mobility of business professionals and the growth of the tourism industry have fuelled the demand for domestic flights. Key routes, such as the Sydney to Melbourne corridor, which is one of the busiest in the world, contribute significantly to the industry. Pre-pandemic, this route alone handled over 9mn passengers annually, underscoring the economic value of such high-demand routes to the Australian economy. In terms of market share, Qantas and its subsidiary Jetstar dominate domestic air travel, with a combined market share of over 60%, followed by Virgin Australia at around 30%. Qatar Airways has pursued strategic equity investments in many airlines, including a 25% stake in Airlink, International Airlines Group (IAG), the parent company of British Airways and Iberia, a 10% stake in LATAM, and a 10% stake in Cathay Pacific. Group CEO Badr al-Meer has reaffirmed focused on using investments to expand Qatar Airways' global reach, particularly in markets where the airline faces regulatory hurdles such as Australia.

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

Aviation industry faces dual challenge of managing rising fuel costs, navigating complex sustainability path

By Pratap John

An escalation of war in the Middle East is very likely to cause a dramatic rise in oil prices and lead to spiralling jet fuel bill for airlines around the world.

The ongoing crisis has already injected volatility into global energy markets, raising concerns about the potential impact on fuel prices.

Industry experts point to the possibility of major disruptions in oil production and transportation, particularly in critical regions like the Strait of Hormuz, a vital channel for global oil shipments. As fuel accounts for approximately 30% of airline operating costs, this issue has prompted airlines to intensify their efforts to improve efficiency and mitigate financial risks.

Efficiency improvements can come in various forms, such as modernising fleets with newer, more fuel-efficient aircraft, optimising operations, and urging governments to eliminate airspace and airport inefficiencies, which contribute to around 5% of fuel wastage annually.

A marginal increase in crude oil prices can significantly affect airline profitability, as fuel costs have historically accounted for 14% to 31% of operational expenses over the past decade. In response to the volatile nature of fuel prices, airlines employ fuel hedging strategies, locking in fuel prices at favourable rates to shield themselves from sudden price spikes. They also focus on operational efficiency and fleet modernisation to reduce consumption.

Other strategies include flexible ticket pricing, schedule adjustments, and capacity management, all aimed at maintaining operational and financial stability in uncertain fuel markets.

But according to IATA, the global production of sustainable aviation fuel (SAF) is only about 100mn litres a year, or 0.1% of all aviation fuel used.

Various airlines have, however, committed to bringing this figure to 10% by 2030, a truly ambitious goal. Airlines employ various strategies to manage the financial impact of fluctuating fuel prices.

Fuel hedging is a key tactic, allowing airlines to lock in fuel prices at favourable rates and shield themselves from sudden price spikes. Additionally, airlines focus



Ground operations employees fuel a plane. An escalation of war in the Middle East is very likely to cause a dramatic rise in oil prices and lead to spiralling jet fuel bill for airlines around the world.

Beyond the Tarmac

on operational efficiency improvements and fleet modernisation to reduce fuel consumption and lower costs.

Other strategies include adjusting ticket prices, flexible scheduling, and capacity management.

By implementing these measures, airlines aim to maintain operational stability and financial health despite volatile fuel markets. Global body of airlines - IATA forecasts that the average cost of jet fuel in 2024 will be roughly \$2.7095/gallon, up from the \$2.6643/gallon average forecast for 2023.

Meanwhile, oil futures jumped by almost 5% on Tuesday following reports that Iran had fired missiles at Israel. This escalation in Middle East tensions has sparked worries about possible disruptions to the global oil supply.

The growing conflict increases uncertainty in an already unstable energy market, where concerns about supply shortages often result in rapid price increases.

According to reports from *Forbes*, West Texas Intermediate (WTI) crude for November delivery rose by 4.7% to \$71.31 per barrel, marking its largest one-day percentage increase since October 2023.

Brent crude for December delivery rose by 4.2%, reaching \$74.71 per barrel.

This surge shows increasing concern among market players about the future of oil supplies from a region that contains some of the world's biggest reserves.

Lower oil prices are certainly good for economic growth. Lower prices will also help curtail inflation and arguably allow central banks to loosen monetary policy further. Such expectations are already

contributing to weakening the US dollar to a 2024 low, which lends further support to growth in most of the global economy. Airlines will benefit on the demand side as GDP underpins air travel.

Moreover, as fuel represents around 30% of airlines' costs, lower oil prices will shore up profits and might help expand the currently estimated slim 3% net profit margin for the industry in 2024, according to trade body IATA.

What the impact of the lower oil price will be on the relative appeal of investing in SAF production is hard to say. However, with the near 20% net margins in oil and gas production, chances are that SAF investments still need some essential policy support.

As the Middle East crisis unfolds, the aviation industry faces the dual challenge of managing rising fuel costs while navigating a complex path towards sustainability.

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

IATA Connect: A new hub for aviation safety, compliance

By Pratap John

International Air Transport Association (IATA) has launched 'IATA Connect', creating a secure community of aviation safety, security, compliance and operations experts at airlines, regulatory agencies and auditors. With an initial focus on the IATA Operational Safety Audit (IOSA), IATA Connect community members will be able to access and use the platform to securely exchange safety documentation, share information, and collaborate to support further improvements in aviation safety.

In addition to the IOSA Registry, IATA Connect will also house a secure private documentation repository with analytical and benchmarking capabilities. Contents of the document repository include IOSA audit reports, standards and related information, guidance materials, 440 airline profiles, industry alerts and news sources which can be accessed and shared.

Some 2,300 aviation safety professionals have been invited to join the IATA Connect community covering regulators, IOSA registered airlines and auditors.

IATA Director General Willie Walsh said: "IATA Connect will provide aviation safety and compliance professionals in government and the industry with a means to make flying even safer by facilitating real time collaboration. Whether it is sharing an IOSA audit report, responding to a compliance questionnaire, updating information on codeshare partners, benchmarking resources, or information gathering, IATA Connect will bring new efficiencies and greater capabilities.

"By collecting critical IOSA audit data in a single location, keeping it updated, and making the mechanics of information exchange easier, IATA Connect will be a compelling tool for everyone involved in aviation safety compliance and oversight."

The launch of IATA Connect responds directly to the growing challenge of safety professionals to manage compliance documentation. In the face of growing operations, regulatory requirements and increasingly complex operational environments (with commercial and outsourcing partnerships), exchanging audit information and documentation on a single platform is expected to greatly enhance efficiency.

Aiming for IATA Connect to become a virtual collaboration space for all aviation professionals, the platform is also available via a mobile App, which will initially include two other key IATA safety offerings:

■ Safety Connect, a longstanding secure forum used by interest groups for discussion and resources specific to operational areas such as cabin, cargo, and ground operations.

■ The publicly available Safety Issue Hub, where information on hazards and safety risks are posted to enable the prioritisation and delivery of aviation safety improvement programmes.

"With time, and in response to user needs, IATA Connect will grow and add capabilities to make it the one-stop-shop for aviation safety professionals" IATA noted.

Philippine Airlines cuts China flights amid weak demand

Bloomberg

Manila

Philippine Airlines Inc is cutting back flights to China, becoming the latest carrier to reduce traffic amid weak travel demand and fraying relations between Beijing and Manila.

The Philippines' national airline Chief Executive Officer Stanley Ng confirmed the reductions to Bloomberg News, in the latest draw down in flights between the two countries. It follows cuts by Cebu Pacific Air and Philippines AirAsia among others in recent months. China Southern Airlines Co has also pared back its flights to the Philippines.

Manila-based Philippine Airlines will reduce services to Beijing and Guangzhou in the coming months, scheduling data tracked by AeroRoutes



An Airbus SE A320-214 aircraft, operated by Philippine Airlines, on the tarmac at the Ninoy Aquino International Airport in Manila. Philippine Airlines is cutting back flights to China, becoming the latest carrier to reduce traffic amid weak travel demand.

showed. The carrier's flights into China have failed to recover to anywhere near pre-pandemic peaks.

The reduction in flights comes after Philippine President Ferdinand Marcos Jr outlawed online casinos catering to Chinese gamblers, an industry that he said stoked crimes including money laundering.

The sector boomed during Marcos' predecessor's term in office, Rodrigo Duterte, who steered the nation's foreign policy toward China. At that time, tens of thousands of Chinese nationals descended upon Manila, boosting property prices and consumption.

Since Duterte's departure however, spats over competing claims for disputed territories in the South China Sea have tested relations between the two countries. Manila has also stepped up military activity with western nations to the ire of China. Beijing has not included the Philippines among the dozens of countries to benefit this year from visa-waivers and easier travel into Asia's biggest economy.

NTSB head blasts FAA over response to Boeing 737 rudder issue

Bloomberg

New York

The head of the US National Transportation Safety Board (NTSB) criticised US aviation regulators for "downplaying the urgency" of addressing a possible rudder malfunction on some Boeing Co 737 aircraft in an unusually public rebuke.

Faulty parts that could cause the 737's rudder control system to jam may be in use by at least 40 non-US carriers, NTSB Chair Jennifer Homendy said in a letter to the US Federal Aviation Administration's top official. Information provided by Boeing in August suggests that 271 suspect components may be in use on aircraft operated by those overseas airlines, while 16 may

still be in use in the US, Homendy said. Dozens more haven't yet been installed.

In the letter to FAA Administrator Michael Whitaker, Homendy said she is concerned that the FAA "did not take this issue more seriously until we issued our urgent safety recommendation report."

The unusual public criticism comes after the NTSB last week warned that faulty parts supplied by Collins Aerospace, a unit of RTX Corp, for some 737 Max and 737 NG aircraft could lead to the rudder system jamming. The NTSB issued urgent recommendations to the FAA and Boeing on the issue.

The FAA's oversight of Boeing has been criticised since a door-sized panel blew off a 737 Max during a January flight. The

agency has also faced scrutiny in the wake of two 737 Max crashes in 2018 and 2019 that killed 346 people.

The FAA said that it is taking the matter seriously and moving quickly to contact aviation authorities in other countries to "ensure they have the information they need from the FAA including any recommended actions."

The regulator is also planning additional simulator testing in October, it said in a statement.

The NTSB's recommendations stem from an investigation into a February 6 incident in which rudder pedals on a 737 Max 8 operated by United Airlines Holdings Inc. got stuck during landing at Newark Liberty International Airport in New Jersey.