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Blocked funds in certain countries remain major challenge to airlines

Retail sales in Qatar projected to grow at an annualised rate of 2.2% up to 2028: Alpen Capital

By Pratap John
Business Editor

Main drivers are government's ambitious strategy to make Qatar a tourist destination, growing population and rising income levels, according to Alpen Capital

Retail sales in Qatar projected to grow at an annualised rate of 2.2% up to 2028, according to researcher Alpen Capital.

Main drivers are government's ambitious strategy to make Qatar a tourist destination, growing population and rising income levels, Alpen Capital said in a recent report.

The government's efforts are anchored around three pillars, which are business facilitation, family-oriented activities and enhancing cultural experiences, it said.

The country is actively leveraging its modern infrastructure to enhance the MICE market while also establishing new leisure destinations and districts, launching luxury shopping centres and investing in its natural assets.

Qatar is also likely to benefit from the long-list of global sporting events lined up to take place in the country during the forecasted period.

Qatar's retail industry is currently going through a period of rapid expansion with several regional and international brands expanding their presence across the country. This has led to increased footfall in markets such as Doha and the market is expected to witness significant traction as Qatar gears up to host numerous global sporting events.

As part of Qatar National Vision 2030, the government is working to diversify the country's economy with the travel and retail sectors being recognised as two of the main drivers, Alpen Capital noted.

The high level of wealth coupled with rising population (1.5% CAGR between 2018 and 2023), an expanding tourism sector (74.1% CAGR between 2020 and 2023), and continued investments towards infrastructure development has thus positioned the country as a promising retail market in the GCC.

Consequently, the retail sector is undergoing transformation from traditional independent shops and souqs to modern shopping malls, supermarkets, and digital platforms that feature a wide range of domestic and international brands.

"This transition not only offers a broader variety of products but also enhances shopping experiences, attracting a diverse consumer base," the report said.

Amid a rising demand for global brands, sales across e-commerce platforms in Qatar is estimated to have grown at a CAGR of 8.1% between 2018 and 2023 to reach $2.8bn in 2023.

The sector's contribution to GDP stood at 1.2% as of 2023, second highest in the region and above the GCC average of 1%, Alpen Capital said. This has been primarily driven by the government's NDS-3 (2024-2030), a commitment to diversification and sustainability for future prosperity.

In order to facilitate growth within the sector, the country has been leveraging customs programmes and trade agreements, investing in strong ICT infrastructure and advanced technologies, as well as using PPP models to bolster its logistics and industrial infrastructure.

Although it accounted for just 13.2% of the total GCC e-commerce market as of 2023, the industry is witnessing an influx of platforms offering niche products and services.

Post-pandemic, several retailers in Qatar have moved to a blended, omni-channel distribution strategy, which involves boosting and expanding their digital offerings while also maintaining a brick-and-mortar footprint.

Qatar is also regarded as the world's fastest-growing luxury market that encompasses a diverse range of goods, spanning from high-end fashion attire, accessories, timepieces, jewellery, cosmetics, fragrances, and high-end vehicles among others.

Qatari luxury goods market is also in the midst of a digital transformation, as brands are adopting e-commerce platforms, utilising social media for marketing, and employing digital engagement tactics to connect with millennial and tech-savvy affluent consumers.

As of 2023, Qatar's supply of organised retail space exceeded 2.3mn sq m of gross leasable area (GLA). Supply in the organised retail real estate sector in the country has remained largely static in 2023, Alpen Capital said.

Weaker euro may take edge off new US tariffs, says ECB official

Reuters
Mumbai

Pierre Wunsch, Belgian central bank governor.

A weaker euro falling to parity with the dollar would cushion the impact of any new US tariffs on eurozone growth although it would push up inflation, European Central Bank (ECB) policymaker Pierre Wunsch told Reuters yesterday.

The Belgian central bank governor said in an interview with the Reuters Global Markets Forum that market bets on four more ECB rate cuts next year were a "meaningful" scenario, but he was open to taking a different path should inflation and growth data require it.

The ECB cut rates last week on the back of a gloomier outlook and policymakers said the bank's already lowered growth projections could prove too optimistic if US trade policy took a protectionist turn under President-elect Donald Trump.

But Wunsch said a lower euro exchange rate against the greenback could take the edge off any new US tariffs on imports from the eurozone.

"We've already seen the euro depreciating maybe 4% or 5% against the dollar," he said. "So it would only take the euro to go to parity for a 10% tariff to be essentially compensated."

On the flipside, a weaker currency would push up inflation by making imports more expensive, Wunsch cautioned.

The Belgian governor, in the past seen as a hawk who favoured higher borrowing costs, said he expected the ECB's policy rate, currently at 3%, to fall by another percentage point if inflation settles at the ECB's 2% target, as it expects.

"I guess we will land at somewhere around rates of 2% on the basis of our forecast," he said. He added that market bets on four more ECB rate cuts worth 25 basis points each in the next four meetings were broadly in line with the central bank's thinking.

"I am comfortable with it as a scenario that I find meaningful," he said. "It's relatively aligned to ours. But that's give or take."

The ECB is due to review its long-term strategy next year. Wunsch said the central bank should drop a reference in its strategy document to reacting in an "especially forceful" way to below-target inflation.

This is because extraordinary measures like massive bond purchases and negative rates were shown to be effective only when the economy is doing poorly while they have little traction when it is doing well, he argued.

"I personally believe that we will have a not-so-easy discussion on the issue of reacting forcefully when we see inflation moving below target," he said.

"I'm not sure there is this broad consensus that as soon as you move to somewhere below 2% — of course not on a purely temporary basis — that you have to react very forcefully."

Fed lowers rates by quarter point, signals two cuts for 2025

Bloomberg
Washington

Federal Reserve officials lowered their benchmark interest rate for a third consecutive time, but reined in the number of cuts they expect in 2025, signalling greater caution over how quickly they can continue reducing borrowing costs.

The Federal Open Market Committee voted 11-1 yesterday to cut the federal funds rate to a range of 4.25%-4.5%. Cleveland Fed President Beth Hammack voted against the action, preferring to hold rates steady.

New quarterly forecasts showed several officials pencilled in fewer rate cuts for next year than they estimated just a few months ago. They now see their benchmark rate reaching a range of 3.75% to 4% by the end of 2025, implying two quarter-percentage-point cuts, according to the median estimate.

Only five officials indicated a preference for more reductions next year.

A majority of economists in a Bloomberg survey had expected the median rate estimate would point to three cuts next year.

Policymakers also made a subtle adjustment to the language of the statement released after their meeting, saying they would assess several factors "in considering the extent and timing of additional adjustments" to the policy rate. Previously, they merely said "in considering additional adjustments."

The S&P 500 index fell following the announcement, while US Treasury yields and the Bloomberg Dollar Index rose.

Policymakers have now lowered their benchmark lending rate by a full percentage point since mid-September, when they began cuts with an aggressive half-point move. At the time, they were

The US Federal Reserve building in Washington, DC. Fed officials lowered their benchmark interest rate for a third consecutive time, but reined in the number of cuts they expect in 2025, signalling greater caution over how quickly they can continue reducing borrowing costs.

encouraged by falling inflation and worried the labour market was approaching a dangerous tipping point. Since then, the landscape has shifted. The labour market has proved resilient, with payrolls growing by an average 173,000 over the last three months. The unemployment rate ticked up to 4.2% in November, but remains low by historical standards. Powell said earlier this month that downside risks to the labour market appear to have receded.

Policymakers now see the unemployment rate 4.3% in 2025, updated projections show. They also slightly raised their forecast for economic growth in 2025 to 2.1%. Meanwhile, recent price data has raised concerns that inflation may be stalling above the Fed's 2% target, prompting a number of Fed officials to say they'd prefer to slow the pace of cuts.

Some have done so while voicing confidence that inflation will continue to decline, pointing to factors such as an anticipated slowdown in housing costs.

Others, like Fed Governor Michelle Bowman, have emphasised that inflation remains uncomfortably above the Fed's goal.

The median projection for inflation at the end of next year jumped to 2.5%, from 2.1% in September.

Officials again raised their median estimate of where the policy rate will settle over the long run to 3% from 2.9%.

Officials have said there is substantial uncertainty over where that so-called neutral rate, which neither promotes nor inhibits economic activity, lies following the Covid-19 pandemic.

Some have suggested the neutral rate has moved higher, meaning officials can reach it with fewer cuts than previously anticipated.

President-elect Donald Trump's proposed policies on trade, immigration and taxation add another element of uncertainty to the inflation outlook. Depending on how they are structured, those could put upward pressure on inflation and constrain the labour market, according to some estimates. Powell has said the Fed is modelling and evaluating Trump's proposals, but not yet incorporating them into decisions because it's unclear what specific form the policies will take.

Italy's UniCredit said yesterday it had raised its stake in Commerzbank to 28%, ratcheting up the pressure on the German lender while at the same time it pursues a bid for smaller domestic rival Banco BPM

UniCredit cranks up Commerzbank stake as BPM bid faces hurdles

UniCredit ups Commerzbank stake via derivatives to 28%; seeking authorisation for stake of up to 29.9%; UniCredit also trying to buy Italian rival BPM; BPM's market price well above UniCredit bid price

Reuters
Milan

Italy's UniCredit said yesterday it had raised its stake in Commerzbank to 28%, ratcheting up the pressure on the German lender while at the same time it pursues a bid for smaller domestic rival Banco BPM.

UniCredit, which angered the German government when it emerged as Commerzbank's biggest private investor in September, has sought European Central Bank clearance to get to 29.9%, just below the level that triggers a mandatory takeover offer.

"The (Commerzbank) position remains at this time solely an investment and does not have any impact on the public exchange offer with Banco BPM," UniCredit said in a statement.

UniCredit has said that while a combination with Commerzbank would be the best outcome, it can also remain purely an investor and drive an improvement in Commerzbank's performance, or even sell its stake and pocket gains.

"This move reinforces UniCredit's view that substantial value exists within Commerzbank that needs to be crystallised," UniCredit said.

A Commerzbank spokesperson said it continues to focus on its strategy, which it will present to investors on February 13. Shares in Germany's second-largest bank were up 3.3% yesterday.

UniCredit said that the ECB authorisation process, which can take up to 90 working days from when the central bank receives the documents, is ongoing and it was in touch with supervisors.

The ECB declined to comment. Given the complexity of the evaluation, the ECB's assessment is expected to take close to the entire period the supervisor has at its disposal. UniCredit applied in September. On Friday it said it was also applying for clearance of the BPM bid.

UniCredit now holds 9.5% of Commerzbank directly and 18.5% through derivatives. It had previously raised its stake in Commerzbank, also with the use of derivatives, to near 21%.

"UniCredit's average entry price for the entire position is below current trading levels," the Italian bank said, indicating it would be able to liquidate the investment in Commerzbank at a profit if it chose to.

UniCredit is under pressure in Italy to improve its BPM bid, which is at a 14% discount to the market price as of Monday.

Announcing the BPM bid, UniCredit CEO Andrea Orcel said his bank could not afford to be side-lined in accelerating consolidation in its home market.

He said he was pausing expansion efforts in Germany until a new government was in place because of a rule that would force UniCredit to pay cash — and above a certain price — if it launched a full bid for Commerzbank within six months of acquiring at least 5%.

UniCredit has owned Bavarian bank HVB since 2005. Since taking over as CEO in 2021, Orcel has tightened its grip on HVB and improved its performance by cutting staff, particularly senior roles, and automating processes.

This provides a template to improve Commerzbank's returns, UniCredit has said.

UK's 10-year yield nears highest since 1990 relative to Germany

Bloomberg
London

UK government borrowing costs rose towards the highest level in decades relative to Germany's, spurred on by the latest evidence of inflationary pressures dogging the economy.

The spread between UK and German 10-year yields widened to as much as 228 basis points. If sustained, that would be the largest gap on a closing basis since the early weeks of German reunification in 1990, surpassing levels reached during the gilt crisis two years ago.

The repricing came after data showed UK wages rose more than expected, prompting traders to rapidly reduce bets on further interest-rate cuts from the Bank of England. Money markets now fully price two quarter-point cuts in 2025 and attribute a roughly 40% chance of a third, down from 90% before the report.

The spread closing in on a historic milestone shows the scale of the divergence between the two bond markets. Gilts have lagged peers this year amid persistent price pressures in the UK economy, while German debt has rallied on the outlook for extensive European Central Bank easing.

"Markets are very scared about the wage data," said Pooja Kumra, senior UK and European rates strategist at Toronto Dominion Bank. "What the BoE is grappling with is very different from other central banks."

The BoE has already trailed both the ECB and the Federal Reserve in easing policy this year, a stance that has weighed on the gilt market.

Attention now turns to Wednesday's UK inflation reading, which may cement the pullback in expectations and further darken the outlook. Economists surveyed by Bloomberg see headline inflation in November rising to 2.6% year-on-year from 2.3%. The UK central bank next meets Thursday, when it is expected to keep its key rate steady at 4.75%.

"Monetary Policy Committee hawks will find it difficult to look past this," Sam Hill, head of market insights at Lloyds Bank Plc wrote in a note following the wage data.

The scope for easing from the BoE next year is also looking increasingly limited. Money markets imply around 60 basis points of cuts through the end of 2025, compared to over 115 basis points in the euro area.

The yield on two-year government bonds, among the most sensitive to monetary policy changes, jumped as much as nine basis points to 4.45%, the highest since mid-November. The pound bucked a bout of dollar strength to trade 0.2% higher at around $1.27.

A hot inflation report is likely to hammer home the challenge confronting the BoE, which has to support growth without stoking price pressures.

Data last week showed the economy unexpectedly contracted.

In contrast, the ECB signalled the need for more easing next year when it cut its deposit rate to 3% last week, with officials dropping wording saying policy will remain "sufficiently restrictive" for as long as necessary in their statement.

Data in Europe points to economic weakness, while political upheaval in its two biggest economies — France and Germany — as well as a potential jolt to trade from Donald Trump's return to the US presidency is hurting investor sentiment.

German bonds were also supported Tuesday by a reduction in the nation's debt sales plan for next year. The UK, meanwhile, increased its bond-issuance plan in October.

UDC and Ruzgar Healthcare Inaugurate 'The Pearl International Hospital'

United Development Company (UDC) and Ruzgar Healthcare Group announced the opening of The Pearl International Hospital, a state-of-the-art medical facility located at the heart of The Pearl Island.

This hospital represents a significant step towards strengthening the health infrastructure in Qatar and improving health care in the country, in line with Qatar National Vision 2030, as the hospital will play a pivotal role in providing advanced medical care to patients in the Pearl Island area and the surrounding areas.

السيد إبراهيم جاسم العثمان فخرو
الرئيس التنفيذي وعضو مجلس إدارة الشركة المتحدة للتنمية
Mr. Ibrahim Jassim Al-Othman
UDC President, CEO & Member of The Board

Mr. Ibrahim Jassim Al-Othman, UDC President, CEO, and Member of the Board, commented on this milestone achievement: "Our investment in The Pearl International Hospital underscores UDC's commitment to enhancing the quality of life for residents of The Pearl and Gewan Island. This facility is a significant milestone to provide an integrated community with all essential services being provided."

Dr. Volkan Uygunucarlar, Chairman of Ruzgar Healthcare, highlighted the collaboration's success: "Our partnership with UDC has been instrumental in creating a state-of-the-art medical facility that reflects our unwavering dedication to excellence, by combining advanced medical technology with the expertise of our highly skilled professionals."

Mr. Emir Erdogan, Chief Operating Officer of The Pearl International Hospital, commented on the operational success: "With the commencement of operations, we are now fully activating all our services, providing comprehensive healthcare solutions to our community."

Key Features of The Pearl International Hospital:

- **Location and Accessibility:** Conveniently located in Medina Centrale with easy access, multiple entrances, ample parking spaces, and valet parking services.
- **Modern Amenities:** The hospital spans 14,000 sqm and features well-appointed interiors with a focus on patient comfort. It includes dedicated kids' play areas, courtyard waiting areas, a cafeteria, and other essential services.
- **Luxury Accommodations:** Offering 44 suites, including 12 VIP rooms, 12 executive rooms, and 20 garden suites, ensuring a comfortable stay for all patients.
- **Advanced Medical Facilities:** Equipped with state-of-the-art Siemens medical equipment, the hospital boasts 4 advanced operating theatres, 6 recovery rooms, and high-definition laparoscopic equipment for precise surgeries.
- **Emergency and ICU Services:** The Emergency Department features 9 observation rooms, staffed by experienced physicians and nurses. The ICU includes 3 ICU and 3 NICU beds, providing specialized care for critically ill patients and newborns.
- **Radiology and Pharmacy:** An independent radiology department with spacious waiting areas and advanced imaging technology, including MRI, CT, X-ray, ultrasound, Doppler, and mammography machines. The Pharmacy uses the latest technology for medication dispensing.
- **Laboratories:** Utilizing digital technology for automated blood tests and digital pathology, ensuring precision and efficiency in diagnostics.
- **Specialized Medical Services:** Offering a wide range of medical specializations, including Pediatrics, Obstetrics & Gynecology (with a Well Baby Unit, 2 Labor Rooms, and 2 Delivery Rooms), Audiometry, Laboratory, Cath Lab, Internal Medicine, Cardiology, Neurosurgery, Neurology, Ear-Nose-Throat / Audiology, General Surgery, Orthopedics and Traumatology, Urology, Gastroenterology, Metabolism Disorders & Bariatric Surgery, Plastic & Aesthetic Surgery, Dermatology, Physiotherapy, Dietetics, Endocrinology, Family Medicine, Dentistry, Psychiatry, and Pathology.
- **Longevity Clinic:** A pioneering facility dedicated to enhancing the quality of life and promoting longevity through a holistic approach to health and wellness. As the first of its kind in Doha, it represents a significant advancement in the realm of preventive and personalized medicine, focusing on comprehensive health assessments, personalized wellness plans, and cutting-edge medical interventions aimed at prolonging and improving life.
- **VIP Section:** This exclusive area includes a private entrance and specialized facilities designed to provide an unparalleled experience for patients. Patients can enjoy private consultation rooms, personalized service, and exclusive waiting areas, ensuring the highest level of comfort and privacy.

The Pearl International Hospital, with its highly experienced multidisciplinary teams, provides outstanding clinical expertise across various medical specializations. The hospital's focus on patient wellness, luxury accommodations, and advanced medical technology positions it as a premier healthcare provider in Qatar.

This establishment is the result of a dynamic partnership between UDC, a leading Qatari public shareholding company and master developer of The Pearl and Gewan Islands, and Ruzgar Healthcare Holding, a distinguished entity dedicated to planning, designing, and operating state-of-the-art medical centers.

Honda and Nissan move to deepen ties, including a possible merger

Reuters
Tokyo

Honda and Nissan are in talks to deepen ties, two people said yesterday, including a possible merger, the clearest sign yet of how Japan's once seemingly unbeatable auto industry is being reshaped by challenges from Tesla and Chinese rivals.

A combined Honda and Nissan would create a $54bn company with annual output of 7.4mn vehicles, making it the world's third-largest auto group by vehicle sales after Toyota and Volkswagen.

The two firms already forged a strategic partnership in March to cooperate in electric vehicle development, but Nissan's deepening financial and strategic trouble in recent months has added more urgency for closer cooperation with larger rival Honda.

Nissan announced a $2.6bn cost savings plan last month that includes cutting 9,000 jobs and 20% of its global production capacity, as slumping sales in China and the US led to an 85% plunge in its second-quarter profit.

"This deal appears to be more about bailing out Nissan, but Honda itself is not resting on its laurels," said Sanshiro Fukao, executive fellow at Itochu Research Institute.

"Honda's cash flow is set to deteriorate next year and its EVs haven't been going so well."

Shares of Nissan closed nearly 24% higher in Tokyo trade on Wednesday, while shares of Honda, whose market value of $43bn is more than four times bigger than that of Nissan, declined 3%.

Shares of Mitsubishi Motors, in which Nissan is the top shareholder with a 24% stake, gained nearly 20%.

The automakers have been grappling with challenges from EV makers, particularly in China, where BYD and others have surged ahead.

The talks between Honda and Nissan, first reported by the *Nikkei* newspaper, could allow the companies to cooperate more on technology and help them create a more formidable domestic rival to Toyota.

The discussions are focused on finding ways to bolster collaboration and include the possibility of setting up a holding company, said the people, who declined to be identified because the information has not been made public.

The companies are also discussing the possibility of a full merger, according to one of the people, as well as looking at ways to cooperate with Mitsubishi.

Honda, Nissan and Mitsubishi said no deal had been announced by any of the companies, though Nissan and Mitsubishi noted the three automakers had said previously they were considering opportunities for future collaboration. French automaker Renault, a major Nissan shareholder, said it had no information and declined to comment.

Renault shares jumped 6.5%.

The three Japanese automakers are expected to hold a joint news conference in Tokyo on Monday, according to a source familiar with the matter.

Taiwan's Foxconn, which manufactures Apple's iPhones and has been seeking to expand its nascent EV contract manufacturing business, approached Nissan about a bid but it was rejected by the Japanese firm, two separate sources familiar with the matter said.

Bloomberg News reported earlier on Wednesday that Foxconn had approached Nissan to take a controlling stake.

Foxconn did not immediately respond to a request for comment, while a Nissan spokesperson declined to comment on Foxconn.

Over the past year, an EV price war launched by Tesla and BYD has intensified pressure on any automakers losing money on the next-generation vehicles. That has put pushed companies like Honda and Nissan to seek ways to cut costs and sped vehicle development, and mergers are a major step in that direction.

"In the mid- to long-term, this is good for the Japanese car industry as it creates a second axis against Toyota," said Seiji Sugiura, a senior analyst at Tokai Tokyo Intelligence Laboratory.

"Constructive rivalry with Toyota is a positive for the rather stagnating Japanese car industry when it must compete with Chinese automakers, Tesla and others." Any merger would face significant US scrutiny and President-elect Donald Trump has vowed to take a hard line on imported vehicles, including threatening 25% tariffs on vehicles shipped from Canada and Mexico.

Makoto Uchida, president and CEO of Nissan Motor, and Toshihiro Mibe, Honda Motor president and CEO, attend a joint press conference in Tokyo (file). Honda and Nissan are in talks to deepen ties, including a possible merger, the clearest sign yet of how Japan's once seemingly unbeatable auto industry is being reshaped by challenges from Tesla and Chinese rivals.

Asian markets mixed ahead of Fed decision

AFP
Hong Kong

Most Asian equity markets swung yesterday ahead of the Federal Reserve's much-anticipated policy announcement, while shares in Japanese car titan Nissan soared more than 20% after reports said it was in merger talks with rival Honda.

In Tokyo, the Nikkei 225 closed down 0.7% to 39,081.71 points; Hong Kong - Hang Seng Index closed up 0.8% to 19,864.55 points and Shanghai - Composite closed up 0.6% to 3,382.21 points yesterday.

There were few catalysts to drive region-wide activity before the US central bank's interest rate decision, with Wall Street providing a negative lead as profit-takers moved in while economic data was mixed.

The Fed is widely expected to cut borrowing costs for the third successive time when it concludes its gathering later in the day but the main focus is on its statement, with traders hoping for guidance on its plans for next year.

With inflation coming down but hovering above the two percent target and the labour market still robust, decision-makers have been able to loosen their grip on policy since September amid optimism they can guide the economy to a soft landing.

However, with Donald Trump set to re-enter the White House next month, pledging tax cuts, deregulation and tariffs on imports from China, there are fears that prices could be reignited, forcing the Fed to re-evaluate its rates timetable.

"We are experiencing a whirlwind of change and uncertainty that profoundly affects global economies," said Stephen Innes of SPI Asset Management.

"Questions loom: Will Donald Trump be a 'Deal Maker in Chief' or lean into his 'Tariff Man' persona? How will bond yields react? Can China effectively stimulate consumer demand? Will Trump broker peace in Eastern Europe? Will the dollar maintain its oppressive strength?"

He added that "the crucial question is whether the Federal Reserve will signal a pause starting from the January (policy) meeting".

"My view leans toward an affirmative; the real intrigue, however, lies in how explicitly the Fed will beam this potential shift and confirm a 'hawkish cut'." While Wall Street fell, Asian markets diverged.

Hong Kong, Shanghai, Seoul, Bangkok and Taipei rose but Sydney, Singapore, Wellington, Mumbai, Jakarta and Manila fell.

London rose even as data showed UK inflation picked up in November, firming expectations the Bank of England will hold off cutting rates this week.

Paris and Frankfurt were also both up.

Tokyo closed down, although Nissan scorched 23.7% higher soon after opening in response to reports it was in preliminary merger talks with Honda, adding the move would help them better compete against Tesla and other electric vehicle makers.

Neither firm confirmed the reports but they agreed in March to explore a strategic partnership on EVs, which analysts said was aimed at catching up with Chinese competitors.

Nissan has been struggling, announcing 9,000 job cuts last month and slashing its annual sales forecast.

The rise was the biggest since 1974, according to Bloomberg News.

Honda fell about 3%, while Mitsubishi Motors - of which Nissan is the top stakeholder - gained 19.7%.

On currency markets, the yen edged down against the dollar ahead of the Fed decision, while traders also awaited the conclusion of the Bank of Japan's Thursday meeting as debate swirls about when it will hike rates.

Bitcoin pared gains after earlier hitting a record of more than $108,315 yesterday.

Starlink rollout on Qatar Airways exceeds initial targets

By Alex Macheras

The rollout of ultra-high-speed Starlink Wi-Fi is well underway at the national airline, Qatar Airways, with the carrier exceeding its own previously planned timeline of 14 jets by the end of the year. Starlink can now be found on 16 aircraft, with more joining over the coming weeks as new Starlink kits arrive from SpaceX in the US. Qatar Airways Group CEO Badr Mohammed al-Meer last week explained the rollout would have been even faster if the carrier could receive more Starlink kits at a faster rate.

The integration of Starlink Wi-Fi represents a key component of Qatar Airways' "2.0 Vision", spearheaded by al-Meer, which prioritises innovation and digitisation. In terms of connectivity onboard, and the entertainment options it can provide, the move to champion Starlink puts Qatar Airways ahead of the competition in the region, which is one of the most fiercely competitive markets in the world.

The first aircraft to be equipped with Starlink Wi-Fi was a Boeing 777-300ER. The airline is intending to roll out Starlink across all of its modern fleet by the end of next year.

Qatar Airways' Starlink Wi-Fi is free to all passengers, regardless of their class of travel, and will remain free. There are no packages

or price plans, no data caps or other limitations. It's free, ultra-high-speed, reliable Wi-Fi. This is a significant departure from the traditional model, where in-flight Wi-Fi is often a premium service, especially on international long-haul flights. Historically, airlines around the world have charged passengers varying rates depending on the class of service, flight duration, and data usage, with costs sometimes exceeding $30 for just a few hours of patchy, unstable internet access. Traditional in-flight Wi-Fi systems typically rely on two types of technologies: air-to-ground and satellite-based connectivity. Air-to-ground networks operate by connecting to cell towers on the ground, with airplanes switching from tower to tower as they fly. However, this type of system is often limited to certain regions and becomes less effective over oceans and remote areas. Satellite-based systems, which have been more commonly used on long-haul international flights, offer wider coverage but have historically been constrained by the capacity and speed of traditional geostationary satellites, resulting in frustratingly slow speeds.

Unlike traditional satellites, Starlink utilises a constellation of Low Earth Orbit (LEO) satellites that are positioned much closer to the Earth's surface. This allows for faster data transfer, lower latency, and a more stable connection. The key advantages of LEO satellites lie in their ability to provide a broader and more consistent coverage compared to the geostationary satellites typically used for inflight Wi-Fi. Because they orbit closer to Earth, they can relay data more quickly, reducing the time it takes for information to travel back and forth. For passengers, this means less buffering, faster page loads, and the ability to engage in bandwidth-heavy activities such as the streaming of live sports, gaming, or even video calls while in the air.

Starlink's technology also enables airlines to offer a higher capacity network, which is particularly important for modern travellers who often board flights with multiple connected devices. Whether it's watching Netflix, or gaming, passengers can expect the onboard internet experience to mirror what they would get on the ground, in some cases, even better—an achievement that has, until now, remained elusive.

Starlink is installed directly at the airline's technical facility in Doha, and does not require the aircraft to be out of service for more than a couple of days, speeding up the rollout. Qatar Airways may be the first major international airline to begin rolling out Starlink, but they are not alone in recognising the potential of this SpaceX technology for passengers.

In North America, Hawaiian Airlines has made headlines by becoming one of the first US carriers to announce a partnership with Starlink. The airline also offers the service for free to passengers on both its inter-island and transpacific routes. Hawaiian Airlines has stated that Starlink Wi-Fi will allow it to offer a seamless experience for passengers, from streaming video to conducting business while in the air.

Another operator is JSX, the semi-private jet service based in the US, which has already started offering Starlink Wi-Fi on select routes. The airline, which operates small jets primarily on shorter routes, was one of the first to showcase Starlink's capabilities. JSX has highlighted the fact that the low-latency, high-speed internet from Starlink offers a competitive edge, allowing them to appeal to business travellers looking for a more connected, premium experience.

From 2025 onwards, Air France will progressively roll out Starlink Wi-Fi connectivity service for a "ground-like" experience.

Atlanta-based Delta Air Lines has been exploring the potential of integrating Starlink Wi-Fi into its fleet. While no formal roll-out plan has been announced yet, the airline has been testing the system to evaluate its feasibility for wider deployment. If successful, Delta would join the growing list of global carriers eager to enhance their onboard experience through SpaceX's revolutionary satellite technology.

Airlines are now recognising that offering a robust internet experience is no longer an optional luxury but a core component of the passenger experience. With its global network of LEO satellites, Starlink is positioned to become the go-to provider for airlines that want to offer this premium service.

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

Blocked funds in certain countries remain major challenge to airlines

By Pratap John

Some countries devise unconventional means to shore up their depleted treasuries, notwithstanding the damage these can inflict on their profile.

One way of channelling funds into their kitty seems to be preventing foreign airlines from repatriating funds.

Governments' blocking airline funds, often due to foreign exchange shortages or restrictive economic policies, significantly impact the airline industry in several ways.

Countries that block funds are very likely to deter foreign investment and reduce their appeal to international businesses.

Obviously, investors and stakeholders will see the affected markets as high-risk, influencing strategic decisions.

The result will be fewer flights to these countries, which can lead to a decrease in tourist inflows and trade opportunities, hurting local economies.

Certainly, fewer flight options will inconvenience travellers and businesses relying on air connectivity.

Increased fares and reduced competition will make travel more expensive for passengers.

Recently, the International Air Transport Association (IATA) reported that $1.7bn in airline funds are blocked from repatriation by governments as of the end of October this year. This is a small improvement compared to the $1.8bn reported at the end of April.

"Over the last six months, we have seen significant reductions in blocked funds in Pakistan, Bangladesh, Algeria and Ethiopia. At the same time, amounts are rising in some Central African countries and Mozambique. Bolivia has also emerged as a problem, where repatriating sales revenues is becoming increasingly difficult and unsustainable for airlines.

"This unfortunate game of 'whack-a-mole' is unacceptable. Governments must remove all barriers for airlines to repatriate their revenues from ticket sales and other activities in accordance with international agreements and treaty obligations," said Willie Walsh, IATA's Director General.

Governments' blocking airline funds, often due to foreign exchange shortages or restrictive economic policies, significantly impact the airline industry in several ways

Beyond the Tarmac

"No country wants to lose aviation connectivity, which drives economic prosperity. But if airlines cannot repatriate their revenues, they cannot be expected to provide a service. Economies will suffer if connectivity collapses. So, it is in everyone's interest, including governments, to ensure that airlines can repatriate their funds smoothly," Walsh noted.

Nine countries account for 83% of the airline industry's blocked funds, amounting to $1.43bn.

Pakistan continues to top the list of blocked funds countries at $311mn. However, this is an improvement from $411mn in April this year. The main issue is the system of audit and tax exemption certificates which is causing long processing delays.

Bangladesh has seen the amount of blocked funds decrease to $196mn (from $320mn in April).

The Central Bank needs to continue to prioritise airlines' access to foreign exchange in line with international treated obligations, IATA said.

About $1bn of airline money blocked from repatriation is in African countries. That is about 59% of the global tally.

Over the last six months, there were significant reductions in blocked funds in Algeria ($193mn from $286mn in April) and Ethiopia ($43mn from $149mn in April).

At the same time, Central African countries (+$84mn), Mozambique (+$84 million) and West African countries (+$73mn) contributed to the largest increases.

Bolivia is new to the list of blocked fund countries. A further deterioration in the availability of foreign exchange, particular the US dollar, has resulted in an estimated $42 million in airline funds being blocked in the country.

Industry analysts say airlines are unable to repatriate revenue earned in these countries, leading to a liquidity crunch.

Carriers rely on consistent revenue to manage operations, pay debts, and fund investments. Blocked funds disrupt these cash flows.

Airlines may have to account for these funds as potential losses, adversely impacting their financial performance.

All along, IATA has raised concerns about this issue, urging governments to release funds and adopt policies fostering fair access to international markets.

For airlines, diversifying operations and improving liquidity management are common strategies to navigate these challenges.

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

British Airways owner adopts AirTags in bid to find lost luggage

Bloomberg
London

The owner of British Airways has started incorporating Apple Inc AirTags in its luggage-handling system, saying it expects the new tool to lower costs and more quickly locate wayward bags.

IAG SA has switched on the location-sharing tool across all of its carriers, including Iberia and Aer Lingus, the group's head of innovation, Annalisa Gigante, said in an interview. It's too early to know how much money can be saved because it's still being tested, she said.

"We can see exactly where everything is and reunite passengers with bags as quickly as possible," Gigante said in an interview.

The added service was made possible in November, when Apple allowed iPhone users to share the location of their AirTags.

The technology company said then that more than 15 airlines, including BA, would begin using the new feature. Delta Air Lines, Deutsche Lufthansa AG and Singapore Airlines are among the carriers that signed on.

Passengers with lost luggage containing an AirTag can share a location link to airlines, which then look for the bag through their own systems. The link expires after seven days, or when the item is returned to the passenger. Calls to incorporate AirTags into bag-handling systems increased after the pandemic, when a surge in travel overwhelmed airlines and airports that were unprepared for the sudden rebound in business.

JetBlue CEO pushes for air traffic control upgrades under Trump

Bloomberg
New York

JetBlue Airways Corp is urging President-elect Donald Trump to bolster the nation's air traffic control system, which industry leaders have blamed for travel disruptions due to insufficient staffing and outdated technology. "I wish this administration would focus more on air traffic control," Chief Executive Officer Joanna Geraghty said in a Bloomberg Television interview on Tuesday. "That has definitely been a meaningful pressure for JetBlue and other airlines."

The nation is "grossly understaffed" in air traffic controllers, she said, and "we should be able to have a more resilient air traffic system." JetBlue and other carriers with large operations in the New York area have been particularly hard hit by the shortages. Halts to hiring and training during the pandemic, along with retirements, created a shortfall in the number of air traffic controllers, straining the aviation system. The Federal Aviation Administration hired 1,811 controllers this year, the largest number in nearly a decade.

World's busiest airline routes in 2024 are largely in Asia

Bloomberg
Hong Kong

Aviation data provider OAG reveals that seven of the world's 10 busiest international airline routes this year connect destinations within the wider Asia-Pacific region, a sign of a long-awaited travel comeback for Asia. Two more connect cities in the Middle East. And one doesn't even feature a business travel hub at all, proving that leisure continues to outshine corporate trips four years after the pandemic brought it all to a standstill.

To determine the busiest international and domestic flight routes, OAG analysed the volume of scheduled airline seats from January to December 2024. The routes listed reflect round trip flights rather than one-ways in a single direction.

"With the Asia Pacific region very close to a full recovery, the busiest routes are concentrated in the familiar major hubs of Hong Kong, Seoul Incheon and Singapore," said John Grant, chief analyst at OAG, in a release.

The Hong Kong to Taipei route is once again the world's busiest international flight route—a title it last claimed in 2019.

This year, that single two-hour trip represented a total of 6.8mn available seats.

Following in second place is Cairo to Jeddah, Saudi Arabia, which has had a 62% increase over 2019 levels. In third place is Seoul to Tokyo Narita, which counts 5.4mn scheduled seats or a 69% increase over pre-pandemic numbers, according to the report. Dubai to Riyadh is the sixth-busiest flight route.

"One of the most interesting developments is the growth in regional Middle East markets with a particular emphasis on Saudi Arabia where the Vision 2030 project continues to drive both business and leisure demand," added Grant. Yet it isn't businesspeople flying between corporate hubs like Riyadh and Dubai driving the region's largest flight volumes at OAG's No 2 spot; it's travellers heading between Jeddah and Cairo, a route that seems to point mostly to leisure vacations.

Cathay Pacific Airways aircraft on the tarmac at Hong Kong International Airport. Hong Kong to Taipei route is once again the world's busiest international flight route — a title it last claimed in 2019.

Rounding out the list is a long-time high-ranking route: New York JFK to London Heathrow. It's the only transatlantic trip to rank among the top 10 busiest flights, with 4mn scheduled seats — a 5% increase over 2019 levels — and the only listed route with points in either Europe or North America.

Here's how the top 10 shook out this year. Consider it harbinger of where you're most likely to find yourself — whether for work or for pleasure — in the year ahead. Top 10 busiest international flight routes of 2024:

10. John F Kennedy International Airport, New York (JFK)-Heathrow Airport, London (LHR): 4.01mn seats

9. Suvarnabhumi International Airport, Bangkok (BKK)-Changi Airport, Singapore (SIN): 4.03mn seats

8. Soekarno–Hatta International Airport, Jakarta (CGK)-Changi Airport, Singapore (SIN): 4.07mn seats

7. Suvarnabhumi International Airport, Bangkok (BKK)-Hong Kong International Airport (HKG): 4.2mn seats

6. Dubai International Airport (DXB)-King Khalid International Airport, Riyadh (RUH): 4.3mn seats

5. Incheon International Airport, Seoul (ICN)-Kansai International Airport, Osaka (KIX): 4.98mn seats

4. Kuala Lumpur International Airport, Kuala Lumpur (KUL)-Changi Airport, Singapore (SIN): 5.38mn seats

3. Incheon International Airport, Seoul (ICN)-Narita International Airport, Tokyo (NRT): 5.4mn seats

2. Cairo International Airport (CAI)-King Abdulaziz International Airport, Jeddah (JED): 5.47mn seats

1. Hong Kong International Airport (HKG)-Taiwan Taoyuan International Airport, Taipei (TPE): 6.8mn seats