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Uplift in airport charges may dwindle demand in price-sensitive markets

Thursday, April 3, 2025
Shawwal 5, 1446 AH

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LuLu IPO to drive active expansion, says top executive

By **Peter Alagos**
Business Reporter

The initial public offering (IPO) of LuLu Retail Holdings in November 2024 is seen to catalyse significant growth and expansion, according to a top official.

According to Dr Mohamed Althaf, director, LuLu Group International, LuLu's milestone move at the Abu Dhabi Securities Exchange (ADX) has cemented regional trust in LuLu, while empowering the retail giant "to pursue a bolder, more ambitious trajectory".

"Our company went public. At some point in our business, we realised that it's time we should share our growth and prosperity with the region that has contributed and enabled our growth," Dr Althaf told *Gulf Times*, describing the IPO as "wonderful" and underscored its success in attracting major sovereign investors from across the region.

According to Dr Althaf, the IPO provides LuLu with enhanced opportunities for active expansion, while maintaining its core business model. "Structurally, fundamentally, our business model is not going to change," he emphasised, adding that "what will happen with the IPO is that maybe our expansions will become even more active. We believe that because we have a growth story to meet".

Dr Althaf further noted that the IPO is expected to introduce a shift in the company's governance structure, making it "far more accountable and transparent". This accountability and transparency, as well as the financial freedom brought by the IPO, will enable LuLu to expand its footprint into new markets while reinforcing its commitment to Qatar and the region, Dr Althaf pointed out.

"The IPO gives us the freedom and the responsibility that we should continue to invest in our business, stay focused, expand our footprint to markets, and stay committed to countries like Qatar in the region," Dr Althaf further explained, stressing that LuLu remains deeply aligned with its host nation's development goals.

Dr Mohamed Althaf, director, LuLu Group International.
PICTURE: Shaji Kayamkulam

Furthermore, Dr Althaf connected the IPO to LuLu's broader vision of innovation and sustainability. He noted that the company is actively leveraging digital transformation, cloud-based technologies, and AI tools to boost efficiency and achieve sustainability goals. He cited advancements in areas like cold chain management, energy reduction, and e-commerce as examples of LuLu's commitment to progress.

"We will continue to invest in Qatar. We will continue to expand in Qatar. We will do experiments and move ahead," emphasised Dr Althaf, who reaffirmed the company's dedication to its host nation and the region.

Dr Althaf further pointed out that the IPO marks a transformative phase for LuLu Retail, paving the way for active expansions, greater accountability, and a bold vision for sustained growth.

On its website, LuLu Retail announced that the "IPO raised gross proceeds of AED6.32bn making it the largest offering in the UAE in 2024 to date. The offering saw aggregate demand of over AED135bn from local, regional, and international investors, a record for a non-government UAE IPO over the past 10 years, and an oversubscription level of more than 25 times across all tranches (excluding Cornerstone Investors). Cornerstone investors included leading sovereign and institutional investors from across the GCC and beyond".

China sees bumper demand for debut international green bond

Reuters
London/Sydney

China saw strong demand for its debut sovereign green bond yesterday, with investors saying it was a welcome sign for the sustainable debt market as the US backpedals from its climate commitments.

Bankers selling the modestly sized 6bn yuan ($825mn) bond, which is to be listed in London, told potential buyers that demand for the dual three- and five-year tranche bond had surged to 47bn yuan ($6.47bn).

The final price dropped to 1.88% on the three-year tranche, having initially been set at 2.3%, and to 1.93% from 2.35% on the five-year tranche.

Green bonds are intended to finance investments needed to tackle or adapt to climate change and to boost sustainable economic development.

The Chinese Finance Ministry's director general, Yu Hong, and his deputy director general, Xing Chaohong, met with investors in London on Tuesday and outlined a list of projects the money could be spent on, ranging from electric car charging and national parks to hydroelectric projects.

"It is a relatively powerful signal, as it comes at a time when the US is pulling back from climate commitments," Nicolas Jaquier, a sustainable debt manager at investment firm Ninety One, said.

"It is a sign that China is looking to step up," he added. "It's also a good sign for other smaller emerging markets who might have been a bit tentative, as it shows that a big power is taking climate finance seriously."

China's Finance Ministry could not be immediately reached for comment on the result of the bond sale outside of regular Beijing business hours.

It had flagged its plans earlier in the year after British Finance Minister Rachel Reeves met Vice Premier He Lifeng in Beijing to discuss "pragmatic cooperation" on financial services, trade, investment and climate issues.

China is the world's largest producer of climate-warming greenhouse gases, but has said it wants to bring its carbon dioxide emissions to a peak before 2030 and become carbon-neutral by 2060.

Although the sovereign green bond is an international first for China, its companies have been highly active in the market.

Moody's estimates that almost $410bn of green bonds had been issued by Chinese companies by the end of last year. The near $50bn-worth sold last year accounted for 8% share of global green bond issuance in an overall market which has ballooned to over $3tn in recent years.

The finance ministry published a green bond "framework" in February which described the government's bond plans as an effort to "attract international funds to support domestic green and low-carbon development."

Opec+ members to meet today, 'likely to stick to planned output hikes'

Reuters
Dubai/London/Moscow

Opec+ ministers from eight nations that are gradually raising oil output will meet online today and are likely to approve a further hike in production from May, sources from the producer group told Reuters.

Eight members of Opec+, a group that includes the Organisation of the Petroleum Exporting Countries (Opec) and allies led by Russia, are scheduled to raise oil output by 135,000 barrels per day in May. That would be the second monthly increase under a plan to unwind some of the millions of barrels per day of cuts the group has had in place since 2022.

Opec+ is simultaneously pressuring other producers that have exceeded their output targets to rein in output and pump below target for a time to compensate.

Two of the Opec+ sources said the meeting was to review plans for some members to make additional output cuts to compensate for pumping above their quotas.

Eight members of Opec+, a group that includes the Organisation of the Petroleum Exporting Countries and allies led by Russia, are scheduled to raise oil output by 135,000 barrels per day in May

Two others said the group's plan to continue to unwind their most recent layer of oil output cuts was expected to remain unchanged for May.

All sources declined to be identified by name due to the sensitivity of the matter. Opec did not immediately reply to a Reuters request for comment.

Opec+ has been cutting output by 5.85mn bpd, equal to about 5.7% of global supply. The group has agreed on a series of steps since 2022 to support the market.

An Opec+ ministerial committee, with the power to recommend to the larger group changes in production policy, was earlier scheduled to meet on April 5 although one source said this may also take place today.

Qatar's 4,000MW solar PV plan by 2030 'reflects commitment' to renewables: GECF

By **Pratap John**
Business Editor

Qatar's planned installation of 4,000 megawatts (MW) of large-scale solar PV capacity by 2030, reflects country's commitment to renewable energy, the Gas Exporting Countries Forum (GECF) has said in a report.

Last year, QatarEnergy announced that it will build a new solar power mega project at Dukhan, which will more than double the country's solar energy production, significantly contributing to lower carbon emissions in the framework of a realistic energy transition.

The new project will boost Qatar's PV solar power production capacity to about 4,000MW by building one of the world's largest solar power plants in the Dukhan area, with a production capacity of 2,000MW.

The new solar project will be added to QatarEnergy's solar power portfolio, which includes the existing Al-Kharsaah solar power plant, which was inaugurated in 2022 with a capacity of 800MW of electricity, and to two solar power projects QatarEnergy is building in Ras Laffan and Mesaieed industrial cities with a total production capacity of 875MW, and which are expected to start production before the end of this year.

With the addition of the new Dukhan Solar Power Plant, QatarEnergy's portfolio of solar power projects in Qatar will reach a capacity of about 4,000MW by 2030. This represents approximately 30% of Qatar's total electrical power production capacity.

A view of solar panels at the Al-Kharsaah solar power plant in Qatar. The plant was inaugurated in 2022 with a capacity of 800MW.

In its 'Global Gas Outlook 2050', GECF said the Middle East is capitalising on global decarbonisation trends by advancing renewable energy projects, particularly in solar and hydrogen, positioning itself for sustainable growth.

However, structural inefficiencies and geopolitical risks remain key constraints on the region's economic potential. According to GECF, renewable energy has experienced unprecedented growth in recent years, with nearly 510GW of new capacity added globally in 2023, marking a record-breaking annual increase compared to 290GW in 2022.

Solar photovoltaic (PV) led the surge, driven by declining costs, improving efficiency, and strong policy incentives that continue to attract substantial investment. The economic competitiveness of solar PV and wind energy has further accelerated their adoption, particularly as countries seek to meet rising electricity demand and achieve decarbonisation targets.

This surge underscores the significant progress in scaling up renewable energy as a cornerstone of global energy transitions.

However, this remarkable progress represents only the initial, more straightforward phase of energy transitions. While solar and wind technologies have achieved impressive deployment, the hard stuff lies ahead.

Meeting the goals of the Paris Agreement and other climate commitments will require addressing complex challenges, such as integrating intermittent renewables into power grids, decarbonising industrial heat processes, and establishing new supply chains for advanced technologies like low-carbon hydrogen and long-duration energy storage.

These hurdles are particularly pronounced in developing and emerging economies, where infrastructure and technical capacity are often insufficient to support large-scale deployment and implementation.

Big Oil morphs into Big Gas in China as EVs slash fuel demand

Bloomberg
Hong Kong

China's energy giants are increasingly pivoting to natural gas to raise production, as demand for oil slows and global trade tensions heighten the risks of relying too heavily on imports.

The nation's gas output is poised to surpass that of crude oil for the first time this year, with each of the three state-owned majors — PetroChina Co, Cnooc Ltd and Sinopec — setting higher production targets for the cleaner-burning fuel. To deliver that growth, the firms are expanding into technically challenging areas including unconventional shale fields and deep-water reserves.

The shift to gas has been underway for years, initially spurred on by the government's desire to clear the coal-fired smog that used to choke its megacities. But the transition has become more urgent as the electric-vehicle boom slams the brakes on oil consumption, leaving gas as the only upstream growth market for drillers.

"Buyers will take all the gas we produce — there's tremendous growth potential," Cnooc President Yan Hongtao said last week at the company's annual earnings briefing.

The production push in the world's largest gas importer could add to a coming wave of global supply, led by new liquefied natural gas export plants that are due to come online in places like the US over the next few years. More gas is also being piped overland from Central Asia and Russia, China's strategic partner since the invasion of Ukraine.

With economic growth constrained by the slowdown in the real estate sector, Chinese energy firms are being forced to resell unneeded cargoes of the fuel to other buyers in Europe and Asia. Domestic gas prices in China are already showing signs of weakness. China produces enough gas to meet about 60% of its own consumption.

Still, gas proved a major driver of record profits last year at PetroChina, the nation's largest supplier of the fuel. Gas now accounts for 54% of the firm's total output, Chairman Dai Houliang said at a briefing on Monday. Despite planned spending cuts this year, the firm intends to accelerate shale development, LNG terminal construction and pipeline expansion to support the boom.

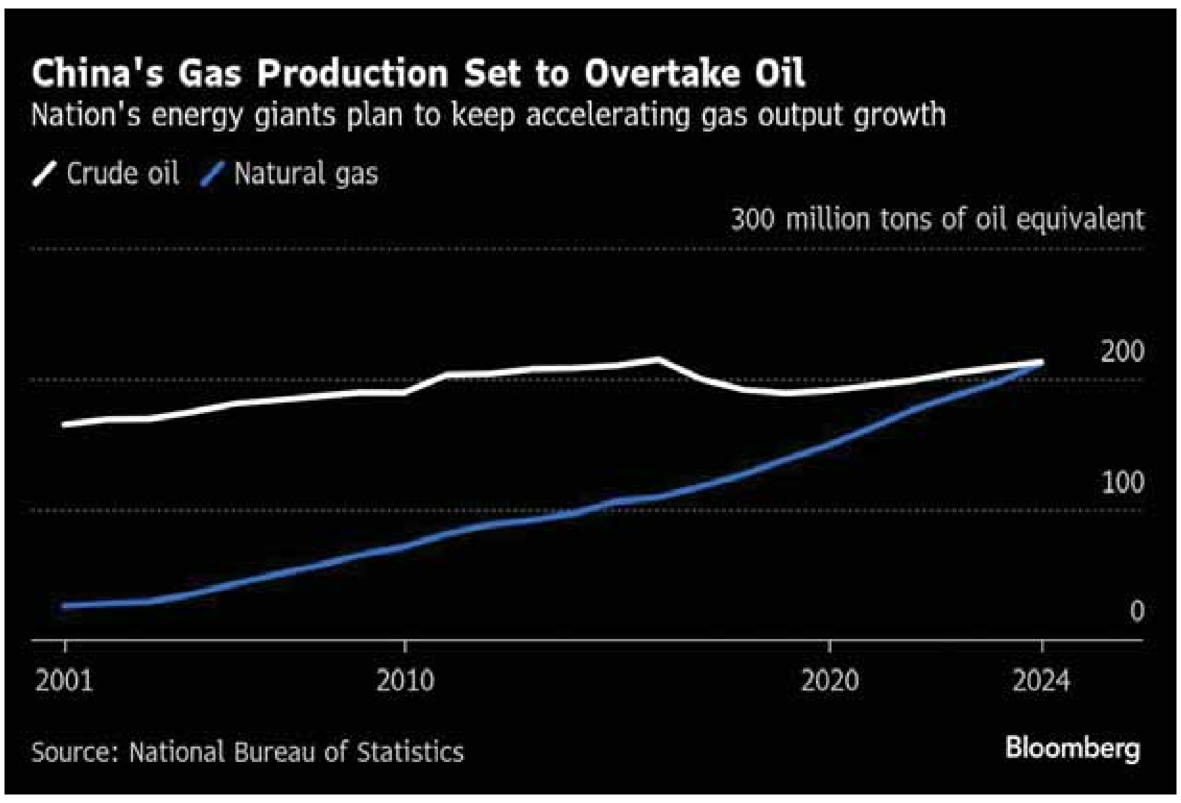
"We will accelerate gas production in the next five years," Vice President He Jiangchuan told the briefing. Output from shale could grow 31% in the next five years, while production from coal-rock formations could double this year, he said. The focus on new, more technically challenging formations comes amid declining output from ageing onshore wells that have been the industry's mainstay for decades. Top refiner Sinopec, which already operates the nation's largest shale gas field, recently announced a major shale oil discovery in Shandong province.

Meanwhile, offshore driller Cnooc is poised to lead production gains among the big three this year and next. It's developed the Bohai Sea into the nation's largest oil and gas field, and is moving into the trickier deeper waters of the South China Sea.

The gas boom is needed to replace the industry's traditional oil business, which is struggling as China rapidly adopts EVs. Refining profits last year were battered after overall oil consumption dropped 1.2% compared to a 7.3% rise in gas demand.

That shift has been particularly painful for Sinopec, the nation's largest fuel maker, and the only one of the three majors to see net income shrink in 2024. That's one reason the company pledged to keep domestic output stable this year despite cutting capital spending.

"We will not back down on upstream expansion," Sinopec Vice-Chairman Zhao Dong said at a briefing last week.



Absa to open Dubai office as Gulf investments in Africa boom

Bloomberg
Johannesburg

A unit of South Africa's third-largest bank by assets plans to open a representative office in Dubai next year to benefit from growing trade and investment between the Middle East and Africa.

"We're setting up a Dubai office in the first quarter of 2026," Yasmin Masithela, chief executive officer of Absa Group Ltd's corporate- and investment-banking unit, said in an interview in Johannesburg. "We're just waiting for regulatory approval."

The office will allow the lender to serve its clients on the continent seeking to do business in Gulf nations as well as Middle East-based businesses wanting to access African markets.

Absa chose Dubai because of its concentration of clients seeking to invest in African infrastructure, Masithela said.

"You want to be closest to the clients that are driving the businesses that are aligned to your strategy, and infrastructure development has always been one of our strategic objectives," she said.

Gulf countries have invested more than $100bn in Africa since 2014, according to the World Economic Forum. Over that period, imports and exports between United Arab Emirates and sub-Saharan Africa increased by more than 30%, and the value of trade between Saudi Arabia and the region 12 times, according to the WEF.

In January, the UAE signed a pact with Kenya to boost trade and promote investments and Saudi Arabian auto distributor Jameel Motors plans to enter the South African market later this year.

Absa will join rivals Investec Ltd, Standard Bank Group Ltd, Rand Merchant Bank and Nedbank Group Ltd with offices in Dubai.

The new office will add to its international business portfolio, which includes so-called corridors in the UK and US and a non-banking unit that was opened in China in 2024.

Absa CIB expects earnings to continue to grow this year.

Earnings growth will probably be in the "middle single-digit level," Masithela said, adding that some of its sub-units, including corporate business, may deliver growth above 10%.

US private sector hiring picks up sharply in March

AFP
Washington

US private sector hiring jumped last month, according to data from payroll firm ADP published yesterday, as manufacturing firms shook off the uncertainty around President Donald Trump's tariff rollout.

Private sector employment grew by 155,000 in March, sharply above Briefing.com's market consensus of 120,000.

Trump has imposed tariffs against top trading partners, and pledged to unveil wide-scale tariffs later on Wednesday in a bid to address global trading relationships that he says are unfair to America.

The combination of tariffs, and uncertainty caused by the stop-start manner in which they have been rolled out, has stymied growth, with several surveys noting that companies have been holding back on investment decisions until they have more clarity about the economic landscape.

However, private sector firms appear to have blown past that uncertainty, and moved ahead with hiring last month, according to ADP.

"The March topline number was a good one for the economy and employers of all sizes, if not necessarily all sectors," ADP chief economist Nela Richardson said in a statement.

The manufacturing sector was a key engine of job growth in March, creating a "stronger-than-average" 21,000 jobs, according to ADP.

Hiring in the construction sector slowed, while the natural resources as well as trade, transportation, and utilities sectors both lost jobs.

"If you are looking for payrolls declines to support a theory of economic contraction, you will not find it in this report," economists at High Frequency Economics wrote in a note to clients.

"That does not mean the economy is not contracting," they added, noting the frequent lack of correlation between the ADP data and the official government data, which will be published on Friday.

The largest job gains were seen in large businesses with more than 500 employees, with most new private sector roles created in the Northeast and Midwest. Median pay gains rose 4.6% for people who stayed in their jobs, and 6.5% for those who switched companies, ADP said.

A "now hiring" sign is displayed in Somerville, Massachusetts (file). US private sector hiring jumped last month, according to data from payroll firm ADP published yesterday, as manufacturing firms shook off the uncertainty around President Donald Trump's tariff rollout.

Bloomberg QuickTake Q&A

How do US tariffs work? Who pays, who collects and more

By Augusta Saraiva and Enda Curran

US President Donald Trump has defied decades of economic convention by imposing punitive tariffs on goods from some of the country's most important trading partners.

Undeterred by warnings that the measures could trigger a recession, he's planned a second wave of import levies that could make selling into the world's biggest economy more expensive than at any point in the past century.

Here's how tariffs work, including who actually pays them and how the revenue is collected.

What are tariffs and what purpose do they serve?

Tariffs are taxes imposed on imported goods. Like all taxes, they are a source of government revenue. Countries have long relied on them to support local industries by making foreign products more expensive. Trump is using them as leverage to achieve foreign policy goals, too.

How are US tariffs collected and enforced?

The Treasury secretary is responsible for establishing regulations on the collection of tariffs, but US Customs and Border Protection, or CBP, is the government body tasked with enforcing them at nearly 330 ports of entry across the country — which include border crossings by roads or rail, as well as seaports and airports.

Goods that cross borders are given numeric codes under a standardised nomenclature called the "international harmonised system." Tariffs can be assigned to specific product codes relating to, for example, a truck chassis, or to broad categories, such as electric vehicles. Customs agencies collect tariffs on behalf of governments.

Agents review paperwork, perform audits and collect levies and penalties. The money is collected at the time of customs clearance and deposited into the Treasury Department's General Fund. Those who fail to correctly describe the quantity, category or origin of a certain product — either on purpose or because of negligence — face penalties.

Some goods and components cross borders multiple times before becoming a finished product, such as a car with US-made parts assembled in Mexico and re-imported to the US. Under CBP rules, US-made products that are re-imported into the country without being "improved" or "advanced" in value are duty-free.

Another example: Say the US exports gold to India, where it's used to make earrings. The final product will be subject to tariffs when re-entering the US. In that case, even the value of the gold would be taxed.

How much money is generated by US tariffs?

While tariffs used to be the US government's main source of revenue, over much of the past century they have comprised a tiny share of government income. As of 2024, they accounted for less than 3% of federal receipts, according to a Federal Reserve Bank of St Louis analysis of government data.

The Tax Foundation, a nonpartisan think tank, estimates that tariffs imposed on China by Trump during his first term and expanded during Joe Biden's presidency generated $77bn in annual revenue. White House Trade adviser Peter Navarro has said Trump's tariffs will raise $700bn a year, about nine times current US customs revenue.

Who pays for the tariffs?

Tariffs are paid by the importer, or an intermediary acting on the importer's behalf. But it's often someone else who ultimately shoulders the cost.

Trump argues that it's the exporter who takes the hit. Research has generally found that it's US consumers and businesses that end up paying for tariffs, through higher prices. The importer may also absorb some of the cost, reducing their profits. In the long run, a foreign manufacturer may shift production to the US to avoid the tariff.

It's sometimes possible for importers to sidestep tariffs. An exemption process in the US allows companies to request relief from paying them if it would unduly hurt their business and there were no other options to buy products from another country.

US President Donald Trump has defied decades of economic convention by imposing punitive tariffs on goods from some of the country's most important trading partners

What are the consequences of imposing tariffs?

The recent history of US trade with China helps explain what happens when tariffs are in place. During his first term, Trump imposed an array of tariffs on Chinese products including steel, aluminium and engines. The Asian country went from supplying about 20% of the goods the US imported before Trump's first trade war in 2018 to about only 14% of US imports in 2023.

When levies hit, companies often resort to tariff evasion. That can be done by shipping merchandise through a third country, underreporting the value of products, or mislabelling them as similar goods that have lower duty rates.

What is the "External Revenue Service" proposed by Trump?

The Trump administration has proposed the creation of a separate External Revenue Service to collect levies as part of his "America First" trade policy. Analysts have noted that tariff revenues aren't an "external" source given that the levies are paid by US-based importers, which pass at least some of the cost onto US consumers. The concept underscores Trump's desire to frame tariffs on foreign imports as a source of revenue that isn't shouldered by taxpayers.

Asian markets mixed as uncertainty rules ahead of Trump tariffs

AFP
Hong Kong

Equity markets were mixed yesterday as nervous investors brace for Donald Trump's wave of tariffs, with speculation about what he has in store stoking uncertainty on trading floors.

In Tokyo, the Nikkei 225 closed up 0.3% to 35,725.87 points; Hong Kong — Hang Seng Index ended flat at 23,202.53 points and Shanghai — Composite closed up 0.1% to 3,350.13 points yesterday.

Equities have been battered leading up to the US president's announcement — which he has dubbed "Liberation Day" — with warnings that friend and foe are in the crosshairs after what he says is years of "ripping off" the US.

He has trailed the measures for weeks, initially suggesting they would match whatever levies other countries impose.

But US media reported he has also considered either blanket 20% levies or another plan where some countries get preferential treatment.

Sweeping auto tariffs of 25% announced last week are also due to come into effect today.

Analysts said the ongoing uncertainty was spooking markets.

"Investors and company management dislike uncertainty, and the piecemeal, unreliable way in which tariff announcements are being delivered is creating plenty of it," said Oliver Blackbourn and Adam Hetts at Janus Henderson Investments in a commentary. "Estimates on what the average tariff rate will look like range from a few percentage points in moderate outcomes to double-digit levels in more forceful scenarios," they added.

"What does seem less uncertain is that tariffs are, without much exception, likely to be bad for economic growth, consumers, and markets." Pepperstone Group's Chris Weston said the suggestion that the tariffs would be effective immediately would provide some sort of certainty, even if it limited the scope for talks.

"This scenario — while hardly a positive for economics or earnings assumptions — would increase the conviction behind how we respond to the 'facts'," he explained.

"That said, life is never straightforward, and we will still need to consider the counter response from other countries." The planned duties have ramped up fears of a global trade war after several countries warned they were lining up their responses.

With that in mind, economists have warned that economic growth could take a hit and inflation reignite, dealing a blow to hopes that central banks would continue cutting interest rates.

Asian markets skittered between gains and losses through the day.

Tokyo, Shanghai, Sydney, Wellington, Taipei, Manila, Mumbai and Bangkok rose, while Singapore, Seoul slipped.

Safe haven gold held above $3,100 after touching a record high $3,149.00 on Tuesday.

HSBC strategists led by Max Kettner warned Wednesday might not mark the end of the tariff uncertainty.

Wall Street trading desks warn S&P 500 selloff will get worse

Bloomberg
New York

Stock market information at the New York Stock Exchange. Wall Street trading desks disagree on many things, but there's one view they now seem to share: President Donald Trump's looming tariff announcement will likely exacerbate the S&P 500 Index selloff, at least in the near term.

Wall Street trading desks disagree on many things, but there's one view they now seem to share: President Donald Trump's looming tariff announcement will likely exacerbate the S&P 500 Index selloff, at least in the near term.

Many Wall Street firms — including Goldman Sachs Group Inc and Bank of America Corp — expect the highly anticipated trade measures to raise stock market volatility and deepen the slide in the benchmark US equity gauge, which just came off its worst quarter since 2022.

Concern is rising among trading desks, which analyse the flow of funds across institutional and retail investors to predict the market's next move, that Trump's trade war can cut into corporate earnings and destabilise companies' supply chains.

Stocks surged in the weeks after Trump's election victory, with investors and sell-side analysts cheering his plans to slash taxes and regulations, while largely dismissing tariff threats as a negotiating tactic. Now, the mood has changed.

"The bearish calls are getting louder across the floor and client base," Goldman Sachs' trading desk wrote in a March 28 note, pointing to a level of expected volatility this week that's comparable to the US election in November.

The concerns are reverberating throughout major trading desks on Wall Street.

JPMorgan Chase & Co's trading desk remains tactically bearish on stocks, citing policy uncertainty and the potential impact of tariffs on the economy. Over at Barclays Plc, global head of equities tactical strategies Alexander Altmann said his main concern is Trump's announcement leaving room for interpretation, keeping trade policy in flux.

"Uncertainty is the killer of everything in markets," he told Bloomberg News. "It kills investment decisions, corporate spending, as well as business and consumer confidence."

Anxiety is running high as Trump prepared on Wednesday to announce sweeping levies on all of America's trading partners. Official data on Tuesday showed US factory activity contracted in March for the first time this year and prices accelerated sharply for a second month as the drumbeat of higher tariffs reverberated through the economy. The S&P 500 is down 8.3% from its February 19 record.

Wall Street's sell-side strategists are turning sour on the direction of the stock market as well. At the end of last year, strategists were forecasting that the S&P 500 would rally for a third consecutive year, with a median forecast of 6,600 at year-end.

Three of Wall Street's most reliable bulls have now acknowledged that they were too optimistic in their estimates for the index this year — but they still believe stocks will rally over the remaining three quarters of 2025.

Several trading desks warn that the S&P 500, sitting at about 5,600, has more room to fall.

Bank of America Corp's John Tully said the US benchmark could fall below 5,500, while a recent note from UBS Group AG said the stock gauge could drop to 5,400 if the White House implements 20% tariffs.

"There is a wide range of outcomes with a violent tail in both directions," Michael Romano, head of hedge fund equity derivative sales at UBS Securities, wrote to clients.

"What's particularly concerning are the high probabilities being assigned to the extreme downside moves."

Tesla sales drop to lowest since 2022 amid Musk backlash

Bloomberg
New York

Tesla Inc's vehicle sales fell 13% last quarter to an almost three-year low, as the carmaker made over its most important model and dealt with international backlash against Elon Musk.

The company said yesterday that it delivered 336,681 vehicles in the first three months of the year, its worst showing since the second quarter of 2022. Analysts on average were expecting the company to sell more than 390,000 cars and trucks, according to estimates compiled by Bloomberg.

The figures speak to the extent of the disruptions to Tesla's business early this year. The company retooled factories around the globe to make the redesigned Model Y, leading to lost output that's common when carmakers transition from one vehicle generation to the next. The extraordinary factor was Musk's involvement in global politics that sparked protests across the US and Europe. Demonstrations have picked up in recent weeks in response to Musk asserting himself in Washington and beyond in support of far-right candidates and causes. The Tesla chief executive officer led President Donald Trump's effort to shrink the federal workforce, weighed in on Germany's federal election and called for the US to exit the transnational military alliance Nato.

Tesla shares dropped as much as 6.4% shortly after the start of regular trading yesterday. Since hitting a record high in the weeks after Trump's election victory, the stock had plunged 44% as of the close Tuesday.

The deliveries underscore the challenge Tesla faces in reviving the flagging auto business that

Tesla vehicles at the company's store in Colma, California. Tesla's vehicle sales fell 13% last quarter to an almost three-year low, as the carmaker made over its most important model and dealt with international backlash against Elon Musk.

accounted for more than three-quarters of revenue last year. The company has said it expects to return to growth after deliveries dropped in 2024 — its first annual decline in more than a decade.

Investors were braced for a rough start to the year, both because of the Model Y transition and the first quarter tending to be the slowest for auto sales. But Tesla fared worse than many of its competitors. In Europe, registrations plunged 43% in the first two months of the year, deviating from the 31% rise in industrywide EV sales. Wholesale shipments also tumbled in China, where domestic giant BYD Co pulled further ahead. BYD posted a 58% increase in first-quarter deliveries of its battery-electric and plug-in hybrid vehicles.

Tesla delivered 323,800 Model Y and Model 3 vehicles in the first quarter, down 12% from a year ago. Sales of all other vehicles — which include the Cybertruck, Model S and X — fell 24% to just 12,881 units.

Although the company has yet to break out Cybertruck sales specifically, a recent recall showed Tesla sold just over 46,000 pickups in the first 15 months it was on the US market.

A protest movement against Musk known as Tesla Takedown is holding hundreds of demonstrations at Tesla locations around the world early this year. The group has urged people to sell their Tesla vehicles and the company's shares.

Criticism has also come from Tesla's own investor base.

On Tuesday, New York City Comptroller Brad Lander, who serves as investment adviser to the city's pension funds, criticised Musk's government work and accused Tesla of misrepresenting the CEO's level of involvement with the company. He said shareholders have suffered because they "don't have a full-time CEO paying attention to the company and their interests."

Musk has acknowledged having "great difficulty" running his businesses alongside the work he's doing in Washington. But during a March 20 meeting of Tesla employees broadcast on X, he painted a bright future for the company and told staff to hold on to their stock.

Transatlantic air travel faces headwinds amid shifting demand

By Alex Macheras

The transatlantic corridor has long been the backbone of global long-haul travel. With some of the world's most lucrative city pairs — such as London to New York, which generates more than $1bn in revenue annually for British Airways alone — this region of airspace remains critical to the financial health of numerous international carriers. But beneath the surface of strong headline results, several airlines and hospitality leaders are now signalling signs of softening demand for travel to the United States, amid the Trump administrations tariffs against some of the US' closest allies.

Virgin Atlantic's recently published 2024 financial results offer a telling case study. The UK-based airline, which operates a concentrated network of transatlantic routes, recorded its first profit since the pandemic, with £20mn in profit before tax and exceptional items. Passenger revenue reached a record £2.6bn, with £1bn of that originating from the United States. The airline's load factor ended the year at 77.3%, which while serviceable, remains below pre-pandemic levels — especially on its core US

routes where the carrier's profitability is typically strongest. Despite the encouraging top-line numbers, executives struck a notably cautious tone. Virgin Atlantic's CFO, Oli Byers, noted that the beginning of 2024 saw solid demand, but bookings from the United States to the United Kingdom began to slow in the first quarter. Although the airline is not yet altering its capacity plans, its financial performance was heavily underpinned by ongoing cost control measures and debt repayment efforts, rather than purely by growth in customer demand. The airline ended 2024 with a £443mn cash balance, having repaid £174mn of pandemic-era debt, demonstrating a strong financial recovery—but one that required more than just robust ticket sales.

These comments are not unique to Virgin Atlantic. Other major airline players have echoed similar sentiments regarding transatlantic travel trends. Delta Air Lines, a joint venture partner of Virgin Atlantic, flagged softening international demand during its most recent earnings call. While still profitable, Delta pointed to the impact of economic uncertainties — including inflationary pressures, tariffs, and foreign exchange dynamics — on both leisure and corporate travel from the United States.

Outside of aviation, the hospitality sector has also begun to register a decline in US-bound travel from European markets. Speaking in an interview with Bloomberg Television, Accor Group CEO Sébastien Bazin stated that the French hospitality giant is seeing a "notable slowdown" in summer bookings to the United States, particularly from European travellers. He attributed the decline to the strong US dollar and ongoing political and visa-related uncertainty that has made America less attractive to discretionary international travellers. Bazin noted that bookings for summer 2025 are down as much as 25% from Europe, a figure that will almost certainly impact inbound seat demand across the Atlantic as well.

The importance of these remarks is not to be understated. Accor, with a global network of more than 5,000 hotels and resorts, has a strong presence in key US cities such as New York, Miami, Los Angeles, and Chicago — markets which are also key destinations for transatlantic airline traffic. A softening in hotel bookings from high-spending international guests is often a leading indicator of reduced airline demand, especially in premium cabins.

In this context, the performance of transatlantic routes like London to New York takes on renewed importance. In the last full reporting cycle before the pandemic, British Airways alone earned over $1.1bn on its Heathrow–JFK route. These figures underline just how critical certain transatlantic city pairs remain to airline profitability.

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Hong Kong Airlines scours second-hand market for more jets

Bloomberg
Hong Kong

Hong Kong Airlines Ltd wants to get hold of as many second-hand aircraft as it can for a renewed push into intercontinental travel.

A challenger to behemoth Cathay Pacific Airways Ltd, Hong Kong Airlines is seeing buoyant demand for long-haul flights, Vice-President Gary Zhan said in an interview. Hong Kong-Vancouver services, which started in January, are running 90% full, he said. Direct flights to Sydney are due to commence in June. Hong Kong Airlines, which is backed by HNA Group Co, has a fleet of 29 planes, down from a peak of almost 50 before the pandemic.

The company is attempting to rebuild as it considers flying to Melbourne in Australia, as well as the US and Europe, said Zhan, who is in charge of the carrier's operations.

"We need more aircraft," he said. "We will introduce as many as possible." Aviation's fractured supply chain and the limited availability of aircraft make it difficult to set specific expansion targets, but Hong Kong Airlines' fleet could grow by at least a third in the short term, Zhan said.

After emerging from a HK$49bn ($6.3bn) debt restructuring in 2022, Hong Kong Airlines' rebuild depends almost entirely on used jets.

The airline doesn't have any new aircraft on order and would have to wait years for deliveries. The order backlog for new Airbus SE and Boeing Co jets stretches to the end of the decade.

The airline is currently in talks to lease five to 10 aircraft, Zhan said. The company is eyeing Airbus A330s, A320 family single-aisle jets and Boeing's 787 Dreamliner for long-haul operations, he said.

In recent months, sister HNA carrier Hainan Airlines and China Southern Airlines Co put up for sale a combined 19 Boeing 787-8s, the smallest of the Dreamliner family, in a rare sale of aircraft in bulk. Zhan said Hong Kong Airlines considered these jets too small for its long-haul ambitions.

Uplift in airport charges may dwindle demand in price-sensitive markets

By Pratap John

Substantial uplift in airport charges, including taxes and fees, in many parts of the world has become a major concern for the global airline industry that is slowly coming out of the pandemic-induced crisis.

Airport charges vary significantly across different regions and countries, impacting both airlines and passengers. Higher airport charges worldwide have several significant impacts on the airline industry, affecting everything from ticket prices to airline profitability.

Recently, the International Air Transport Association (IATA) called for urgent changes to New Zealand's Economic Regulatory Framework for Airports. This follows the publication of the New Zealand Commerce Commission's review of Auckland Airport's Price Setting Event 4.

An Air New Zealand aircraft at Auckland Airport in New Zealand. Recently, the International Air Transport Association called for urgent changes to New Zealand's Economic Regulatory Framework for Airports. This follows the publication of the New Zealand Commerce Commission's review of Auckland Airport's Price Setting Event 4.

Beyond the Tarmac

"It is not surprising that the Commerce Commission has concluded that Auckland Airport's charges are excessive in the range of NZD150mn to NZD226mn. While the airport has responded by lowering its charges over the next two years in response to the review, the process does highlight that the economic regulatory framework in its current form is not fit-for-purpose and change is urgently needed," said Dr Xie Xingquan, IATA's Regional Vice-President for North Asia and Asia Pacific (ad interim).

IATA highlighted the following concerns in the economic regulatory framework:

The current light-touch regulatory approach means Auckland Airport can set the aeronautical pricing as they wish. Auckland Airport, being the sole monopoly provider, can game the regulatory process by setting their pricing artificially high at the start of the regulatory process, and then respond, if they so wish, by lowering their pricing following the conclusion by the regulator or to ignore the report.

Non-aeronautical activities (which generally draw much higher returns) are excluded from the purview of the Commerce Commission.

While Auckland Airport is investing significantly in infrastructure, there are outstanding concerns highlighted by airlines about the size, phasing, cost allocation and affordability of these major investments. Some of these costs could have been avoided if infrastructure planning and investments had been managed appropriately in the past.

"Aviation is a key economic sector for New Zealand, supporting 5.6% of the country's GDP and 177,000 jobs. The delivery of demand driven, functional and cost-effective infrastructure will support the continued development of New Zealand's aviation sector.

The current consultation process with Auckland Airport is ineffective and may not deliver outcomes that are in the best interests of passengers. This needs to change," said Xie.

RDC Aviation, which provides software and data designed to improve the profitability of airports and airlines, looked at airport charges across the top 250 airports around the world to see how pricing trends vary by region and airport size in 2023.

"40% of the top 250 airports are more expensive for airlines this year, 40% have the same pricing in place and at 20% the charges are cheaper.

"When splitting the top 250 airports out by World Region, we see that the airports in the Middle East are on average -7.8% cheaper. However at the other end of the spectrum, if you are an airline operating to/from Australasia you may see some substantial uplift in airport charges, with an average increase of almost +27%," RDC Aviation noted.

Industry experts say higher levy will jack up airline ticket prices, put pressure on airline profit margins, impact cargo and logistics and reduce tourism prospects.

"Airlines typically pass on higher costs to passengers. This leads to more expensive flight tickets, which may reduce demand, especially for price-sensitive travellers," industry experts say.

Smaller regional airports serving remote or tourist destinations often have higher average fares. For instance, Telluride Regional Airport in Colorado, United States, had an average fare of $818 in 2024.

Another case in point is Bermuda, which charges approximately $121.96 per departing ticket, ranking it highest in departure taxes among Caribbean airports.

For airlines, particularly low-cost carriers (LCCs), increased airport fees squeeze already thin profit margins. Full-service carriers might absorb some of the costs, but budget airlines often have no choice but to raise fares or cut services.

Higher airport fees also affect cargo operations, increasing freight costs and impacting global supply chains.

Tourism, which supports millions of jobs globally besides significantly contributing to GDP of many countries, will be another casualty. Higher airfare will obviously discourage tourism, affecting countries dependent on air travel for economic growth. This will have a ripple effect on local businesses, hospitality, and trade.

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

oneworld welcomes Fiji Airways to global alliance

By Pratap John

Fiji Airways, the flag carrier of Fiji and the South Pacific, has been welcomed by oneworld, as its newest member airline, with a full suite of alliance benefits now available to customers around the world.

Fiji Airways will provide top tier customers with a full suite of oneworld benefits as a full member airline:

Access to a network of nearly 700 airport lounges globally, including recently opened oneworld branded lounges in Amsterdam's Schiphol and Seoul's Incheon airports, priority check-in and boarding, earning and redeeming miles and earning tier points.

"The introduction of Fiji Airways marks an important strategic step for our alliance as we connect even more people, places and experiences than ever before," said Nat Pieper, CEO, oneworld. "Fiji Airways customers will benefit from oneworld's global reach of more than 900 destinations, priority services and premium lounge access, and we're thrilled to welcome them to the oneworld family."

Fiji Airways, with its hub at Nadi International Airport, serves 25 destinations in some 14 countries and territories globally, including oneworld hubs in Hong Kong, Tokyo, Sydney and its newest global destination, Dallas-Fort Worth, further connecting the airline into the oneworld network.

"Becoming a full member of the oneworld alliance is a proud and momentous milestone for Fiji Airways.

This achievement reflects our commitment to providing world-class service and expanding our global reach, while showcasing the warmth and hospitality of Fiji to the world, said Andre Viljoen, Managing Director and CEO of Fiji Airways.

"As a full member, we are excited to offer our customers even greater benefits and seamless connectivity across the extensive oneworld network. We look forward to welcoming more oneworld customers onboard to experience the beauty of Fiji and the exceptional service of Fiji Airways."

Fiji Airways has also adopted the American Airlines AAdvantage travel rewards programme as their frequent flyer programme, ensuring its most frequent travellers can now enjoy all the benefits of oneworld alliance as AAdvantage members.

Taking to the skies on in September 1951, Fiji Airways now owns a fleet of some 23 state-of-the art aircraft, including the A350-900s.

Virgin Atlantic warns of slowing US travel demand to UK

Bloomberg
Crawley, West Sussex

Virgin Atlantic Airways Ltd warned of weakening US demand for travel to the UK, amid growing uncertainty among American consumers concerned about the fallout from US President Donald Trump's economic policies.

Ticket sales on flights originating in the US have begun to flag in recent weeks, after running above 2024 levels at the start of the year, Chief Financial Officer Oliver Byers said on a conference call. Conversely, demand from Europe to the US has held up well for the UK-based transatlantic specialist.

"In the last few weeks we have started to see some signals that US demand is slowing," Byers said. The spring travel season is "the period where we're seeing some weakness." The comments raised alarm among investors, who are on the lookout for any signs of deterioration in the lucrative North Atlantic corridor due to US tariffs and the potential for anti-American sentiment. Shares in IAG SA, the parent of Virgin Atlantic rival British Airways, fell as much as 6.8%. Other major airlines on both sides of the Atlantic saw drops among a slide in global stocks.

Byers spoke after Virgin Atlantic, founded by billionaire Richard Branson, reported its first profitable year since 2016. Until recently, transatlantic routes had seen healthy business from both leisure and corporate travellers, even as concerns mount that the Trump administration's crackdown on immigration may put Europeans off from flying to the US. But more airlines in the US have said they've detected signs of travel restraint on domestic routes as consumers reconsider their spending habits. Delta Air Lines Inc cut its profit outlook in half at the start of the year, followed by American Airlines Group Inc, which predicted that its first-quarter loss would be roughly double its prior guidance.

A Virgin Atlantic aircraft at Heathrow Airport. Virgin Atlantic warned of weakening US demand for travel to the UK, amid growing uncertainty among American consumers concerned about the fallout from US President Donald Trump's economic policies.

"The danger is, is this going to spill over to the transatlantic," Conroy Gaynor, senior equity analyst at Bloomberg Intelligence, said earlier.

Delta shares slipped 2.5% in pre-market US trading. United Airlines Holdings Inc. and BA's transatlantic partner American Airlines fell to a similar degree. In Europe, Deutsche Lufthansa AG and Air France-KLM, a partner with Delta and Virgin Atlantic on North Atlantic routes, each slid more than 4%.

European demand, particularly from business travellers, remains strong, Byers said. The company, which also flies to vacation destinations such as Las Vegas and Florida, still expects to increase its US revenue this year after adding 4% more capacity, he added.

Virgin Atlantic reported a profit before tax and exceptional items of £20mn ($25.9mn) for 2024 and ended last year with cash of £443mn, according to a statement. The airline also said it paid down £174mn of pandemic-related debt in the period.

About £300mn of annual costs were eliminated during the pandemic, and the airline has maintained those savings as business rebounds, Byers said.

The closely held carrier has added new routes to Toronto, Riyadh and Cancun, as well as new lounges at airports such as Los Angeles.

Virgin's load factor, which measures the percentage of seats filled on a plane, was 77% last year. That compares with 85% for IAG, which also owns Aer Lingus and Iberia, on North Atlantic routes.