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GULF TIMES

BUSINESS

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Ooredoo rewards its loyal customers with gold bars and coins

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USQBC ensures 'pivotal role' in achieving Qatar's 2030 vision, says official

By Peter Alagos
Business Reporter

The US-Qatar Business Council (USQBC) has ensured its support to realise the goals of the Qatar National Vision 2030, its president Scott Taylor told *Gulf Times* in the wake of the recently held 5th Qatar-US Strategic Dialogue.

"USQBC will play a pivotal role in helping Qatar achieve its vision because we're always on the ground both in Doha and in Washington, DC, listening and proactively engaging our members and new members to create commerce," Taylor emphasised.

Taylor explained that USQBC is engaging with different public and private sector agencies and entities, such as the US Chamber of Commerce, and working as a "very specific and bespoke organisation."

"We understand what the opportunities are by listening and specifically meeting with ministers and heads of agencies to understand what their goals are. We then get back to our members to help them thrive and understand what the government is looking for, as well as reach out to new businesses and see how they can participate, as well," he said.

Taylor also noted that USQBC is also fully supporting the initiative of the Embassy of the United States in Qatar in providing American small and medium-sized enterprises (SMEs) access to the Qatari market.

"Ambassador Timmy T Davis is very supportive of the Qatar National Vision 2030. He specifically speaks about supporting SMEs and having them come here and do commerce with Qatari businesses, as



USQBC president Scott Taylor. PICTURE: Shaji Kayamkulam

well as forge people-to-people relationships.

"Obviously, that's where the USQBC could come in and play a significant role in connections, in corporate diplomacy, and in making sure businesses from Qatar and the US have the ability to operate in both countries, as well as supporting the US and Qatari embassies and the businesses on the ground," Taylor said.

On USQBC's participation in the strategic dialogue, Taylor said, "The US and Qatar are celebrating 50th year of diplomatic relations, and the relationship between these two countries will be a very pivotal one in the next century."

"The underpinning of our relationship is defence and national security, but it is also commerce, as well. And this is where corporate diplomats like the USQBC come in.

The US is going to be very supportive of the Qatar National Vision 2030 and commerce, through our support, will help fulfil those goals."

Taylor said USQBC is looking forward to participating in strategic dialogue-related workshops next year.

"We still don't have the specifics of that workshop but USQBC will be partnering with the US embassy and entities and ministries here. I'm not sure what the framework exactly looks like but it's something that we want to be intimately involved with," he stressed, adding that sectors of interest would include sustainability, climate change, defence and national security, energy and energy security, healthcare, education, and tech.

He said, "We have a broad base of members, which we can also increase and bring to the table, and we're constantly speaking to businesses in both the US and Qatar, including the ministries and understanding their vision alongside the Qatar National Vision 2030. When you look at these sectors, they're so broad but we're going to be bringing a lot of tools to the table to help them achieve Qatar National Vision 2030." Taylor also said USQBC was able to expand its membership base during his trip to Qatar in September this year.

"The goal of that trip was to listen to the ministries and people working on the ground and understand their goals inside the Qatar National Vision 2030, as well as the opportunities for USQBC and how we can extend support."

"The other part of the trip was to speak to potential members here who could join our council and not only add value to our membership but allow us to add value to them. This trip helped provide our new members quality leads to doing business," Taylor added.



Beema chairman Sheikh Jassim bin Hamad bin Jassim bin Jaber al-Thani.

Beema set for direct listing on the QSE

Damaan Islamic Insurance Company (Beema), which has a strong financial profile as supported by 'A3' rating by global credit rating agency Moody's, is all set to undertake direct listing on the main market of the Qatar Stock Exchange (QSE).

The direct listing is subject to obtaining all required regulatory approvals, said Beema, after its extraordinary general assembly meeting where shareholders approved the company's application for conversion from a Qatari private shareholding entity into a public shareholding company.

At present, the QSE has six listed insurance companies: Qatar Insurance, Doha Insurance, Qatar General Insurance and Reinsurance, Alkhaleej Takaful Insurance, Qatar Islamic Insurance and QLM Life and Medical Insurance.

Maroon Capital Advisory is appointed as listing adviser, Eversheds Sutherland (International) as international legal adviser and Sharq Law Firm as Qatar legal adviser for the listing of Beema, which claims high customer retention levels.

Beema had reported an 11.03% year-on-year increase in net profit to QR42.25mn during the nine-month ended September 2022. Total assets amounted to QR1.51bn with policyholders' assets at QR0.9bn and shareholders' assets at QR0.61bn in the review period.

Beema, one of the leading Islamic insurance providers in Qatar, was established in 2009 by its five founding shareholders: Qatar Islamic Bank, Qatar Insurance Company, Masraf Al Rayan, Barwa Real Estate Company and QJinvest.

Further information and details on Beema's

potential listing on the main market of the QSE in the future will be provided subject to the relevant approvals being obtained from the competent regulatory authorities, a company spokesman said.

At the close of its financial year 2021, Beema totalled QR368mn in gross written contributions (GWCs). Its core products, takaful and health insurance (including group medical, group life and group life credit) made up 59% of GWC, while personal insurance (including motor and travel) was 28%, and property and casualty respectively accounted for 13% of Beema's total GWCs. In its credit opinion in March 2021, Moody's had said Beema continued to report strong profitability, both in terms of underwriting and overall profit, with a five-year average combined ratio of 79.8% and a five-year average return on capital of 9.8% at the year ended 2020.

Highlighting robust organic growth with potential for acceleration from variegated initiatives, Beema said "highly innovative, multi-channel distribution strategy and the recent introduction of mandatory medical insurance in Qatar are expected to facilitate the continued organic growth."

Beema operates under a hybrid Takaful model, which encompasses both Wakala and Mudaraba approaches. The company receives a 'Wakala' fee for managing insurance operations and a 'Mudarib' fee for managing policyholders' investments. In doing so, the company adheres to strict investment risk policies, including minimum credit rating requirements for its reinsurance partners, and internal capital requirements.

QNB provides match tickets to Brazil, Argentina fans during World Cup

QNB Group presented match tickets to a number of Brazil fans to attend matches of the Brazilian team during the FIFA World Cup Qatar 2022 hosted for the first time in the Arab world and the Middle East.

QNB is the 'Official Middle East and Africa Supporter' of the World Cup. This special gesture from the bank provided a "once-in-a-lifetime opportunity" for Brazilian fans to support their national team on the field and enjoy the charming football performances of the Samba Stars, while the excitement over the tournament matches grows.

This initiative comes within the framework of QNB Group's continued celebration of the World Cup through a range of entertainment programmes full of various events and activities in all the World Cup stadiums, adding a distinctive festive atmosphere that increased the enthusiasm of football fans who flocked in large numbers to the QNB pavilion in the fans' area.

QNB also celebrated the arrival of the four Argentine fans Matias Villarreal, Silvio Gatti, Leandro Blanco and Lucas Ledezma, who arrived in Qatar by bicycles, on a journey that started from South Africa to



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"In recognition of their adventurous spirit and their role in inspiring millions

of fans around the world, QNB offered them tickets to attend matches of the Argentine national team and a number of QNB and FIFA 2022-inspired gifts and keepsakes.

Both teams' fans will also get a unique chance to attend the last 10 minutes of the game from the pitch," QNB said. Heba Ali al-Famili, QNB general manager (Group Communications) said, "QNB

offers fans from all over the world an exceptional opportunity and we are proud to be here to inspire and motivate them to achieve their dreams during this wonderful tournament.

"With the increasing enthusiasm and excitement during this stage of the tournament, we promise fans with more amazing surprises for unforgettable times of passion and pleasure."



Sheikh Nasser bin Hamad bin Nasser al-Thani, chief commercial officer, Ooredoo Qatar, awarding prizes to winners at Ooredoo's headquarters.

Ooredoo rewards loyal customers with gold bars, coins

Ooredoo Money, a national fintech pioneer and driving force in Qatar's remittance market, has met with the winners of four recent prize draws and presented them with gold. Sheikh Nasser bin Hamad bin Nasser al-Thani, chief commercial officer, Ooredoo Qatar, personally awarded

the prizes to the 44 winners at Ooredoo's headquarters. The recent promotion concluded with the announcement that a total of 5kg of the precious metal, in the form of bars and coins, would be given away. The major prize winner won a 1kg gold bar, three runners-

up won a 500g gold bar each. Ten additional winners will each walk away with gold coins weighing 100g, with a further 30 lucky customers each entitled to a 50g gold coin. While distributing the prizes, Sheikh Nasser extended Ooredoo's "Upgrade Your World" message to

every individual winner. "Prizes such as these can make a substantial difference in the lives of our winning customers, while helping to repay their own trust and confidence in Ooredoo Money," he said. He added: "It's particularly important that we are seen to fulfil our

promises of awarding the prizes, given that sometimes the integrity of online competitions elsewhere within certain market sectors has been called into question." A full list of all 44 winners across the four draws is available on the Ooredoo website.

World Cup to make positive change in global perception about Qatar as international tourism hub, says EY

By Santhosh V Perumal
Business Reporter

Qatar's corporate executives, who are upbeat about future economic growth prospects, view that the FIFA World Cup, currently underway, would make a drastic shift in global perception about the country as an international tourism hub, according to Ernst & Young (EY).

The EY's Qatar Investment Outlook Pulse 2022 revealed that 82% of interviewed executives believe that hosting the prestigious football event would make a "strong" to a "very strong" impact in shifting the perception of Qatar as a global tourism hub, ultimately resulting in improved tourism flows and spending.

The report is based on extensive one-on-one discussions, from the fourth quarter of 2021 to the first quarter of 2022, with executive decision-makers across the largest businesses in Qatar.

While 55% indicated that they have invested in projects specifically to capitalise on the opportunities presented by the football event, EY said, half of these investments went into tourism, hospitality, and real estate.

The prestigious football event, the start of the North Field South (NFS) expansion, the award of the 2030 Asian Games, and the strategic national goal of diversifying the economy away from hydrocarbons, have all drawn the attention of foreign investors and "resulted in positioning Qatar as an investment destination of choice."

Executives in Qatar remain bullish about



Ammar Sudki Hattab, Qatar country market leader, EY.

the country's future economic prospects, with about 82% expecting the growth of the coming five years to meet or exceed forecasts, the report said.

The country's GDP (gross domestic product) is expected to rise to QR764bn this year, which is "significantly" up compared to the QR525.7bn in 2020 amid the Covid-19 pandemic, it said.

Oil and gas as well as consumer services had the most positive sentiments, with respectively 64% and 45% of interviewees expecting the sectors to outgrow the general economy over

the next five years. "Qatar has shown great resilience in the face of many challenges and has resolutely navigated regional and global events, particularly the Covid-19 pandemic, which was brought under control through an efficient and agile vaccination programme," said Ammar Sudki Hattab, Qatar country market leader, EY.

This, according to him, has instilled great confidence in executives and investors, despite the ongoing global economic headwinds, with optimism around the promise of more oppor-

tunities throughout the country. Around 55% of interviewees had bearish sentiments relating to the growth of the construction sector, especially since most mega projects would be either complete or nearly complete in the coming months.

New mega projects, however, such as the postponed Sharq Crossing, the planned airport expansion and the development of the Lusail City project, might help alleviate some of the worries surrounding the sector's prospects.

Nearly 60% of interviewed executives indicated that their investments have managed to yield "positive" returns in the past 12 months, through a period that still had many imposed restrictions from the Covid-19 pandemic, indicating business and consumer activities in the country were largely resilient.

Despite geopolitical crises outside of the region and increasing inflation, executives in Qatar remain "highly optimistic" regarding investment performance over the coming 12 months.

The report found that 91% of them indicated that they expect their investment performance to improve relative to the previous year's performance.

Around 64% of the respondents indicated some difficulties in access to capital. However, recent initiatives indicate that regulators are taking steps to improve capital accessibility, such as with the launch of the Qatar Venture Market, aimed at increasing access to capital for the small and medium enterprises or SMEs.

Furthermore, the Qatar Fintech Hub was launched as part of a wider strategy to improve innovation and access to capital within the Qatari economy.

Qatar's PPI eases 5.8% in October: PSA

By Santhosh V Perumal
Business Reporter

Qatar's producers' price index (PPI), which captures the price pressure felt by the producers of goods and services, shrank 5.8% month-on-month in October 2022, according to the official estimates.

The decline in the country's PPI on a monthly basis has been more due to the hydrocarbons and certain manufacturing businesses such as refined petroleum products, according to figures released by the Planning and Statistics Authority (PSA).

However, Qatar's PPI was seen surging 19.85% on an annualised basis this October.

The PSA had released a new PPI series in late 2015. With a base of 2013, it draws on an updated sampling frame and new weights. The previous sampling frame dates from 2006, when the Qatari economy was much smaller than today and the range of products made domestically much narrower.

The hardening of the global crude oil and industrial input prices, on account of higher inflation and interest rates, had its reflection on the PPI on an annualised basis.

The mining PPI, which carries the maximum weight of 82.46%, reported a 6.59% shrinkage month-on-month in October 2022 as the average selling price of crude petroleum and natural gas was seen plummeting 6.59%.

However, the mining PPI soared 23.86% year-on-year this October as the average selling price of crude petroleum and natural gas shot up 23.88% and that of stone, sand and clay by 8.78%.

The manufacturing sector PPI, which has a weight of 15.85% in the basket, shrank 0.84% on a monthly basis in October 2022 due to a 3.73% plunge in the average price of refined petroleum products, 1.86% in basic metals and 0.71% in rubber and plastics products.

Nevertheless, there was a 0.1% increase in the average price of food products, 0.05% in chemicals and chemical related products, and 0.01% each in beverages and cement and other non-metallic mineral products.

The manufacturing PPI was down 0.42% year-on-year in October 2022 on account of a 6.31% slump in the average price of chemicals and chemical related products and 3.49% in printing and reproduction of recorded media.

However, there was a 23.21% surge in the average price of rubber and plastics products, 13.11% in refined petroleum products, 7.45% in basic metals, 5.22% in cement and other non-metallic mineral products, 3.22% in food products and 1.06% in beverages.

The index of electricity, gas, steam and air conditioning supply reported 3.73% and 6.9% increase on monthly and yearly basis respectively this October.

The index of water supply was seen declining 1.42% and 4.06% month-on-month and year-on-year respectively in October 2022.

Turkiye's economic growth slows to 3.9% in Q3 as foreign demand falls

Turkiye's economy expanded 3.9% in the third quarter from a year ago, according to official data released yesterday, though growth slowed from the previous quarter as a global slowdown put a drag on exports, but the tourism sector remained strong.

Gross domestic product (GDP) contracted 0.1% from the previous quarter on a seasonally and calendar-adjusted basis, data from the Turkish Statistical Institute showed, marking the first contraction since the height of the Covid-19 pandemic in the second quarter of 2020.

Economists expect full-year growth of 5%, in line with forecasts, according to the latest Reuters poll, after a strong first half of the year.

Economists expect growth to slow further in Q4. "It seems it is still possible to attain the 5% growth target if there is no quarterly contraction of more than 0.5% in Q4," Haluk Burumcekci, of Burumcekci Consulting, said.

Global sentiments bolster QSE by 126 points; Islamic index outperforms

By Santhosh V Perumal
Business Reporter

Reflecting the mood in the global markets and higher oil prices, ahead of the US Federal Reserve chief's speech; the Qatar Stock Exchange yesterday witnessed 126 points gain in the key index and QR8bn in capitalisation.

Continuing the strong bullish phase for the second straight session, the 20-stock Qatar Index shot up 1.07% to 11,925.98 points, recovering from an intraday low of 11,756 points.

The telecom, banking and real estate counters witnessed higher than average demand in the main market, whose year-to-date gains improved to 2.58%.

The foreign institutions were increasingly net buyers in the main bourse, whose capitalisation saw QR8.11bn or 1.23% jump to QR669.5bn, mainly on mid and large cap segments.

About 57% of the traded constituents extended gains in the main bourse, which saw a total of 0.13mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.35mn changed hands across 11 deals.

The Islamic index was seen outper-

forming other indices in the main market, which saw no trading of sovereign bonds. Trade turnover and volumes were on the increase in the main market, which saw no trading of treasury bills.

The Total Return Index gained 1.07%, the All Share Index by 1.07% and the Al Rayan Islamic Index (Price) by 1.13%.

The telecom sector index zoomed 2.37%, banks and financial services (1.58%), realty (1.45%), industrials (0.69%) and transport (0.21%); while insurance declined 1.96% and consumer goods and services (0.53%).

Major gainers in the main market included Qatari German Medical Devices, Mannai Corporation, Qatar Islamic Bank, Qatari Investors Group, Barwa, QNB, Baladna, Widam Food, Industries Qatar, Meseaied Petrochemical Holding, Ooredoo, Vodafone Qatar and Nakilat.

Nevertheless, Qatar Insurance, Medicare Group, Qatar Industrial Manufacturing, Woqod, Gulf Warehousing, Qatar Electricity and Water and Milaha were among the losers in the main market. In the venture market, both Al Faleh Educational Holding and Mekdam Holding saw their shares depreciate in value.

The foreign institutions' net buying increased substantially to QR160.61mn

compared to QR41.56mn on November 29.

The Arab institutions turned net buyers to the tune of QR0.22mn against net profit takers of QR0.01mn on Tuesday.

The Gulf individuals' net selling declined perceptibly to QR0.44mn compared to QR2.02mn the previous day.

The foreign individuals' net selling shrank noticeably to QR0.04mn against QR2.33mn on November 29.

However, the domestic funds' net selling shot up significantly to QR109.75mn compared to QR34.02mn on Tuesday.

The local retail investors' net selling zoomed considerably to QR36.44mn against QR2.41mn the previous day.

The Gulf institutions' net profit booking expanded drastically to QR8.1mn compared to QR1.26mn on November 29.

The Arab retail investors were net sellers to the tune of QR5.88mn against net buyers of QR0.48mn on Tuesday.

Total trade volume in the main market more than doubled to 238.16mn shares and value more than tripled to QR1.49bn on 20% surge in deals to 20,130.

Trade volumes were seen doubling to 0.08mn equities and value soared 74% to QR0.59mn on 69% jump in transactions to 54.



Continuing the strong bullish phase for the second straight session, the 20-stock Qatar Index shot up 1.07% to 11,925.98 points yesterday, recovering from an intraday low of 11,756 points

Airbus takes another step towards hydrogen-powered flights



By Alex Macheras

Airbus has revealed that it is developing a hydrogen-powered fuel cell engine. The propulsion system is being considered as one of the potential solutions to equip its zero-emission aircraft that will enter service by 2035. Airbus will start ground and

flight testing this fuel cell engine architecture onboard its ZEROe demonstrator aircraft towards the middle of the decade. The A380 MSN1 flight test aircraft for new hydrogen technologies is currently being modified to carry liquid hydrogen tanks and their associated distribution systems.

"Fuel cells are a potential solution to help us achieve our zero-emission ambition and we are focused on developing and testing this technology to understand if it is feasible and viable for a 2035 entry-into-service of a zero-emission aircraft," said Glenn Llewellyn, VP, Zero-Emission Aircraft, Airbus. "At scale, and if the technology targets were achieved, fuel cell engines may be able to power a one hundred passenger aircraft with a range of approximately 1,000 nautical miles. By continuing to invest in this technology, we are giving ourselves additional options that will inform our decisions on the architecture of our future ZEROe aircraft, the development of which we intend to launch in the 2027-2028 timeframe." Airbus identified hydrogen as one

of the most promising alternatives to power a zero-emission aircraft, because it emits no carbon dioxide when generated from renewable energy, with water being its most significant by-products.

There are two ways hydrogen can be used as a power source for aircraft propulsion. First, via hydrogen combustion in a gas turbine, second by using fuel cells to convert hydrogen into electricity in order to power a propeller engine. A hydrogen gas turbine can also be coupled with fuel cells instead of batteries in a hybrid-electric architecture.

Hydrogen fuel cells, especially when stacked together, increase their power output allowing scalability. In addition, an engine powered by hydrogen fuel cells produces zero NOx emissions or contrails thereby offering additional decarbonisation benefits.

Airbus has been exploring the possibilities of fuel cell propulsion systems for aviation for some time. In October 2020, Airbus created Aerostack, a joint venture with ElingKlinger, a company with over

20 years of experience as both a fuel cell systems and component supplier. In December 2020, Airbus presented its pod-concept which included six removable fuel cell propeller propulsion systems.

Long touted as a sustainable fuel, hydrogen is now gaining serious traction as a possibility for aviation, and already tests are underway to prove its effectiveness. Commercial airline jets using hydrogen would emit only water, and initial tests suggest they can be just as fast as traditional planes, carrying more than a hundred passengers per flight over thousands of kilometres. A recent report on the potential of hydrogen-powered aviation said such planes could enter the market as soon as 2035.

In today's aircraft, wings are where the fuel is stored, and they are in no way large enough to store the hydrogen that would be needed for a long flight. Hydrogen planes of the future could have extra-large fuselages, but more likely they will be what's called blended wing, in which the planes are shaped like large triangles. This would not only

allow them to store more fuel, but also reduce fuel consumption to make the aircraft aerodynamics even better.

Planes using hydrogen would emit only water, and initial tests suggest they can be just as fast as traditional planes, carrying more than a hundred passengers per flight over thousands of kilometres. Most of the world's hydrogen today is produced by reforming methane from natural gas – a fossil fuel – which produces carbon dioxide. Efforts are underway to develop green hydrogen by using an electric current from a renewable source to convert water into oxygen and hydrogen and reduce emissions in its production. If that is possible, along with no emissions from the planes themselves, aviation could become a green form of travel.

There are significant challenges that remain. If Europe were to fully achieve the environmental benefits of hydrogen-power – for example, for air travel, the production of clean – or green – hydrogen needs to be dramatically scaled up. Clean

hydrogen is produced from water using an electric current from a renewable source, rather than from fossil fuels. Today only a tiny fraction of hydrogen used in Europe is categorically "clean."

Hydrogen is a high-potential technology with a specific energy-per-unit mass that is three times higher than traditional jet fuel. Airbus notes that, if generated from renewable energy through electrolysis, given the fact it emits no CO2 emissions, it will enable renewable energy to potentially power large aircraft over long distances but without the undesirable by-product of CO2 emissions.

The reality is this: For now, we are still years away from commercial hydrogen aircraft becoming a reality, though. The refuelling infrastructure doesn't exist yet and hydrogen is more expensive and difficult to store onboard than kerosene-based fuel. But the journey to a greener, cleaner era of flying is well underway.

■ The author is an aviation analyst. Twitter handle: @AlexinAir

Debt-laden Indian civil aviation sector sees key merger; market may be further redrawn

By Pratap John

The Covid crisis has had a massive impact on India's civil aviation sector with air traffic falling to all-time low last year.

On Tuesday, India just recorded 215 new coronavirus infections and one Covid-related death within a 24-hour period, the lowest since April 2020, according to the country's Ministry of Health. In the first quarter of 2021, at the height of the pandemic, India recorded the highest one-day tally of new Covid-19 cases anywhere in the world – exceeding 400,000 cases.

Since then, in a nation-wide free inoculation drive, millions of Indians had been administered Covid vaccination, which helped bring down the daily caseload. But the recovery in India's civil aviation market was hampered and got delayed because of the Ukraine war, which is the case in most major global markets.

Due to a temporary halt in all airline operations at the peak of the pandemic and the subsequent rise in aviation turbine fuel (ATF) pricing, the finances of Indian airline companies have been in disarray.

Experts say Indian airlines' losses mounted to the tune of \$2.5bn in last financial year and may hover around \$1.7bn in the current fiscal, despite the opening up of the economy. Despite being loss-making, the Indian aviation industry continues to garner investors' interest, attracting investments mainly from the private sector.

India is the world's third-largest air passenger market, after China and the United States. According to the India's Director General of Civil Aviation (DGCA), in FY22, country's passenger traffic stood at nearly 189mn, out of which domestic passenger traffic accounted for over 166mn, a 58% year-on-year (y-o-y) rise from 105mn in FY 21. On the other hand, international



An Air India aircraft taxis past other aircraft operated by the airline at the Indra Gandhi International Airport in New Delhi. India's aviation market may be moving towards a duopoly following the merger of two full-service carriers Air India and Vistara.

Beyond the Tarmac

passenger traffic saw a 118% y-o-y rise to 22mn from 10mn in FY21. The Indian aviation sector is expected to touch 400mn passengers annually in seven-10 years.

Despite the pandemic, domestic airlines have continued to add new aircraft to their fleets. Indian civil aviation ministry estimates the overall fleet size to almost double to 1,200 in five years from the current size of over 700 planes. In this context, the Tuesday's announcement of Vistara airlines' merger with Tata-owned Air India by March 2024 assumes significance. Singapore Airlines, which owns minority share in Vistara in its joint venture with Tata, will own around 25% of the enlarged Air India, into which it will infuse over 20bn. The rearrangement will mean a larger fleet and more routes under the Air India brand as Tata

Sons rebuilds a mega aviation wing of its empire. At present, 51% share in Vistara is with Tata, while Singapore Airlines owns the remaining 49% in the joint venture set up in 2013.

India's aviation market may be moving towards a duopoly following the merger of two full-service carriers Air India and Vistara, noted consultancy and research firm CAPA India. The merger, it said, would strengthen the sector. "The competitive dynamics in India are moving towards a two-pillar system around the Air India Group and IndiGo. The two carriers combined are in due course expected to achieve a domestic market share of 75-80%," CAPA India said. "This will redraw market and consumer power in the international arena back to Indian carriers, which has historically

been dominated by foreign airlines". India needs a high quality, dependable long-haul and ultra-long-haul airline to meet the country's air connectivity requirements. The combined entity is in line with India's aspirations to be a \$5tn economy shortly, CAPA stated.

Stating that there has been continuous improvement on the policy front, but if further reforms can be fast tracked, this will provide a powerful impetus to India's aviation system, CAPA said and emphasised that the confluence of world class entities on the corporate front, accompanied by fiscal (both direct and indirect taxes) and regulatory reforms, will enable India's true aviation potential to be realised in the medium to long term. An earlier Airbus' forecast showed India will require 2,210 new aircraft over the next 20 years. That fleet could comprise 1,770 new small and 440 medium and large aircraft. Over the next decade, India will grow to have the largest

population in the world, its economy will grow the fastest among the G20 nations, and a burgeoning middle class will spend more on air travel.

As a result, Airbus noted passenger traffic in India will grow at 6.2% per year by 2040, the fastest among the major economies and well above the global average of 3.9%. Prominent Indian aviation analyst Ashwini Phadnis said "the merger of Air India and Vistara is on expected lines."

"This development augurs well for the Indian aviation market as AI and IndiGo will now be the two players with the largest market share within India. The merger along with IndiGo's fleet induction plan should also help India claw back some of the international traffic from international carriers, which are presently carrying over 60% of outbound traffic from India," Phadnis told Gulf Times. The merger of Vistara and AI will benefit both the airlines, he said. India is set to become the third largest global aviation market. Indian domestic passenger traffic hit pre-Covid levels of around 400,000 a day for a few days in November but has been around the 350,000 mark.

A recent Nangia Andersen and FICCI study estimates that the out bound travel market from India will surpass \$42bn by 2024. Given the financial position of the India aviation market with CAPA India revising upwards its loss estimates for Indian airlines to \$2.5bn from \$1.4-1.7bn earlier, excluding accounting adjustments and major impairment costs consolidation and mergers might be one way forward for the Indian aviation industry, he said. However, Phadnis noted it remains to be seen whether given the precarious balance sheet of most Indian carriers any carrier or investor will be ready to pump in funds right now.

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

EasyJet targets full capacity as discounters thrive in slump

Bloomberg
London

EasyJet Plc said enduring demand for discounted flights should allow it to return to pre-pandemic levels of capacity by next summer, even as soaring inflation weighs on household incomes.

Early bookings for the second half starting April "look positive," with ticket prices and occupancy for Easter stronger than a year ago, Luton, England-based EasyJet said in a statement on Tuesday. At the same time, the company reiterated that it has very low visibility into next year.

"Outside the peak period it's fair to say there is a need to stimulate the market," chief executive officer Johan Lundgren said during a call with journalists. "It's normal seasonality in this point in time."

Low-cost airlines like EasyJet are lifting capacity just as economies slow, in a bet that Europeans will continue to prioritise affordable leisure travel over other discretionary spending. The UK carrier said that should help it lure more customers and grow margins while keeping a lid on costs. The airline said it will

begin summer recruitment early to avoid a repeat of 2022's industry-wide labour shortages. So far, the company has received 19,000 applications for the 2,000 cabin-crew positions it is seeking to fill, Lundgren said. EasyJet is also planning to expand its campaign to recruit adults over the age of 45 to other countries other than the UK.

EasyJet fell as much as 4.8% in London, before narrowing its decline to 0.8% as of 9:16 a.m. as the carrier added to the chorus of discount airlines determined to press on with restoring capacity after the coronavirus pandemic, despite a weakening European economy and recession in its home UK market.

Following a bumper summer, EasyJet narrowed its headline pretax loss for the year through September 30 to £178mn (\$214mn), after saying last month that the figure was between £170mn and £190mn.

Peak holiday periods this winter, including Christmas week in the UK, are back to normal levels of volume. Yields, or fares, are up around 18% from a year ago, when the Omicron variant of Covid-19 stalled a rebound from the pandemic.



Passengers board an aircraft, operated by EasyJet, at London Luton Airport. EasyJet said enduring demand for discounted flights should allow it to return to pre-pandemic levels of capacity by next summer, even as soaring inflation weighs on household incomes.

US lawmakers near compromise on Boeing 737 Max certification

Bloomberg
New York

US lawmakers are discussing a compromise measure that would allow Boeing Co to certify its final two 737 Max models without an expensive redesign while also adding new safety requirements.

Talks involving Senate and House lawmakers ramped up dramatically after the Thanksgiving holiday, and Senator Maria Cantwell of Washington, the Democratic chairwoman of the Commerce Committee, has floated a plan that would require an additional sensor system, people familiar with the talks said. The sensors are being tested on the Max 10, one of the jets in jeopardy of missing a late December certification deadline.

The proposal hasn't been finalised and is opposed by some lawmakers and family members of passengers who died in the crashes of two 737 Max planes in 2018 and 2019, the people said. They asked not to be

identified discussing the sensitive negotiations.

Under existing law, Boeing would almost certainly have to revamp the cockpit alerting system in the Max 7 and Max 10 models unless Congress acts before a December 27 deadline it imposed in legislation two years ago. It prohibits the Federal Aviation Administration from approving the design of any airliner that doesn't have a modern system to help pilots track emergency warnings.

The stakes are high for Boeing if Congress doesn't find an alternative. The company faces a multibillion-dollar redesign of the 737 flight deck and lengthy delay for its largest and smallest Max models. While chief executive officer Dave Calhoun has threatened to scrap the stretched Max 10 if Congress doesn't act, doing so would leave the US planemaker without a competitive response to rival Airbus SE's top-selling A321neo models.

Lawmakers pressing to give Boeing more time are seeking to attach language to a bill in the next few weeks before



A Boeing 737 Max 10 aircraft. US lawmakers are discussing a compromise measure that would allow Boeing Co to certify its final two 737 Max models without an expensive redesign while also adding new safety requirements.

Congress recesses for the holidays. One possibility would be to add it to legislation funding the Defense Department, which generally has broad, bipartisan support. A broader spending bill is another option.

Cantwell's proposal would require add-

ing equipment to calculate the so-called angle of attack, or whether a jet's nose is pointed above or below the oncoming air. While the agreement isn't complete, it could include adding such equipment to all Max models, two of the people said.

The Cantwell proposal would also require that Boeing give pilots an easy way to shut off certain cockpit alarms after determining they occurred in error. Regulators in Europe and Canada had earlier required such technology on the Max.

While details weren't set, the proposal would require other Max models to have the same technology at some point after the Max 10 was completed, and to retrofit models already in service.

Boeing would have pay for any changes or retrofits related to the measure under the proposal. A resumption of deliveries of currently certified 737 Max models has helped shore up the company's cash flow, but investors have still been wary of regulatory scrutiny and manufacturing challenges.

Angle-of-attack sensors failed in both of the crashes involving Max jets, setting off the chain of events that led to the dives that killed 346 people. There are currently two such sensors on 737s, while some competing models have three.

The European Aviation Safety Agency

got an agreement from Boeing to add a sensor system to the Max 10 model within two years before it decided to allow the Max family of aircraft to return to service after its grounding, but there is no such requirement in the US. Adding the sensor system would improve safety by helping pilots diagnose a failure, EASA Executive Director Patrick Ky said in a 2020 interview.

Rather than add a new physical sensor, Boeing is testing a new system in the Max 10 that uses on-board computers to provide the reading.

"Our plan is to make it retrofit to the other members of the Max family," Mike Fleming, a Boeing senior vice-president, told reporters during a June briefing. "And the pilot response from both our pilots and the customers has been very positive in terms of what they've seen. Number one, it is designed to eliminate most any of the erroneous indications that we think could happen on the airplane and two, it significantly reduces the pilot workload associated with any erroneous indication."