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Thursday, December 8, 2022
Jumada I 14, 1444 AH

GULF TIMES BUSINESS



DIALOGUE PARTNER: Page 7

AmCham to continue role as private sector voice and catalyst for US firms in Qatar

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HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi took part in the 16th annual forum of the GPCA held in Riyadh. The forum was inaugurated by Prince Abdulaziz bin Salman al-Saud, Saudi Arabia's Minister of Energy.

Al-Kaabi takes part in GPCA 16th annual forum in Riyadh

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi took part in the 16th annual forum of the Gulf Petrochemicals and Chemicals Association (GPCA), which was held in Riyadh in Saudi Arabia.

The forum, which was inaugurated by Prince Abdulaziz bin Salman al-Saud, Saudi Arabia's Minister of Energy, was held under the theme

'Managing net-zero ambitions in the energy sector with growth!'

Delegates are taking part in discussions on developing policies to adopt a lower carbon strategy in the energy sector, driving the shift towards clean energy sources through innovative strategies, realising the future of the region to lead the evolution of 'carbon circular economy'; and the way forward for the GCC to lead the develop-

ment of a 'hydrogen economy'.

The Annual GPCA forum is the flagship petrochemical gathering in the Middle East, bringing together officials and executives of the leading petrochemical and chemical industry companies for an exchange of views on the current situation and future prospects.

The 17th GPCA Forum will be held next year in Doha. **Page 3**

Commercial Bank wins 'Bank of the Year' in Qatar award from The Banker magazine

Commercial Bank has been recognised as the 'Bank of the Year' in Qatar for 2022 by *The Banker* magazine owned by the *Financial Times*.

Commercial Bank's focus on innovation and its pioneering role in digital banking is demonstrated through the full suite of products launched, ranging from the VPOS service, to the award winning 'CBFS Mobile Trading App' and 'CBsafe ID', as well as the new revamped Mobile App.

Commenting on the win, Commercial Bank Group CEO Joseph Abraham said: "We have received a number of 'best bank' awards in 2022 and named as the 'most innovative bank' across business lines such as retail, wholesale, technology and digital. This award from *The Banker* is a great achievement to conclude 2022. We would like to thank the Board of Directors for their guidance, our clients for their continued loyalty and patronage to Commercial Bank, and our staff for their dedication and efforts."

The recent award from *The Banker* magazine affirms Commercial Bank's commitment to innovation and digital transformation to provide its customers with a world-class client experience.



The award from *The Banker* magazine affirms Commercial Bank's commitment to innovation and digital transformation to provide its customers with a world-class client experience

QCB foreign reserves surge 6.82% in November

QNA
Doha

The foreign currency reserves and liquidity of the Qatar Central Bank (QCB) increased by 6.82% to reach QR223.985bn in November compared to QR209.675bn in November 2021.

The figures issued by the QCB yesterday showed that official reserves increased by the end of November year-on-year by about QR13.169bn to reach QR166.109bn, driven by the increase in the QCB's balances of bonds and foreign treasury bills by about QR18.896bn to the level of QR124.656bn in November. The reserves consist of four

categories: bonds and foreign treasury bills, balances with foreign banks, gold, and Special Drawing Rights (SDR), and the State of Qatar's share at the International Monetary Fund (IMF).

In addition to the official reserves, there are other liquid assets (foreign currency deposits), so the two together constitute what is known as the total foreign reserves.

On the other hand, Qatar's shares of SDR deposits at the IMF decreased by the end of November 2022 with a value of QR330mn compared to November 2021 to reach QR5.193bn. In the same context, balances with foreign banks decreased

by about QR12.340bn to reach QR17.470bn at the end of November 2022, compared to November 2021. Gold stocks increased by the end of November by about QR6.943bn to reach QR18.789bn.

Separately, the QCB issued treasury bills worth QR500 for a one-week term, due on December 13, at an interest rate of 4.5050%. The auction is among the mechanisms for promoting issuances announced by the QCB on September 21.

The QCB issued treasury bills for periods of one week at a value of QR2.5bn, and for one month, three, six and nine months worth QR6bn, and the auction attracted bids totalling QR9.75bn.

Nomination is now open for membership of the Board of Directors of Doha Bank

The Board of Directors of Doha Bank is pleased to announce that nominations are now being accepted for twelve board seats, including at least four independent members, to be filled for a term of three years (2023-2025). The nomination period shall be open starting from Thursday, 8 December 2022 and closing at 1:30pm on Monday, 19 December 2022.

Persons interested in the nomination for board membership and meet membership eligibility as per the Commercial Companies Law, the QFMA Corporate Governance Code, the QCB Corporate Governance Guidelines, Doha Bank's Articles of Association, as well as the Conditions for Nomination for Board Membership published on the bank's website, are invited to submit the nomination application forms along with all required documents specified on Doha Bank's website under Investor Services / Corporate Governance section.

Remarks:

1. The eligibility requirements for independent/ non-independent board membership are available on Doha Bank's website (www.dohabank.com.qa) under Investor Services / Corporate Governance section.
2. Applications will be received during the official working days from 7:30 AM till 1:30 PM. No applications shall be accepted after 1:30pm on Monday, 19 December 2022.
3. Original copies of any application or document that needs to be signed by the candidate, together with all required documents, shall be submitted by hand to the Board Secretary office at Doha Bank's Head Office Tower in West Bay Area, Corniche Street, 24th floor.
4. No application will be accepted unless it complies with all requirements, contains all necessary declarations and data, and is accompanied by all required documents.
5. The bank will publish on its website the final list of candidates who meet the requirements with all their information before the General Assembly Meeting after obtaining the necessary approvals from the competent regulatory authorities.

For inquiries or more information, please contact the Board Secretary at +974 40155488 or via e-mail at mhenawy@dohabank.com.qa.

Fahad bin Mohammad bin Jabor Al-Thani
Chairman

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Bloomberg QuickTake Q&A

Can the new oil price cap starve Russia's war effort?

By Julian Lee

Sanctions imposed on Russia by the US and its allies failed to starve President Vladimir Putin of funding for the war in Ukraine because there were still plenty of ready buyers of Russian oil. So Putin's adversaries spent months devising a Plan B: force Moscow to sell the oil so cheaply that its profits collapse. What isn't clear is whether the price cap eventually agreed to in early December is low enough to really hurt Putin and whether his biggest customers, including China and India, will play along.

1. How does the cap work?

The Group of Seven wealthy nations, the European Union and Australia agreed to a maximum limit of \$60 per barrel on seaborne Russian oil. Those countries still buying it must pay that price or less, or will be deprived of access to key services

supplied by firms in those countries. Those include the best insurance against risks such as collisions and spills, and the European-based tanker fleet including ships owned in Greece and Cyprus. Around 95% of the world's oil tankers are covered through the International Group of Protection & Indemnity Clubs in London, backed up by Europe-based reinsurance services.

2. What's the thinking behind the cap?

An EU ban on seaborne Russian crude that kicked in on December 5 deprived Moscow of its last big western buyer. However, an increase in prices through much of 2022 has brought Russia excess revenue that helped to cushion its economy from the sanctions. Western governments know there's little prospect of China and India joining their oil embargo. They're hoping the price cap will bring prices on the sale of Russian oil closer to the cost of production, limiting Moscow's income.

What they don't want to do is stop Russian oil flowing entirely, which could disrupt their fragile economies. The cap provides an off-ramp, allowing buyers adhering to it to access the insurance and shipping services that the new EU sanctions would otherwise prohibit. This may prevent global crude prices from surging as those sanctions take effect.

3. Is it likely to succeed?

The challenge was to find a price level that would inflict some damage on Moscow but wasn't so low that it refused to sell at all. Some in Europe saw the plan, which was initiated by the US, as a way to water down sanctions and pushed for a lower cap. The \$60 figure that finally emerged was still about \$10 above the key Urals grade shipped from Russia's western ports but below ESPO, which is loaded onto tankers at Kozmino in Asia, according to data provided by Argus Media. It's not clear whether a country like China will accept to be

told what price to pay for a key commodity, even if it's attractively low. And there are wider considerations for Beijing and New Delhi, such as their long-term relationship with Moscow.

4. Are there ways to ignore the cap?

Buyers willing to defy the cap can call upon a growing shadow fleet of tankers that's emerged to ship Russian crude, with many of those vessels registered to unknown owners. Whether there will be enough of them to maintain a full rate of exports in the long term is not yet certain. And Russia's key remaining customers will have to weigh the appeal of discounted prices against the risk of taking inferior Russian insurance.

5. How is Russia responding?

Russia has consistently said it won't sell oil to countries that participate in the price cap, and the countries that Russia currently sells to have not signed up to it. But the US and allies hope

they will use it as leverage to extract discounts. Russian Foreign Minister Sergei Lavrov said his government will continue to negotiate with its partners "directly" over the pricing of crude sales, noting that "there is always an element of balance of interests," including on prices. This leaves Russia room to make sales below the cap while claiming it is irrelevant.

6. Who else could benefit from the cap?

Since the war broke out, several new traders have been marketing Russian oil to buyers in Asia, as traditional entities stepped away. Those include companies like Coral Energy, Wellbred and Montfort. Businesses trading out of Dubai without links to the EU aren't subject to the bloc's sanctions, but would still need key services like insurance and finance. The growing risk of carrying Russian oil has seen tanker earnings spike for cargoes loading after December 5 when the cap came into force.

China trade plunges as feeble demand and domestic Covid woes take toll

- China's exports worst since Feb 2020, miss forecast
- Imports fall steepest since May 2020 on sluggish demand
- Global economic slowdown, China's Covid woes heap pressure
- Trade balance narrows

Reuters
Beijing

China's exports and imports shrank at a much steeper-than-expected pace in November, as feeble global and domestic demand, Covid-induced production disruptions and a property slump at home piled pressure on the world's second-biggest economy.

Exports contracted 8.7% in November from a year earlier, a sharper fall from a 0.3% loss in October and marked the worst performance since February 2020, official data showed yesterday.

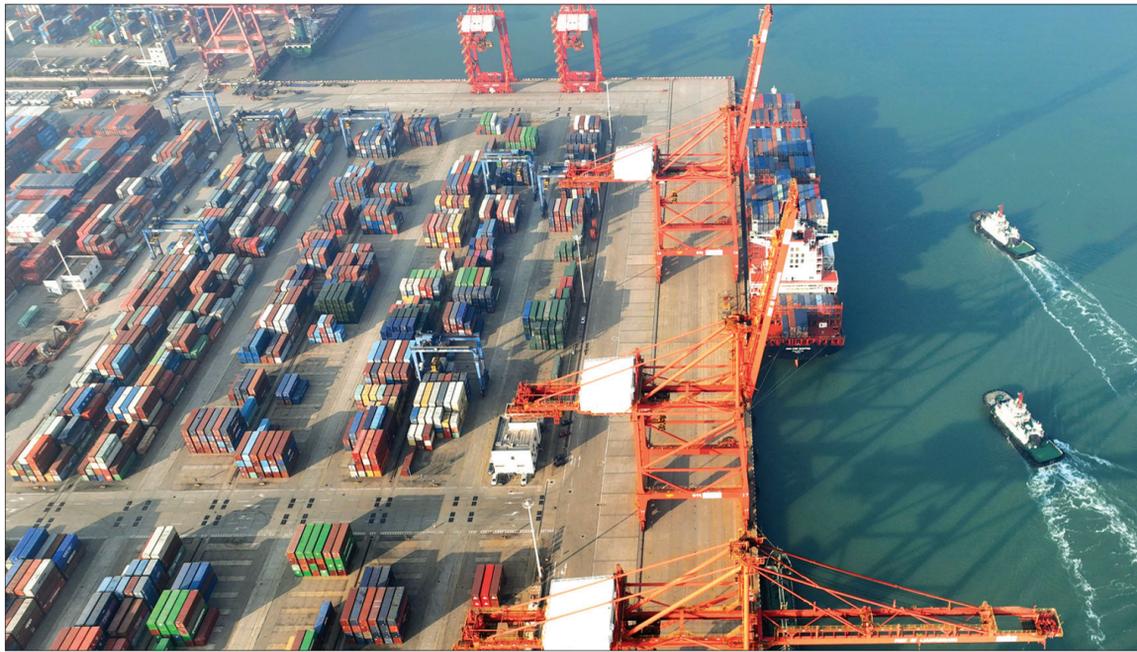
They were well below analysts' expectations for a 3.5% decline.

Outbound shipments have lost steam since August as surging inflation, sweeping interest rate increases across many countries and the Ukraine crisis have pushed the global economy into the brink of recession.

Exports are likely to shrink further over coming quarters, Julian Evans-Pritchard, senior China Economist at Capital Economics, said in a note to clients.

"Outbound shipments will receive a limited boost from the easing of (China's) virus restrictions, which are no longer a major constraint on the ability of manufacturers to meet orders," he said. "Of much greater consequence will be the downturn in global demand for Chinese goods due to the reversal in pandemic-era demand and the coming global recession."

Overall, the bleak data also underlined the impact of fresh Covid restrictions across many Chinese cities including manufacturing hubs Zhengzhou and Guangzhou as in-



The aerial photo taken yesterday shows cranes and shipping containers at a port in Lianyungang in China's eastern Jiangsu province. Outbound shipments have lost steam since August as surging inflation, sweeping interest rate increases across many countries and the Ukraine crisis have pushed the global economy into the brink of recession.

fections spiked last month. Apple supplier Foxconn said that revenue in November dropped 11.4% year-on-year, after production problems related to Covid controls at the world's biggest iPhone factory in Zhengzhou.

Freight rates indexes from Chinese ports to Europe and the US west coast were down by 21.2% and 21.0% in November from October respectively, according to the Shanghai Shipping Exchange, highlighting the weakening exports trend due to poor external demand conditions.

The widespread Covid curbs hurt importers too.

Inbound shipments were down sharply by 10.6% from a 0.7% drop

in October, weaker than a forecast 6.0% decline.

The downturn was the worst since May 2020, partly also reflecting a high year-earlier base for comparison.

This resulted in a narrower trade surplus of \$69.84bn, compared with a \$85.15bn surplus in October and marked the lowest since April when Shanghai was under lockdown.

Analysts had forecast a \$78.1bn surplus.

The government has responded to the weakening economic growth by rolling out a flurry of policy measures over recent months, including cutting the amount of cash that banks must hold as reserves and

loosening financing curbs to rescue the property sector.

But analysts remain sceptical the steps could achieve quick results, as Beijing has not announced a full reopening from Covid containment yet.

Almost three years into the pandemic, some local governments in recent days began to relax some lockdowns, quarantine rules and testing requirements that have exacted a heavy economic toll and caused widespread frustration and fatigue.

"The shift away from zero-Covid and step up in support for the property sector will eventually drive a recovery in domestic demand but probably not until the second half

of next year," Evans-Pritchard said. With the Chinese yuan already down sharply this year, policymakers' room for manoeuvre is also limited as hefty monetary policy stimulus at home at a time of rapidly rising interest rates globally could trigger large scale capital outflows.

The Ukraine war, which sparked a surge in already high inflation globally, has intensified geopolitical tensions and further undermined the business outlook.

China's economy grew just 3% in the first three quarters of this year, well below the annual target of around 5.5%. Full-year growth is widely expected by analysts to be just over 3%.

Australia in talks to help Papua New Guinea buy \$1.1bn PNG LNG stake

Reuters
Sydney

Papua New Guinea's state-owned Kumul Petroleum is in talks with Australia's export credit agency to help fund a \$1.1bn acquisition of a 5% stake in the PNG LNG project from Santos Ltd, the PNG company's head said on Tuesday.

Kumul Petroleum managing director Wapu Sonk said backing from Export Finance Australia (EFA) was Canberra's way of aiding its northern neighbour.

"It's to help us help the country," Sonk told Reuters on the sidelines of a conference in Sydney.

"We're also working with other financing partners to complement the EFA financing," he said, adding that there was interest from a wide range of lenders.

EFA declined to comment.

Santos announced in September that Kumul had made a binding offer to buy a 5% stake in PNG LNG for the company for \$1.1bn, subject to the other joint venture partners, which include ExxonMobil Corp and Japan's JX Holdings Inc, waiving their pre-emptive rights to match the offer.

The Papua New Guinea government would eventually like to buy a total stake of 10% in PNG LNG from Santos, Petroleum Minister Kerenga Kua said on Tuesday.

"Santos wants to give 10% up. That's no question on their part. But who gets it is the question," Kua told Reuters in an interview on the sidelines of the conference.

"State wants it, but our challenge is how do we finance 10% and not just 5%," he said.

A Santos spokesperson declined to comment and referred to what the company said in September on the sale.

"We feel that if we get 10% we can secure the social licensing that's needed to give security to all of us. We want to create an environment where the society is content," Kua said.

Sonk said Kumul aimed to complete its acquisition of the 5% stake by June or July.

Top Xiaomi executive in India resigns just as challenges mount

Bloomberg
Mumbai

One of Xiaomi Corp's top executives in India is leaving the smartphone maker just as it faces intensifying regulatory scrutiny and competitive pressure in the country.

Chief business officer Raghu Reddy, who helped the Chinese company to the top of India's smartphone and smart-television markets, resigned to "pursue different growth opportunities externally," Xiaomi India said in an e-mail yesterday. "It has been a privilege to have Raghu as an integral part of the Xiaomi India leadership team," it said. Reddy, who is currently serving notice, didn't respond to a WhatsApp message seeking comment. Xiaomi is among Chinese companies targeted by India's government amid continued hostility between

the two nuclear-armed neighbours since 2020 when the deadliest fighting in decades erupted along a disputed Himalayan border site. Indian authorities have accused Xiaomi of illegally remitting money overseas, allegations it has denied saying the transfers are royalty payments. Meanwhile, Prime Minister Narendra Modi's administration has asked smartphone makers, including the Chinese companies, to export more from India and build local supply chains. But an Indian state agency's recent holdup of some 27,000 phones set to be exported by Xiaomi's rival Vivo is likely to unnerve Chinese brands. Before his most recent role, Reddy headed online sales at Xiaomi and helped the brand become a hit on India's e-commerce websites. Previously, he worked for SoftBank Group Corp-backed Indian online retailer Snapdeal Ltd.

Tesla starts EV sale in Thailand in challenge for Chinese rivals

Bloomberg
Bangkok

Tesla Inc opened bookings for its cars in Thailand yesterday, becoming the latest entrant into Southeast Asia's largest market for passenger electric cars currently dominated by its Chinese rivals.

The US automaker will start delivering its Model 3 and Model Y cars in the first quarter of next year, Yvonne Chan, Tesla's country director for Thailand, told reporters at a launch event in Bangkok.

Tesla will also open its first service centre in Thailand in the first quarter of 2023 and its first super-charger facility will be functional by February. At least 10 more super charging sites will be opened in Bangkok next year, Chan said.

Tesla's foray into Thailand – its second in the region after Singapore – comes as competition is heating up with Chinese players such as Great Wall Motor, BYD and Hozon already battling for

a share of the fast-growing EV market.

The Model 3 is priced from 1.76mn baht (\$50,200) and Model Y from 1.96mn baht, according to Chan. Dozens of prospective buyers flocked to Bangkok's Siam Paragon shopping mall yesterday to inquire about prices and view the cars on display.

"Buying a Tesla car means buying its ecosystem," said Nonnalin Thugsoonthorn, a Bangkok-based investment strategist, who is looking to replace her combustion engine car with the Tesla Model 3. "I'm very happy with the price and the quality."

Tesla will compete with cars such as Great Wall Motor's Ora Good Cat that's priced from 763,000 baht and benefits from a slew of tax incentives offered by Thai government to promote electric vehicles.

Chan didn't say if Tesla plans to set up a plant in Thailand, the region's largest auto manufacturing hub. BYD, which started selling its first electric SUVs in Thailand last month, has chosen the country for its first overseas EV car plant. It is



The Tesla Model Y electric car is unveiled during Tesla's official launch event in Bangkok yesterday. Tesla's foray into Thailand – its second in the region after Singapore – comes as competition is heating up with Chinese players.

scheduled to begin manufacturing in 2024, mostly for exports to Southeast Asia and Europe.

Thailand, a longstanding auto manufacturing powerhouse, has a comprehensive supply chain that feeds scores of factories, mainly

owned by Japanese companies, producing internal combustion engine cars. But the Thai government has said it wants 30% of its total car output to be electric by 2030, and earlier this year allocated about 43bn baht through 2025

to promote the use of EVs. Tesla registered its Thai unit in April with a capital of 253mn baht, according to the nation's commerce ministry. It has also advertised more than a dozen jobs for its operations.

Al-Kaabi takes part in GPCA 16th annual forum in Riyadh



HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi with the Qatari delegation at the GPCA 16th annual forum in Riyadh. The Annual GPCA forum is the flagship petrochemical gathering in the Middle East, bringing together officials and executives of the leading petrochemical and chemical industry companies for the exchange of views on the current situation and future prospects.

IMF board to discuss Egypt next week as loan approval awaited

Bloomberg
Cairo

The International Monetary Fund's executive board will hold a meeting on Egypt next week as the North African nation awaits final approval for a \$3bn loan deal.

The board's calendar on the IMF website shows a December 16 meeting scheduled on Egypt's request for an extended arrangement under the so-called Extended Fund Facility.

Cairo and the Washington-based lender reached a staff-level agreement for the 46-month facility in late October. The financing is key to helping shore up Egypt's economy as it grapples with the fall-out from Russia's invasion of Ukraine.

One of the world's largest wheat importers, Egypt has raced to secure financial backing from its Gulf allies and sharply devalued its currency twice this year. The same day in October that Egypt announced the IMF deal, authorities said they were adopting a flexible exchange-rate for the pound, a policy analysts say has yet to be fully tested.

In a sign investors are betting on a further depreciation, 12-month non-deliverable forwards for the Egyptian pound slumped to 30 against the US dollar on Tuesday for the first time. In the spot market, the pound was steady at 24.6 per dollar.

Egypt is also trying to clear trade backlogs caused by requests from importers seeking hard currency.

"A combination of increased FX price volatility and liquidity injection is needed to clear the existing overhang," EFG Hermes Research said on Tuesday. That "will help regain the momentum in the FX market, clear the remaining existing backlogs and help accommodate new demand, once import controls are removed."

A weaker currency is driving up prices for the nation of about



People line up at a temporary tent with government subsidised goods in Cairo (file). A weaker currency is driving up prices for the nation of about 104mn people, with inflation data due this week expected to show the further impact of the pound's plunge.

104mn people, with inflation data due this week expected to show the further impact of the pound's plunge.

Egypt's net international reserves climbed slightly in November, as the North African country awaits the final approval of an In-

ternational Monetary Fund loan key to shoring up the economy.

The figure reached \$33.5bn, compared with \$33.4bn at the end of October, the central bank said on Tuesday.

Three major declines in Egypt's reserves earlier this year have

starkly illustrated the economic impact of Russia's invasion of Ukraine on the Arab world's most populous nation.

Egypt's Gulf allies have already pledged more than \$20bn in deposits and investments for the country that's dealing with a surge in fuel

and food import bills and an exodus of portfolio investment. More funding would ease pressure on Egypt's pound, which has already seen two dramatic falls this year, in March and late October. The central bank said it has adopted a more flexible foreign-exchange regime.

India is looking to agree rupee-dirham trade payment plan in January

Bloomberg
New Delhi

India is working toward initial agreement on a rupee-dirham payment mechanism with the United Arab Emirates as early as January, according to people with knowledge of the matter, as the South Asian nation looks to diversify from the dollar and boost bilateral trade links.

Officials from the nations' central banks met last week to discuss technical possibilities while their foreign ministries are driving the talks, the people said, asking not to be identified as the details aren't public. The system will include payment for purchases of oil and gas, the people said.

Representatives of India's central bank and foreign ministry didn't respond to requests for comment outside of local business hours Tuesday, while the finance ministry couldn't be reached for comment.

The central banks of India and the United Arab Emirates are discussing a mechanism to facilitate rupee-dirham trade to lower the cost of transactions, India's ambassador to the UAE, Sunjay Sudhir, had said last month. The UAE central bank, foreign ministry and government media office didn't respond to requests for comment.

The outreach broadens a plan announced in July that allows overseas trade to be settled in rupees, initially probably aimed at making it easier for Indian companies to trade with sanctions-hit countries such as Russia and Iran. However urgency has been building as India's rupee weakens and bilateral pacts deepen engagement.

India has proposed to open special vostro accounts for facilitating the trade and the balance amount, if any, would be either settled in hard currency or can be used by the participating nation to invest in local equities or treasury bonds, two of the people said.

India isn't seeking to challenge the US dollar's dominance with its rupee internationalisation efforts, Reserve Bank of India deputy governor T Rabi Sankar said in a recent speech. A study by Federal Reserve Bank of New York staff shows that while financial sanctions on Russia could encourage de-dollarisation by other countries, the dollar's prime international status will remain unrivalled.

Etisalat weighs investment in Vodafone's African business

Bloomberg
Dubai

Emirates Telecommunications Group Co is exploring a potential investment in Vodafone Plc's African business as it seeks to boost its international footprint, people familiar with the matter said.

The Abu Dhabi carrier is studying the feasibility of an offer for part or all of Vodafone's stake in Johannesburg-listed Vodacom Group Ltd, the people said, asking not to be identified because the information is private.

Vodafone owns roughly 60% of the company. Shares of Vodacom jumped 7.1% as of 1.38pm Wednesday in South Africa, on track for the biggest daily gain since March 2020, giving it a market value of about \$14.4bn. Vodafone shares pared earlier

losses and were down 0.1% in London.

Etisalat is also weighing the possibility of combining some of its own African operations with Vodacom or buying Vodacom assets in specific countries, the people said. It's in the early stages of weighing which path to pursue, and could also consider other forms of cooperation, according to the people.

Any tie-up would bring together the biggest Middle Eastern telecom operator with the second-biggest African carrier by market value. Vodafone has been steadily consolidating its interests on the continent under Vodacom, which provides telecom services in countries including South Africa, Tanzania and the Democratic Republic of Congo.

Etisalat became Vodafone's largest shareholder earlier this year and is keen to leverage this

position as it plots an expansion of its own business in Africa, according to the people.

Deliberations are ongoing and there's no certainty they'll lead to any transactions. A spokesperson for Etisalat said the group is scanning the market for opportunities in line with its strategy to grow in part through acquisitions, though there is "no such project in progress at the moment."

Representatives for Vodafone and Vodacom declined to comment.

Etisalat disclosed in May that it had spent \$4.4 billion for a 9.8% stake in Vodafone. It announced Wednesday it had increased its holding to 11%. The Middle Eastern company is the controlling shareholder of North African carrier Maroc Telecom, which has a market value of about \$9.5bn in Casablanca.

Saudi sharpens petrochemicals focus in energy transition



Visitors stop at the Saudi Aramco exhibition section at the Misk Global Forum on innovation and technology held in Riyadh (file). Saudi Arabia plans to allocate more than a third of its current oil output to chemical production by 2030 in a bid to squeeze more value from its barrels as the world shifts toward a low-carbon economy. The biggest crude exporter aims to convert 4mn barrels a day into higher-value products such as plastics and fertilisers by the end of the decade, Saudi Aramco chief executive officer Amin Nasser said at an event in Riyadh Tuesday. It's a shift that will require huge investment in its petrochemicals facilities. The kingdom also wants to ensure there's demand for oil even if crude-buying nations reduce consumption in favour of less-polluting alternatives to reduce their greenhouse gas emissions.

ECB seizing the day for QT shouldn't count on market tranquillity

Bloomberg
Frankfurt

For European Central Bank officials considering how to wind down €5tn (\$5.3tn) in bond holdings, benign financial markets are offering both a blessing and a curse.

A sense of calm that has narrowed the gap between German and Italian debt yields will embolden policymakers next week as they announce principles for so-called quantitative tightening (QT). But whatever they devise under such placid conditions must accommodate the danger of renewed volatility.

"It's a tricky situation," said Ute Rosen, a senior derivatives specialist at Union Investment. "The ECB could be thinking that they can risk it with more QT because spreads have tightened so much. The risk is that we could see a situation where it's too much for the market."

That's the challenge for ECB President Christine Lagarde and her colleagues as they unveil a strategy to reduce their balance sheet on December 15 along with an interest-rate increase of at least 50 basis points.

While getting it right will bring officials stay focused on bringing a once-in-a-generation inflation shock under control, a market showdown would be a costly diversion.

The moment to act is fortuitous. With the US Federal Reserve hinting at a downshift in aggression, investors are speculating that the global tightening



The European Central Bank headquarters in Frankfurt. For ECB officials considering how to wind down \$5.3tn in bond holdings, benign financial markets are offering both a blessing and a curse.

cycle will slow. Uncertainty over the eurozone economic outlook, the path for rates and governments' borrowing needs may disrupt the calm. The UK's market turmoil of recent months is instructive on what could then happen.

Aware of the fissile nature of their challenge, ECB officials have already congealed around the idea of running QT in the background to minimise the distraction to investors, and to use rates as their main policy tool.

Most Governing Council members seem to favour what

Lagarde describes as a "measured and predictable" approach, rolling off maturing bonds rather than selling them outright.

What's not clear is whether they'll want to use caps on the wind-down to be extra cautious.

Bundesbank President Joachim Nagel hinted last week that such measures probably won't be needed, observing that markets show "sufficient resilience" and "should be able to cope with a passive rolling off." That theory may be tested before long. Economic uncertainty may be the biggest risk.

Sentiment surveys have raised hopes that Europe's recession this winter may not be too deep, possibly meaning inflation may be high for longer. Meanwhile a turn for the worse could damp demand and price pressures faster than anticipated.

Also unclear is how much more debt governments will have to issue if energy relief needs to be propped up — and how investors will respond. The ECB has warned that excessive support may force additional rate hikes.

Any concerns about debt sus-

tainability risk being complicated by a possible watering down of eurozone fiscal rules that remain suspended in 2023.

Showing how quickly bond markets can seize up was the UK's recent selloff prompted by expansive tax-cut plans under former Prime Minister Liz Truss, forcing the Bank of England into crisis-fighting mode.

Italy shows the greatest such vulnerability in the eurozone, as newly appointed Prime Minister Giorgia Meloni struggles to contain the fiscally looser demands of her populist coalition. Moody's Investors Service has warned that public-finance targets may be missed.

The yield gap between 10-year German and Italian bonds — a key gauge of risk — has narrowed to around 190 basis points from a high of over 250 basis points in September.

But much of that reflects traders removing short bets rather than adding long positions that signal confidence. Even without an Italian crisis, investors shouldn't forget the cascade effect of repricing affecting core markets, according to Jon Levy, senior sovereign analyst at Loomis Sayles.

Goldman Sachs strategists anticipate 10-year German yields will hit 2.75% by the end of the first quarter, an increase of over 90 basis points from current levels.

The ECB's two-step approach itself may also carry risks, if delaying the details and timing of QT then creates room for market speculation.

QSE MARKET WATCH			
Company Name	Lt Price	% Chg	Volume
ZAD HOLDING CO	15.20	-5.53	10,570
WIDAM FOOD CO	2.20	-1.21	47,165
VODAFONE QATAR	1.65	0.98	613,950
UNITED DEVELOPMENT CO	1.37	-0.65	434,188
SALAM INTERNATIONAL INVESTME	0.68	-0.88	5,313,430
QATAR & OMAN INVESTMENT CO	0.57	-2.05	277,858
QATAR NAVIGATION	10.29	-0.39	1,075,355
QATAR NATIONAL CEMENT CO	4.64	0.87	259,511
QATAR NATIONAL BANK	17.70	-4.58	6,903,287
QLM LIFE & MEDICAL INSURANCE	4.60	1.48	4,716
QATAR ISLAMIC INSURANCE GROU	8.70	0.00	9,006
QATAR INDUSTRIAL MANUFACTUR	3.15	-3.46	6,468
QATAR INTERNATIONAL ISLAMIC	10.65	-3.01	2,120,344
QATAR INVESTORS GROUP	1.78	-1.71	621,475
QATAR ISLAMIC BANK	23.11	0.00	1,078,842
QATAR GAS TRANSPORT (NAKILAT)	3.87	-0.54	3,217,817
QATAR GENERAL INSURANCE & RE	1.80	0.00	-
QATAR GERMAN CO FOR MEDICAL	1.36	-1.66	1,937,930
QATAR FUEL CO	17.80	-0.11	871,272
LESHA BANK LLC	1.21	-0.08	265,892
QATAR ELECTRICITY & WATER CO	17.00	1.43	352,609
QATAR EXCHANGE INDEX ETF	11.20	-1.75	9,088
QATAR CINEMA & FILM DISTRIB	3.13	0.00	-
AL RAYAN QATAR ETF	2.55	-0.86	1,400,468
QATAR INSURANCE CO	1.99	3.85	78,791
QATAR ALUMINUM MANUFACTURING	1.60	0.25	10,291,181
QOOREDOO QPSC	9.24	0.27	3,117,400
ALJAHAR HOLDING COMPANY QPS	0.77	-1.79	4,070,567
MAZAYA REAL ESTATE DEVELOPME	0.77	-0.65	2,072,964
MESAIEED PETROCHEMICAL HOLDI	2.23	-0.13	1,668,907
AL MEERA CONSUMER GOODS CO	16.90	0.78	18,892
MEDICARE GROUP	6.69	1.26	34,614
MANNAI CORPORATION QPSC	8.48	-0.82	169,224
MASRAF AL RAYAN	3.47	-1.90	14,623,125
AL KHALLI COMMERCIAL BANK	0.00	0.00	-
INDUSTRIES QATAR	14.53	-1.09	4,610,200
INMA HOLDING COMPANY	4.69	-0.28	398,429
ESTITHMAR HOLDING QPSC	1.93	-2.97	3,343,327
GULF WAREHOUSING COMPANY	3.93	-1.08	331,226
GULF INTERNATIONAL SERVICES	1.57	-1.07	4,858,767
AL FALEH EDUCATION HOLDING	1.19	-0.83	34,356
EZDAN HOLDING GROUP	1.11	-1.07	4,668,586
DOHA INSURANCE CO	1.95	-7.14	69,061
DOHA BANK QPSC	2.07	-0.96	1,013,790
DLALA HOLDING	1.29	-1.60	20,533
COMMERCIAL BANK QPSC	5.45	-4.40	3,197,765
BARWA REAL ESTATE CO	3.11	-0.64	1,326,156
BALADNA	1.61	-1.53	1,033,546
AL KHALLEJ TAKAFUL GROUP	2.27	0.93	305,905
AAMAL CO	1.04	2.46	66,430
AL AHLI BANK	4.01	0.00	20,000

World Bank and partners launch tracking system to clean up carbon markets

Reuters
London

The World Bank and partners including Singapore yesterday launched a global tracking system to clean up the opaque market for carbon credits and help developing countries raise much-needed climate finance quickly and more cheaply.

Carbon credits — generated through activities such as planting forests or pulling climate-damaging carbon dioxide from the air — are sold to polluters to offset their emissions as a way of helping them reach net-zero emissions to limit global warming.

While governments wrangle over the rules for trading so-called compliance credits, projects are being launched to generate new credits and countries are setting up registers to track them.

Private-sector efforts also have sprung up offering credits for "voluntary" carbon markets, while a range of registries such as Verra and Gold Standard is accrediting and tracking them.

The \$2bn voluntary market has remained small. Critics cite concerns including poor market transparency, a limited supply of credits and questions over the quality of projects.

The new database — called the Climate Action Data Trust (CAD Trust) — aims to address these issues by collating all the project and carbon

credit data in one place and making it free to the public.

"The goal for us was to create this global, public data layer which allows people to get a better sense of what's happening across the world, across different jurisdictions, across different programmes," Chandra Shekhar Sinha, an adviser of the Climate Change Group at the World Bank, told Reuters.

"We're able to track it, avoid double-counting (and) figure out what are the innovations that are taking place," and hopefully create a "race to the top" at the same time as lowering the barriers to entry for market participants.

The CAD Trust, co-founded with the International Emissions Trading Association (IETA), will provide a platform listing various existing carbon offset registries to make it easier for companies and countries to share data.

Sonam Tashi, chief planning officer at Bhutan's Ministry of Economic Affairs, told Reuters the new CAD Trust portal would allow the country to save around \$1m in initial costs for accessing the market, compared with the costs of setting up its own systems.

"It really helps us...leapfrog the entire learning process.

It brings us up to speed with what is required within the carbon markets," he said. He said Bhutan is in discussions with possible buyers who want details about how carbon credits from its forests are being registered, verified and monitored.

World economy to face more pain in 2023

AFP
Paris

This was supposed to be the comeback year for the world economy following the Covid pandemic. Instead, 2022 was marked by a new war, record inflation and climate-linked disasters. It was a "polycrisis" year, a term popularised by historian Adam Tooz.

Get ready for more gloom in 2023. "The number of crises has increased since the start of the century," said Roel Beetsma, professor of macroeconomics at the University of Amsterdam.

"Since World War Two we have never seen such a complicated situation," he told AFP.

After the Covid-induced economic crisis of 2020, consumer prices began to rise in 2021 as countries emerged from lockdowns or other restrictions.

Central bankers insisted that high inflation would only be temporary as economies returned to normal. But Russia's

invasion of Ukraine in late February sent energy and food prices soaring. Many countries are now grappling with cost-of-living crises because wages are not keeping up with inflation, forcing households to make difficult choices in their spending.

"Everything has become more expensive, from cream to wine and electricity," said Nicole Eisermann from her stand at the Frankfurt Christmas market.

Central banks played catch-up. They started to raise interest rates this year in an effort to tame galloping inflation — at the risk of tipping countries into deep recessions, since higher borrowing costs mean slower economic activity. Inflation has finally started to slow down in the United States and the eurozone.

Consumer prices in the Group of 20 developed and emerging nations are expected to reach 8% in the fourth quarter before falling to 5.5% next year, according to the Organisation for Economic Co-operation and Development. The OECD encourages governments to provide aid to

bring relief to households. In the 27-nation European Union, €674bn (\$704bn) have been earmarked so far to shield consumers from high energy prices, according to the Bruegel think tank. Germany, Europe's biggest economy and the most dependent on Russia energy supplies, accounts for €264bn of that total. One in two Germans say they now only spend on essential items, according to a survey by EY consultancy.

"I am very careful but I have a lot of children and grandchildren," said Guenther Blum, a shopper at the Frankfurt Christmas market.

Rising interest rates have also hurt consumers and businesses, though US Federal Reserve chairman Jerome Powell signalled last week that the pace of hikes could ease "as soon as" December.

He warned, however, that policy will probably have to remain tight for some time to restore price stability.

For her part, European Central Bank president Christine Lagarde sent a clear signal that the ECB would maintain its

tightening policy, saying that eurozone inflation had yet to peak. Economists expect Germany and another major eurozone economy, Italy, to fall into recession. Britain's economy is already shrinking.

Rating agency S&P Global foresees stagnation for the eurozone in 2023.

But the International Monetary Fund still expects the world economy to expand in 2023, with growth of 2.7%. The OECD is forecasting 2.2% growth.

The coronavirus pandemic, meanwhile, remains a wildcard for the global economy. China's zero-Covid policy restrained growth in the world's second biggest economy, but the authorities have started to relax restrictions following nationwide protests.

But for Beetsma, the biggest crisis is climate change, which is "happening in slow motion." Natural and man-made catastrophes have caused \$268bn in economic losses so far in 2022, according to reinsurance giant Swiss Re.

Hurricane Ian alone cost an estimated insured loss of \$50-65bn.

Wall Street managers learning to love Treasury bonds again

Bloomberg
New York

Slowly but surely, bond haters are vanishing across Wall Street — even as fresh market havoc remains a distinct possibility next year if still-raging inflation forces the Federal Reserve to ramp up policy tightening anew.

Undeterred, money managers are starting to rebuild their exposures across the battered \$24tn world of Treasuries, on the conviction that the highest payouts in over a decade will help cushion portfolios from the damage wrought by further interest-rate hikes.

Morgan Stanley projects that a multi-asset income fund can now find some of the best investing opportunities in nearly two decades in dollar-denominated securities, including inflation-linked debt and high-grade corporate obligations. The interest payments on regular 10-year Treasuries, for example, has hit 4.125%, the highest since the global financial crisis.

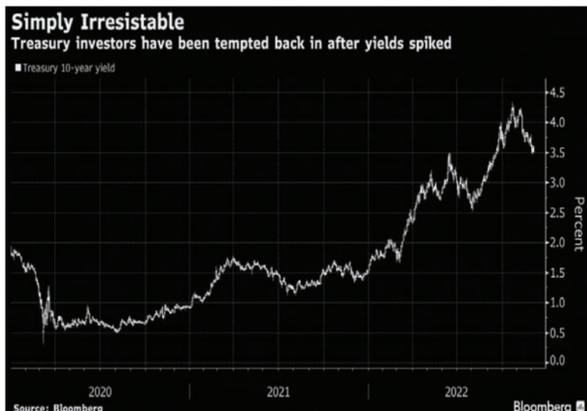
Meanwhile Pacific Investment Management Co reckons long-dated se-

curities, the biggest losers in this era of Federal Reserve hawkishness, will bounce back as a recession ignites the bond-safety trade, with government debt acting as a reliable hedge in the 60/40 portfolio complex once more.

"People are excited, believe it or not," said Maribel Larios, founder and CEO of Fiduciary Experts, a Murrieta, California-based registered investment advisor. "It's all relative, as they've seen these fixed-income accounts pay little to nothing in the past. So, 4% — or even about 2% to 3% in some cash accounts — is relatively good now."

Treasuries rallied again on Tuesday, pulling yields on the 30-year long bond back below 3.52%, a level last seen in September. The 10-year rate, meanwhile, has once again tested below 3.5% already and is now more than three quarters of a percentage point below its October peak, when it climbed above 4.3%.

Institutional managers who sell government debt to the investing masses are naturally predisposed to talk up the asset class, as is true of those peddling stocks and every other security. And many funds were blindsided this year



by failing to anticipate how persistent inflation would become, which hampered the bond market with the steepest losses in decades as the Fed started raising rates aggressively.

But now thanks to beefy income streams and lower duration — a measure of interest-rate risk — it's getting

easier to make the case that bonds will prove their muster next year.

In Minneapolis, Minnesota, Bryce Doty, senior portfolio manager at Sit Investment Associates, is telling clients they can enjoy positive bond returns over the next 12 months. Doty is expecting Treasuries to eke out be-

tween 4% and 7%, a kind of bullish posture he hasn't held for the past 18 months or so.

"Coupons are much higher and the two-year Treasury is providing 4.5% and we haven't seen that in years," he said. It's far from smooth sailing for Treasury managers, with liquidity conditions remaining troublesome, the inflation menace still at large and long-dated securities by no means cheap. On Monday, for example, yields jumped after a gauge of service-sector activity accelerated in November, confirming the economic strength seen in the jobs report on Friday that showed faster-than-expected wage and payroll growth.

But it's fair to say sentiment is improving for an asset class that has famously misfired for much of the post-lockdown era.

The median in the latest Bloomberg survey shows dealers, strategists and economists projected the 10-year US note would trade around 3.5% by end of next year. The yield on the policy-sensitive two-year obligation is seen falling to 3.63%, while the Fed's policy rate ends 2023 at 4.5% to 4.75%.

Investing in bonds isn't a slam-dunk

trade clearly, with inflation likely to outpace the Fed's 2% target through 2023. John Ryding, chief economic advisor at Brean Capital, expects the Fed will tighten rates to a higher-than-expected peak of 5.25% to 5.5% and then keep benchmark rates there through 2023.

A recession starting late 2023 into early 2024 is pretty inevitable, yet it's the "persistence of inflation that the Fed will be ultimately concerned about," said Ryding. "Even though evidence that inflation has peaked is encouraging, that and getting back down to the Fed's target are two very different propositions."

The bond market is already showing signs of getting ahead of the 2023 trade by driving 10-year yields below those on 2-year notes by the most since the early 1980s. On Tuesday, that so-called inversion — often seen as a harbinger of economic pain — hit a new extreme of 0.848 percentage points.

But going all-in on the recession trade by scooping up long-dated securities at this juncture may be premature and to some the securities look richly priced relative their short-maturity peers.

VC deals set for the worst drop in over two decades

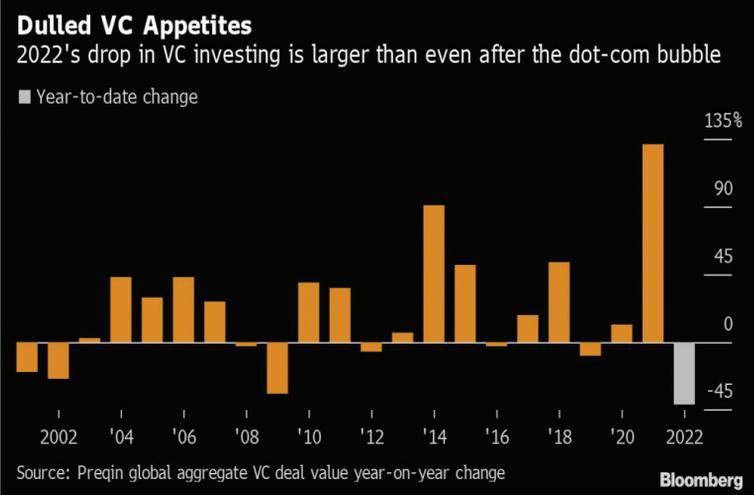
Bloomberg
London

Venture capital investments are on track for the sharpest drop in more than two decades this year, surpassing the declines of the dot-com crash and the financial crisis amid rising interest rates, macroeconomic uncertainties and a public market downturn.

The value of new VC deals globally is down 42% in the first 11 months of this year compared to last, to \$286bn, according to research firm Preqin. That's the deepest slump the researchers have recorded yet, surpassing the nadirs of the early 2000s and the 34% collapse after the 2008 financial crisis.

Venture capitalists, who ratcheted up spending over the last decade, are pulling back after rising interest rates put a premium on capital and challenged the tech industry's growth-at-all-costs mindset. Deal activity dropped sharply in the two biggest venture markets, with declines in aggregate deal value of 50% in China and 45% in the US so far this year.

"The tides are changing," said Evan Thorpe, principal at Six-Thirty Ventures, a US firm that invests globally in early-stage startups. "We're seeing a big comedown from the peaks of



last year." Several of the biggest startup backers have retreated after high-profile troubles at their portfolio companies. Sequoia Capital, one of the giants of Silicon Valley, plunged into crypto this year with a new \$600m fund — only to see the effort backfire with the blowup of the FTX exchange. The firm wrote off the full value of its investment in FTX, as did SoftBank Group Corp and Tiger Global Management, the two

most aggressive supporters of new technology in recent years. Another factor is a mismatch in expectations. Venture firms are unwilling to invest at the lofty valuations of years past after a correction in public markets, while many founders are holding out for better terms. "There's a pricing gap between buyers and sellers," Yan Guo, principal at global alternatives investor LGT Capital Partners, said on a recent panel.

"Many private companies are still held at 2021 valuations, while public comparables have corrected significantly this year. As a result, buyers would require a steeper discount, but many sellers are not ready to embrace this reality." The US has tried to tame rising inflation through a series of interest-rate hikes this year that have rapidly cut the easy funding of recent times. Startups around the world are be-

ing asked to show a clear path to profitability, in many cases sooner than they had previously planned for.

"The market is de-risking overall," said David Chang, founding partner of Hong Kong-based Mindworks Capital. As interest in volatile sectors like crypto and blank-check companies has dried up, limited partners at VC outfits are looking for surer bets. "Most LP and capital are on the sideline and waiting for signals for any correction."

China's venture landscape has been disrupted by a multi-year regulatory crackdown on the tech sector and severe lockdown measures to limit the spread of Covid-19. Abrupt restrictions on movement in and around big cities have hampered regular economic activity and business across industries in the country. China-focused fundraising dropped by 81% this year, according to Preqin.

Venture capitalists tend to be optimistic about the long term, however. This downturn is sure to be temporary and may end up benefiting the tech ecosystem by ushering in more realistic expectations, said Edith Yeung, partner at Race Capital.

"The worst time could be the best time to invest in tech," she said. "I am bullish on overall early-stage tech startups and technology advancement."

Asia bourses hit as recession fears overshadow China reopening hope

AFP
Hong Kong

Asian stocks extended a global sell-off yesterday while oil held losses on growing fears Federal Reserve monetary tightening will tip the US economy into recession. The drop followed another day deep in the red for New York's three main indexes after the heads of Wall Street's leading banks warned of tough times ahead in 2023.

JPMorgan Chase chief Jamie Dimon tipped a "mild to hard recession" and Goldman Sachs' David Solomon said jobs and pay would be hit, while Morgan Stanley and Bank of America were also uneasy about the outlook.

The comments added to the downbeat mood that has coursed through trading floors at the start of the week, after forecast-beating reports on jobs and the giant US services sector fanned worries the Fed will have to push interest rates higher than hoped.

Markets had been rising healthily ahead of Friday's employment figures after a weaker-than-expected inflation reading for October suggested the almost year-long tightening campaign was finally affecting prices.

"Any hopes that the Fed would turn more dovish in the months ahead have been dashed significantly as the vast US services industry is where sticky inflation hangs out," said SPI Asset Management's Stephen Innes.

He added that the latest readings suggest rates will go above 5% before the Fed stops hiking, while several observers have suggested they will not be reduced until 2024.

Hong Kong, Tokyo, Shanghai, Sydney, Seoul, Singapore, Mumbai, Bangkok, Manila and Jakarta all dropped.

And Lauren Goodwin, at New York Life Investments, saw further pain ahead for markets. "We have not yet seen the bottom on equity prices," she said, according to Bloomberg News. "While this phase of equity market volatility is likely to end in the next few months, earnings have not yet adapted to

a recessionary environment." The sombre outlook overshadowed China's moves to wind back some of its harsh Covid rules that traders hope will kickstart the world's number two economy, which has been battered this year by months of lockdowns and other containment measures. In a sign of the impact the zero-Covid strategy has had, data yesterday showed that imports and exports and imports plunged far more than expected in November.

Yesterday officials announced for the first time a nationwide loosening of restrictions, including a reduction in mandatory PCR tests and allowing some positive cases to quarantine at home.

But while the country edges back to normality, Zhiwei Zhang, of Pinpoint Asset Management, warned that it would take time.

"The zero-Covid policy has been loosened, but mobility has not recovered much on the national level," he said. "I expect exports will stay weak in the next few months as China goes through a bumpy reopening process."

"As global demand weakens in 2023, China will have to rely more on domestic demand." And other observers said the recent rally fuelled by the reopening may have gone too far and traders were now taking a step back as they contemplate a likely spike in infections in the country. Oil prices remained stuck at lows not seen for around a year as demand expectations tumble.

Brent on Tuesday sank below \$80 for the first time since January, while WTI was at its lowest since December, having plunged from the 14-year highs of around \$140 touched in March after Russia invaded Ukraine. Both contracts were only slightly higher in Asian trade.

"The crude demand outlook is getting crushed as we are in a slowdown basically across all the major economies," said OANDA's Edward Moya.

In Tokyo, the Nikkei 225 closed down 0.7% to 27,686.40 points; Hong Kong Hang Seng Index ended down 1.1% to 19,219.92 points and Shanghai Composite closed down 0.4% to 3,199.62 points yesterday.

Recession warnings affect emerging market stocks

Reuters
Singapore

Emerging market stocks dropped yesterday and were on course for their worst session in a month as US big banks warned of a likely recession, while central banks' moves were also in focus.

Executives from the biggest US banks warned of a worsening US economy next year as inflation threatens consumer demand, with JPMorgan chief executive Jamie Dimon highlighting the likelihood of a "mild to hard" recession.

Data showing China's exports and im-

ports shrank at their steepest pace in at least 2-1/2 years in November also fuelled global recession worries.

MSCI's index of emerging market shares slipped 1.3%, with Hong Kong's main index leading losses, down 3.2%, extending declines after strong gains last week spurred by more easing of Covid-19 curbs. Among currencies, China's yuan recovered from Monday's slide, up 0.3%, while most other emerging market currencies made small moves against a steady dollar.

India's rupee hit 82.37 against the greenback after the central bank hiked interest rates by 35 basis points and said there would be no laxity in its fight to

tame high inflation. Interest rates are expected to remain unchanged in Brazil and Poland after their respective central bank meetings later in the day, while overnight Chile's central bank held rates at 11.25% and said it had reached its peak rate.

In Mexico, the pace of rate hikes could start to slow following four consecutive 75 basis-point increases, deputy governor Jonathan Heath said on Tuesday.

The peso was down 0.2%. South Africa's rand fell 0.2% after a three-day winning run with eyes on the political turmoil around President Cyril Ramaphosa amid the "Farmgate" scandal.

In Ghana, S&P Global downgraded the country's long-term local currency

bonds to "selective default" and cut the country's foreign currency debt to "CC", saying Ghana's proposed local debt swap was a "distressed exchange offer". Morgan Stanley noted that Ghana's external bonds were still attractive.

S&P also cut Latvia's outlook to "negative" from "stable" and said that a more protracted Russia-Ukraine conflict raised the risks of spillover effects on small regional economies.

In Hungary, shares of oil and energy company MOL jumped after the government scrapped a price cap on fuels on Tuesday after a lack of imports and panic buying led to fuel shortages across the country.

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Qatar sees strong 80% y-o-y growth in sales of new vehicles in October: PSA

By Santhosh V Perumal
Business Reporter

Ahead of the World Cup, super charged sales of non-specified vehicles and robust expansion in new private vehicles led Qatar's automobile sector see an 80.2% year-on-year growth in new registrations this October, according to the Planning and Statistics Authority (PSA).

The new vehicle registrations stood at 12,203; which represented a 45.8% increase month-on-month in October 2022, said the figures released by the PSA.

The registration of new private vehicles stood at 7,055, which posted a 73.3% and 32.3% surge on an annualised and monthly basis respectively in September 2022. Such vehicles constituted 58% of the total new vehicles registered in the country in the review period.

The registration of new private transport vehicles stood at 1,959, which zoomed 11.4% and 18.9% year-on-year and month-on-month respectively in October this year. Such vehicles constituted 16% of the total new vehicles in the review period.

The new registration of other non-specified vehicles stood at 2,279 units, which grew more than 67-fold year-on-year and more than quadrupled month-on-month in the review period. They constituted 19% of the total new vehicles in the country in the review period.

The registration of new private motorcycles was up 5.8% on a monthly basis to 639 in October 2022; it was seen declining 1.2% year-on-year.

These constituted 5% of the total new vehicles in the review period.

The registration of new heavy equipment stood at 205, which constituted 2%

of the total registration this October.

Their registrations had seen a 3% growth month-on-month but fell 6.8% on an annualised basis.

The registration of trailers stood at 66 units, which saw a 65% surge on a yearly basis but was down 20.5% month-on-month in the review period.

The renewal of registration was reported in 74,954 units, which saw 15.2% and 13.9% growth on yearly and monthly basis respectively this October.

The transfer of ownership was reported in 35,406 vehicles in October 2022, which zoomed 12.9% and 5.8% on yearly and monthly basis respectively.

The re-registration of vehicles stood at 151, which reported 45.9% contraction on a yearly basis but grew 21.8% on monthly basis in October 2022.

The modified vehicles'

registration stood at 6,357, which saw a 49.1% and 18.4% year-on-year and month-on-month growth in October this year.

The cancelled vehicles stood at 3,731 units, which shot up 75.8% and 16.3% year-on-year and month-on-month respectively in the review period.

The number of lost/damaged vehicles stood at 8,975 units, which declined 12.4% on yearly basis but shot up 15.2% month-on-month in October 2022.

The number of vehicles meant for exports stood at 1,592 units, which reported 16.5% contraction on an annualised basis but was up 6% month-on-month this October.

The clearing of vehicle-related processes stood at 143,392 units, which expanded 17.7% and 14.2% on a yearly and monthly basis respectively in the review period.



The agreement was signed by president of the General Tax Authority Ahmed bin Issa al-Mohannadi and ambassador of the Republic of Cote d'Ivoire to the State of Qatar Dr Abdul Karim Cisse.

Qatar, Cote d'Ivoire sign agreement on avoidance of double taxation

ONA
Doha

The State of Qatar and the government of the Republic of Cote d'Ivoire signed, at the headquarters of the General Tax Authority (GTA), an agreement to avoid double taxation and prevent financial

evasion regarding income taxes between the governments of the two countries.

The agreement was signed by president of the General Tax Authority Ahmed bin Issa al-Mohannadi and ambassador of the Republic of Cote d'Ivoire to the State of Qatar Dr Abdul Karim Cisse. The agreement aims to eliminate

double taxation between the governments of both countries and encourage trade exchange, in addition to increase investment opportunities between the two countries through individuals and companies, and strengthen international standards of transparency through the exchange of financial and tax information.

AmCham to enhance its role in facilitating trade and investments between US, Qatar companies: Official

By Peter Alagos
Business Reporter

In the wake of the 5th Qatar-US Strategic Dialogue held recently in Qatar, the American Chamber of Commerce in Qatar (AmCham Qatar) will continue to enhance its role in facilitating trade and investments between US companies and their Qatari counterparts, an official has said.

"AmCham Qatar has always been a strategic dialogue partner and given the mission of our organisation we're even more excited that it's being held right here in our backyard," AmCham Qatar executive director Brooke Holland told *Gulf Times* yesterday.

She said: "As the primary local organisation for the American private sector and given our close relationship with our US embassy in Doha, our role is to continue to be that private sector voice and catalyst for US companies here...all of our leadership is excited about the ongoing dialogue."

Asked how the strategic dialogue will help AmCham Qatar facilitate business, trade, and commerce between Qatar and the US, Holland said: "The strategic dialogue is one of the few times, if not the only time, where you get everyone together at the table. It's important to have this dialogue with government and business organisations, as well as stakeholders, among others, to really talk about the nuts and bolts of what's happening in Qatar and abroad."

"At the end of the day, we all share



AmCham Qatar executive director Brooke Holland.

a lot of common goals. The strategic dialogue brings us out of our silos. I think it's also clear that Qatar National Vision 2030 will be a key discussion point, of which, business, trade, and commerce are crucial to some of that success."

Holland also said US ambassador

Timmy T Davis has AmCham Qatar's support in promoting the US embassy's sub-national diplomacy campaign, which aims to open the Qatari market to American small and medium-sized enterprises (SMEs).

"As the primary American private sector organisation here in Qatar, we

are incredibly fortunate to have such a longstanding and great relationship with our US embassy in Doha.

This relationship has only strengthened with the appointment of our incredible new ambassador, Timmy Davis.

"The senior commercial officer even holds an honorary board seat within AmCham Qatar, which helps ensure our mutual goals of trade, commerce, and investment are achieved and maximised to the private sector in Qatar," Holland explained.

She said: "We will continue to work with the US embassy to support the '2023 SelectUSA Investment Summit Delegation', and we are exploring new ways the Commercial Law Department and other embassy/state department programmes can benefit our member initiatives here."

"This year has shown that visiting delegations are back in full swing and we will continue to work with the embassy on ensuring these delegations leave with a full understanding and resources into what it means to do business in Qatar."

Holland added: "In 2023, we plan to take this a step further by partnering on the Clean Tech Trade mission stop-off in Doha, hosting our inaugural Sustainability Summit in March 2023."

"Working with the embassy here in Doha has and will continue to be at the centre of our strategic dialogue, and we are proud of the work we do collectively here on the ground together to help American companies"

QSE drifts downwards as global markets wary of US Fed move next week

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday continued to drift southwards with its key index plunging 154 points and capitalisation eroding QR11bn, reflecting the global apprehensions of a hike in the US Fed rates next week and its leverage in fuelling global economic slowdown.

The Gulf funds were increasingly net profit takers as the 20-stock Qatar Index declined 1.33% to 11,463.07 points, although it touched an intraday high of 11,671 points.

The banking counter witnessed higher than average selling pressure in the main market, whose year-to-date losses further widened to 1.4%.

The domestic institutions turned net sellers in the main bourse, whose capitalisation saw QR10.5bn or 1.61% erosion to QR641.23n, mainly on large cap segments.

About 63% of the traded constituents were in the red in the main bourse, which saw a total of 1.41mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR3.68mn changed hands across 68 deals.

The Islamic index was seen declining slower than the other indices in the main market, which saw no trading of sovereign bonds.

Trade turnover and volumes were on the increase in the venture market, while it was on the decline in the main market, which saw no trading of treasury bills.

The Total Return Index shrank 1.33%, All Share Index by 1.62% and Al Rayan Islamic Index (Price) by 0.31%.

The banks and financial sector index tanked 2.84%, consumer goods and services (0.95%), real estate (0.7%), transport (0.5%) and industrials (0.5%); while telecom gained 3.13% and insurance (1.88%).

Major shakers in the main mar-

ket included Doha Insurance, Zad Holding, QNB, Commercial Bank, Qatar Industrial Manufacturing, QIIB, Industries Qatar and Estithmar Holding. In the venture market, Al Faleh Educational Holding saw its shares depreciate in value.

Nevertheless, Ooredoo, Qatar Insurance, Aamal Company, QLM, Qatar Electricity and Water and Medicare Group were among the gainers in the main market. In the junior bourse, Mekdam Holding saw its shares appreciate in value.

The Gulf institutions' net profit booking expanded perceptibly to QR11.27mn compared to QR9.46mn on December 6.

The Arab retail investors' net selling also grew markedly to QR4.72mn against QR3.17mn the previous day.

The domestic funds turned net sellers to the tune of QR3.2mn compared with net buyers of QR20.29mn on Tuesday.

The Gulf individuals were net sellers to the extent of QR0.05mn against net buyers of QR3.06mn on December 6.

The foreign individuals' net buying shrank noticeably to QR2.4mn compared to QR7.44mn the previous day.

However, the local retail investors' net buying zoomed considerably to QR48.99mn against QR33.96mn on Tuesday.

The foreign institutions' net profit booking weakened substantially to QR32.15mn compared to QR52.21mn on December 6.

The Arab institutions had no major net exposure against net buyers to the tune of QR0.1mn the previous day.

Total trade volume in the main market was down 7% 86.83mn shares, while value was up 19% to QR451.27mn amidst 2% fall in deals to 14,083.

Trade volumes were seen growing more than 11-fold to 0.23mn equities, value by about 10-fold to QR1.54mn on more than nine-fold jump in transactions to 132.

QFC Regulatory Authority takes disciplinary action against former director of HCW

QNA
Doha

The QFC Regulatory Authority announced that it had taken disciplinary action against a former director of Horizon Crescent Wealth LLC (HCW) for misconduct and imposed a financial penalty of QR548,121 (\$150,000) and an indefinite prohibition from carrying out any function for firms in the Qatar Financial Centre (QFC). In 2019, the Regulatory Authority took disciplinary action against HCW. HCW was a designated non-financial business or profession (DNFBP), and it was therefore subject to the Anti Money Laundering and Combating Terrorist Financing Rules 2010 (AML/CFTR). HCW was licensed to undertake the permitted, non-regulated activity of "Administration of Trusts."

The Regulatory Authority fined HCW QR30,000,000 for serious legal and regulatory breaches of the AML/CFTR, QFC Law No 7 of 2005 and the Financial Services Regulations. Sharratt was a director and a member of senior management of HCW.

The financial penalty and prohibition imposed on Sharratt followed the completion of an investigation, which found that Sharratt contravened the following Relevant Requirements during the period from 1 January 2016 to 30 August 2017.

The actions taken by the Regulatory Authority against Sharratt, as a member of HCW senior management emphasises the standards required of a licensed firm and its senior management to ensure effective compliance with Regulatory Authority rules, including those rules required to ensure that firms have effective systems and controls in place to combat illicit finance.

EU adopts rules to spur clearing shift to Europe from London

Bloomberg
Brussels

The European Union (EU) will require banks to monitor their exposure to clearinghouses and maintain active clearing accounts in the bloc as part of new financial market rules put forward by its executive yesterday.

The European Commission's proposals are designed to encourage more business to move to clearing houses in continental Europe from the City of London by June 2025, when a temporary waiver that allows its banks and money managers to clear trades in the UK expires.

The EU wants to reduce its dependence on London, which continues to dominate Europe's financial infrastructure even after Brexit. Investors have so far been reluctant to shift trades to far smaller EU clearing houses, a key part of the plumbing that runs through the financial system.

Clearing is a key part of the finance world supporting banking, technol-

ogy and legal jobs across the City of London. Clearinghouses such as London Stock Exchange Group Plc's LCH operate at the centre of markets, collecting collateral from both sides of a trade to ensure a default on one doesn't spread panic through financial markets.

"I think we have talked enough to the stakeholders that they understand what we are doing and why we are doing it and I think there is less resistance than there was in the early stages," Mairead McGuinness, the European Commission's head of financial services, told reporters in Brussels. She stressed that the move should not be regarded as "trying to weaken" London's position.

The new proposed measures will also allow clearing services providers to expand their products range quicker and easier, help increase transparency of margin calls, according to the commission materials.

McGuinness said the market should be ready for the 2025 switch and that there are no plans for a further extension. She declined to provide the

share of business the EU is targeting. The proposals are part of the EU's Capital Markets Union initiative, which is designed to break down barriers between the bloc's financial markets and address clearing, insolvencies and listings.

"We are preparing our capital markets for the future," McGuinness told Bloomberg Television. "At the moment we have too many fragmentations and that means that business large and small do not benefit from capital markets."

The Commission also proposed amendments to boost investment into smaller and mid-sized firms. The planned change will raise the threshold below which the re-bundling of trading execution fees and research fees is allowed to €10bn (\$10.6bn), up from €1bn, a limit that was only set during the pandemic.

The move is designed to encourage investors to pay more attention to smaller and mid-sized firms. Since the introduction of MiFID II in 2018, unbundling has been blamed for removing the incentive for banks to produce

research on smaller stocks and making it harder for them to attract capital.

Companies will also see listing requirements and documentation simplified to reducing the cost to companies. The proposals also aim to harmonise insolvency proceedings across the bloc including actions to preserve the insolvency estate, fair distribution of the recovered value among creditors to foster cross-border investment.

The proposals will be submitted to the European Parliament and member states for adoption.

The collapse of FTX into bankruptcy last month is also a focus for EU officials as the bloc's Markets in Cryptoassets directive moves towards an expected vote in February. McGuinness said the exchange's failure showed a need to regulate the sector on a global scale.

"Anyone who is reading headlines has got to be more than cautious about crypto, and that is no bad thing," she said. "I think too many entered this space thinking that the only way was up and we know that what goes up can come down."

Airbus and Boeing end-of-year battle underway

By Alex Macheras

European aircraft manufacturer Airbus has ditched its target to achieve "around 700" commercial aircraft deliveries for 2022, describing the goal as "out of reach" amid a complex business environment. Based on its November deliveries of 68 commercial aircraft and supply chain issues, the ongoing war in Ukraine, and other factors, Airbus abandoned the target but reiterated that it did not expect the actual number of jet deliveries for 2022 to be too far off the original goal. Airbus also said it remains committed to delivering its financial guidance as provided at the nine-month 2022 results, meaning guidance for EBIT Adjusted and Free Cash Flow before M&A and customer financing remains unchanged.



Additionally, Airbus reaffirmed an interim production goal of 65 A320neo-family jets a month but withdrew its implementation date, saying instead it would adjust the

speed of the ramp-up during 2023 and 2024. It said it still planned to reach an ultimate target of 75 such single-aisle jets a month, but adjusted the deadline to the "middle of the decade" from 2025.

Airbus had previously planned to reach 65 a month by early 2024, having pushed this back from mid-2023 earlier this year, when it also lowered its original forecast of "around 720" deliveries to the now discarded target of "around 700".

In November 2022, Airbus also registered 29 new orders and 14 cancellations bringing the backlog to 7,344 aircraft.

Boeing stocks declined after its rival Airbus made the announcement to confirm the planemaker would be unlikely to reach its year-end goal for deliveries of aircraft to carriers. Boeing fell 3.6% while market benchmarks also

declined for a fourth straight day as investors await the Federal Reserve's decision on interest rates next week. Boeing faces a December 27 deadline to secure regulatory approval for two versions of the 737 MAX or to receive a reprieve from Congress to comply with a safety law enacted after the two deadly crashes of the 737 MAX. Senate Commerce Committee Chair Maria Cantwell this month issued a draft proposal to extend the deadline and require retrofitting existing planes with safety enhancements. Without a deadline reprieve, Boeing could be forced to cancel the shorter 737 MAX 7 and the longer 737 MAX 10 models. Before this week, Boeing's stock had fallen 11% since the beginning of the year. However, there could soon be better news for Boeing as the manufacturer is tipped to be close to securing a deal

with United Airlines for dozens of 787 Dreamliner jets. The WSJ report that United Airlines is preparing to order around 100 planes to replace its ageing widebody jets, particularly its older Boeing 767 fleet that experienced operational issues over the last year. The Chicago-based airline's securities filings list more than 50 Boeing 767s across its hangers. For now, it remains unclear exactly how many Dreamliner jets that United would order in the deal, which could close as soon as this month. But people familiar with the late-stage talks say it could include confirmed orders and future purchase options for 50 or more aircraft. The aircraft in the 787 Dreamliner family range from roughly \$248mn to \$338mn before discounts depending on the model. Boeing currently has a backlog of 4,441

planes, including 488 orders for its 787 Dreamliners, according to the company website. Elsewhere, IATA narrowed its forecast for industry-wide losses to \$6.9bn from \$9.7bn. "That is a great achievement considering the scale of the financial and economic damage caused by government-imposed pandemic restrictions," IATA Director General Willie Walsh said on Tuesday, referring to the projected 2023 return to profit. Walsh did warn, however, that many airlines will continue to struggle next year, citing global disruption to the supply chain, tighter regulations, high costs and inconsistent government policies. For 2022, IATA narrowed its forecast for industry-wide losses to \$6.9bn from \$9.7bn.

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

Airline fuel bill to hit around \$229bn in 2023 on ongoing recovery in traffic volumes

By Pratap John

Fuel is one of the main operational cost items for an airline, typically accounting for 20-25% of the total.

As a result of the Russia-Ukraine conflict, there has been a sharp rise in the world oil price, which returned to more than \$100/barrel for the first time since 2014.

The jet crack has also widened considerably this year, according to the global body of airlines - IATA.

Jet crack or crack spread, is a term used in the energy markets to represent the differences between crude oil and the prices of the wholesale petroleum products that derive from it, such as jet fuel.

Looking forward, the International Air Transport Association (IATA) expects oil prices to moderate somewhat over the forecast horizon, easing to around \$92 a barrel in 2023, from around \$102 this year. Notwithstanding the anticipated moderate price decline, the ongoing recovery in traffic volumes will result in the industry's fuel bill increasing to around \$229bn in 2023.

Notwithstanding the anticipated moderate price decline, the total fuel spend for 2023 is expected to be \$229bn - consistent at 30% of expenses.

This is on account of greater demand for jet fuel because of the ongoing recovery in traffic volumes.

IATA's forecast is based on Brent crude at \$92.3/barrel (down from an average of \$103.2/barrel in 2022). Jet kerosene is expected to average \$111.9/barrel (down from \$138.8/barrel).

This decrease reflects a relative stabilisation of fuel supply after the initial disruptions from the war in Ukraine. The premium charged for jet fuel (crack spread) remains near historical highs. Passenger demand is expected to reach 85.5% of 2019 levels over the course of 2023.

Much of this expectation takes into account the uncertainties of China's zero-Covid policies, which are constraining both domestic and international markets. Nonetheless, passenger numbers are expected to surpass the 4bn mark for the first time next year (since 2019), with 4.2bn travellers expected to fly. For airlines, the challenge of elevated fuel prices in 2023 will be the extent to which the costs can continue to be passed on to consumers or, if demand begins to wane, how to manage the still considerable cost burden given the outlook for a very modest profit margin. Overall airline costs are expected to



A member of the ground crew connects a fuel hose to the wing of an Airbus aircraft, operated by EasyJet, during the refuelling process between flights at the north terminal of London Gatwick airport. Notwithstanding the anticipated moderate price decline, the total jet fuel spend for 2023 is expected to be \$229bn - consistent at 30% of expenses. This is on account of greater demand for jet fuel because of the ongoing recovery in traffic volumes.

Beyond the Tarmac

grow by 5.3% to \$776bn. That growth is expected to be 1.8 percentage points below revenue growth, thus supporting a return to profitability. Cost pressures are still there from labour, skill and capacity shortages. Infrastructure costs are also a concern. Nonetheless, non-fuel unit costs are expected to fall to 39.8 cents/available tonne kilometre (down from 41.7 cents/ATK in 2022 and nearly matching the 39.2 cents/ATK achieved in 2019). Airline efficiency gains are expected to drive passenger load factors to 81.0%, just slightly below the 82.6% achieved in 2019. Higher energy consumption around the world also results in higher emissions. Transportation accounts for around 15% of global CO2 emissions, of which two thirds

stem from road transport and one third from maritime and air transport in roughly equal parts, i.e. approximately 2.5% of global emissions each - close to the share of Germany in total emissions. While it is necessary to reduce all CO2 emissions, it is also important to be aware of the relative size of their various origins, as this can help set the policy agenda and allow for the optimisation of the pace and sequencing of reform. Today, the technology is available for scaling up the production of sustainable aviation fuel (SAF), while its current production meets less than 1% of total jet-fuel consumption, IATA noted. Rapid expansion of such production will likely require both public and private investments. Lifting the production to

10% of jet fuels could require \$250bn in investments. If that sounds prohibitive, let us ponder the extent of fossil-fuel subsidies. The OECD and the International Energy Agency have analysed some 51 countries representing 85% of the world's total energy supply and found that subsidies that kept fossil fuel prices artificially low more than tripled to \$531bn in 2021, compared with 2020. Subsidies for oil and gas production reached a record level of \$64bn in 2021, IATA data reveal. Hence, were those funds instead allocated to SAF production, one could reach almost 25% of current jet-fuel consumption. Or, with only the production subsidies given in a single year, SAF could be brought to 2.6% of jet-fuel consumption. Clearly, removing harmful fossil-fuel subsidies should be at the top of policymakers' agenda.

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

Jet Airways revival hits new snag as lenders push back on funding

Bloomberg
Mumbai

Lenders to bankrupt Jet Airways India are resisting a court-approved resolution plan, further delaying the former No 1 private airline's return to the skies, according to people familiar with the matter and e-mail communications seen by Bloomberg News.

The primary dispute is about whether the new owners of Jet Airways need to pay more money into the pension funds of ex-employees, the people said, asking not to be identified because they're not authorised to speak publicly about the matter.

Banks, led by State Bank of India, say Jet Airways' new buyers - Dubai-based businessman Murari Lal Jalan and Florian Fritsch, chairman of London-based Kalrock Capital Management Ltd - should pay an additional Rs2.5bn (\$30.1mn) into the retirement kitty, the people said, an ask supported by the e-mail exchanges reviewed by Bloomberg.

The new owners meanwhile have indicated that extra money wasn't part of the already agreed upon resolution plan and instead must be taken out of the banks' dues, the people said.

A representative for Jet Airways, which also represents the consortium led by Jalan and Fritsch, declined to comment.

State Bank of India and Ashish Chhawchharia, the court-appointed professional running the carrier's insolven-

cy, didn't immediately respond to messages and phone calls seeking comment.

A revival of Jet Airways, previously majority owned by former billionaire Naresh Goyal, is key to burnish the image of Prime Minister Narendra Modi, who is projecting himself as a market-friendly leader keen to reduce state interference in private enterprise ahead of elections in 2024.

For Jet Airways, a second coming could exemplify how new bankruptcy rules can allow beleaguered carriers to spring back in the South Asian nation, known for its cut-throat aviation market and fare wars that have killed off several high profile players over the years.

Jet Airways collapsed in 2019 under a lot of debt after years as India's top private airline. It had promised to start flying again in March this year but has struggled to order new aircraft because lenders have been reluctant to take on fresh liabilities. Its new owners also still haven't reached an agreement about formally taking over the airline, the people familiar with the matter said, limiting the ability of Jalan and Fritsch to infuse more funds and order planes.

The issue of paying more money into the pension funds of former employees came about after a fresh case was filed at the tribunal after the court-approved resolution had been finalised. The snag also threatens to set back a process of about three years that was to see banks recover about 5% of the some Rs78.1bn they were owed.



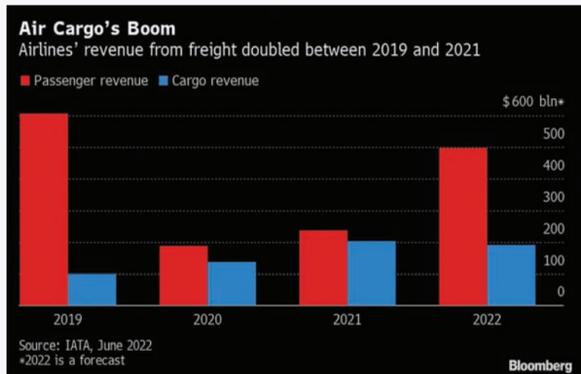
A Jet Airways India aircraft prepares to land at Chhatrapati Shivaji International Airport in Mumbai (file). Lenders to bankrupt Jet Airways are resisting a court-approved resolution plan, further delaying the airline's return to the skies.

China's top air-cargo carrier joins online booking platform

Bloomberg
Beijing

China's top air-cargo carrier is joining an online booking platform that's revolutionising a \$200bn global market the way websites like Travelocity and Expedia digitised flight transactions for passengers more than two decades ago. Freightos Group announced on Tuesday that the air-logistics arm of China Southern Airlines Co will offer real-time rates, capacity and bookings on WebCargo, a Barcelona-based unit of Freightos that currently connects to more than 3,500 freight forwarders. More than 30 airlines including Deutsche Lufthansa AG, American Airlines Group Inc, Air France-KLM and Emirates SkyCargo already list their services on WebCargo. China Southern's embrace of WebCargo - the first by a Chinese

carrier - is a notable milestone for global supply chains needing smoother trade with the world's No 2 economy. It will give shippers of goods online access to freight availability from China Southern, which accounts for about 5% of all tonnage capacity worldwide. According to Freightos, its latest air-cargo partnership also brings the amount of capacity accessible globally on WebCargo to 50%, up from zero four years ago. Airlines pay a fee for each booking. Air freight generated an estimated \$204.1bn in revenue for commercial airlines in 2021, more than double the level in 2019, according to industry group IATA. During the pandemic, it's been one of the most volatile logistics links given its reliance on passenger traffic for capacity. When Covid-19 forced passenger carriers to ground planes, which carry cargo loads under their passenger cabins, a severe shortage of freight



capacity resulted just as demand soared to move medical supplies and household essentials. That led to skyrocketing rates and forced many

airlines to turn passenger seating areas into cargo holds - conversions that are now being reversed as leisure travel picks up.

Though transactions were moving to online platforms back in 2018, the pandemic's disruptions served as a catalyst for creating a bigger digital marketplace for air cargo. "This industry has been very late to the game - 25 years after passenger air travel, for example - but it really caught up in a quite amazing way with such rapid adoption," Freightos CEO Zvi Schreiber said in an interview. "Covid, without a doubt, gave it an extra push." China Southern operates a fleet of 14 Boeing Co 777 freighters and runs 60 flights a week from Chinese cities to Amsterdam, Chicago, London, Los Angeles and Frankfurt. The company plans to add more planes and digitize more capacity to "support the changing demands of the market," according to Chengqing Tao, the executive vice president of China Southern Air Logistics. "Digitization has become a key business and practice enabler in

air cargo industry that will surely continue," Tao said in an email response to questions. "We are now speeding up our pace to embrace digital transformation." In 2019, cargo contributed about 6% of China Southern's revenue, but that share jumped to almost 20% last year, financial data from China Southern's annual reports for those years show. Through the first half of 2022, cargo accounted for nearly 26% of the Guangzhou-based carrier's revenue. But the outlook for shipping on most modes of transportation is growing cloudier as the world economy decelerates. According to the International Air Transport Association, global demand for air cargo dropped 13.6% in October from a year earlier as volumes across all six major regions declined. New export orders, a bellwether for cargo demand, shrank everywhere except China and South Korea, IATA said.