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Amir's visit to El Salvador opens new horizons for commercial ties: Qatar Chamber chairman

Thursday, September 14, 2023
Safar 29, 1445 AH
GULF TIMES
BUSINESS

AVIATION SPECIAL: Page 4

Blocked funds remain a drag on aviation growth in Africa

Commercial banks' assets expand 2.9% to QR1.87tn in July: QCB

By Santhosh V Perumal
Business Reporter

Commercial banks in Doha reported a 2.9% year-on-year growth in assets to QR1.87tn in July on the back of expansion in their domestic assets, according to the Qatar Central Bank (QCB) data.

The banks' domestic assets shot up 3.39% year-on-year to QR1.63tn, while foreign assets were down 0.61% to QR241.33bn in the review period.

Of the total QR1.87tn assets in July 2023, local currency assets amounted to QR959.16bn or 53.06% of the total and foreign currency assets at QR876.97bn or 46.94%.

The commercial banks' total credit amounted to QR1.24tn in July 2023, which increased by 2.75% on an annualised basis. Their domestic credit was seen expanding 3.67% year-on-year to QR1.19tn; while overseas credit declined 13.18% to QR57.17bn in the review period.

Domestic assets in local currency amounted to QR985.37bn and foreign currency QR641.7bn; while in the case of foreign assets; local denomination was valued at QR6.05bn and foreign currency at QR235.27bn in July 2023.

Total public sector credit was seen expanding 1.13% year-on-year to QR379.29bn with domestic credit growing by 1.02% to QR360.11bn and foreign credit 3.28% to QR19.18bn in July 2023.

Total private sector credit showed a 4.3% year-on-year growth to QR855.72 with domestic credit expanding 5.61% to QR819.14bn; while foreign credit declining 18.38% to QR36.59bn at the end of July.

The securities portfolio totalled QR272.45 in July 2023, growing by 9.86% year-on-year with domestic securities portfolio expanding 6.73% to QR246.62bn and overseas portfolio by 52.69% to QR25.82bn.

Within securities portfolio, total debt shot up 15.96% year-on-year to QR166.1bn with domestic and foreign debts soaring 13.45% and 53.27% to QR152.29bn and QR13.81bn respectively in July.

Total sukuk amounted to QR99.46bn, which was up 1.02% year-on-year in July with foreign sukuk growing 94.39% to QR9.35bn. In the case of domestic sukuk, it fell 3.78% to QR90.11bn in the review period. Total claims on banks were up 3.34% year-on-year to QR161.29bn. Domestic claims shot up 38.16% to QR54.37bn; whereas foreign claims plummeted 20.42% to QR106.93bn.

The commercial banks' cash and precious metals were valued at QR14.35bn in July compared to QR16.96bn the previous year period. Investments in subsidiaries and associated stood at QR47.79bn with domestic investments at QR7.25bn and overseas investments at QR40.54bn.

The country's commercial banking system showed QR42.29bn in other assets in July with domestic assets at QR32.17bn and foreign assets at QR10.12bn.

The commercial banks' net fixed assets amounted to QR8.33bn at the end of July 2023 compared to QR8.02bn in the comparable period of previous year.

The commercial banks' required reserve stood at QR53.96bn in July 2023 against QR48.03bn the year-ago period.

Commercial banks in Qatar reported a 2.9% year-on-year growth in assets to QR1.87tn in July on the back of expansion in their domestic assets, according to QCB data.

QFZ chairman meets senior Chinese delegation

HE the Minister of State and chairman of the Qatar Free Zones Authority (QFZ) Ahmad al-Sayed welcomed Lin Keqing, chairman of CPPCC Guangdong Provincial Committee and his accompanying delegation during a visit to the Ras Bufontas Free Zone. The delegation also included Chen Ye, chargé d'affaires of the Chinese embassy in Qatar as well as government officials from Guangdong Province and representatives of various Chinese companies. The delegation met al-Sayed alongside senior officials from QFZ. The meeting highlighted the investment opportunities and outstanding benefits offered by QFZ and supported by the country's advanced infrastructure, to attract companies to invest and establish their businesses in Qatar. The meeting was followed by a tour of the Business Innovation Park at the Ras Bufontas Free Zone.

UDC gets highest accreditation for CSR excellence

United Development Company (UDC), the master developer of The Pearl Island and Gewan Island, has been awarded the highest Gold Certification by CSR Accreditation, a leading UK-based organisation associated with Buckinghamshire New University that delivers a global standard of social responsibility.

This achievement marks a significant milestone for UDC, which is now the first in Qatar to receive such recognition from a notable accreditation-giving body. UDC remains committed to upholding the highest standards of quality and excellence in all aspects of its operations.

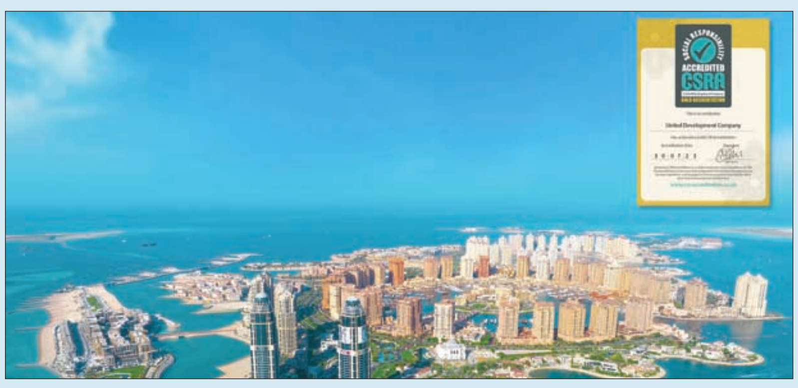
The Gold Certification from CSR Accreditation acknowledges UDC's dedication to corporate social responsibility (CSR) and governance initiatives across various areas. UDC has consistently demonstrated its commitment to the '4-Pillar CSR Roadmap', which encompasses the environment, workplace, community, and philanthropy.

This remarkable achievement is a testament to UDC's strategic approach that places great importance on responsibility towards its employees, the community, the environment, and corporate governance standards. UDC's relentless efforts in CSR and governance activities have rightfully earned it this prestigious award, with recognition in the following areas: ISO certifications, environmental initiatives, 'Seabin Project', 'Employee Tree Planting', recycling initiatives, marine ecology, ESG report, and CSR Summit.

UDC's continuous success in project delivery and its unwavering dedication to upholding the highest standards of quality across all its operations have garnered well-deserved recognition through a multitude of prestigious awards and certifications. This latest accolade, the CSR Accreditation, is yet another shining testament to UDC's steadfast commitment to CSR.

The remarkable impact of UDC's sustainability initiatives and responsible business practices within the community is truly inspiring. This achievement solidifies UDC's standing as a trailblazer in the realm of responsible and sustainable development within the region, and it sets an exemplary standard for others to aspire to.

The Gold Certification from CSR Accreditation acknowledges UDC's dedication to corporate social responsibility and governance initiatives across various areas



Climate workshop hosted by MoECC concludes in Doha

Experts at a session at the climate change prevention and sustainable energy workshop, organised by the Ministry of Environment and Climate Change in collaboration with the Al-Attiyah Foundation.

The climate change prevention and sustainable energy workshop, organised by the Ministry of Environment and Climate Change (MoECC) in collaboration with the Al-Attiyah Foundation, successfully concluded yesterday.

The two-day event, titled 'Article 6 of the Paris Agreement and Climate Finance Mechanisms' brought together a diverse assembly of 100 delegates and visitors from around the world to examine the opportunities and challenges surrounding the strategic implementation of Article 6, particularly in the context of the State of Qatar and the Mena Region.

Throughout the event, attendees participated in vibrant discussions, interactive sessions, and thematic panels that spanned a wide spectrum of topics. These dialogues explored the fundamental principles of Article 6, debated the intricacies of the Voluntary Carbon Market (VCM) and other carbon market mechanisms outside the United Nations Framework Convention on Climate Change (UNFCCC), among other critical subjects.

The workshop commenced with insightful speeches from HE Abdullah bin Hamad al-Attiyah, the former deputy prime minister and minister of energy and Founder and Chairman of the Al-Attiyah Foundation, and HE the Minister of Environment and Climate Change, Sheikh Dr Faleh bin Nasser bin Ahmed bin Ali al-Thani.

Speaking at the workshop, al-Attiyah stated: "This event takes place at a juncture where we are witnessing heightened collaboration between nations, along with initiatives fostering public-private partnerships, all in the pursuit of addressing climate change. I commend the teams for orchestrating this timely event centred around a topic that holds vast potential for enhanced cooperation among nations." Sheikh Dr Faleh said: "The event sought to initiate an inclusive process for crafting a suitable carbon markets strategy for Qatar. The various panel discussions strived to guarantee that all pertinent stakeholders were thoroughly briefed and up to date on the most recent global carbon markets advancements, serving as a foundation for the Qatari initiative."

Amir's visit to El Salvador opens new horizons for commercial ties, says Qatar Chamber chairman

QNA
Doha

Chairman of Qatar Chamber (QC) Sheikh Khalifa bin Jassim bin Mohamed al-Thani commended the relations between the State of Qatar and El Salvador, noting the visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to El Salvador, which would open new horizons for co-operation between the two countries, and would reflect positively on trade exchange between the two countries, especially since there are developed relations between the two sides, and agreements in many fields.

He said in remarks to Qatar News Agency (QNA) that His Highness's visit to El Salvador aims to strengthen bilateral co-operation relations between the two countries, and will undoubtedly be reflected in trade and economic co-operation.

Sheikh Khalifa indicated that the Qatari and Salvadoran private sectors will benefit from this co-operation in building partnerships and alliances that contribute to stimulating trade exchange between the two countries.

He noted the interest of Qatari business owners in learning about the investment climate and opportunities in El Salvador, especially since it is considered a promising destination that provides many investment opportunities in various sectors.

Sheikh Khalifa indicated that the Qatari and Salvadoran private sectors will benefit from co-operation in building partnerships and alliances

He stressed that the Qatar Chamber encourages Qatari businessmen to explore the opportunities available there, enhance co-operation between Qatari companies and their Salvadoran counterparts, support co-operation between business owners on both sides, and study the investment climate available in El Salvador and the opportunities available, especially in the sectors of agriculture, food security, oil, gas and others to support Qatar's economic diversification strategy.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.80	0.00	-
Widam Food Co	2.28	-0.09	925,970
Vodafone Qatar	1.83	0.38	9,514,591
United Development Co	1.13	-0.18	2,532,265
Salam International Investment	0.69	0.73	4,033,798
Qatar & Oman Investment Co	0.84	-0.71	319,810
Qatar Navigation	9.98	0.94	726,567
Qatar National Cement Co	3.64	1.34	397,409
Qatar National Bank	15.30	-0.33	3,307,027
Qlm Life & Medical Insurance	2.77	0.00	9,021
Qatar Islamic Insurance Group	8.99	1.70	9,999
Qatar Industrial Manufacturing	2.99	-0.03	43,059
Qatar International Islamic	9.91	0.27	734,299
Qatari Investors Group	1.73	-0.23	1,349,624
Qatar Islamic Bank	18.93	-0.37	744,039
Qatar Gas Transport (Nakilat)	3.79	1.04	3,746,074
Qatar General Insurance & Reinsurance	1.15	-9.49	1,049
Qatar German Co For Medical	2.20	-2.23	4,802,382
Qatar Fuel Qsc	16.38	0.18	344,186
Lesha Bank Llc	1.44	0.91	460,882
Qatar Electricity & Water Co	17.90	0.90	177,805
Qatar Exchange Index Etf	10.03	-0.40	2,200
Qatar Cinema & Film Distribution	3.18	0.00	-
Al Rayan Qatar Etf	2.25	-0.71	6,506
Qatar Insurance Co	2.29	1.78	800,175
Qatar Aluminum Manufacturing	1.36	0.67	14,415,813
Ooredoo Qpsc	10.60	-1.12	787,487
Alijarah Holding Company Qps	0.80	0.50	3,853,178
Mazaya Real Estate Development	0.75	-0.13	5,666,515
Mesaieed Petrochemical Holding	1.84	-0.33	8,850,299
Mekdam Holding Group	5.15	-0.10	82,596
Al Meera Consumer Goods Co	14.10	0.79	67,836
Medicare Group	5.94	-0.07	173,334
Mannai Corporation Qsc	4.98	1.04	559,652
Masraf Al Rayan	2.22	-0.67	10,907,190
Industries Qatar	13.95	-1.06	4,023,828
Inma Holding Company	4.67	-1.75	175,806
Estithmar Holding Qpsc	2.17	-0.92	1,332,167
Gulf Warehousing Company	3.28	1.20	2,209,451
Gulf International Services	2.94	1.38	43,781,525
Al Faleh Education Holding	0.94	-0.32	230,815
Ezdan Holding Group	1.02	-0.97	2,338,127
Doha Insurance Co	2.22	6.18	1,000
Doha Bank Qpsc	1.66	-0.42	2,227,452
Dlala Holding	1.61	-0.56	117,946
Commercial Bank Psqc	5.73	0.54	1,246,389
Barwa Real Estate Co	2.65	-0.45	2,505,264
Baladna	1.32	0.23	5,646,709
Damaan Islamic Insurance Co	3.79	7.53	8,221
Al Khaleej Takaful Group	3.33	1.52	5,157,742
Aamal Co	0.85	0.12	2,126,567
Al Ahli Bank	3.75	0.81	600,269

QSE index falls on selling pressure

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday lost another 17 points on the back of selling pressure, especially in the telecom, real estate, industrials and banking counters.

The domestic institutions turned net profit takers as the 20-stock Qatar Index shed 0.16% to 10,369.35 points.

The Gulf institutions were seen bearish in the main market, whose year-to-date losses widened to 2.92%.

The Arab individuals turned net sellers in the main bourse, whose capitalisation melted QR1.22bn or 0.2% to QR608.5bn with midcap segments losing the most.

The foreign retail investors' weakened net buying had its influence in the main market, which had hit an intraday high of 10,392 points.

However, the foreign institutions were increasingly net buyers in the main bourse, which saw a total of 8,706 exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.04mn changed hands across four deals.

The local retail investors turned bullish in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen declining faster than the other indices in the main market, which saw no trading of treasury bills.

The domestic institutions turned net profit takers as the 20-stock Qatar Index shed 0.16% to 10,369.35 points yesterday

The Total Return Index fell 0.16%, All Share Index by 0.11% and Al Rayan Islamic Index (Price) by 0.2% in the main bourse, whose trade turnover and volumes were on the lower side.

The telecom sector index shed 0.76%, real estate (0.41%), industrials (0.35%), and banks and financial services (0.21%); whereas insurance gained 1.01%, transport (1%) and consumer goods and services (0.2%).

Major shakers in the main market included Qatar General Insurance and Reinsurance, Qatari German Medical Devices, Inma Holding, Ooredoo, Industries Qatar, Estithmar Holding and Ezdan. In the venture market, Al Faleh Educational Holding saw its shares depreciate in value.

Nevertheless, Meeza, Beema, Doha Insurance, Qatar Insurance, Qatar Islamic Insurance, Mannai Corporation, Qatar National Cement, Gulf International Services, Qamco, Gulf Warehousing and Nakilat. In the junior bourse, Mahhar Holding saw its shares appreciate in value.

The domestic institutions were net sellers to the extent of 13.37mn compared with net buyers of QR7.86mn on September 12.

The Gulf funds turned net profit takers to the tune on QR10.81mn against net buyers of QR4.75mn the previous day.

The Arab retail investors were net sellers to the extent of QR9.98mn compared with net buyers of QR3.42mn on Tuesday.

The foreign individual investors' net buying weakened noticeably to QR0.98mn against QR6.08mn on September 12.

However, the local individuals turned net buyers to the tune of QR18.11mn compared with net sellers of QR23.22mn the previous day. The foreign institutions' net buying expanded significantly to QR15.14mn against QR2.93mn on Tuesday.

The Gulf retail investors' net profit booking eased perceptibly to QR0.06mn compared to QR1.66mn on September 12. The Arab institutions had no major net exposure against net sellers to the tune of QR0.16mn the previous day.

Trade volumes in the main market fell 29% to 177.69mn shares, value by 22% to QR547.58mn and deals by 13% to 18,930.

The venture market trade volumes more than double to 0.96mn equities and value more than double to QR1.76mn on more than doubled transactions to 147.

IBPC delegation meets Qatar British Business Forum chairman

Indian Business and Professional Council (IBPC Qatar) president Jaffer Us Sadik, accompanied by vice-president Rupalakshmi Setty and Board of Governors member Thaha Mohamed Abdul Kareem, recently met the chairman of Qatar British Business Forum (QBBF) Emad Turkman.

This, IBPC Qatar said is keeping in line with its endeavour to build strategic alliances with various international business councils in the country.

IBPC Qatar and QBBF discussed ways of boosting business between its members, as well as opportunities of mutual interest to both councils.

The discussions also included investment opportunities in India and the UK, opportunities in the field of education, collaborative networking events, and areas of mutual interest.

IBPC acts as a platform to introduce Indian businesses and professionals to opportunities that project their expertise and strengths in various disciplines for prospective alliances with business & trade organisations operating in Qatar.

IBPC Qatar and QBBF discussed ways of boosting business between its members, as well as opportunities of mutual interest to both councils

Gasoline fuels US consumer inflation; underlying trend improving

Reuters
Washington

US consumer prices increased by the most in 14 months in August as gasoline prices surged, but the annual rise in underlying inflation was the smallest in nearly two years, potentially allowing the Federal Reserve to keep interest rates unchanged next week.

The mixed report from the Labor Department on Wednesday was published a week before the Federal Reserve's interest rate decision and followed data this month showing an easing in labour market conditions in August.

While the data bode well for no change in rates next Wednesday, the stickiness in services inflation keeps a hike on the table in November.

"The Fed is likely to keep the federal funds rate unchanged at this month's meeting, but today's report keeps alive the potential for another interest rate hike in coming months," said Phillip Neuhart, director of market and economic research at First Citizens Bank in New York.

The consumer price index increased by 0.6% last month, the largest gain since June 2022. The CPI had risen 0.2% for two straight months. August's increase in the CPI was in line with economists' expectations.

Gasoline prices, which jumped 10.6% after rising 0.2% in July, accounted for more than half of the increase in the CPI last month.

Gasoline prices accelerated in August, peaking at $3.984 per gallon in the third week of the month, according to data from the US Energy Information Administration. That compared to $3.676 per gallon during the same period in July.

The cost of shelter continued to rise, though rents are moderating. Food prices gained 0.2% for the second straight month. Grocery food prices rose 0.2%, slowing from June's 0.3% advance.

Consumers paid more for meat, fish and eggs, but dairy products, fruit and vegetables were cheaper.

In the 12-months through August, the CPI accelerated 3.7% after climbing 3.2% in July. While that marked the second straight month of a pick-up in annual inflation, year-on-year consumer prices have come down from a peak of 9.1% in June 2022. The Fed has a 2% inflation target. US stocks opened lower. The dollar was little changed against a basket of currencies. US Treasury prices were mixed.

A customer shops in a grocery store in Houston. US consumer prices increased by the most in 14 months in August as gasoline prices surged, but the annual rise in underlying inflation was the smallest in nearly two years, potentially allowing the Federal Reserve to keep interest rates unchanged next week.

"As long as the economy remains resilient and inflation doesn't re-ignite, the market can rally into year-end, once we get past the seasonally weak months of September and October," said Chris Zaccarelli, chief investment officer at Independent Advisor Alliance in Charlotte, North Carolina.

Excluding the volatile food and energy components, the CPI increased 0.3% as a 1.2% drop in prices of used cars and trucks was offset by higher costs for shelter, motor vehicle insurance as well as household furnishings and operations. The so-called core CPI had increased 0.2% for two consecutive months.

Core goods prices dipped 0.1% after decreasing 0.3% in July. Core services rose 0.4% for the second month in a row. The cost of shelter rose 0.3%. Owners' equivalent rent (OER), a measure of the amount homeowners would pay to rent or would earn from renting their property, climbed 0.4% after rising 0.5% in July. A further slowdown in rents is expected as more apartment buildings come on the market.

In the 12 months through August, the core CPI increased 4.3%. That was the smallest year-on-year rise since September 2021 and followed a 4.7% gain in July.

Financial markets overwhelmingly expect the Fed to leave its policy rate unchanged next Wednesday, according to CME Group's FedWatch tool. Since March 2022, the US central bank has raised its benchmark overnight interest rate by 525 basis points to the current 5.25%-5.50% range.

But a rate hike in November cannot be ruled out as services inflation, excluding shelter, remains elevated.

Airbus begins A321XLR round-the-world flight tests

By Alex Macheras

The A321XLR has taken off for a ten-day international flight test campaign across the world. This exciting campaign will demonstrate the A321XLR's technical reliability and maturity through varying climatic conditions and flight durations - typical of what airlines might fly when the aircraft enters commercial service.

The "Extra Long Range" A321XLR will boast an unprecedented extra-long range of up to 4,700nm - 15% more than the A321LR while maintaining the same fuel efficiency.

The A321XLR is the next evolutionary step of the A320neo, in response to market demands for even more range and payload, creating more added value for the airlines. With this added range, airlines will be able to operate a lower-cost single-aisle aircraft on longer and less heavily travelled routes - many of which can now only be served by larger and less efficient wide-body aircraft. This will enable operators to open new worldwide routes such as India to Europe or China to Australia, as well as further extending the Airbus single-aisle jets portfolio non-stop reach on direct transatlantic flights between continental Europe and the Americas.

For airlines, commonality is key. The A321XLR has been designed to maximise overall commonality with the A321LR and the rest of the A320neo Family meaning flight crew can be certified to fly the aircraft without significant 'conversation' training. There are some changes, however, including a new permanent Rear Centre Tank (RCT) for more fuel volume; a modified landing gear for an increased maximum take-off weight of 101 metric tonnes; and an optimised wing trailing-edge flap configuration to preserve the same take-off performance and engine thrust requirements as today's A321neo. The new optimised RCT holds more fuel than several optional Additional Centre Tanks did previously, while taking up less space in the cargo hold - thus freeing-up underfloor volume for additional cargo and baggage on long range routes.

The A321XLR has already completed a significant test flight across Europe, flying for more than 13 hours without stopping for fuel. Airbus conducted the flight as a part of its most recent long-range twin-jet development programme, which was formally unveiled at the 2019 Paris Air Show. The programme also evaluates flight control system evolutions, among other parameters. The aircraft made a circle flight across Europe in 13 h and 15 min, initially heading in the direction of the UK before turning around and passing through Oslo, Berlin, Prague, Rome, Sicily, and Sardinia before landing back in Toulouse.

Airbus' single-aisle, long-range portfolio includes the A321neo (new engine option aka "NEO") — which first flew in February 2016 — has a range of approximately 3,700 nautical miles. It's also capable of flying transatlantic between Paris and New York in an all-Business Class configuration — but most airlines are using the jet for mid-haul routes. Airlines are still able to place orders for the jet. The A321LR (long-range) — which first flew in January 2018, has a range of approximately 4,000 nautical miles, and can fly from London to New Delhi non-stop. It's in service with multiple airlines, including TAP Air Portugal, Aer Lingus, Kazakhstan's flag carrier Air Astana, and Scandinavian Airlines. And finally, the A321XLR (extra long-range)— airlines including American Airlines, United, Qantas and Air Arabia are set to take the jet once it enters commercial service.

With Airbus betting on a future of efficient, long-range aircraft, the manufacturer continues to make assembly advancements amid strong demand. A brand new A321XLR equipment installation hangar just opened this month in Hamburg. "Airbus' Hamburg site plays a significant role in the development and production of the A321XLR. "With our new state-of-the-art equipment installation hangar, we are now expanding our capacity to manufacture A321 fuselages and making an important contribution to supporting our ramp up. At the same time we are reaffirming the importance of Hamburg for Airbus," said André Walter, Head of Airbus Commercial Aircraft Production in Germany, at the opening of the facility. "The design of the building reflects the latest standards in production and sustainability."

In the new equipment installation hangar, with 9,600 m2 of production space, designated H259, all the components of the rear fuselages of the A321XLR aircraft - also built in Hamburg - will be installed and mounted. The hangar is equipped with a full range of state-of-the-art technologies for operations and manufacturing, such as automated logistics, fully digital systems, and test stations that can output the status of each fuselage section (both in terms of logistics and resources) at any time.

The almost 24-metre-long fuselage sections are equipped with all electrical and mechanical systems, as well as other elements such as windows, floor panels or external antennas, on an automated 'pulse line' consisting of eight stations. Each fuselage section is extensively tested directly after the installation of the systems. The fuselage sections are then transferred to the final assembly line in Hamburg.

Airbus reaffirmed that the stations in the new hangar were planned in close consultation with the employees to create both an efficient production flow and an ergonomically optimised and modern working environment. In addition, the interior design also focused on ensuring optimal conditions for cooperation between the employees in production and the supporting functions.

The structure was planned and built sustainably. A 3,000sq m photovoltaic system on the roof supplies the hangar with electricity, and surpluses are used to power the site. The office block on the south side offers an excellent level of insulation thanks to extensive insulation of the ceiling and walls. A fully automatic control system for heating, ventilation and lighting complements the measures.

One of Europe's largest airline groups, the International Airlines Group (IAG) has selected the A321XLR to expand its fleet of highly efficient single aisles with a firm order for 14 aircraft. Of these, eight are destined for Iberia and six for Aer Lingus. IAG, the parent company of major airlines also including British Airways, Level and Vueling, is one of Airbus's largest customers and this agreement will take the overall order from the group to 530 aircraft.

Describing the jet, Willie Walsh, former IAG chief executive, said: "The A321XLR has the same unit cost as a widebody long-haul aircraft which will enable profitable network expansion. This will strengthen both Dublin and Madrid hubs providing new transatlantic routes and additional flexibility for connecting passengers. These aircraft will also bring further cost efficiencies and environmental benefits." The A321XLR currently has nearly 570 orders from 27 customers worldwide. Entry-into-service is planned for the second quarter of 2024.

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

Blocked funds remain a drag on aviation growth in Africa

By Pratap John

People near the Nigeria National Air flight at the Nnamdi Azikwe International Airport in Abuja (file). Infrastructure constraints, high costs, lack of connectivity, regulatory impediments, slow adoption of global standards and skills shortages affect the customer experience and are all contributory factors to African airlines' viability and sustainability.

Beyond the Tarmac

Africa has a solid foundation to support the case for improving aviation's contribution to the continent's overall development. Pre-Covid, aviation supported 7.7mn jobs and $63bn in economic activity in Africa, and projections are for demand to triple over the next two decades.

Africa accounts for 18% of the global population, but just 2.1% of air transport activities including cargo and passenger segments. Africa faces several challenges in its aviation industry.

Infrastructure constraints, high costs, lack of connectivity, regulatory impediments, slow adoption of global standards and skills shortages affect the customer experience and are all contributory factors to African airlines' viability and sustainability. The continent's carriers suffered cumulative losses of $3.5bn during the 2020-2022 period.

Moreover, the International Air Transport Association (IATA) estimates further losses of $213mn in 2023.

Another major challenge faced by African aviation is the rapidly rising levels of blocked funds, which are a threat to airline connectivity in the continent.

Currently $1.5bn in airline funds remain blocked across the continent.

That said, since 2018, a significant amount of blocked funds have been repatriated from Angola, Ethiopia, Ghana, Nigeria, and Zimbabwe through working with the respective governments.

"Blocked funds have reached a critical point in Africa," pointed out Kamil al-Awadhi IATA's vice-president (Africa and the Middle East).

"Every penny counts for the airline industry. By failing to pay their bills for air transport, these governments (in Africa) are putting industry in a tighter position. Airlines pulling out (of Africa) reduces connectivity, leads to higher ticket prices, affects investor confidence and results in the collapse of the domestic travel agency businesses," al-Awadhi noted.

Blocked funds refer to money held by governments, often as a result of regulatory requirements or economic policies, which prevent airlines from freely accessing or repatriating their earnings from certain countries including many in Africa.

Obviously, blocked funds severely impact an airline's cash flow. When a significant portion of their revenue is locked in a foreign country, it limits their ability to cover operational expenses, invest in new equipment, or expand their services.

When funds are blocked, airlines find themselves in a financial bind, especially if they are unable to convert their earnings into a usable currency. This leads to reduced profitability, delayed payments to suppliers, and difficulties in meeting financial obligations.

Blocked funds hinder an airline's ability to maintain and upgrade its fleet. This results in delayed maintenance schedules, reduced safety margins, and decreased competitiveness in terms of service quality. Without access to their earnings, airlines may find it challenging to invest in new routes, purchase additional aircraft, or expand their services in the affected countries. This limits their ability to tap into potentially lucrative markets.

Prolonged blocking of funds leads to a serious financial crisis for airlines, potentially pushing them towards bankruptcy. The inability to meet financial obligations or invest in critical areas of operation will have severe consequences for an airline's viability.

Worse still, airlines face uncertainty regarding when or if they will be able to access their blocked funds. This lack of clarity often makes it difficult to plan for future and make strategic business decisions. Recently, IATA launched 'Focus Africa' to strengthen aviation's contribution to Africa's economic and social development and improve connectivity, safety and reliability for passengers and shippers.

This initiative will align private and public stakeholders to deliver measurable progress in some key areas such as safety, infrastructure, connectivity, finance and distribution, sustainability and future skills. At the IATA's World Air Transport Summit in Istanbul in June, IATA's Director General Willie Walsh noted: "Airlines cannot continue to offer services in markets where they are unable to repatriate the revenues arising from their commercial activities in those markets.

"Governments need to work with industry to resolve this situation so airlines can continue to provide the connectivity that is vital to driving economic activity and job creation."

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

Lufthansa relies on older aircraft as engine woes ground A320neo

Bloomberg
Berlin

Deutsche Lufthansa AG plans to extend the service life of older Airbus A320 models and lease dozens of aircraft to soften the fallout from the partial grounding of A320neo jetliners hit with an extensive recall caused by engine flaws.

The German carrier, among the biggest customers of Airbus SE's most popular aircraft family, expects to have 20 of its A320neo aircraft out of service at any given time over the next few years due to repairs of their Pratt and Whitney engines, Spohr told reporters on Tuesday.

While it's still assessing the full impact of the recall ordered by the US manufacturer for most of its PW1100 turbines, Lufthansa is planning for years of disruption — while also seeing an opportunity to handle some of the repairs through its maintenance unit.

Speaking at the US Chamber of Commerce Aerospace Summit, Lufthansa Chief Executive Officer Carsten Spohr said the airline is also mixing and matching engines so that planes aren't grounded when the geared turbofan, or GTF, engine by Pratt & Whitney comes off the wing for inspection and possible repair.

"It's too early to give more detailed numbers, but this will have a significant impact on us," Spohr said. He described the Pratt issue as one of the greatest engine disruptions the industry has seen in recent years, with the crunch being the worst in 2024.

Another response to the disruption is what Spohr called "potential network trims," though he said the focus is on the other two measures in order to keep such reductions at a minimum.

Pratt parent RTX Corp said on Monday that about 3,000 geared turbofan engines must be removed over the next three years to check for potentially flawed components made from contaminated metal powder.

That represents most of the roughly 3,200 GTF engines currently in service on the jets.

Spohr said the aviation supply side remains "very stressed" and will require some time to sort itself out. At the same time, demand for premium leisure travel is the strongest it has been in the last three to four decades, Spohr said.

Lufthansa operates about 400 weekly flights to the US, and Spohr said that number could "easily be more if we had more airplanes."

Passenger aircraft, operated by Deutsche Lufthansa, at Munich International Airport. Lufthansa plans to extend the service life of older Airbus A320 models and lease dozens of aircraft to soften the fallout from the partial grounding of A320neo jetliners hit with an extensive recall caused by engine flaws.

Pratt engine flaw to idle hundreds of A320 planes for years

Bloomberg
New York

RTX Corp dramatically expanded the scope of required engine checks at its Pratt & Whitney unit, a move that will affect nearly its entire fleet of turbines powering Airbus SE's latest A320 and ground hundreds of the single-aisle jets for months.

About 3,000 Pratt & Whitney geared turbofan engines must be removed over the next three years to check for potentially flawed components made from contaminated metal powder, RTX said. That represents most of the roughly 3,200 GTF engines currently in service on the jets.

With airlines already facing lengthy waits for engine repairs, the added work will result in about 350 aircraft parked per year through 2026 on average, RTX executives told analysts. They said they expect the figure to peak at about 650 planes in the first half of 2024.

"This is obviously a difficult and disappointing situation," Chief Executive Officer Greg Hayes said. "We're laser focused on addressing this in the most expeditious and financially sound way forward."

The broad extent of the checks highlights how the engine's latest problem has deeply impacted the global fleet. The Pratt geared turbofan engine is one of two power plants offered on the top-selling Airbus A320neo family of aircraft. The RTX unit has about a 40% share of the A320neo market, behind competitor CFM International.

And it's yet another blow to airlines as they work to rebuild their operations since the pandemic. The engine troubles complicate efforts to increase capacity to meet steady post-Covid lockdown demand for travel. On Monday, RTX also cut its full-year sales outlook and said it will take a roughly $3bn pretax charge in the third quarter as it addresses the flawed parts. Part of RTX's plan to resolve the issue is offering compensation to airlines for operational disruptions. The Arlington, Virginia-based company now expects reported fiscal year sales in a range of $67.5bn to $68.5bn it said in a statement. An earlier forecast called for adjusted sales of $73bn to $74bn, compared with an average analyst estimate for $73.6bn.

An attendee looks at a model of a Pratt & Whitney GTF engine at the Farnborough International Airshow (file). RTX Corp dramatically expanded the scope of required engine checks at its Pratt & Whitney unit, a move that will affect nearly its entire fleet of turbines powering Airbus' latest A320 and ground hundreds of the single-aisle jets for months.

RTX said pretax operating profit will be reduced by as much as $3.5bn over the next several years over the issue. Several airlines have already said the inspection requirements will weigh on their plans. Ultra—low cost carrier Wizz Air Holdings on Monday said the inspections will reduce its capacity up to 10% in 2024.

However, Airbus said it doesn't expect the updated plan from RTX to affect the planemaker's delivery targets this year, or its plan to ramp up production of A320-series jets over the course of 2024.

RTX said in July that 1,200 GTF engines must be removed and inspected over the next 12 months. That initial assessment came after the company discovered contamination in the powdered metal used to manufacture high-pressure turbine disks could shorten their lifespan.

The new plan is to inspect 3,000 engines through 2026 and bring the equipment in for repetitive examinations every 2,800-3,800 flights, the company said. That's a much shorter interval than the typical industry standard.

During the shop visits, Pratt plans to replace as many high-pressure turbine disks as possible with new parts that have a full service life, in order to avoid future inspections, RTX Chief Operating Officer Chris Calio told analysts.

In July, the company suggested fewer than 1,200 engines it had inspected needed new disks. Now, engines will also be fitted with new compressor disks, another step that wasn't part of the plan outlined in July.