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Global aviation industry's decarbonisation efforts have new goals set for '30

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Qatar Chamber, Czech industry confederation seek robust ties

QIIB successfully issues $500mn sustainable sukuk; issuance 'hugely' oversubscribed

QIIB corporate office on Grand Hamad Street in Doha.

QIIB announced the successful issuance of its $500mn sustainable 'Oryx' sukuk for a period of five years, as part of the bank's sukuk programme with a total value of $2bn.

The sustainability sukuk from QIIB witnessed significant interest and overwhelming response from investors worldwide, with subscription requests reaching over $4bn.

The issuance was priced at a spread of 120 basis points above the five-year US Treasury rate, with a final yield of 5.247% annually.

Earlier, QIIB had appointed Standard Chartered Bank as the global coordinator for the issuance, along with Al Rayan Investment (Masraf Alrayan Group), Dukhan Bank, Emirates NBD Capital, KFH Capital, Mashreqbank, and Islamic Corporation for the Development of the Private Sector and QNB Capital as joint bookrunners and joint lead managers for the issuance.

Commenting on the success of the issuance, QIIB chief executive officer, Dr Abdulbasit Ahmed al-Shaibei stated: "We are extremely pleased with the success of this sustainable sukuk issuance and its outstanding pricing. It is a defining moment for us, as it marks the first issuance of sustainable sukuk following the establishment of a dedicated framework for sustainable financing in the bank, which aims to fund projects that contribute to environmental and social benefits."

He noted: "The sustainable sukuk we have issued is part of our active engagement in aligning with the Third Financial Sector Strategy recently approved by the Qatar Central Bank, encompassing principles, particularly with regard to sustainability, aiming further development and prosperity in the financial sector from various perspectives."

Dr al-Shaibei said: "The significant success of the sukuk issuance and its favourable pricing clearly indicate the great confidence that QIIB enjoys internationally, based on strong credit ratings and the strength of the Qatari economy, which provides support to various economic sectors in the country, especially banking."

"We have observed exceptional interest in QIIB's sukuk, giving us more confidence to build partnerships regionally and internationally related to sustainability, focusing on programmes, serving the community and financing projects that provides to basic services and infrastructure at reasonable rates."

Dr al-Shaibei explained: "Our new sukuk issuance under the approved $2bn programme, at its various stages, achieves several objectives, including enhancing sustainability-linked financing, solidifying our presence in global financial markets, and providing us with the opportunity to form new partnerships with investors from around the world."

"QIIB has a rich experience in sukuk issuance, successfully issuing $700mn sukuk in 2012 and two issuances in 2019 of $300mn and $500mn respectively, both listed on the London Stock Exchange," the CEO noted.

Dr al-Shaibei expressed gratitude to the banks that arranged the successful issuance at various stages until it culminated in its significant success.

Dr Abdulbasit Ahmed al-Shaibei, QIIB chief executive officer.

Al-Kuwari meets Italy's minister of economy and finance in Davos

HE the Minister of Finance, Ali bin Ahmed al-Kuwari, met Giancarlo Giorgetti, Italy's Minister of Economy and Finance, on the sidelines of the World Economic Forum 2024 in Davos, Switzerland. During their meeting, the ministers discussed bilateral relations between the two countries, exchanged perspectives on topics of mutual interest, and opportunities to strengthen ties, with focus on investment, finance, and economics.

Woqod reports QR984mn profit in 2023; declares 90% dividend

Woqod has reported a net profit of QR984mn in 2023 and has suggested 90% dividend for shareholders for the period.

Based on the company's net profits in 2023 and considering the requirements of current and future projects, the board has recommended to the company's annual shareholders general assembly, scheduled to be held on February 18 as an original date and February 25 as an alternative date, seeking the approval for dividend of QR0.90 per share.

However, the net profit was down 8% on an annualised basis.

Earnings-per-share for the year amounted to QR0.99 compared to QR1.08 during 2022, while shareholders' equity increased to QR9.3bn against QR9.2bn the previous year.

The year 2023 witnessed a 5% increase in total fuel sales volume compared to 2022. Total fuel sales reached a record high of 10.7bn litres against 10.1bn for the year 2022, mainly driven by jet fuel and gasoline, which also recorded the highest annual sales volume in the company's history.

Jet fuel sales reached 5.7bn litres and gasoline sales reached 2.9bn, with an increase of 16% and 4% respectively compared to 2022. Income from non-fuel retail activity rose 1% year-on-year, driven by an increase in the number of petrol stations.

Regarding the petrol stations projects, Saad Rashid al-Muhannadi, managing director and chief executive officer, said the company built four petrol stations during 2023, stressing that the company has a "dynamic" plan for the construction of stations, based on the demand conditions.

The year 2023 witnessed a 5% increase in total fuel sales volume compared to 2022

Woqod has achieved considerable improvement in safety performance compared to 2022, where the loss time incident frequency (LTIF) improved by 43%, while the total recordable case frequency (TRCF) improved by 53%.

Qatar's cabinet has approved the renewal of Woqod's concession for an additional five years, indicating that the group will continue deploying all efforts in enhancing the benefits of its shareholders and stakeholders by taking appropriate initiatives in developing the petroleum products distribution sector within the framework of Qatar's general policy of modernisation and development.

BUSINESS

Ahlibank net profit rises 8.4% to QR837mn in 2023

Ahlibank has posted a net profit of QR837mn in 2023, up 8.4% on the same period last year.
Based on the results achieved, the bank's Board of Directors has proposed a cash dividend of 25% to be approved at the General Assembly.
Commenting on the results, Ahlibank CEO Hassan Ahmed AlEfrangi said: "The bank achieved satisfactory results with an improvement in profitability and financial indicators.
"The bank continued to implement its strategies, offering innovative banking solutions, products and excellent service. The bank initiated the introduction of innovative technologies in customer service, aligning with QCB's 3rd Financial Sector Strategy.
AlEfrangi continued: "Our primary focus in 2023 was the development of Qatari nationals and preparing them to assume leadership positions in the future. The Bank managed to increase the Qatarisation percentage significantly in line with Qatar National Vision 2030.
He emphasised the bank's commitment to safeguarding customer information and financials transactions through robust processes, continuous system improvement, and advanced transaction monitoring and fraud systems.
"As a further testimony to our performance, the bank continued to enjoy higher credit ratings with international credit ratings of A2/P1 from Moody's and Long-Term Issuer Default Rating (IDR) at 'A-' by Fitch," AlEfrangi concluded.
Ahlibank chairman Sheikh Faisal bin AbdulAziz bin Jassem al-Thani said: "Ahlibank remains true to its sustainability commitments, prioritising environmental, social and governance compliance at the core of its strategy. Introducing a robust roadmap for ESG initiatives, the bank solidifies its dedication to sustainable development in the years ahead.
"As a vital part of the Qatari society, Ahlibank actively upholds social responsibility, contributing to the well-being of the community and preserving the environment."
The chairman added: "On behalf of the Board of Directors I would like to thank our customers for their loyalty, the shareholders for their confidence in our mission, the management and staff for all their dedication and hard work, and extend a special gratitude to Qatar Central Bank for their uninterrupted guidance and support."
These results are subject to the final approval of the QCB and the shareholders in the General Assembly.


Sheikh Faisal bin AbdulAziz bin Jassem al-Thani, Ahlibank chairman, and Hassan Ahmed AlEfrangi, Ahlibank CEO.


Qatar Chamber board member Ali bin Abdullatif al-Misnad handing over a token of appreciation to the Czech Republic's Confederation of Industry vice-president, Radek Spicar, during a meeting in Doha yesterday.

Qatar Chamber and Czech industry confederation seek robust co-operation ties

Officials of Qatar Chamber and the Confederation of Industry of the Czech Republic held a meeting yesterday to review ways to enhance co-operation relations.
Qatar Chamber board member Ali bin Abdullatif al-Misnad received the confederation's vice-president, Radek Spicar, who is part of the delegation of Czech Republic President Petr Pavel, who is currently in Doha.
The meeting was held in the presence of Qatar Chamber acting general manger Ali Saeed bu Sherbak al-Mansouri and Simona Drahonovska, counsellor of the Czech embassy to the State of Qatar.
During the meeting, both parties reviewed co-operation relations between the Qatari and Czech private sectors and explored investment opportunities, and the business climate in both countries, and discussed incentives and ease of doing business to attract foreign investments.
Al-Misnad expressed Qatar Chamber's keen interest in enhancing co-operation between the Qatari private sector and its Czech counterpart, noting that there are plenty of opportunities for bilateral co-operation and partnerships in various sectors.
He emphasised that the Qatari market is open to all investments and urged Czech firms to invest in Qatar, which offers a world-class infrastructure, leading economic legislation, and a multitude of investment opportunities. He highlighted that Qatar Free Zones provide attractive investments in innovation, ICT, and other sectors.
Al-Misnad noted that Qatar aims to become a global business and investment hub, positioning itself as an attractive investment destination. He highlighted the the incentives, processes, and exemptions in place to attract international and foreign companies.
He underscored the importance of strengthening co-operation between the private sectors on both sides through the exchange of business missions, the signing of co-operation agreements, and working to establish a joint business council, which would promote trade and investment.
Spicar said the visiting delegation comprises numerous leading companies in various industries, such as cybersecurity, railways, automotive, ICT, infrastructure, energy, and others.
He emphasised that the Czech Republic stands as one of the most prominent industrial countries in Europe with the industrial sector accounting for 35% of its GDP and 80% of its exports directed to the EU.
Spicar said members of the delegation is keen to learn about the Qatari market and available investment opportunities, as well as to meet with Qatari businessmen to explore potential partnerships and co-operation, in addition to promoting opportunities provided by the Czech Republic in various sectors.
It is noteworthy that the Confederation of Industry is the leading business organisation in the Czech Republic, providing a voice for employers at the national and international levels. It aims to assert the interests of members, companies, and associations of all sizes across key industry sectors, including many SMEs.
Its main goal is to promote conditions in which the business sector in the Czech Republic can flourish and remain competitive at the national and local levels within the EU and internationally.

QIB launches sustainable deposit for corporates

Qatar Islamic Bank (QIB), the country's leading digital bank, has launched a new sustainable deposit, an innovative fixed-term option tailored for corporates looking to responsibly invest their funds.
This product is designed to prioritise sustainable finance and align with the objectives of a low-carbon future.
The sustainable deposit, a Shariah-compliant 'Absolute Mudaraba' product, signifies a milestone in QIB's commitment to sustainability by exclusively allocating funds to environmentally and socially responsible projects and investments.
Adhering to all applicable 'Absolute Mudaraba' regulations, adding the exclusive allocation of funds, this distinctive product is designed to actively contribute to the bank's sustainability strategy.
QIB's sustainable deposit strategically focuses on sectors which contribute positively to environmental and social causes, guided by QIB's sustainable products framework, which aligns harmoniously with the United Nations' Sustainable Development Goals and the Qatar National Vision 2030.
These sectors encompass renewable energy, green buildings, clean transportation, education, healthcare, food security, community development and financial inclusion, among others.
"With a heightened focus on sustainability throughout the region, companies are exploring various avenues to engage in sustainable development. Given the rising interest of investors in sustainable products and QIB's strategic priority to contribute to Qatar's green and sustainable transformation, we anticipate significant potential in offering a Shariah compliant sustainable deposit scheme capable of attracting considerable demand from our customers," said Tarek Y Fawzi, chief Wholesale Banking Officer at QIB.
Through the Islamic sustainable deposit, QIB actively promotes sustainable and environmentally friendly businesses, aiming to ensure a sustainable future.

QIB's sustainable deposit focuses on sectors which contribute positively to environmental and social causes, guided by QIB's sustainable products framework, which aligns harmoniously with the United Nations' Sustainable Development Goals and the Qatar National Vision 2030

Qatar's CPI inflation surges in November 2023, says PSA

By Santhosh V Perumal
Business Reporter

The average general price level in Qatar, measured by consumer price index (CPI) inflation, jumped both on monthly and annualised basis in the last month of 2023, according to the official estimates.
Qatar's core inflation grew faster than the CPI inflation in December 2023 on both yearly and monthly basis, according to the Planning and Statistics Authority (PSA) figures.
Qatar's inflation rose 1.59% month-on-month and 1.65% year-on-year in the review period.
The CPI excluding "housing, water, electricity, gas and other fuels," soared 1.99% and 2.74% month-on-month and year-on-year respectively in December 2023.
In the latest Article IV consultation report on Qatar, the International Monetary Fund said the country's inflation will "likely moderate to 2%" in 2023.
The jump in country's inflation on a monthly basis has been on account of higher expenses towards recreation and culture, food, transport and footwear and clothing; while on a yearly basis, it has been due to communication, recreation and culture, education and food in the review period.
The index of recreation and culture, which has an 11.13% weight in the CPI basket, soared 9.74% and 11.85% month-on-month and year-on-year respectively in December 2023.
Food and beverages, with a weight of 13.45% in the CPI basket, saw a 1.14% and 4.55% surge on monthly and yearly basis respectively in the review period.
The index of transport, which has 14.59% weight, was up 0.75% month-on-month but declined 1.42% on an annualised basis in December 2023.
The sector has the direct linkage to the dismantling of the administered prices in petrol and diesel as part of the government measures to lower the subsidies.
In December 2023, the price of super gasoline and diesel remained flat year-on-year, while that of premium gasoline shrank 2.56%. Against the November 2023 levels; the price of super gasoline and diesel was unchanged; even as that of premium gasoline fell 2.56%.
Miscellaneous goods and services, with a 5.65% weight, rose 0.22% and 0.98% month-on-month and year-on-year respectively in December 2023.
The clothing and footwear, which has a 5.58% weight in the CPI basket, saw its index rise 0.04% on a monthly basis, even as it shrank 4.22% on annualised basis in the review period.
In the case of furniture and household equipment, which has a 7.88% weight in the CPI basket, the index was up 0.04% and 0.54% respectively in December 2023.
However, education, with a 5.78% weight, saw its index shrink 0.26% month-on-month; but shot up 6.45% year-on-year in December 2023.
The index of housing, water, electricity and other fuels – with a weight of 21.17% in the CPI basket – eased 0.08% month-on-month and 2.94% year-on-year in the review period.
The index of communication group, which has a weight of 5.2% in the CPI basket, was unchanged on a monthly basis even as it surged 16.63% on a yearly basis in December 2023.
The index of restaurants and hotels, which has a 6.61% weight, treaded a flat path on a monthly basis but it was seen declining 10.79% year-on-year in December 2023.
The health index, which has a 2.7% weight, was down 0.06% on a yearly basis but was on monthly basis in the review period.
The tobacco index, which has a 0.3% weight, was flat on yearly and monthly basis respectively in December 2023.

Fed rate worries feed pessimism on QSE; M-cap melts QR6bn

By Santhosh V Perumal
Business Reporter

Reflecting the worries in the global markets on the US interest rates, the Qatar Stock Exchange (QSE) yesterday lost as much as 96 points and capitalisation eroded QR6bn.
The industrials and banking counters witnessed higher than average selling as the 20-stock Qatar Index shed 0.92% to 10,401.92 points, as investors fear that the US Federal Reserve may not cut interest rates as soon as previously expected.
The foreign and Gulf institutions were increasingly net profit takers in the main market, whose year-to-date losses widened to 3.96%.
As much as 71% of the traded constituents were in the red in the main bourse, whose capitalisation tanked QR5.77bn or 0.95% to QR603.02bn with large and midcap segments losing the most.
The foreign individuals were seen net sellers in the main market, which however, touched an intraday high of 10,526 points.
The foreign institutions' weakened net buying had its influence on the main bourse, which saw as many as 0.05mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.12mn trade across six deals.
The local retail investors turned bullish in the main market, which saw no trading of sovereign bonds.
The Islamic index fell slower than the other indices in the main bourse, which witnessed no trading of treasury bills.
The Total Return Index shed 0.92%, the All Islamic Index by 0.59% and the All Share Index by 0.91% in the main bourse, whose trade turnover grew amid lower volumes.
The industrials sector index plummeted 1.74%, banks and financial services (0.93%), consumer goods and services (0.73%), insurance (0.56%), transport (0.17%) and realty (0.12%); while telecom shot up 1%.
Major shakers in the main market included Qatar General Insurance and Reinsurance, Beema, QLM, Industries Qatar, QNB, Commercial Bank, Masraf Al Rayan, Baladna, Mesaieed Petrochemical Holding and Mazaya Qatar.
Nevertheless, Vodafone Qatar, Ooredoo, Qatar Insurance, Qatar Oman Investment and Milaha were among the gainers in the main bourse.
In the venture market, Mahhar Holding saw its shares appreciate in value. The foreign institutions' net selling increased noticeably to QR25.67mn compared to QR17.02mn on January 16.
The Gulf institutions' net profit booking grew markedly to QR10.32mn against QR7.55mn the previous day.
The foreign individuals turned net sellers to the tune of QR1.62mn compared with net buyers of QR0.43mn on Tuesday.
The domestic institutions' net buying declined considerably to QR14.84mn against QR26.56mn on January 16.
However, the local retail investors' net buying rose significantly to QR13.72mn compared to QR2.5mn the previous day.
The Arab individuals were net buyers to the extent of QR8.65mn against net sellers of QR4.97mn on Tuesday.
The Gulf retail investors' net buying expanded marginally to QR0.42mn compared to QR0.05mn on January 16.
The Arab institutions had no major net exposure for the fifth straight session.
Trade volumes in the main market shrank 12% to 117.31mn shares, whereas value increased by 6% to QR475.38mn and deals by 4% to 14,908.
The venture market saw a 50% plunge in trade volumes to 0.09mn equities, 43% in value to QR0.12mn and 50% in transactions to 11.

The industrials and banking counters witnessed higher than average selling as the 20-stock Qatar Index shed 0.92% to 10,401.92 points yesterday, as investors fear that the US Federal Reserve may not cut interest rates as soon as previously expected

Airbus delivers, while Boeing crisis continues

By Alex Macheras

Airbus delivered 735 commercial aircraft to 87 customers around the world in 2023, demonstrating strong performance despite a complex operating environment. The Commercial Aircraft business registered 2,319 gross new orders (2,094 net). As a result, its 2023 year-end backlog stood at 8,598 aircraft.

"2023 was a landmark year for Airbus' Commercial Aircraft business with exceptional sales and deliveries on the upper end of our target," said Guillaume Faury, Airbus CEO. "A number of factors came together to help us achieve our goals, including the increased flexibility and capability of our global industrial system, as well as the strong demand from airlines to refresh their fleets with our most modern and fuel-efficient aircraft." Guillaume added: "This is a remarkable achievement. My thanks go to our customers, supplier partners and all the Airbus teams who made it happen."

"We originally anticipated aviation to recover sometime in the 2023-2025 timeframe, but what we saw in 2023 was, alongside the single-aisle market, widebody return much sooner than expected, and with vigour", said Christian Scherer, Airbus' newly-appointed CEO, Commercial Aircraft. "A big thumbs up to our commercial and regional teams and importantly, big thanks to our customers for their trust and partnership. We have never sold as many A320s or A350s in any given

year, not to mention welcoming seven new customers for the A350-1000. Travel is back and there is a serious momentum!" Christian added: "I'm proud to say there are now 735 more fuel-efficient Airbus jets flying today, paving the way to our lower carbon future. It's the orders we win today that will support us in investing in innovative and even more sustainable solutions tomorrow."

Elsewhere, Boeing, in response to the ongoing 737 Max crisis, has appointed the retired US Navy Admiral, Kirkland H Donald on Tuesday, to advise CEO, David Calhoun on enhancing the company's existing quality control processes. "Admiral Donald is a recognised leader in ensuring the integrity of some of the most complex and consequential safety and quality systems in the world," said Calhoun. "I've asked him to provide an independent and comprehensive assessment with actionable recommendations for strengthening our oversight of quality in our own factories and throughout our extended commercial airplane production system. He and his team will have any and all support he needs from me and from across the Boeing Company."

Boeing shares fell lower on Tuesday as analysts and a key customer voiced concerns that scrutiny of the planemaker's manufacturing since a January 5 near-disaster with a 737 Max 9 could ripple through to aircraft deliveries. Boeing shares fell as much as 8.4% in New York trading on Tuesday, while Spirit Aerosystems which builds most of the 737 Max frame, declined as much as 7.5%. The drop brought Boeing's year-to-date slide to around 23%, the largest among the 30-member Dow Jones Industrial Average.

Investors have erased a late-2023 gain in Boeing shares as concerns grow about the longer-term implications from the Alaska Airlines mid-air structural failure. Wells Fargo downgraded Boeing to equal-weight from overweight, citing an increased risk that regulatory checks into the company's manufacturing quality will drag on deliveries — particularly the inventory of hundreds of already-built Max.

Similar concerns were voiced separately by Ryanair CEO Michael O'Leary — one of the biggest customers for the 737 Max — at an event in London on Monday. "I think the risk is that there will be further delivery delays, that Boeing management will get distracted in Seattle or there'll be new processes or something," O'Leary said in an interview.

The Federal Aviation Administration (FAA) has grounded most Max 9 jets, a measure it intends to keep in place until extensive inspections are complete. The air-safety agency is investigating manufacturing practices at Boeing in the wake of the accident, when a door-sized fuselage panel tore off of the Alaska Airlines flight shortly after takeoff.

The FAA also said it will increase monitoring of so-called "in-service events" on the Max 9, and plans to audit Boeing's production line as well as those of its suppliers.

Ryanair's O'Leary said on Tuesday he was doubling Ryanair engineering staff onsite at Boeing's factory in Washington and at Spirit's campus in Wichita, Kansas.

The FAA is investigating whether Boeing failed to make sure a panel that blew off a jetliner in midflight last week was safe and manufactured to meet the design that regulators approved. Boeing said it would co-operate with the investigation, which is focusing on door plugs for extra doors when those exits are not required for safety reasons on Boeing 737 Max 9.

"This incident should have never happened, and it cannot happen again," the FAA said. "Boeing's manufacturing practices need to comply with the high safety standards they're legally accountable to meet." "We will co-operate fully and transparently with the FAA and the NTSB (National Transportation Safety Board) on their investigations," said Boeing, which is headquartered in Arlington, Virginia. Earlier, Boeing CEO David Calhoun called the incident "a quality escape." He told employees that the company was "acknowledging our mistake...and that this event can never happen again."

Mexico's Aeromexico and Copa Airlines in Panama are among the international carriers with the 737 Max 9s in the fleet. Aeromexico said in a statement that it grounded its Max-9s over the weekend in accordance with the FAA's directive. Copa Airlines said in an updated statement that operations of its 21 737 Max 9 aircraft have been suspended "until further notice, as authorities finalise inspection requirements for their return to service." The airline is following the airworthiness directive issued by the FAA, the airline confirmed.

Turkish Airlines, which has five Max 9 aircraft in its 400-plus plane fleet, said that it will withdraw the aircraft from its fleet "until the technical investigation process is completed and the measures requested by the authorities are implemented."

While the FAA does not have authority over the operation of aircraft operated by some international carriers, those airlines often follow the agency's lead.

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

Global aviation industry's decarbonisation efforts have new goals set for 2030

By Pratap John

The global aviation industry's efforts to reduce carbon emissions are significant primarily because it contributes to greenhouse gas emissions, primarily through the combustion of fossil fuels in aircraft engines.

A recent international conference has given a clarion call to achieve 5% carbon reduction by the aviation industry in another six years.

The 3rd Conference on Aviation Alternative Fuels (CAAF/3) hosted by the International Civil Aviation Organisation (ICAO) was an important step forward for the industry as it agreed a global framework to promote sustainable aviation fuels (SAF) production in all geographies.

The agreement calls for fuels used in international aviation to be 5% less carbon intensive by 2030. At this point, at current rates, CO_2 emissions for international aviation are expected to reach 682mn tonnes, meaning SAF and low carbon aviation fuel (LCAF) need to abate some 34mn tonnes of CO_2.

To achieve this requires about 17.5bn litres or 14mn tonnes of SAF to be produced. Airlines' desire to buy SAF at this quantity is already there. Forty-three airlines have nearly $50bn of voluntary agreements in place that equate to approximately 13mn tonnes and that will doubtless increase. The demand for SAF is so strong that they added $756mn to a record high fuel bill in 2023, global body of airlines IATA said in a recent analysis.

Supply is a different story, however. In 2023, airlines were able to put just 0.5mn tonnes of SAF into their aircraft. To get to the 14mn tonnes of SAF required by the CAAF/3 agreement, as well as other commitments, means that SAF need to account for about 25-30% of the 63mn tonnes of renewable fuels that will be produced in 2030.

"In 2023, though, it accounts for only 3%," says Hemant Mistry, IATA's director, Energy Transition. "We had hoped SAF would be about 0.5% of total aviation fuel by now but it is only 0.2%. SAF production is increasing though, and we hope additionally that SAF will be 6% of renewable fuels in 2024, which should get us to SAF representing 0.5% of total jet fuel."

There are new refineries pledged to SAF support coming online. A new $7.7bn bio-refinery is under construction in Panama, for example. Due to come online in 2027, the bio-refinery is reported to have earmarked SAF as a core product and Panama's logistical excellence will add to the proposition. And Neste's Singapore plant was expanded in early 2023. Furthermore, IATA reports that though only 10 facilities are producing SAF, over 150 projects in 35 countries are being explored that could be used for SAF production by 2029.

The global aviation industry's efforts to reduce carbon emissions are significant primarily because it contributes to greenhouse gas emissions, primarily through the combustion of fossil fuels in aircraft engines. A recent international conference has given a clarion call to achieve 5% carbon reduction by the aviation industry in another six years.

Beyond the Tarmac

Policy support: Even so, significant policy support will be essential. "Governments want aviation to be net zero by 2050," says Mistry.

"Having set an interim target in the CAAF process they now need to deliver policy measures that can achieve the needed exponential increase in SAF production."

Incentivising the scaling up of SAF production is a primary focus though mandates are coming into force in the European Union and elsewhere. In total, some 40 countries have either implemented or are known to be discussing SAF-related policies.

Promoting the diversification of feedstocks will be an essential element of any good policy. Approximately 85% of SAF facilities coming online over the next five years will use the hydrotreatment (HEFA) pathway, which relies on inedible animal fats (tallow), used cooking oil, and industrial grease as feedstock. But these substances are limited in quantity and high in price. Other certified pathways include Alcohol-to-Jet (AtJ) and Fischer-Tropsch (FT), which use bio/agricultural wastes and residue. In fact, there are eight pathways certified for SAF production with an additional seven being assessed in the coming years.

"We need to leverage all SAF technologies to provide diversification and regional options, including those with side-benefits, such as environmental restoration," says Mistry. "Aggregating wastes or re-cultivating land adds socio-economic benefits, for example, and every region has an opportunity to create new value chains."

Passenger support: Mistry points to passenger support for aviation's efforts to encourage SAF production. In a recent survey, 86% of travellers agreed that governments should provide production incentives for airlines to access SAF.

In addition, 86% agreed that it should be a priority for oil companies to supply SAF to airlines. "As an industry, we are committed to reaching net-zero carbon emissions by 2050," Mistry noted.

"That means we need a cost-effective and environmentally efficient way to incentivise the scaling up of SAF production but avoid the physical matching of SAF supply and demand in any specific geographic location. There is a long road ahead and oil companies and governments must support our ambition. But we can get there and meet the CAAF/3 goal and other commitments on our way to the 2050 aspirational target," Mistry said. Undoubtedly, the significance of carbon reduction by the global aviation industry lies in its contribution to environmental sustainability, climate change mitigation, regulatory compliance, technological innovation, economic considerations, and fostering global collaboration to address a shared environmental challenge.

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

China delays restart of 737 Max deliveries amid safety checks

Bloomberg
Beijing

China's aviation regulator has temporarily halted the restart of 737 Max jet deliveries to the nation, according to a person familiar with the matter, as Boeing Co grapples with a raft of safety issues.

The decision to delay the resumption of 737 Max deliveries was made after Boeing in late December recommended inspections following the discovery by one international airline customer of a bolt with a missing nut while performing routine maintenance, the person said.

The delay isn't linked to the subsequent Alaska Airlines incident where a door plug blew off a different model of Boeing jet mid-flight, the person added, asking not to be identified because they aren't authorised to speak publicly.

A representative for the Civil Aviation Administration of China didn't respond to a request for comment. A Boeing representative in China declined to comment.

Boeing has been largely shut out of China's aviation market this decade, having not handed over any of its 737 Max planes directly to the country since 2019. The 737 Max was grounded globally that year following two fatal crashes.

Hopes were raised for the restart of 737 Max deliveries last month when China signed off on the first shipment of another type of Boeing jet — the 787 — in four years. Juneyao Airlines Co, one of China's largest privately owned carriers, accepted its newest 787 Dreamliner in late December.

Days later however, the US Federal Aviation Administration said it was closely monitoring targeted inspections of 737 Max airplanes to look for a possible loose bolt in the rudder control system.

And then in early January, there was a much more serious accident when a desk-sized plug for an optional door on an Alaska Airlines flight came free of a 737 Max 9's fuselage, exposing 177 people on board to the fear of being pulled into the evening sky at 16,000 feet (4,900 meters).

A Boeing 737 Max airplane outside the company's manufacturing facility in Renton, Washington. China's aviation regulator has temporarily halted the restart of 737 Max jet deliveries to the nation as Boeing Co grapples with a raft of safety issues.

JetBlue Airways' $3.8bn Spirit deal is turning into a nightmare

Bloomberg
New York

It was supposed to be the merger from the sky — or at least, from 30,000 feet.

But now, the collapse of the $3.8bn deal between JetBlue Airways Corp and Spirit Airlines over antitrust concerns leaves the two carriers adrift, upending the low-cost travel sector and tarnishing the legacy of JetBlue's swashbuckling CEO as he heads for the exits.

A federal judge's decision to scuttle the buyout means JetBlue will continue to be relegated to second-tier status behind the industry's big four carriers — United Airlines Holdings, American Airlines Group, Delta Air Lines and Southwest Airlines Co — which wield unmatched pricing power and command vastly bigger fleets. It also leaves incoming JetBlue Chief Executive Officer Joanna Geraghty, who takes over next month, to pick up the pieces.

"It leaves JetBlue in a very challenging position," said Samuel Engel, a senior vice president at ICF and former head of the consultant's aviation group. "They don't have an easy path to grow. They will continue to be, at scale, disadvantaged compared to the largest airlines. They no longer have an obvious way to rectify that disadvantage."

The collapse of the deal may not be such bad news for JetBlue's investors. The company won't have to shell out billions of dollars and won't be saddled with a discount carrier as demand wanes at the lower end of the travel market. JetBlue's stock rose almost 5% after the news.

"The company was acquiring Spirit at a time when US domestic fares are falling, a likely indicator of too much capacity," said George Ferguson, a Bloomberg Intelligence analyst. "The time and monetary costs of modifying Spirit's fleet were likely going to be high and the merging of cultures would be challenging."

JetBlue airplanes at John F Kennedy International Airport in New York. The collapse of the $3.8bn deal between JetBlue Airways and Spirit Airlines over antitrust concerns leaves the two carriers adrift, upending the low-cost travel sector and tarnishing the legacy of JetBlue's CEO as he heads for the exits.

For Spirit, whose shares were cut in half Tuesday in their worst loss ever, the consequences are even more dire. The deal represented a lifeline for the beleaguered carrier.

Still, acquisitions are seen as the best way to grow in a market with considerable barriers to expansion. Airplane manufacturers Boeing Co and Airbus SE have order backlogs stretching years into the future, giving carriers limited options to obtain new planes in the near term. Smaller airlines have also struggled to hire pilots.

Spirit had just over 200 planes as of late last year and about 3,000 pilots, a fleet that would have added considerably to JetBlue's.

"Organic growth is slow and challenging," Engel said. The collapse of the Spirit deal shows that mergers for the sake of quick growth aren't an option right now, he added. "This is a no-win for the smaller airlines and ultimately for the US consumer."

The modern US airline industry was built largely through consolidation, including Delta and Northwest Airlines, United and Continental, and American and US Airways. That has come to a halt in recent years, as the Justice Department under the Biden administration has taken an aggressive stance against deals that could harm consumers by raising prices and reducing competition.

The Spirit ruling comes less than a year after JetBlue's other major industry partnership — the route-sharing Northeast Alliance with American — was dismantled when a federal judge agreed with antitrust regulators that it should be dissolved. American is appealing the ruling.

"The DoJ is now batting 1.000" in challenges to airline combinations, said Jonathan Root, senior vice-president at Moody's Investors Service. "Anyone looking to combine under this administration is going to have a challenge."