



Airlines' energy transition feasible, but costs and challenges remain huge



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# GULF TIMES BUSINESS



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Global economy moves beyond inflation crisis to stable growth

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## QSE sees 62% of stocks gain as index surpasses 10,500; M-cap adds QR5.33bn

By Santhosh V Perumal  
Business Reporter

The foreign funds were yesterday increasingly net buyers on the Qatar Stock Exchange, which closed 52 points higher. The real estate and banking counters witnessed higher than average demand as the 20-stock Qatar Index gained 0.49% to 10,542.71 points, recovering from an intraday low of 10,467 points.

The foreign individuals were increasingly bullish in the main market, whose year-to-date losses truncated to 2.66%.

As much as 62% of the traded constituents extended gains to investors in the main bourse, whose capitalisation expanded QR5.33bn or 0.87% to QR615.24bn on the back of midcap segments.

The Arab institutions were seen net buyers in the main market, which saw 6,581 exchange traded funds (sponsored by Doha Bank) valued at QR0.07mn trade across five deals.

The domestic funds' weakened net profit booking had its influence in the main bourse, which saw no trading of treasury bills.

The Gulf institutions' lower net selling also had its say in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen gaining slower than the other indices in the main bourse, whose trade turnover and volumes were on the increase.

The Total Return Index rose 0.49%, the All Islamic Index by 0.45% and the All Share Index by 0.56% in the main market.

The realty sector index shot up 2.61%, banks and financial services (0.73%), industrials (0.46%), transport (0.45%) and consumer goods and services (0.02%); while telecom and insurance declined 0.65% and 0.34% respectively.

Major gainers in the main market included Ezdan, Aljarah Holding, Mazaya Qatar, Qamco, Qatar Oman Investment, QNB, Masraf Al Rayan, Aamal Company, Al Khaleej Takaful, United Development Company, Barwa and Nakilat.

Nevertheless, QLM, Al Faleh Educational Holding, Qatar General Insurance and Reinsurance, Medicare Group and Doha Insurance were among the losers in the main bourse.

In the venture market, both Al Mahhar Holding and Techno Q saw their shares depreciate in value.

The foreign institutions' net buying increased noticeably to QR73.85mn compared to QR47.88mn on September 24.

The foreign retail investors' net buying strengthened marginally to QR4.77mn against QR4.73mn the previous day.

The Arab institutions turned net buyers to the tune of QR0.47mn compared with no major net exposure on Tuesday.

The domestic institutions' net profit booking decreased perceptibly to QR19.37mn against QR23.67mn on September 24.

The Arab individuals' net selling weakened markedly to QR2.93mn compared to QR9.82mn the previous day.

The Gulf institutions' net profit booking eased marginally to QR8.34mn against QR9.08mn on Tuesday.

However, the Qatari individuals' net selling expanded significantly to QR48.33mn compared to QR11.52mn on September 24.

The Gulf retail investors were net profit takers to the extent of QR0.11mn against net buyers of QR1.47mn the previous day.

Trade volumes in the main market soared 78% to 294.63mn shares, value by 43% to QR536.2mn and transactions by 25% to 19,020.

The venture market saw an 84% plunge in trade volumes to 0.1mn equities, 81% in value to QR0.26mn and 19% in deals to 25.

## Qatar, Czech Republic look to enhance co-operation in the field of ports



Czech Republic and Qatar have explored ways to enhance co-operation in the field of ports. In this regard, a high level delegation, led by Jozef Sikela, Minister of Industry and Trade, visited Hamad Port as part of the ongoing visit to Qatar. The delegation was briefed on the port's facilities and modern infrastructure, and it toured Hamad Port's various facilities. The visit also included discussions on enhancing co-operation in the ports field.

## Global energy leaders to receive 'lifetime achievement' honours at 2024 Al-Attiyah Awards ceremony on October 22

Six exceptional individuals will be recognised for their contributions to the energy industry at the 2024 Abdullah bin Hamad Al Attiyah International Energy Awards for Lifetime Achievement in Doha next month.

The awards celebrate the legacy of HE Abdullah bin Hamad al-Attiyah, Qatar's former Deputy Prime Minister and Minister of Energy and Industry, by honouring individuals for lifetime achievements in their fields of work and policy.

ExxonMobil, North Oil Company and TotalEnergies are the sponsors of this year's ceremony and gala dinner, which will see over 200 leaders from the energy industry convene at the Sheraton Grand Hotel Resort and Convention Centre on October 22.

Since its inception in 2015, the Al Attiyah Foundation has remained unwaveringly committed to providing expert analysis and insights on serious global, regional, and country-specific challenges and opportunities in the areas of energy and sustainable development.

Themes in these areas are explored through its publications including industry leading research papers, current affairs articles, daily news briefings and regular podcast interviews with important personalities.

Global experts are also invited to share their opinions with Foundation members and partners during the quarterly CEO Roundtables and a new interactive Webinar Series.



In addition, the foundation's Sustainable Development Directorate produces an annual book on a pertinent subject.

The foundation's continued growth is only possible due to its esteemed member organisations, who are some of the most important companies in the world.

Its members are: QatarEnergy, Woqod, QatarEnergy LNG, QNB, QEWC, Dolphin Energy, ConocoPhillips, Shell, Qapco, Qchem, JTA International Investment Holding, Gulf Helicopters, Qafco, Marubeni, Sasol and Qatar Cool.

The real estate and banking counters witnessed higher than average demand as the 20-stock Qatar Index gained 0.49% to 10,542.71 points, recovering from an intraday low of 10,467 points



## Opec boosts long-term oil demand outlook, driven by developing world growth

Reuters  
London/Rio de Janeiro

Opec raised its forecasts for world oil demand for the medium and long term in an annual outlook, citing growth led by India, Africa and the Middle East and a slower shift to electric vehicles and cleaner fuels.

The Organisation of the Petroleum Exporting Countries, in its 2024 World Oil Outlook published on Tuesday, sees demand growing for a longer period than other forecasters like BP and the International Energy Agency, which expect oil use to peak this decade.

"Future energy demand is found in the developing world due to increasing populations, middle class and urbanisation," said Opec Secretary-General Haitham al-Ghais during the report's launch in Brazil, a country with which the group is seeking to form closer ties.

Al-Ghais' speech in Rio de Janeiro was briefly disturbed by a protester from Greenpeace.

A longer period of rising consumption would be a boost for Opec, whose 12 members depend on oil income. In support of its view, Opec said it expected more push back on "ambitious" clean energy targets, and cited plans by several global carmakers to scale down electrification goals.

"There is no peak oil demand on the horizon," al-Ghais wrote in the foreword to the report. "Over the past year, there has been further recognition that the world can only phase in new energy sources at scale when they are genuinely ready."

Opec expects world oil demand to reach 118.9mn barrels per day (bpd) by 2045, around 2.9mn bpd higher than expected in last year's report. The report rolled out its timeline to 2050 and expects demand to hit 120.1mn bpd by then.

That is far above other 2050 forecasts from the industry. BP projects oil use will peak in 2025 and decline to 75mn bpd in 2050. Exxon Mobil expects oil demand to stay above 100mn bpd through 2050, similar to today's level.

Opec has been calling for more oil industry investment and said the sector needs \$17.4tn to be spent to 2050, compared with \$14tn needed by 2045 estimated last year.

"All policymakers and stakeholders need to work together to ensure a long-term investment-friendly climate," al-Ghais wrote. Opec also raised its medium term demand forecasts, citing a stronger economic backdrop than last year as inflation pressure wanes and central banks start to lower interest rates.

World demand in 2028 will reach 111mn bpd, Opec said, and 112.3mn bpd in 2029. The 2028 figure is up 800,000 bpd from last year's prediction.

Opec's 2029 forecast is more than 6mn bpd higher than that of the IEA, which said in June demand will plateau in 2029 at 105.6mn bpd. The gap is larger than the combined output of Opec members Kuwait and the United Arab Emirates. In 2020, Opec made a shift when the pandemic hit oil demand, saying consumption would plateau in the late 2030s. It has begun raising forecasts again as oil use has recovered.

By 2050, there will be 2.9bn vehicles on the road, up 1.2bn from 2023, Opec forecast. Despite electric vehicle growth, vehicles powered by a combustion engine will account for more than 70% of the global fleet in 2050, the report said.

"Electric vehicles are poised for a larger market share, but obstacles remain, such as electricity grids, battery manufacturing capacity and access to critical minerals," it said.



Haitham al-Ghais, Secretary-General of Opec, attends the Rio Oil & Gas Energy 2024 meeting in Rio de Janeiro, Brazil on Tuesday.



## US investigating SAP, Carahsoft for potential price-fixing

**Bloomberg**  
Washington

German software developer SAP SE, product reseller Carahsoft Technology Corp and other companies are being probed by US officials for potentially conspiring to overcharge government agencies over the course of a decade. Since at least 2022, Justice Department lawyers have been looking at whether SAP – which makes accounting, human resources, supply chain and other business software used across the globe – illegally conspired with Carahsoft to fix prices on sales to the US military and other parts of the government, according to federal court records filed in Baltimore. The civil investigation, which hasn't previously been reported, poses a legal risk to a top technology vendor to the US government and to Germany's most valuable company as its shares are soaring. The review also shines an even greater light on Carahsoft, a large software vendor whose offices in Virginia were raided on Tuesday by FBI agents and military investigators. Carahsoft spokesperson Mary Lange described the search as "an

investigation into a company with which Carahsoft has done business in the past." It's not clear if the search is related to the investigation of SAP. Lange and other Carahsoft representatives declined to answer detailed questions. SAP has been cooperating with the DoJ's civil investigation "since the beginning," spokesman Daniel Reinhardt said in an emailed statement. The German company is not involved in any criminal investigation related to Carahsoft and has no information about "the latest events" concerning its vendor, he said. SAP shares dropped 2.7% to €201.30 in Frankfurt trading at 1.44pm on Wednesday. The shares have increased 44% this year. The long-running civil probe is focused on the companies possibly rigging the market for the more than \$2bn worth of SAP technology that the US government has purchased since 2014, according to the court records. They show prosecutors are also examining the role of other software resellers and a unit of Accenture, a giant management and technology consulting firm. Many investigations end without any formal accusations of wrongdoing.

Accenture spokesperson Peter Soh said the subsidiary, Accenture Federal Services LLC, "is responding to an administrative subpoena and is cooperating with the DoJ." The Justice Department didn't respond to requests for comment. The Justice Department classifies bid rigging as a form of fraud that involves an agreement among competitors as to who will be the winning bidder. The investigation came to public light in an ongoing court fight between the prosecutors and Carahsoft over the closely held firm's handling of a legal demand for documents. While many records in that separate proceeding are sealed or heavily redacted, unredacted versions of documents describing the underlying investigation were also publicly available. It's unclear exactly when prosecutors began examining the relationship between SAP, which has its headquarters in Walldorf, Germany, and Carahsoft, based in Reston, Virginia. But by June 2022 prosecutors had sent Carahsoft a demand to turn over documents and provide information related to potential violations of the False Claims Act. The civil investigative demand –

which was among the unredacted documents obtained by Bloomberg News – states that prosecutors are examining whether SAP, Carahsoft and other firms made false statements to the Department of Defense by co-ordinating bids and prices for "SAP software, cloud storage, and related hardware and services." The document directs Carahsoft to produce a wide array of e-mails, text messages, contracts, staff lists and other information related to its sale of SAP software. More than a year later, federal prosecutors sued Carahsoft, seeking to have a federal judge in Baltimore enforce the demand and alleging that the company has "obstinately refused to provide this basic information." Back-and-forth litigation in the case – much of it sealed from public view – continued up to last Friday, when it was assigned to a new magistrate judge for pretrial fact-finding known as discovery. One of Carahsoft's lawyers, Richard Conway, declined to answer questions about the case, the civil investigation or the FBI search of his client's office. "I don't discuss such matters in the press," he said when reached by phone Tuesday.

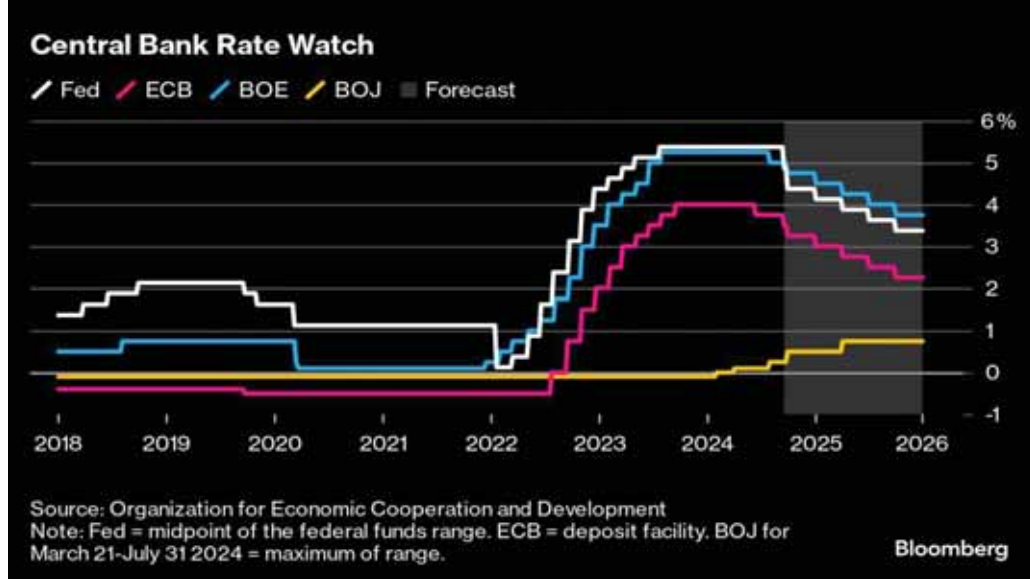
## Qatar Chamber organises training on 'ESG sustainability reports'

Qatar Chamber, in co-operation with the Regional Network Consultancy (RNC), recently organised a virtual training programme with the participation of 22 trainees from various countries. The two-day programme titled 'Sustainability Reporting Specialist according to Professional Reference' aimed to help companies and institutions prepare sustainability reports. It covered several topics including environmental, social and governance (ESG) practices, the objectives, and levels of ESG standards, and the methodology for implementing ESG standards. The training programme also reviewed the ESG decision-making process, the design of the sustainability report according to standards of the Global Reporting Initiative (GRI), the content and stages of the report, and the application of sustainability reports according to ESG standards. After the programme, participants were awarded a certificate from Qatar Chamber and an international certificate and card from the International Academy for Social Responsibility. The programme is part of the MoU signed between the Qatar Chamber and the RNC to implement training courses in various areas related to social responsibility and collaborate in raising awareness among companies about social responsibility, as an essential element of the business environment.

# Global economy moves beyond inflation crisis to 'stable growth'

**Bloomberg**  
Paris

The global economy is settling into a newfound stability as the stress of strong inflation eases, allowing central banks to keep cautiously loosening policy, according to the OECD. Economic growth has remained resilient in recent months, inflation has continued to moderate and indicators suggest ongoing momentum in services, the Paris-based organisation said on Wednesday. It made only small changes to its outlook compared with May for most countries, and slightly raised its 2024 global output forecast by 0.1 percentage points to 3.2% – the same pace it expects next year. According to the OECD, price increases will be at target in most Group of 20 nations by the end of 2025. "The projected outlook is comparatively benign, with steady or improving growth and moderating inflation," the OECD said. The update sends a reassuring message that monetary officials have avoided the pitfalls of recession or ever-spiralling prices. But the organisation cautioned that major central banks should depend on data and take a "prudent" approach, cutting interest rates at a slower pace than they adopted when raising them in 2022 and 2023. Policymakers have so far taken a similar stance, with the US Federal Reserve the only Group of Seven institution to have gone for a half-point reduction, while the European Central Bank, Bank of England and Bank of Canada have all stuck with more traditional 25 basis-point moves. The Bank of Japan, meanwhile, is on a tightening path. The OECD cautioned that significant risks remain for the global economy. They include geopolitical and trade tensions, soft labour markets undermining economic growth, and bumps in the disinflation process sparking upheaval on financial markets. For the US, the growth forecast for 2024 stayed at 2.6%, while it fell for 2025 to 1.6% from 1.8%. For the euro area, the OECD made the same adjustment, bringing its predictions to 0.7% and 1.3% for each year respectively.



People commuting to work in the morning walk along a concourse in Tokyo. Global economic growth has remained resilient in recent months, inflation has continued to moderate and indicators suggest ongoing momentum in services, the Paris-based OECD said on Wednesday.

## Abu Dhabi's wealth fund ADQ sells \$2bn bond

**Reuters**  
Abu Dhabi

Abu Dhabi sovereign wealth fund ADQ sold a \$2bn two-tranche bond on Wednesday, fixed income news service IFR reported, with investor appetite strong for its second debt sale this year. ADQ, formally known as Abu Dhabi Developmental Holding Co, sold a \$1bn 7-year tranche at 85 basis points (bps) over US Treasuries (UST), and a \$1bn 30-year tranche at 120 bps over, narrower than earlier guidance after order books topped \$8bn. Abu Dhabi's smallest, but still sizeable, wealth fund raised \$2.5bn through its debut bond sale in April, with strong demand from global investors allowing it to tighten pricing at launch. ADQ had \$225bn in assets under management at the end of June, according to an investor presentation seen by Reuters. The initial bond sale was intended to help diversify ADQ's funding sources for future acquisitions, a person familiar with the matter told Reuters at the time. In August, the fund said it was jointly investing \$1bn in Sotheby's along with the latter's owner Patrick Drahi which would give ADQ minority ownership of the auction house. ADQ is fully owned by the Abu Dhabi government, which holds more than 90% of the United Arab Emirates' oil reserves, and has centred its investment focus primarily on domestic and regional assets so far. Established in 2018, it holds a broad portfolio including energy and utilities, food and agriculture, healthcare and others. Abu Dhabi has accelerated efforts to diversify its economy away from hydrocarbons, leaning on its vast wealth and sovereign funds to boost non-oil growth, develop national champions and attract foreign investment. Abu Dhabi Commercial Bank (ADCB), BofA Securities, Bank of China, BNP Paribas, First Abu Dhabi Bank, JPMorgan and Mizuho are acting as joint global co-ordinators and joint bookrunners for Wednesday's bond sale.

## Bloomberg QuickTake Q&A

# Why extreme rainfall is becoming more frequent and deadly

By Lou Del Bello

Torrential rains that triggered floods and landslides have killed hundreds of people and displaced millions across parts of Africa, Europe and Asia in recent weeks. The unprecedented deluges overwhelmed even communities accustomed to extreme weather and showed the limitations of the early-warning systems and emergency protocols established in many countries to avoid major loss of life. Climate scientists have warned that an accelerated water cycle is locked into the world's climate system due to past and projected greenhouse gas emissions, and is now irreversible. The communities that tend to pay the highest price are almost invariably in poorer countries, where environments can be more fragile and governance more patchy, and there are fewer resources to bounce back after a disaster.

### What's been happening?

Record-breaking rainfall in September has driven nearly 3mn people from their homes and left 1,000 people dead in and around the Sahel region of Africa, and triggered mass evacuations and port closures around the Chinese megacity of Shanghai. Central Europe endured some of its worst flooding in years from Storm Boris, which caused €2bn (\$2.2bn) to €3bn in insured losses. While death tolls from natural disasters tend to be lower in richer nations,

the unexpected floods have found most countries unprepared. In 2021, at least 220 people lost their lives in Germany as a result of heavy rains and the resulting floods, a disaster that researchers found was made more likely by climate change. Regions such as South Asia, which are historically familiar with violent bursts of rain, are struggling to cope too. In late July, landslides killed more than 300 people across the Wayanad district in the Southern Indian state of Kerala, after heavy rains battered its hills for hours. Landslides caused by similar weather conditions killed tens of people in the country's mountainous North.

### What is causing more frequent and intense rainfall?

In its latest review, UN scientific body the Intergovernmental Panel on Climate Change found that global warming was supercharging the planet's water cycle and causing the weather to swing to increasingly severe extremes. High concentrations of greenhouse gases in the atmosphere lead to rising temperatures on land and at sea. In turn, warmer oceans release moisture into the air through evaporation, feeding dense, vertical-shaped clouds that can discharge large amounts of rain quickly. In some cases, the volume of rainfall that usually occurs over one or two days ends up falling in two or three hours. According to Deborah Brosnan, a marine and climate scientist who owns an environmental consulting firm in

Washington, DC, air becomes capable of holding exponentially more moisture as it heats up, taking on 7% more water on average for every 1C of warming. "If you consider that we are now at 1.2C hotter, that amounts to heavy rainfall events being on average 8% more intense," Brosnan said.

### Why are extreme rainfall events becoming deadlier?

Many human settlements in both industrialised and developing countries weren't designed to withstand the kind of intense and sustained rainfall that climate change has brought about. Many of those who die aren't drowned but are buried under mud cascading off hills unable to absorb such high volumes of rainwater. Others are crushed inside collapsed houses. Heavy rains often compound other impacts of climate change that make cities and cultivated areas more vulnerable. A study that mapped out climate-vulnerable hotspots in India found that areas more subject to hot spells tend to also experience more incidents of heavy rain. In such cases, if soil dries out due to a prolonged heat wave, it becomes more solid, making it harder for rainwater to seep through and exacerbating the risk of flooding.

### Can climate science help communities cope with extreme weather?

Recent progress in climate science means

it's now possible to accurately gauge the role that climate change played in past extreme weather events, and to model future rainfall patterns so that governments in vulnerable areas can better prepare for the next deluge. But the ability of communities to cope with flooding still depends on local circumstances such as levels of soil erosion and deforestation, the strength of bridges, dams and flood defences, and poverty levels. There's still no unified knowledge base that combines all these factors with climate vulnerabilities in order to identify the riskiest situations.

### Who will pay the cost of more frequent extreme rainfall?

As the risks associated with global warming become more concrete and potentially expensive to deal with, some governments and businesses, particularly in Asia and Africa, are exploring new financial products to fund the cost of recovery. One is parametric insurance, which pays out a set amount based on the magnitude of the event, not the magnitude of the losses – as is the case with traditional weather-related insurance policies. Catastrophe bonds that pay out after a natural disaster is declared have grown in popularity in recent years. Some governments in developing nations are also taking an interest in financial products that are triggered by less extreme cases of unusual weather. Average trading volumes for these listed "weather derivatives" jumped by more

than 260% in 2023, according to the CME Group.

### How is the threat from extreme rainfall evolving?

Scientists say their existing models may have underestimated the extent to which global warming is causing extreme rainfall, particularly in tropical regions. Few regions are likely to be spared the impact in coming years, with the IPCC pointing to Africa and Asia, North America and Europe as most at threat. Beyond the immediate risk of destruction and loss of life, excess rain can also compromise food production as it plays a major part in soil erosion, depleting nutrients essential for agriculture and carbon sequestration. One study suggested that, by 2070, soil erosion worldwide may increase by as much as 35%. Even after the rains stop and survivors are brought to safety, floods still represent a public health hazard. Clean reservoirs can be contaminated by sewage, thus carrying diseases such as cholera, dysentery, typhoid and polio. Stagnant water bodies can become hotspots of vector-borne infection, spreading malaria or dengue through mosquitoes. The IPCC has warned that as the planet fast approaches the threshold of 1.5C of global warming, flooding events will become more frequent, and health action plans that include vaccine distribution and improved access to potable water among other measures should be put in place.





## Eurostar and SkyTeam partner for air/rail connections

By Alex Macheras

In a landmark move aimed at enhancing sustainable travel across Europe, Eurostar and SkyTeam, the global airline alliance, have announced a partnership to integrate air and rail travel. The signing of a memorandum of understanding (MoU) marks the beginning of a collaboration that will allow passengers to book long-haul and medium-haul flights with seamless connections to Eurostar's high-speed rail network in a single reservation. This partnership makes Eurostar the first non-airline member of SkyTeam, a move that underscores the growing importance of intermodal travel as both industries seek ways to reduce carbon emissions and improve customer experiences. By offering travellers the convenience of combining air and rail travel, the alliance promotes sustainable mobility and enables greater connections to cities that often do not require a flight. As airlines and transportation companies face growing pressure to reduce their environmental impact, this partnership comes at a critical time. The aviation industry is responsible for about 2%-3% of global CO2 emissions, and although efforts are underway to make air travel greener, such as the development of

sustainable aviation fuels (SAF), it will take time before these solutions become widespread. In the interim, integrating rail travel into long-haul journeys presents a viable and immediate way to lower emissions. According to a study by EcoRES S.C.R.I. conducted in July 2023, choosing rail over air travel for shorter segments within Europe can reduce CO2 emissions by up to 95%. The train is a significantly more eco-friendly option, and Eurostar's high-speed network is particularly well-suited for this type of collaboration. With a fleet of 51 trains, Eurostar serves 28 destinations in Germany, Belgium, France, the Netherlands, and the UK. Once the partnership is fully launched in the first half of 2025, passengers will be able to book intermodal journeys that combine air travel with rail in a single reservation. This means a traveller flying into one of SkyTeam's major hubs – such as Paris Charles de Gaulle, Amsterdam Schiphol, or London Heathrow – will be able to continue their journey by train to destinations across Eurostar's expanding rail network. Currently, around 13% of Eurostar passengers flying long-haul into SkyTeam hubs already connect to other Eurostar destinations via rail. By formalising this partnership and integrating it into SkyTeam's booking system, the companies hope to significantly increase that percentage.

The key benefit of this model is that passengers will enjoy the same convenience they've come to expect from airline-to-airline connections, such as unified booking, and loyalty programme integration, all while travelling in a more environmentally friendly way. "Offering travellers the choice to see Europe in the most sustainable and convenient way by rail is a key component of Eurostar's vision for growth," said Gwendoline Cazenave, CEO of Eurostar. "We are creating a future where travellers can connect between Eurostar trains, domestic railways, and long-haul flying, opening up our services to new markets across the globe. Today is a major step forward towards this mission, and we look forward to working with SkyTeam to develop the customer proposition so more travellers can experience Eurostar's unique service." For SkyTeam, incorporating a high-speed rail partner into their alliance is a bold move that aligns with their vision of responsible and innovative travel. "Working with Eurostar as our first non-airline partner underscores SkyTeam's commitment to delivering a more integrated and responsible travel experience by incorporating intermodal travel," said Patrick Roux, CEO of SkyTeam. "One of the world's most-loved train operators, with a reputation for customer service, Eurostar is a natural fit for SkyTeam. I look forward to developing our partnership and offering

customers greater choice in how they travel across SkyTeam's global network." As airlines strive to meet ambitious sustainability goals, rail offers an immediate solution for short-haul connections, which are often the most environmentally damaging flights due to their higher emissions per passenger mile. By replacing these short-haul routes with high-speed rail links, both airlines and passengers can significantly reduce their carbon footprint. The partnership between Eurostar and KLM Royal Dutch Airlines, a SkyTeam member, is a prime example of how intermodal travel can lead to tangible environmental benefits. The two companies have already collaborated to reduce flights between Amsterdam and Brussels, a journey easily covered by train. This move has paved the way for other SkyTeam members to consider similar reductions on short-haul routes in Europe, where high-speed rail is a viable alternative. This shift toward integrating rail and air travel also aligns with European government initiatives to reduce domestic flights. France has already introduced measures that ban domestic flights on routes where rail travel offers a viable alternative. By embracing rail partnerships, airlines can stay ahead of these regulations while providing their customers with a seamless and sustainable travel experience.



Eurostar and SkyTeam's partnership come at a time when, for many, sustainability is no longer a choice but a necessity. As climate change continues to reshape the global travel industry, partnerships like this will likely become more common, with other airlines and rail operators following suit. It's also understood that Eurostar's ambition to increase its annual passenger numbers from 19mn to 30mn will be bolstered by this partnership. This shift towards intermodal travel is also expected to boost SkyTeam's overall appeal. By adding Eurostar to its alliance, SkyTeam is tapping into a broader network of cities across Europe that can be reached by rail, making it an attractive option for passengers seeking eco-friendly travel.

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## Airlines' energy transition feasible, but costs, challenges remain huge

By Pratap John

The global airline industry will need to spend an average of \$128bn in annual capital expenditure if it is to achieve its ambitious net-zero emissions goal by 2050, according to trade body IATA. The updated 'IATA Policy and Finance Net Zero Roadmaps' say that decarbonisation by 2050 is indeed possible. Success, however, would be facilitated by governments redirecting subsidies away from fossil fuels and toward renewable energy production, of which sustainable aviation fuel (SAF) is just one type of product. Annual transition cost, meaning the cost that comes on top of that of jet fuel as a result of procuring SAF, hydrogen, and other key levers, is estimated at \$1.4bn in 2025. In 2050, the transition cost could be as high as \$744bn, based on IATA's analysis. These numbers highlight the need for speed and scale in bringing solutions to market so that net zero CO2 emissions can be achieved. The air transport industry's energy transition is feasible on the 2050 horizon, although, IATA says it success in the transition depends critically upon policymakers' unity of purpose. The association also sounds a warning bell that, to achieve this, all stakeholders, particularly policymakers, must collaborate more broadly and act with greater urgency. Transition involves huge expenditure and is a costly affair. And transitioning to low-carbon technologies, such as SAFs, electric aircraft, or hydrogen-powered planes, requires significant investments in new infrastructure (fuelling stations, manufacturing facilities, etc.). Many airports are not equipped to handle these new technologies yet. Industry experts say the research and development required to bring these technologies to market are costly, and airlines, already operating on thin profit margins, will face challenges funding these innovations. Green technologies, especially SAFs, are significantly more expensive than traditional jet fuels. This price gap needs to narrow for widespread adoption, but market mechanisms to ensure affordability remain underdeveloped. Also, the Covid-19 pandemic had severely affected the financial health of airlines, leaving many companies struggling to fund the



An American Airlines flight landing at Logan International Airport in Boston, Massachusetts, US. The global airline industry will need to spend an average of \$128bn in annual capital expenditure if it is to achieve its ambitious net-zero emissions goal by 2050, according to trade body IATA.

### Beyond the Tarmac



transition to greener technologies, which are often more expensive. "To be successful, we need clear policy and financial frameworks that will support air transportation's needs in a way that is realistic and coherent with the massive changes that must take place simultaneously in all economic sectors," noted Willie Walsh, IATA's Director General. According to IATA's chief economist Marie Owens Thomsen, "The costs and challenges associated with the energy transition are large, but the opportunities are even greater. Countries have an opportunity to build new industries in agriculture and energy, and to benefit from the catalytic growth impact of sustainable air trans-

port. To realise the opportunities, we need all minds to unite in this mission, and all policymakers, multilateral organisations, investors, solution providers, and the air transport industry to work together. "Such transformative collaboration can pool resources and target meaningful action for greater impact. This is what is needed to deliver a sustainable air transport industry by 2050." While advancements in fuel efficiency have been made, the fact remains that the current aircraft models rely heavily on fossil fuels. The development and widespread deployment of zero-emission aircraft, such as electric or hydrogen-powered planes, are

still in the experimental or early development phases. It may take decades to bring these to market at scale. SAFs are able to reduce emissions, but they are not yet produced at scale, and their costs too are significantly higher than traditional jet fuel. Scaling production while maintaining environmental sustainability is a huge challenge. Aviation is a global industry, so decarbonisation efforts need international co-operation. Different countries have varying levels of commitment and regulatory environments regarding climate change, leading to inconsistent policies and goals. These challenges highlight the complexity of achieving net-zero for the aviation industry, which will require co-ordinated efforts from governments, businesses, technology developers, and consumers.

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## How shortcuts across the skies can make flights greener

Bloomberg  
Singapore

Getting from A to B faster is generally the goal of most travellers, particularly for those flying long-haul in economy. Now, under a trial that started last month in Asia, shaving precious minutes off hours-long trips is a reality, depending upon what route a pilot chooses to take across the skies. Since early August, air crew on selected routes between Singapore, Jakarta and a handful of cities in Australia and New Zealand have had the flexibility to choose the most direct and efficient path to get there. It's about saving time, but also fuel, hence limiting greenhouse gas emissions. Deviating from the fixed network of invisible highways that etch planes' trajectories around the world and instead allowing a unique flight path for each plane may seem dicey, but it's not as dangerous as it sounds. Here's a look at how it works.

**1. What is the trial?**  
Singapore, Australia, Indonesia and New Zealand have banded together to make better use of their airspace to trial quicker, more direct flight paths. The three-month trial started on August 5 and will be reviewed in November with a possible view to expanding it to more cities and airlines. The carriers involved are Singapore Airlines

Ltd, Qantas Airways Ltd, Air New Zealand Ltd and Garuda Indonesia and they're able to take shortcuts on 38 routes using what's called user-preferred routing (UPR). Singapore Airlines has said that it's using the trial on 15 routes, including to Sydney, Christchurch, Darwin and Perth. Garuda said it's operating user-preferred routing on flights from Jakarta to Sydney and Melbourne. Other destinations involved include Brisbane, Cairns and Adelaide.

**2. What's behind the trial?**  
In short, climate change. The aim is to help cut emissions per flight, and the thinking is that over time, fuel and carbon emissions savings will multiply. The Civil Aviation Authority of Singapore, in a statement on August 15, said that airlines can potentially save up to 1,700 kilograms of fuel for a flight between Singapore and Melbourne and more than 1,960 tonnes of carbon emissions a year for that route over a year of daily flights. With about 10 flights a day each way, or some 7,745 scheduled flights between the two cities this year, according to data from Cirium, the numbers should start to add up. But user-preferred routing isn't a silver bullet, especially considering the volume of flights is also rising, particularly in Asia, home to some of the fastest-growing air travel markets. McKinsey & Co has estimated some \$5tn of capital investment may be needed to deliver on aviation's goal of reaching carbon neutral-

ity by 2050, almost all of it ploughed into sustainable fuel production and renewable power generation.

**3. Have these kinds of airspace trials happened before?**  
User-preferred routing has been trialled as far back as 2008 and in some places, like Australia, a vast continent that has its own say over its airspace, it's already happening. Internationally, the practice has been limited due to the complexity of co-ordinating routes across national boundaries. Airservices Australia says it gets tricky when airspace is managed by different air navigation operators. In New Zealand, another place that's relatively geographically isolated, around 65% of flights across its some 26mn square kilometres of airspace use shortcuts where possible.

**4. How do pilots arrange shortcuts and what role do air traffic controllers play?**  
Pilots typically follow waypoints, or fixed points in the sky to help planes navigate safely. Under user-preferred routing, pilots and their operations teams manually plug the most efficient route as they see it into flight planning software, taking into account things like wind speed and direction, turbulence and other environmental and weather factors. The flight planning system then creates its own unique waypoints. Airservices Australia however says that "pilots and controllers are encouraged not to

amend routes without good reason as most user-preferred routes aren't the shortest distance in track miles." The aim is to spend "the shortest time in the air, therefore flying a straight line between departure and arrival points is often not the most efficient route." Airways, New Zealand's air navigation service provider, says it's then up to air traffic controllers to "facilitate" these shortcut routes taking into account what other flights are happening at the same time.

**5. It sounds potentially dangerous. Is it safe?**  
Completely. Airlines and aviation regulators are in no doubt about the benefits and the operational safety behind user-preferred routing. All trips are signed off on by air traffic controllers, whose job is to help safely navigate and manage airspace. There's absolutely no free-wheeling by pilots across the sky mid-flight, unless guided and advised by air traffic control staff on the ground. "We do not share multiple flight plans to air traffic control, we only share once after the final flight plan has been set," Garuda President Irfan Setiawati said in a statement.

**6. How's the trial in Asia going so far?**  
Airservices Australia says there's been anecdotal evidence of "considerable savings" for airlines in terms of fuel and carbon emissions, although declined to elaborate. "Some flights have better results than others," it said. "The variability in conditions

means that every flight is different." Garuda said the trial has allowed the carrier to "utilise tail wind conditions to make flight operations faster as well as more fuel efficient." Other participating airlines declined to offer specific data while the trial is underway.

**7. Are there plans for trials beyond Asia?**  
Europe has sought to do something similar for 20 years under the Single European Sky initiative. Aviation bodies and airlines from the continent have long tried to reform the congested airspace and effectively integrate the skies above almost 30 countries. Under the Single European Sky plan, the vision was to have achieved, by 2020, an improvement in safety performance by a factor of 10, a 10% reduction in the impact flights have on the environment, a reduction in the cost of air-traffic management services to airspace users by at least 50% and a three-fold increase in capacity where needed. It hasn't worked out that way, with countries opting to hang onto their national air navigation service providers, and therefore benefits, like making the continent's airspace cheaper, yet to be realised. In the US, user-preferred routing is also new, with United Airlines Holdings Inc completing its first such flight only in mid-2020, over Russia. In May 2023, the Federal Aviation Administration activated 169 new, set routes along the US east coast that are more direct, saving passengers time, and airlines fuel.

## IATA creates 'matchmaker platform' for airlines, SAF suppliers

By Pratap John

The International Air Transport Association (IATA) will create the Sustainable Aviation Fuel (SAF) Matchmaker to link airlines and SAF suppliers. The development was announced at the World Sustainability Symposium (WSS) with an expected launch date in the first quarter of 2025. IATA's senior vice-president (Sustainability) and chief economist, Marie Owens Thomsen noted, "Our vision is to create a transparent, efficient, and accessible matchmaking platform that will accelerate the uptake of SAF as the aviation industry progresses towards net zero CO2 emissions by 2050. The platform will do that by reducing the costs and complications that airlines face when looking for SAF suppliers. "The SAF market's maturity and globalisation will be enhanced by the transparency that the SAF Matchmaker will enable. Every step in that direction is of great importance, considering that SAF is air transportation's most significant decarbonisation tool." Specifically, the SAF Matchmaker will address three critical issues: **Connectivity:** SAF producers and suppliers will be able to post available or planned SAF volumes and airlines will be able to register their interest in purchasing shown or desired SAF volumes. Any subsequent trades will take place outside the platform. **Visibility:** The platform will carry comprehensive information on the SAF available, such as volumes, feedstock used, the location and technology of production, the emissions reductions, as well as compliance with the Carbon Offsetting Reduction Scheme for International Aviation (CORSA) or the European Union's Renewable Energy Directive (EU RED). **Efficiency:** The availability of a central platform will simplify SAF procurement by making it easier and faster for all parties to connect. It will also facilitate the development of market intelligence based on data that the platform will generate. The initial focus of the platform, IATA said will be airlines and SAF suppliers. In due course, governments and non-aviation corporate SAF buyers will also be able to participate.