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Air cargo industry wary of tariffs amid positive outlook in 2025

Qatar banking sector loan book, deposits make good gains in January: QNBFS

By Pratap John
Business Editor

Qatar's banking sector kicked off the year on a "positive note" with loan book and deposits making good gains in January, according to QNB Financial Services (QNBFS).

Credit facilities extended by local banks increased by 1.9% during January to reach QR1,372.5bn. The loans rise in January was mainly due to a jump by 5.3% in the public sector.

Loans went up by 4.6% in 2024, compared to a growth of 2.5% in 2023, growing by an average 5.4% over the past five years (2020-2024)

Loan provisions to gross loans was marginally lower at 3.8% in January, compared to 3.9% in December 2024.

Deposits went up by 1.3% during January to reach QR1,040.0bn.

The deposits gain in January 2025 was mainly due to a surge by 1.5% in private sector deposits and a rise by 1% in public sector deposits.

Deposits increased 4.1% in 2024, compared to a decline by 1.3% in 2023, growing by an average 3.9% over the past five years (2020-2024).

Total assets edged lower by 0.3% during January to QR2.040tn, QNBFS data reveal.

The total assets slide in January was mainly due to a decline by 2.3% in foreign assets and a 8.4% drop in reserves.

Total assets gained by 3.9% in 2024, compared to a growth of 3.4% in 2023; assets grew by an average 5.7% over the past five years (2020-2024).

Liquid assets to total assets moved lower to 30.2% in January, compared to 31.3% in December 2024, which still remains in a healthy position.

Loan provisions to gross loans edged lower to 3.8% in January, compared to 3.9% in December 2024.

Loan provisions have increased from 2.3% in 2019 to 3.9% in 2024 and 3.8% (as at January) as banks have been provisioning for Stage 2 and Stage 3 loans mainly emanating from contracting and real estate sectors.

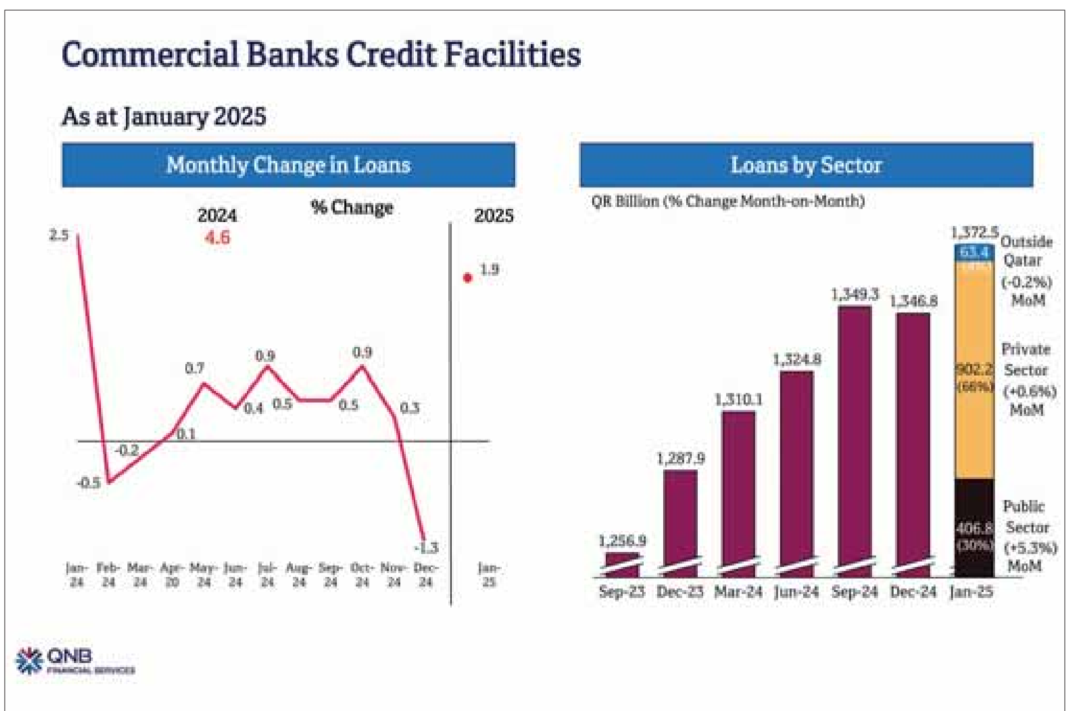
The overall loan book gained (by 1.9%) in January, pushed higher mainly by public sector loans, QNBFS noted.

Total public sector loans rose by 5.3% MoM (+5.0% in 2024) in January. The government segment (represents 31% of public sector loans) was the main driver for the public sector gain with a jump by 13.3% (+3.6% in 2024), while the government institutions' segment (represents 65% of public sector loans) moved up by 2.2% MoM (+7.7% in 2024).

However, the semi-government institutions segment was marginally lower by 0.2% MoM (-18.0% in 2024) during January, QNBFS noted.

According to an analyst "2025 has started on a positive note as both the loan book and deposits made good gains during January."

"The 1.9% rise in the overall loan book in January 2025 came mainly from the public sector as government credit facilities jumped by 13.3%, driven by government overdraft facilities shooting up by 26.5% in January and gives indication of increased government spending needs. The overall deposits growth of 1.3% at the start of 2025 has come in from all three main sectors, namely private sector, public sector and non-residents," the analyst told *Gulf Times*.



QNB Capital recognised as 'Best Investment Bank in Qatar for 2025'

QNB Capital, the investment banking arm of QNB Group, has been recognised as the 'Best Investment Bank in Qatar for 2025' by *Global Finance*.

This "prestigious" accolade highlights QNB Capital's leadership in investment banking, its commitment to excellence, and its role in shaping the financial landscape in Qatar and beyond.

The *Global Finance* Best Investment Bank Awards identify financial institutions that demonstrate outstanding performance in areas such as market share, deal structuring, service quality, product innovation, and investment banking capabilities. QNB Capital's expertise in M&A advisory, capital markets, project finance, and structured solutions played a pivotal role in securing this recognition.

"This award is a testament to our unwavering dedication to delivering innovative financial solutions and strategic advisory services to key entities in Qatar and across the region," said Mira al-Attiyah, Chief Executive Officer, QNB Capital. "We remain committed to supporting our clients with best-in-class investment banking services, reinforcing QNB Capital's position as the partner of choice for complex financial transactions."

QNB Capital has been at the forefront of landmark transactions, including major bond and sukuk issuances and initial public offerings. Leveraging QNB Group's extensive regional and international network, QNB Capital continues to drive investment opportunities across key sectors, including infrastructure, energy, real estate, and technology.

Winners of the Global Finance awards are selected based on a comprehensive evaluation of deal volume, market impact, innovation, and client service excellence.

QIB wins 3 awards from EMEA Finance

Qatar Islamic Bank (QIB) has been named 'Most Innovative Bank in the Middle East',' Best Bank in Qatar', and 'Best Islamic Bank in Qatar' at the EMEA Finance Middle East Banking Awards 2024.

Constantinos Constantinides, QIB chief strategy and digital officer, attended the award ceremony held recently in Dubai and received the three trophies. Announced during the seventeenth edition of the EMEA Middle East Banking Awards, these recognitions highlight QIB's ability to lead the industry with cutting-edge digital solutions while maintaining its strong position as a leading regional bank and pioneer in Islamic finance.

Constantinos Constantinides, QIB chief strategy and digital officer, receiving one of the three trophies during an award ceremony held recently in Dubai.

QIB has led digitalisation efforts, enhancing both retail and corporate online experience by introducing innovative features across its mobile apps, setting new industry standards. The dedication has revolutionised customer interactions and internal operations, yielding significant benefits for stakeholders.

With an impressive 99% of transactions now seamlessly conducted through self-service channels, QIB prioritises customer convenience and efficiency. Moreover, the bank's commitment to innovation is evident through the introduction of new products, services, and features across retail and corporate mobile apps, consolidating its leadership in the financial market.

With over 300 features and an intuitive user experience, the QIB Mobile app has become the preferred banking channel for QIB customers, offering a comprehensive and user-friendly platform for all their banking needs. The app offers customers the ability to have full control of their accounts, cards, and transactions and to fulfil all their banking requirements remotely. All citizens and residents in Qatar can open their first account in QIB within a few minutes through the mobile app without the need to visit a branch. Existing QIB customers can open additional accounts, apply for personal financing and/or a credit card instantly via the QIB Mobile app.

Beyond banking, QIB has introduced new innovations including the QIB Marketplace, which provides a diverse range of products and includes a section for local SMEs to display and sell products. The bank has also introduced the first Auto Marketplace in Qatar, also within its mobile app, enabling customers to browse, book a test drive, select and finance vehicles online.

QIB maintained its position as the largest Islamic bank in Qatar and achieved the best efficiency ratio in Qatar and the Mena region for 2024. Furthermore, QIB has been continuously outperforming the market and delivering continuous value to its shareholders.

Bassel Gamal, QIB Group CEO, said: "We are pleased to be recognised by EMEA Finance for our efforts in sustainable banking, digital innovation and Islamic finance. These awards reflect our ongoing commitment to leveraging technology to enhance customer experience. "As we continue to evolve, our focus remains on delivering innovative financial solutions that empower our customers and support Qatar's economic growth. This recognition is a testament to the dedication of our employees, the support of our Board of Directors, and the trust of our customers."

Estithmar Holding signs MoU with Qatar Primary Materials Company

Estithmar Holding, through its subsidiary Elegancia Gabro, signed a memorandum of understanding with Qatar Primary Materials Company to enhance co-operation in supplying the raw materials necessary for executing several Estithmar Holding projects within a sustainable framework that upholds the highest quality standards.

The agreement was signed by Abd Almunem al-Sakka, Cluster Chief Executive Officer of Elegancia Services, a subsidiary of Estithmar Holding, and Abdullah Hassan al-Kuwari, Commercial Director, Qatar Primary Materials Company.

This MoU represents a significant strategic step towards promoting sustainability in the construction sector, in alignment with Qatar National Vision 2030, which aims to balance economic growth with environmental stewardship. The accord serves as a model for public-private collaboration in supporting infrastructure and sustainable projects that contribute to economic development while bolstering national efforts to reduce environmental impact.

Moreover, the agreement aligns with Qatar's shift towards a circular economy. Both parties are committed to developing innovative solutions that minimise environmental waste and improve resource efficiency. They are also collaborating on the development of recycled building materials to reduce the environmental impact of material production, limit reliance on traditional raw materials, and lower production costs.

For Estithmar Holding, the MoU reinforces the company's and its subsidiaries' commitment to localising the supply chain and relying on local suppliers.

It also ensures a reliable supply of building materials, thereby guaranteeing the high-quality execution of projects through the adoption of modern technologies and recycled materials.

Qatar Primary Materials Company noted the agreement represents a strategic opportunity to expand its business scope and increase its market share through securing strategic partnerships.

It also supports the sustainability of the company's cash flows and reinforces its position as a leading provider of primary building materials in Qatar, particularly in light of the growing demand for sustainable materials and innovative solutions, the company said.

The agreement was signed by Abd Almunem al-Sakka, Cluster Chief Executive Officer of Elegancia Services, a subsidiary of Estithmar Holding and Abdullah Hassan al-Kuwari, Commercial Director, Qatar Primary Materials Company.

Huawei advances AI-powered network transformation at MWC

Huawei unveiled a comprehensive suite of AI-enabled network solutions at MWC Barcelona 2025, collectively representing a strategic push to transform telecommunications infrastructure for the mobile AI era.

The company's announcements spanning wireless, core network, and IP domains, demonstrate a unified vision of how AI and networks will evolve together to enable new experiences, business models, and operational efficiencies.

The central theme across Huawei's MWC announcements is the fundamental shift from traditional connectivity to intelligent networks that can adapt, self-optimise, and enable new AI-driven experiences. This transformation spans multiple technology layers.

"Mobile AI is booming, bringing three major transformations to mobile networks in terms of user experience, O&M, and business models," explained Cao Ming, vice-president of Huawei and president of Huawei Wireless Solution, when introducing the company's intent-driven AI-centric 5.5G solutions.

These transformations reflect how connectivity is evolving beyond human-to-human communication to increasingly include human-to-AI and AI-to-AI interactions, creating new demands for networks with higher uplink capacity, lower latency, and ubiquitous coverage. Simultaneously, network complexity is driving the need for greater automation, advancing operations from Autonomous Network Level 3 to Level 4 and beyond.

Huawei's announcements reveal a unified strategy across multiple network domains.

In wireless networks, Huawei's AI-centric 5.5G solutions feature three key components working in concert: GigaGear for intent-driven resource collaboration, GreenPulse for intent-driven energy efficiency optimisation, and GainLeap for intent-driven experience monetisation.

In core networks, George Gao, president of Huawei Cloud Core Network Product Line, announced the industry's first AI Core Network, which marks a shift from AI-powered to AI-native infrastructure.

Cao Ming, vice-president of Huawei and president of Huawei Wireless Solution, introducing the company's intent-driven AI-centric 5.5G solutions.

"The AI core network will become critical telecom infrastructure in the mobile AI era," stated Gao, outlining a two-phase rollout from the initial 5G-A Intelligent Core to the future Agentic Core.

In IP networks, Leon Wang, president of Huawei's Data Communication Product Line, unveiled the AI WAN Solution with its three-layer architecture of AI routers, AI new connections, and AI new brain. He noted that carriers are accelerating the convergence of networks and AI. AI WAN comprehensively empowers IP networks in the Net5.5G era using AI. The solution enables carriers to build networks with optimal TCO, expand service boundaries, improve operations efficiency, and stimulate new service growth.

This solution leverages millisecond-level flow reporting, flow-level scheduling, and AI agents powered by Network Digital Map and Network Foundation Model to enhance network intelligence.

The practical impact of these technologies is already visible through Huawei's partnerships with global operators. MTN South Africa has employed AI WAN's traffic prediction capabilities across its 7,000+ base stations, resulting in a 25% increase in dataflow of usage in KwaZulu-Natal and 15.4% traffic growth. Macau SAR carrier CTM partnered with Huawei to optimise network services using an AI computing engine, dramatically reducing game latency and improving customer experience.

These implementations align with broader industry initiatives that Huawei is actively advancing. At the Broadband Development Congress hosted by the World Broadband Association at MWC, industry leaders recognised Net5.5G as an industry-wide consensus, with Huawei participating in a next-generation network co-operation mechanism alongside organisations like the WBBA, IPv6 Forum, ITU-T, and IETF.

In his keynote speech at the congress, Ryan Qiu, vice-president of Huawei's Data Communication Product Line, noted that the integration of AI into carriers' strategies is gaining momentum, with Net5.5G serving as a catalyst for the in-depth convergence of networks and AI.

Meanwhile, Huawei's partnership with China Unicom on their "AI Unites All" strategy demonstrates how these technologies enable integrated innovation across computing infrastructure, network connectivity, data resources, model development, and application scenarios.

Yang Chaobin, Huawei board member and CEO of the ICT Business Group, emphasised that the collaboration will "create new AI service portals with a global impact and make intelligence more inclusive for all."

Collectively, these announcements illustrate how AI is not merely an addition to networks but a transformative force reshaping their fundamental architecture and capabilities. By integrating AI across wireless, core, and IP domains, Huawei is enabling operators to unlock new revenue streams through differentiated experiences, improved efficiency, and enhanced service offerings.

As commercial 5G-Advanced deployment accelerates in 2025, these AI-enabled solutions position Huawei and its partners to lead the transition toward an intelligent world where networks don't just connect devices but actively enable and enhance AI capabilities across society.

Qatar Chamber acting general manager Ali Saeed Bu Sharbak al-Mansouri receiving the International Certificate of Excellence in CSR from Dr Mohammed Saif al-Kuwari, international ambassador for Social Responsibility of the Regional Network for Social Responsibility, during a special ceremony held at the chamber's headquarters.

Qatar Chamber general manager honoured for CSR efforts

The Regional Network for Social Responsibility has honoured Qatar Chamber acting general manager Ali Saeed Bu Sharbak al-Mansouri, in recognition of his efforts and active role in supporting corporate social responsibility (CSR) initiatives.

During a special ceremony held at the chamber's headquarters, Dr Mohammed Saif al-Kuwari, international ambassador for Social Responsibility of the Regional Network for Social Responsibility, presented al-Mansouri with the International Certificate of Excellence in CSR.

The recognition follows the recent announcement of the most influential Arab personalities in CSR for 2024, revealed during the launch of the sixth edition of the 'Arab Professional Ranking' last month.

The list featured high-ranking Qatari personalities, along with numerous experts and specialists in the fields of social responsibility and sustainable development from across the Arab world. The honour underscores the chamber's ongoing commitment to advancing CSR programmes and fostering initiatives that promote sustainable development and promote partnerships between businesses and the community.

Al-Mansouri expressed his pleasure for receiving the honour, stressing the chamber's commitment to strengthening the role of the private sector in supporting community and development initiatives, in line with Qatar National Vision 2030.

He also extended his gratitude to the Regional Network for Social Responsibility, emphasising that the chamber places great importance on social responsibility. He highlighted the leading role of the private sector as a real partner in Qatar's comprehensive development process, in line with the principles and objectives of Qatar National Vision 2030.

Ooredoo partners with Kloudville to launch B2B digital marketplace

Ooredoo Group has partnered with Kloudville to launch a B2B digital marketplace, enabling customers to access a wide range of AI-powered tools, cloud services, cybersecurity solutions, and enterprise software, all from a single, easy-to-use platform integrated with Ooredoo's telecom offerings.

The innovative solution, built on Kloudville's 'Marketplace 360' platform, will serve as a one-stop shop where businesses, particularly small and medium-sized enterprises (SMEs), can discover, compare, and subscribe to digital solutions transforming how they access and manage essential services.

Ooredoo's expansion into digital platform services marks a strategic shift beyond traditional telecom, positioning the company as a technology hub rather than just a connectivity provider. By curating and bundling essential digital services, Ooredoo is empowering businesses to accelerate their transition to a cloud-first, AI-driven future.

Ooredoo Group CEO Aziz Aluthman Fakhroo said, "Telcos are no longer just connectivity providers. We are becoming digital enablers for businesses. This B2B digital marketplace offers cost-effective, scalable solutions that drive efficiency and growth for our business customers.

"By simplifying access to essential digital services, we are making it easier than ever for businesses to embrace AI, cloud, and cybersecurity solutions. This is a natural progression of our strategy to become a leading digital infrastructure player in the region."

Per Borgklint, CEO of Kloudville, added: "Ooredoo is delivering on its vision for digital transformation in a bold and innovative way. This vision aligns seamlessly with Kloudville's mission to empower telecom operators to expand beyond connectivity and into digital ecosystems. Our Marketplace 360 platform will enable Ooredoo to curate and deliver AI-driven, cloud-first solutions to businesses across the Mena region in a zero-touch fashion.

"Enabling both internal assets and external partnerships to be exposed in joint offerings. This partnership reflects Kloudville's strong commitment to Ooredoo and our journey, enabling telecom business growth in an increasingly digital world. Together, we are shaping a future where technology and telecom services integrate seamlessly to drive business success."

Through this partnership with Kloudville, Ooredoo is further developing the digital ecosystems, creating a seamless bridge between technology providers and businesses. The marketplace will be rolled out first in Qatar, Kuwait, Oman, Iraq, Tunisia, and Algeria between 2025 and 2026, with plans for further expansion.

The agreement was signed at MWC 2025 in Barcelona, marking another major step in Ooredoo's commitment to driving digital innovation and transforming business services across Mena.

Ooredoo Group and Kloudville officials signed the agreement at MWC 2025 in Barcelona, marking another major step in Ooredoo's commitment to driving digital innovation and transforming business services across Mena

Meeza QSTP AGM approves 8% cash dividend distribution

Meeza QSTP held its ordinary general assembly meeting on Tuesday and approved the Board of Directors' proposal to distribute a cash dividend of 8% of the nominal share value, which translates into QR0.08 per share.

The meeting was chaired by Meeza chairman Sheikh Hamad bin Abdulla bin Jassim al-Thani.

The meeting also covered the Board's report detailing the company's activities and its financial position for the financial year ended 31 December 2024.

The shareholders reviewed and endorsed the external auditor's report on the company's accounts for the financial year ended on December 31, 2024 and the external auditor's reports on the company's corporate governance and internal controls over financial reporting.

The shareholders approved the consolidated financial statements of the company for the financial year ended on December 31, 2024 and the corporate governance report of the company for 2024.

Addressing the shareholders, Sheikh Hamad said, "Meeza has continued to demonstrate resilience and excellence in delivering world-class IT solutions, reinforcing our position as the preferred partner for digital transformation in Qatar and beyond.

"Winning the 'Best ICT Service Provider award' at the Qatar Digital Business Awards for two consecutive years (2023 and 2024), in addition to the Best Cloud Solution Award of the year 2022, is a testament to our unwavering commitment to innovation and service excellence. Our performance this year reflects the trust and confidence of our valued shareholders and stakeholders."

He continued: "As we embark on the next phase of our journey, we remain dedicated to expanding our data centre capabilities, investing in cutting-edge technology, and driving sustainable growth. We look forward to another year of success, collaboration, and impact as we contribute to Qatar's vision for a digitally empowered future."

In line with the company's Article of Association, Mohammad Ali Alghaithani, chief executive officer, has been elected as a board member representing the employees.

Bloomberg QuickTake Q&A

How China aims to Trump-proof economy as top lawmakers meet

By Bloomberg News

China's National People's Congress is convening from March 5 to 11, giving leaders a chance to set the economic direction of the country and lay out their spending plans for the year ahead.

Measures to boost domestic consumption will be more important than ever as the Chinese economy battles deflation and a prolonged property slump, and navigates US President Donald Trump's doubling of tariffs on imports from China to 20%.

Investors are paying close attention to the strength of new stimulus and broader policy signals, particularly after the recent surge in Chinese technology stocks that was fuelled by excitement around artificial intelligence startup DeepSeek, to see if the rally can keep going.

What's on the agenda?

Around 3,000 representatives from across China gathered for the parliamentary meeting in Beijing's Great Hall of the People, where Premier Li Qiang opened the session with a work report. This, along with a separate budget report from the Finance Ministry, featured key economic figures, including the official economic growth target for 2025, which will stay around 5% for the third consecutive year, and the fiscal deficit, which reveals how much Beijing is prepared to spend to reach that goal.

The government also lowered its inflation goalpost below 3% for the first time in over two decades, setting it at 2% in a signal that policymakers are waking up to the risks of lingering deflation. The target is usually treated as a ceiling rather than a binding objective.

A main focus this year is boosting consumer spending. Policymakers expanded China's trade-in programme for consumer goods and introduced measures to restore household confidence and unlock long-term spending potential. Steps include raising pension payouts for retirees and increasing subsidies for basic social insurance, albeit only marginally, and offering financial support to families raising children.

By the end of the session, these plans are expected to receive approval from the parliament.

What's Trump's part in this?

While the US president wasn't mentioned in any official documents at the NPC, his policies targeting China are casting a long shadow over the gathering. Since taking office, he has imposed a sweeping 10% tariff on Chinese goods before increasing this duty to 20%, sought to restrict Chinese investment in strategic US sectors like tech and energy, and urged Mexico to levy its own tariffs on Chinese imports.

In response to the new round of US tariffs introduced on March 4, China retaliated with tariffs as high as 15% on US agricultural goods and banned shipments to some US defence companies.

The worsening trade environment poses a challenge for China's exports, which have been a key driver of economic growth. With domestic demand still weak and Beijing reluctant to return to its old, debt-heavy growth model, the government is now placing greater emphasis on boosting consumer spending.

Premier Li recently emphasised the need to shore up consumption as a key driver of growth, using the term "internal circulation" to signal that domestic demand will take centre stage. The phrase first emerged during the Covid-19 pandemic when China prioritised self-sufficiency, and its revival suggests Beijing is preparing for a deeper economic standoff with the US.

What else will happen during the week?

The NPC runs alongside the Chinese People's Political Consultative Conference, an advisory body made up of party delegates and representatives from the arts, business and legal sectors. Together, these meetings are known as the lianghui, or "Two Sessions." After the opening plenary on the first day, lawmakers and political advisers will break into groups to review reports from Premier Li, the Finance Ministry and the national planning agency. During the week, China's top court and top prosecutor will also present their annual reports to the parliament.

A key event will be the annual press conference by Foreign Minister Wang Yi. His briefing will be watched for clues on Beijing's strategy for dealing with a second Trump presidency, China's role in ending the war in Ukraine, and the future of Xi's partnership with Russian President Vladimir Putin — especially after Trump upended years of US policy by opening bilateral talks with Moscow to negotiate an end to the Ukraine conflict, sidelining Kyiv and European powers.

Notably, China has scrapped a three-decade tradition of having the premier hold a press conference on the final day of the NPC, eliminating one of the rare opportunities for a top leader to engage with the public.

Will there be any surprises?

Probably not. For decades, the annual gathering of lawmakers offered investors a rare glimpse into the personalities and thinking of the officials steering the world's second-largest economy. But in recent years, the event has become increasingly scripted, with little room for off-the-cuff remarks or unconventional proposals that once sparked debate even in such a tightly orchestrated setting.

Instead, delegates may focus on "safe topics" that contribute to a positive narrative. One key theme is likely to be artificial intelligence, particularly following the rise of DeepSeek, which has accelerated AI adoption across all levels of government. Local authorities have already begun integrating AI into law enforcement, judicial proceedings, weather forecasting and public service operations. Discussions are expected to centre on both the benefits and challenges of AI as policymakers look to showcase its role in China's future development.

Will the private sector get more support?

There have been signals that it will. President Xi Jinping recently met with top Chinese entrepreneurs including Jack Ma, co-founder of Alibaba Group Holding Ltd, a significant gesture four years after a regulatory crackdown rattled the tech industry and dampened private sector confidence. It was a clear acknowledgment that China needs private businesses, not just state-owned enterprises, to drive growth and help stabilise its struggling economy. With tech playing an even bigger role in China's competition with the US, support for the sector is crucial. Xi has promised to improve access to financing for private firms and curb excessive fines and penalties. Various ministries have since committed to implement his directives.

ECB may cut rates again as debate heats up on pause

AFP
Frankfurt

The European Central Bank (ECB) is expected to cut interest rates again this week in a bid to boost the floundering eurozone economy, even as debate heats up about when to hit pause.

It will mark the central bank's sixth reduction since June last year, with its focus having shifted from tackling inflation to relieving pressure on the 20 nations that use the euro. With "growth stuttering", a quarter-point cut at Thursday's meeting "is a near certainty," HSBC bank analysts said.

A reduction by a quarter percentage point would bring the bank's benchmark deposit rate to 2.50%.

The rate reached a record of 4% in late 2023 after the ECB launched an unprecedented hiking cycle to tame energy and food costs that surged after Russia's invasion of Ukraine.

But investors will be keeping an eye out for signals from ECB President Christine Lagarde that a pause might be on the horizon, after some officials said it was time to start discussing the matter.

The headquarters of the European Central Bank in Frankfurt. The ECB is expected to cut interest rates again this week in a bid to boost the floundering eurozone economy, even as debate heats up about when to hit pause.

Markets have indicated they expect the ECB to bring the deposit rate steadily down to 2% by the end of the year to support a eurozone economy that has showed increasing signs of weakness.

Some policymakers are starting to ask how the central bank should continue on the path downward.

Isabel Schnabel, an influential member of the ECB's board, told *The Financial Times* last month that policymakers were getting "closer to the point where we may have to pause or halt our rate cuts".

"We can no longer say with confidence that our monetary policy is still restrictive," she said.

Meanwhile Pierre Wunsch, a member of the ECB's rate-setting governing council and Belgium's central bank chief, also warned against "sleepwalking" into making too many reductions.

Uncertainty about the potential impact of US President Donald Trump's policies is also clouding the outlook.

Some are fearful that eurozone growth could be hit if he goes ahead with levying tariffs on EU goods, while others worry that a broad, disruptive trade war could reignite inflation.

Eurozone inflation has already ticked up in recent months, hitting 2.5% in January, though ECB officials have voiced confidence it will settle around the central bank's two-percent target later this year.

In the US, where the economy is in more robust health than in the eurozone, the Federal Reserve paused rate cuts recently after inflation rose and amid uncertainty about the future direction of Trump's policy.

Asia stocks rally on hopes of China stimulus, tariff relief

AFP
Hong Kong

Asian markets rallied yesterday as investors welcomed China's economic targets and a US official signalled that President Donald Trump could dial down tariffs on Canada and Mexico.

In Tokyo, the Nikkei 225 closed up 0.2% to 37,418.24 points; Hong Kong – Hang Seng Index ended up 2.8% to 23,594.21 points and Shanghai – Composite closed up 0.5% to 3,341.96 points yesterday.

Global stocks had tumbled Tuesday after China, Mexico and Canada hit back at US tariffs and fears grew that Europe could be Trump's next target.

There was speculation some tariffs could be walked back after US Commerce Secretary Howard Lutnick told Fox Business he thought Trump would "work something out" with regards to Canada and Mexico.

"Somewhere in the middle will likely be the outcome, the president moving with the Canadians and Mexicans, but not all the way," he said. Investors also welcomed China's economic targets for the coming year, with Hong Kong climbing more than 2% to lead Asian gains.

China set an annual growth target of around 5% and vowed to make domestic demand its main economic driver, as lawmakers attended the annual meeting of the National People's Congress.

Beijing also announced a rare hike in fiscal funding, allowing its budget deficit to reach 4% this year. It comes alongside a pledge to create 12mn new jobs in China's cities and a push for 2% inflation this year. The world's second-largest economy is also planning to increase defence spending by 7.2%, the same as last year. But observers have tempered expectations for an expected stimulus given that China is facing strong economic headwinds. These include a persistent property sector debt crisis, stubbornly low consumer demand and stuttering employment for young people.

"We remain sceptical that it will be sufficient to prevent growth from slowing this year, especially given the headwinds on the external front and the lack of a more pronounced shift in government spending towards support consumption," said Julian Evans-Pritchard, head of China economics at Capital Economics.

US tariffs, which are expected to hit hundreds of billions of dollars in total trade between the US and China, also weighed on investors' minds.

Trump signed an executive order on Monday to increase a previously imposed 10% tariff on Chinese goods to 20%.

He also pushed ahead with 25% tariffs on US imports from major trading partners Canada and Mexico early this week.

China responded by saying it would impose levies of 10 and 15% on a range of US agricultural imports. Similarly, Canada announced 25% levies on $155bn worth of US goods. "There'll be a little disturbance, but we're OK with that. It won't be much," Trump said on Tuesday during his first address to a joint session of Congress since returning to the White House.

Airbus to face further supply chain constraints, impacting deliveries

By Alex Macheras

Airbus has closed 2024 with a solid set of financial results, reinforcing its position as the world's largest aircraft manufacturer. The European aerospace giant delivered 766 commercial aircraft, marking a 4% increase from the previous year. While this fell slightly short of the 770 aircraft target, it signals continued resilience amid global supply chain pressures. Revenue grew to €69.2bn, up 6% year-on-year, with an adjusted operating profit of €5.35bn.

Despite these strong numbers, Airbus's performance has been shaped by a mix of industry tailwinds and headwinds. Demand for aircraft remains high, with airlines looking to modernise their fleets and cater to a strong rebound in passenger travel. However, supply chain constraints — ranging from shortages in engines and critical components to logistical bottlenecks — continue to challenge the company's ability to ramp up production.

Airbus is betting big on its A321neo, which has emerged as the most sought-after aircraft in its lineup. The A321neo is the largest variant of the A320 family, offering extended range, better fuel efficiency, and increased seating capacity. Airlines are opting for this model as they seek to cut costs, improve environmental efficiency, and operate longer routes with single-aisle aircraft rather than larger, less fuel-efficient widebodies. This shift in airline preference has resulted in an unprecedented backlog — Airbus currently holds orders for thousands of A321neos, with new commitments continuing to pour in.

The A321XLR, the extra-long-range variant of the A321neo, is a game-changer for airlines looking to fly longer routes with a narrowbody aircraft. Capable of flying up to 4,700 nautical miles, the A321XLR enables airlines to connect distant city pairs that previously required larger, twin-aisle aircraft. This makes it particularly attractive to low-cost carriers, as well as full-service airlines looking to expand transatlantic and intra-Asia routes with lower operational costs. The aircraft is set to enter service in 2025, after some delays due to regulatory scrutiny over its fuel tank design. The A321neo's dominance also reflects a broader industry shift. Boeing, Airbus's main rival, has struggled with supply chain difficulties and certification delays for its competing 737 Max 10—a jet that is meant to challenge the A321neo but is yet to be certified. With limited competition in this segment, Airbus has managed to seize a larger share of the single-aisle aircraft market, putting further pressure on Boeing.

While commercial aircraft sales remain Airbus's strongest pillar, the company has faced headwinds in its Defence and Space division. In the fourth quarter of 2024, Airbus recorded a €300mn charge, bringing its total yearly losses in the division to €1.3bn. These losses were driven by increasing competition from the US and Chinese space companies, as well as delays and cost overruns in major European defence contracts. CEO Guillaume Faury has been vocal about the need for greater European aerospace consolidation to improve competitiveness in space and defence programmes.

Another area of challenge for Airbus is the freighter market. The company has been working on the A350 freighter, a cargo version of its long-haul A350 widebody. Initially expected to enter service in 2025, the aircraft has now been delayed to the second half of 2027. The cargo market remains a difficult segment, with Boeing continuing to dominate thanks to its established 777 and 747 freighter programmes. Airbus's entry into this space has been slower than expected, and the delay means Boeing will continue to enjoy a near-monopoly in large freighters for several more years.

One of the biggest industry-wide challenges remains supply chain instability. Airbus, like all manufacturers, is heavily reliant on global suppliers for engines, avionics, and composite materials. In 2024, engine shortages — particularly from Pratt & Whitney and CFM International — forced Airbus to delay some aircraft deliveries. Airlines such as Lufthansa and IndiGo have been forced to ground aircraft due to a lack of spare engines, further exacerbating capacity shortages in the industry.

Airbus is working on stabilising its production system while simultaneously increasing its manufacturing rate. The company has set a target to increase monthly A320 family production to 75 aircraft by 2027. However, ramping up production will depend on whether key suppliers can resolve their own issues, particularly in engine production.

Another strategic shift is happening in Airbus's sustainability initiatives. The company has now delayed the timeline for its hydrogen-powered "ZEROe" aircraft project, pushing its first commercial hydrogen aircraft beyond 2035. Additionally, Airbus has scrapped its plan to use an A380 as a flying testbed for hydrogen fuel-cell propulsion, citing technical and logistical difficulties. While hydrogen remains a long-term ambition, the company will now focus more on incremental improvements in fuel efficiency and sustainable aviation fuel (SAF) adoption as near-term solutions.

Looking ahead, Airbus is aiming to deliver 820 aircraft in 2025, reflecting a 7% increase from 2024. This target indicates confidence that supply chain issues will ease, allowing for a more predictable delivery schedule. However, suppliers must keep pace, and Airbus will need to navigate geopolitical risks, including ongoing trade tensions and fluctuating energy prices, which can affect raw material costs.

Despite the challenges, Airbus remains in a strong strategic position, and its dominance in the narrowbody sector gives it a competitive advantage over Boeing, which is still grappling with production and regulatory setbacks. In the widebody segment, the A350 continues to perform well, securing recent orders from major airlines, while the A330neo is steadily gaining traction as an efficient alternative for long-haul routes.

Like always, the key to Airbus's success in the coming years will be execution — whether it can increase production rates, manage supplier constraints, and maintain profitability while investing in future aircraft technology. The aviation industry remains on an upward trajectory, and Airbus is well-positioned to capitalise on airline demand for modern, fuel-efficient aircraft. However, the company's ability to navigate supply chain risks, geopolitical uncertainties, and competitive pressures will determine just the race against Boeing for the 9 months ahead.

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Air cargo industry wary of tariffs amid positive outlook in 2025

By Pratap John

Global trade growth, declining fuel costs, and the expansion of e-commerce continue to present positive prospects for the air cargo industry.

However, concerns persist over the potential impact of tariff-driven trade policies under the Trump Administration in the United States.

According to the latest data from the International Air Transport Association (IATA), global air cargo demand, measured in cargo tonne-kilometres (CTK), increased by 3.2% in January compared to the same period in 2024 (3.6% for international operations), marking the 18th consecutive month of growth.

Meanwhile, cargo capacity, measured in available cargo tonne-kilometres (ACTK), rose by 6.8% year-on-year (7.3% for international operations). "January marked the 18th consecutive month of growth for air cargo, but the 3.2% year-on-year increase reflects a moderation from the double-digit peaks witnessed in 2024," said Willie Walsh, IATA's Director General.

"Similarly, while yields remain above January 2024 levels, they declined by 9.9% from December, alongside a 1.5 percentage point drop in cargo load factors.

"External factors such as trade growth, lower fuel costs, and expanding e-commerce remain favourable for air cargo, but it is crucial to monitor evolving market conditions. The potential for tariff-driven trade policy under the US Trump Administration remains a significant uncertainty. Fortunately, the air cargo industry has demonstrated resilience in navigating shifts in the operating environment."

Despite facing multiple headwinds, the air cargo sector has continued to chart a steady course toward growth. The potential imposition of US trade tariffs presents the latest challenge, with possible long-term implications for cargo volumes.

In the short term, however, there may be an uptick in shipments as businesses accelerate deliveries ahead of tariff implementation. Following a double-digit increase in CTKs in 2024, the air cargo sector now accounts for 15.6% of total industry revenues, up from 12% in 2019. Growth has been observed across all regions and major trade routes. With global trade and GDP growth projected to remain stable at approximately 3%, 2025 is poised to be another strong year. IATA forecasts industry revenues to reach $157, driven by an anticipated 6% increase in demand.

A cargo handler prepares air freight containers for a British Airways flight at Heathrow Airport, in London. Global trade growth, declining fuel costs, and the expansion of e-commerce continue to present positive prospects for the air cargo industry. However, concerns persist over the potential impact of tariff-driven trade policies under the Trump Administration in the United States.

Beyond the Tarmac

Additionally, air cargo yields remain about one-third above 2019 levels, with no indication of a return to pre-pandemic rates. "It appears there has been a structural improvement in the market since the pandemic," Brendan Sullivan, IATA's Head of Cargo said recently.

The strength of e-commerce is a key growth driver, with the sector expected to represent an increasing share of air cargo business. Currently accounting for approximately 20% of industry-wide cargo shipments, e-commerce is projected to expand to at least one-third of all shipments in the coming years. By 2027, the e-commerce market is expected to reach $8tn, positioning the air cargo sector for significant gains if it can effectively adapt its offerings.

Sustainability initiatives also play a crucial role in the industry's future. Circular economy principles, such as optimising the lifecycle of Unit Load Devices (ULDs), can help reduce waste while enhancing operational efficiency.

Furthermore, Sustainable Aviation Fuels (SAF) are increasingly relevant, particularly as nearly half of all air cargo is transported in the belly hold of passenger aircraft, many of which are capable of incorporating SAF in their fuel mix.

Nevertheless, the industry remains vulnerable to external risks. The prospect of US-imposed trade tariffs remains a pressing concern, with long-term implications for cargo volumes. However, there may be an immediate surge in shipments as businesses expedite deliveries before potential tariff enforcement.

Trade tariffs must also be considered within the broader context of customs regulations. While such measures are generally unwelcome, they could serve as a catalyst for discussions on improved digitalisation and streamlined clearance processes, addressing a longstanding challenge for the sector.

Operating within a highly interconnected global environment, the air cargo industry remains susceptible to geopolitical tensions, including trade disputes, economic sanctions, armed conflicts, and regulatory changes. As such, adaptability and resilience will be critical in navigating the evolving landscape and ensuring continued growth.

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Airbus sounds warning on Australia's reliance on China for fuel

Bloomberg
Paris

Airbus SE warned that Australia has become overly reliant on Chinese supplies of aviation fuel, calling on the government to kick start domestic production amid increased tension between Canberra and Beijing.

Instead of buying more jet fuel from overseas, Australia should be using its vast supplies of agricultural feedstock to make sustainable aviation fuel at home, Stephen Forshaw, Airbus' chief representative for Australia, New Zealand and the Pacific, said on Tuesday.

Forshaw, who was speaking at a renewable fuels conference in Sydney, cited a Deloitte report that said China accounts for 30% of Australia's jet-fuel imports. Meanwhile, Australia is exporting about A$6bn ($3.7bn) of feedstock every year, Deloitte said.

Airbus' plea comes at a sensitive time in regional geopolitics after recent live-fire drills by China's navy in the Tasman Sea drew rebukes from officials in Australia and New Zealand.

While ties between Canberra and Beijing have warmed in recent years, China has previously imposed trade curbs on Australian goods, underscoring the risk for Australia to depend so heavily on Chinese fuel supply.

Commercial aviation worldwide needs an enormous ramp-up in sustainable fuel output to stand any chance of meeting its mid-century net zero goals.

Until now, pleas from Qantas Airways Ltd and Airbus for support from the Australian government have mostly focused on the environmental and financial benefits of SAF production.

"We're increasingly dependent on parties that are not strategic partners with Australia in the future of our defence and sovereignty," Forshaw said. "So there are some serious questions that underlie why it's really important that we stand up production of fuel here."

Australian government scientists have estimated there will be sufficient domestic feedstock — including sugar cane, sawmill residues and used cooking oil — to meet 90% of local jet fuel demand by 2050. "We have a huge opportunity, we have the biomass, we have the feedstock," Forshaw said. "We're missing the right policy setting."

Aviation industry demands swift upgrades to critical FAA systems

Bloomberg
Washington

Aviation industry groups and union leaders called on the Federal Aviation Administration (FAA) to expedite upgrades to critical air-traffic control systems, as Elon Musk pushes SpaceX's Starlink as a solution for modernisation.

The officials, representing key elements of the US air-safety network, are testifying at a hearing on Capitol Hill on Tuesday about challenges with air-traffic control staffing and infrastructure.

They're aligned on the need for faster technology upgrades at the FAA, including to a telecommunications network carrying voice, data and video across critical operations like air-traffic control.

The role of Musk, who has implemented staff cuts in federal agencies including the FAA and is seeking to use Starlink for the network's overhaul, remains a point of contention.

The agency previously awarded a contract to Verizon Communications Inc. for much of that work and is now weighing whether to cancel the agreement, Bloomberg has reported.

"While there seems to be a drive to build things quickly, it should go without saying that making drastic changes to a system based on safety and effectiveness is neither safe nor effective," David Spero, the president of the Professional Aviation Safety Specialists union, which represents FAA workers, said in his written testimony.

The agency hasn't taken full advantage of its own workers for system upgrades and should lean more on its staff going forward, he added. Safety has become a focal point of debates over the direction of the FAA since a military helicopter collided with a commercial passenger jet near Washington at the end of January, killing 67 people. While the crash hasn't specifically been linked to the agency's ageing air-traffic control system, the incident — among a spate of deadly accidents — reinvigorated discussions around modernisation. Transportation Secretary Sean Duffy called on Musk, the CEO of SpaceX who also leads the cost-cutting Department of Government Efficiency, to help with the task.

An exterior view of the Federal Aviation Administration headquarters in Washington. Aviation industry groups and union leaders called on the FAA to expedite upgrades to critical air-traffic control systems, as Elon Musk pushes SpaceX's Starlink as a solution for modernisation.

Since then, Starlink has started testing the use of its satellite internet terminals to upgrade the FAA's systems.

The move has raised concerns, including among Democratic lawmakers, about conflicts of interest. SpaceX is regulated by the FAA and the initiative would funnel work directly to one of Musk's businesses while he's serving in a prominent role advising President Donald Trump.

The FAA is weighing cancelling an existing $2bn contract with Verizon that would cover some of that work and also replace decades-old copper wires with fibre optic cables.

Representatives for the US Government Accountability Office, Airlines for America, the General Aviation Manufacturers Association, National Air Traffic Controllers Association and Rinaldi Consultants LLC are also testifying at the hearing.

The FAA needs to quickly fix its telecommunications network, said Nicholas Calio, the chief executive officer of A4A, which represents the largest US carriers. He advocates for streamlining the agency's procurement process including by exempting it from contract-bid protests that delay the deployment of new technology.

The FAA should rely on DOGE, alongside private-sector procurement experts, to modify existing standards, Calio said in written testimony.