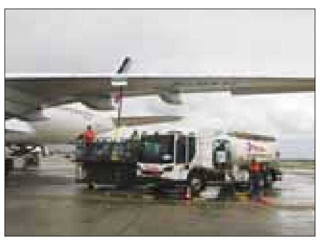

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SAF demand-supply imbalance keeps prices high

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QSE makes 16 points gain; Gulf funds turn bullish

Qatar capital markets need sector-specific ETFs, sukuk-focused funds: QFC report

By Santhosh V Perumal
Business Reporter

Doha can leverage its robust financial infrastructure to develop and list more sector-specific exchange traded funds or ETFs such as those focused on energy, financial service, and construction and real estate, according to a report of the Qatar Financial Centre (QFC).

"This would provide investors with targeted exposure to key sectors of the Qatari economy," the QFC said in 'Islamic Finance Report 2025: Expanding Horizons'.

At present, there is one Shariah-compliant ETF listed on the Qatar Stock Exchange (QSE), Al Rayan Qatar ETF (QATR) by Al Rayan Investment.

Finding that Qatar has several opportunities to capitalise on the growing popularity of ETFs; it said "one significant opportunity lies in expanding its range of Shariah-compliant ETFs, tapping the strong demand for Islamic finance products and attracting both local and regional investors."

The report also found "significant" opportunity to expand Qatar's capital markets by adopting a two-pronged approach of creating Qatari sukuk-focused funds. "There is a significant opportunity to expand Qatar's capital markets by adopting a two-pronged approach of creating Qatari sukuk-focused funds," it said, adding the demand generated by these funds would, in turn, encourage the issuance of sukuk in the domestic market.

This strategy could be extended to include environment, social and governance (ESG) Islamic funds, creating a niche for Qatar in the form of ESG sukuk funds, according to the report.

Such initiatives would help position the country as a regional hub for sustainable finance, attracting investors who prioritise ethical and sustainable investments.

The number of Islamic funds globally has been on the rise, nearly doubling since 2020; reflecting the increasing demand from both retail and institutional investors for Shariah-compliant investments.

These funds are gaining popularity as they offer a diversified portfolio of sukuk, providing investors with a stable and predictable income stream, while adhering to Islamic finance principles.

In 2022, the Qatar Central Bank introduced enhancements to its treasury bills mechanism, including the issuance of treasury sukuk. Such short-term liquidity management tools, with tenors as short as one week, such as treasury bills, had previously been available to conventional banks only due to Shariah restrictions.

The (treasury) sukuk now provide Islamic banks in Qatar a venue to invest their short-term liquidity, similar to other core Islamic finance markets, such as Malaysia, Bahrain, Indonesia and the UAE.

Although Qatar sovereign sukuk have been available for Islamic banks to invest in, they had limited effectiveness as a liquidity-management tool due to their medium-to-long-term maturities, according to the report.

The offering of treasury sukuk will also help to establish a domestic sovereign yield curve that could set the path for domestic corporates to issue Qatari riyal-denominated sukuk and diversify funding.

Developing the domestic sukuk market will also ease capital raising for smaller business corporates, enabling them to raise smaller amounts with less complexity and disclosures at lower issuance costs.

The QFC report has found "significant" opportunity to expand Qatar's capital markets by adopting a two-pronged approach for creating Qatari sukuk-focused funds

HE the Minister of State for Foreign Trade Affairs at the Ministry of Commerce and Industry, Dr Ahmad bin Mohamed al-Sayed, participated in the fourth edition of the Tashkent International Investment Forum, being held in the Uzbek capital on June 10-12.

Al-Sayed takes part in Tashkent International Investment Forum

HE the Minister of State for Foreign Trade Affairs at the Ministry of Commerce and Industry, Dr Ahmad bin Mohamed al-Sayed, participated in the fourth edition of the Tashkent International Investment Forum, being held in the Uzbek capital on June 10-12.

The event was attended by Uzbekistan President Shavkat Mirziyoyev besides senior government officials, investors, and representatives of economic institutions from around the world.

Qatar's participation in the forum reflects the growing depth of bilateral relations with Uzbekistan and underscores a commitment to expanding avenues of co-operation in priority economic and investment sectors.

On the sidelines of the forum, al-Sayed held a series of high-level bilateral meetings with senior officials including Laziz Kudratov Shukratovich, Uzbekistan's Minister of Investment, Industry and Trade; Zavqizoda Zavqi Amin, Minister of Economic Development and Trade of the Republic of Tajikistan; and Elnur Aliyev, Deputy Minister of Economy of the Republic of Azerbaijan, as well as the chairman of the Uzbek Industrial and Construction Bank.

Discussions focused on strengthening economic and investment cooperation and expanding partnerships in priority sectors in a manner that serves the mutual interests of all parties.

As part of the visit, al-Sayed toured the exhibition held alongside the forum, which spanned an area of approximately 6,000 square metres and featured nearly 90 companies representing more than 10 key sectors of the Uzbek economy including petrochemicals, retail, engineering, electrical equipment, construction materials, metallurgy, pharmaceuticals and food processing.

The visit provided an opportunity to explore Uzbekistan's industrial and commercial potential and to examine promising avenues for partnership and collaboration between the two countries.

GTA provides direct support for Financial Penalty Exemption Initiative and Simplified Tax Return submission

The General Tax Authority (GTA) announced that it is receiving taxpayers at its headquarters to provide information, and answer inquires related to the Financial Penalty Exemption Initiative, in addition to submitting the Simplified Tax Return, reports QNA.

The GTA added that this comes as part of its ongoing efforts to facilitate procedures, reduce burdens, and enhance levels of voluntary compliance.

The GTA clarified that this initiative will continue on Sundays, Tuesdays, and Thursdays each week, from 8:00am-12:00pm, until August 31 at the GTA Tower.

It noted that this step is part of a broader plan aimed at improving the taxpayers' experience and providing

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General Tax Authority
State of Qatar • دولة قطر

more efficient and flexible services.

The Authority also provides taxpayers with support and guidance services regarding the Simplified Tax Return, aiming to facilitate the filing procedures and enable them to fulfil their tax obligations accurately and smoothly, thereby increasing transparency and promoting a culture of tax compliance.

The Financial Penalty Exemption Initiative is aimed at enabling taxpayers to settle their tax status by exempting them from penalties resulting from delays in registration, filing returns, or paying dues.

This initiative grants a 100% exemption from financial penalties until August 31, 2025, subject to a set of terms and conditions.

The GTA reaffirmed its commitment to delivering effective and integrated tax services that support the business environment and contribute to achieving sustainable economic development.

Canada-Qatar forum unveils initiatives for deeper ties; focus on youth, SMEs

By Peter Alagos
Business Reporter

The Canadian-Qatari Business Forum (CQBF) is set to launch a series of initiatives focused on fostering knowledge exchange, engaging small and medium sized enterprises (SMEs), and deepening provincial-level ties to strengthen bilateral relations.

Beyond solidifying Qatar as a key investment gateway, CQBF executive director Yasser Dhouib told *Gulf Times* that plans are on the anvil for an event slated in September in Canada, specifically targeting the healthcare industry and healthcare technology, among others, and to promote Qatar and its various investment offerings to Canadian companies.

"CQBF also expressed a strong desire for reciprocal visits between Canadian and Qatari delegations, exploring the opportunities either in Quebec, Ontario, or on the west coast of Canada," Dhouib explained.

According to Dhouib, a cornerstone of CQBF's strategy is "a pioneering knowledge exchange initiative for the establishment of a Qatari-Canadian internship programme.

This programme envisions Canadian students staying in Qatar for six months, allowing them to explore the country and learn about Qatar's culture and heritage, as well as its business philosophy.

"Once they are back in Canada, the objective is to promote further awareness about Qatar and to create a positive long-term impact on the internship participants. We are talking about a new generation and prospective leaders. We want to create leaders by giving them the opportunities to know in more tangible ways the culture, the business community, the business atmosphere of Qatar," Dhouib pointed out.

He confirmed the programme would be reciprocal, with young Qatari leaders heading to Canada for similar internships, emphasising: "If you want really to create strong bonds, it starts with education."

Dhouib noted that CQBF's approach is "multifaceted", extending beyond large corporations to embrace SMEs. He clarified that CQBF aims to be an inclusive "forum… bringing on people with different horizons, experiences", rather than "a select club".

Recognising Canada's federal structure, Dhouib highlighted the importance of engaging provincial governments, which he described as "very effective, very powerful" in economic and educational matters.

CQBF executive director Yasser Dhouib.

QICDRC highlights its global role at London International Disputes Week 2025

The Qatar International Court and Dispute Resolution Centre (QICDRC) has concluded its participation in the recently held London International Disputes Week 2025 (LIDW25) in the UK.

QICDRC participated in four key sessions at the LIDW25, held under the theme "Innovation in dispute resolution: Navigating global risks", where its speakers explored how innovation is shaping the future of dispute resolution in the face of global challenges.

In the session titled "The Rise of International Commercial Courts: What it Means for the Rule of Law, English Lawyers, and the Standing of English Law Worldwide", QICDRC president, Lord Thomas of Cwmgiedd, discussed the increasing role of international commercial courts in resolving cross-border disputes and the opportunities this presents for enhancing the global standing of English law and legal professionals.

The session also highlighted the significant role of the Standing International Forum of Commercial Courts (SIFoCC) in promoting best practices and judicial cooperation across jurisdictions.

The QICDRC president also participated in the session "How Are Courts around the World Innovating?" which addressed the use of technology to enhance court users' experiences, including the ability to file claims fully online.

QICDRC president, Lord Thomas of Cwmgiedd, at one of the panel sessions at LIDW25.

The discussion also emphasised the importance of transparency, citing QICDRC's practices of live-streaming hearings and publishing judgments on its website as examples of strengthening public trust in the judiciary.

QICDRC also took part in a session focusing on "International Commercial Courts of the Gulf - their Chief Justices consider the challenges and opportunities ahead" where Court representatives shared the QICDRC experience and the unique services it offers. These include bilingual services, an electronic court platform, and the application of select English common law principles in line with international best practice.

In the session titled "Global Perspectives on Enforcement of Judgments and Arbitral Awards: Insights from the Mena (Middle East and North Africa) Region", QICDRC led a discussion on the procedures and challenges related to the recognition and enforcement of foreign judgments and arbitral awards, particularly across the Mena region, offering insights into how legal systems can respond to enforcement-related complexities while upholding the integrity of justice.

"LIDW25 offered a valuable opportunity to engage with peers from across jurisdictions and explore innovative approaches to dispute resolution. We believe that such exchanges play a vital role in strengthening global legal frameworks and fostering a more supportive environment for international business and investment," said Faisal Rashid al-Sahouti, chief executive officer of QICDRC.

QICDRC's participation in this important event reaffirms its commitment to contributing to international legal dialogue and raising awareness of the Qatari judicial model, which combines digital and technical innovation with independence, rule of law, and timely access to justice.

As part of Qatar's judicial framework, QICDRC remains dedicated to enhancing access to justice and promoting legal excellence at both the national and international levels.

US and China reach deal to ease export curbs, keep tariff truce alive

Reuters
London

US and Chinese officials said on Tuesday they had agreed on a framework to get their trade truce back on track and remove China's export restrictions on rare earths while offering little sign of a durable resolution to longstanding trade tensions.

At the end of two days of intense negotiations in London, US Commerce Secretary Howard Lutnick told reporters the framework deal puts "meat on the bones" of an agreement reached last month in Geneva to ease bilateral retaliatory tariffs that had reached crushing triple-digit levels.

But the Geneva deal had faltered over China's continued curbs on critical minerals exports, prompting the Trump administration to respond with export controls of its own preventing shipments of semiconductor design software, aircraft and other goods to China.

Chinese and US flags flutter outside a company building in Shanghai.

Lutnick said the agreement reached in London would remove restrictions on Chinese exports of rare earth minerals and magnets and some of the recent US export restrictions "in a balanced way", but did not provide details after the talks concluded around midnight London time (2300 GMT).

"We have reached a framework to implement the Geneva consensus and the call between the two presidents," Lutnick said, adding that both sides will now return to present the framework to their respective presidents for approvals. "And if that is approved, we will then implement the framework," he said.

In a separate briefing, China's Vice Commerce Minister Li Chenggang also said a trade framework had been reached in principle that would be taken back to US and Chinese leaders.

US President Donald Trump's shifting tariff policies have roiled global markets, sparked congestion and confusion in major ports, and cost companies tens of billions of dollars in lost sales and higher costs.

The World Bank on Tuesday slashed its global growth forecast for 2025 by four-tenths of a percentage point to 2.3%, saying higher tariffs and heightened uncertainty posed a "significant headwind" for nearly all economies.

The deal may keep the Geneva agreement from unravelling over duelling export controls, but does little to resolve deep differences over Trump's unilateral tariffs and longstanding US complaints about China's state-led, export-driven economic model.

The two sides left Geneva with fundamentally different views of the terms of that agreement and needed to be more specific on required actions, said Josh Lipsky, senior director of the Atlantic Council's GeoEconomics Center in Washington.

"They are back to square one but that's much better than square zero," Lipsky added.

The two sides have until August 10 to negotiate a more comprehensive agreement to ease trade tensions, or tariff rates will snap back from about 30% to 145% on the US side and from 10% to 125% on the Chinese side.

Global stocks have recovered their hefty losses after Trump's April "Liberation Day" tariff announcement and are now near record highs. Investors burned by earlier turmoil offered a cautious response to the deal and MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.57%.

QSE benchmark makes 16-point gain as Gulf funds turn bullish

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday saw losers outnumber gainers, but settled 16 points higher, even as capitalisation stayed largely flat.

The transport and consumer goods counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.15% to 10,713.35 points, recovering from an intraday low of 10,665 points.

The Gulf institutions were seen net buyers in the main market, whose year-to-date gains improved to 1.35%.

The Arab individuals turned bullish in the main bourse, whose capitalisation was up mere 0.02% to QR631.71bn mainly on account of microcap segments.

The foreign funds continued to be net buyers but with lesser intensity in the main market, which saw as many as 0.01mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.02mn trade across eight deals.

The local retail investors' weakened net selling had its influence on the main bourse, whose trade turnover and volumes were on the decline.

The Islamic index was seen declining vis-à-vis gains in the other indices of the main market, which saw no trading of treasury bills.

The domestic institutions' lower net profit booking had its effect on the main bourse, which saw no trading of sovereign bonds and treasury bills.

The Total Return Index was up 0.15% and the All Share Index by 0.09%, while the All Islamic Index was down 0.02% in the main market.

The transport and consumer goods counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.15% to 10,713.35 points, recovering from an intraday low of 10,665 points

The transport sector index shot up 2.41%, consumer goods and services (0.73%) and industrials (0.04%); whereas telecom declined 1.02%, real estate (0.54%), banks and financial services (0.16%) and insurance (0.07%).

Major movers in the main bourse included Nakilat, Milaha, Medicare Group, Qatar Electricity and Water, AlRayan Bank and Estithmar Holding. In the venture market, Techno Q saw its shares appreciate in value.

Nevertheless, Vodafone Qatar, Ezdan, Qatar Oman Investment, Qatar Islamic Bank, Lesha Bank, QNB, Gulf International Services and Mesaieed Petrochemical Holding were among the shakers in the main market.

The Gulf institutions turned net buyers to the tune of QR9.74mn compared with net sellers of QR14.75mn the previous day.

The Arab individual investors were net buyers to the extent of QR0.79mn against net sellers of QR10.55mn on Tuesday.

The local retail investors' net profit booking eased marginally to QR43.77mn compared to QR45.68mn on June 10.

The domestic institutions' net selling weakened perceptibly to QR6.72mn against QR10.18mn the previous day.

The foreign individual investors' net selling shrank noticeably to QR2.66mn compared to QR3.98mn on Tuesday.

However, the Gulf retail investors' net profit booking strengthened markedly to QR5.6mn against QR2.47mn on June 10.

The Arab institutions turned net sellers to the tune of QR0.1mn compared with no major net exposure the previous day.

The foreign institutions' net buying weakened substantially to QR48.32mn against QR87.62mn on Tuesday.

The main market saw a 20% contraction in trade volumes to 187.04mn shares and 8% in value to QR454.63mn but on 4% jump in deals to 25,156.

In the venture market, a total of 0.06mn equities valued at QR0.17mn changed hands across 17 transactions.

Bloomberg QuickTake Q&A

Can Trump really use National Guard to quell LA protests?

By Peter Blumberg

President Donald Trump ordered the California National Guard on June 7 to dispatch at least 2,000 soldiers to the Los Angeles area as thousands of people demonstrating against immigration raids clashed with security forces. After vandalism and violence broke out, the Pentagon escalated the federal response by also mobilising 700 active-duty Marines.

The president said on his Truth Social platform that federal agencies were to take "all such action necessary" to stop what he called "migrant riots". The rare move by a president to mobilise military forces to quell domestic unrest was quickly condemned as unnecessary and counterproductive by local authorities, including Los Angeles Mayor Karen Bass and California Governor Gavin Newsom.

On June 9, California sued the Trump administration over its "illegal" deployment of state troops and US Marines, claiming it had overstepped its authority.

What is the National Guard?

The National Guard has its roots in the colonial militias formed in the 1600s to defend the colonies against Native Americans and European powers, making it the oldest component of the US military.

As the militias evolved and became more organised and professional, National Guard units were founded in all of the states and US territories. Today the National Guard comprises more than 325,000 members recruited mostly from the communities they serve as a state-based reserve force to assist with emergency responses to natural disasters and civil unrest. Most members are civilians who volunteer to serve part-time. They are also available for federal service, including overseas deployments.

Who normally calls on the National Guard, and for what reasons?

State governors typically co-ordinate the activation of guard troops to respond to local events, from wildfires to floods, when civil authorities are overwhelmed. When the guard is called in to help restore order, state and local law enforcement agencies remain responsible for security.

On some occasions, the president has deployed National Guard troops to respond to civil unrest and rioting. President Lyndon Johnson, for example, deployed National Guard soldiers under federal control in Detroit, Chicago and Baltimore to help quell race riots in the late 1960s. This was in response to requests for federal assistance from state and territorial governors.

Likewise, president George H W Bush activated the California National Guard in 1992 at the request of governor Pete Wilson and Los Angeles mayor Tom Bradley when rioting broke out in the city following a jury's acquittal of police officers charged with severely beating a Black man, Rodney King, after a high-speed car chase.

The last time a president has activated a state's National Guard without a request from the governor was in 1965, when Johnson sent troops to Alabama to protect civil rights demonstrators.

Under what circumstances can the president call on the military?

The law strictly limits the federal deployment of troops within US borders.

The 1878 Posse Comitatus Act, along with amendments and supporting regulations, generally bars the use of the active-duty US military — the Army, Navy, Air Force and Marines — from carrying out domestic law enforcement.

Important exceptions to the 1878 law are contained in the 1807 Insurrection Act and its modern iterations, which allow the president, without congressional approval, to employ the military for domestic use in certain circumstances. The Insurrection Act has been used very rarely to deploy troops under federal control domestically without a request from a state government, with examples mostly dating from the Civil Rights era.

The law on which Trump relied to unilaterally dispatch California National Guard troops to Los Angeles — a provision of Title X of the US Code — permits domestic deployment only in cases of invasion by a foreign nation, rebellion, or danger of a rebellion.

The president's June 7 proclamation gives Defense Secretary Pete Hegseth the authority to direct troops to take "reasonably necessary" actions to protect immigration agents and other federal workers and federal property. It also permits him to use members of the regular armed forces "as necessary to augment and support the protection of federal functions and property in any number determined appropriate in his discretion."

Trump and top officials in his administration have sought to justify the current Los Angeles deployments by arguing that local and state officials have failed to restore order. The president joined White House border czar Tom Homan in suggesting that Newsom should be arrested over his handling of the unrest.

In its legal challenge, California is arguing that the president has abused his authority, saying there is no rebellion or invasion that justifies Trump sending troops into Los Angeles.

How else has the National Guard been controversial?

Perhaps the most infamous deployment in modern history was in May 1970 when the Ohio National Guard opened fire on a crowd of students at Kent State University, who were protesting the Vietnam War and President Richard Nixon's announcement of an invasion into Cambodia. The resulting deaths of four students and injuries to nine others sparked widespread outrage.

In his first term, Trump asked state governors to send troops to Washington to curb protests that erupted after the murder of George Floyd in 2020. Years later, former defence secretary Mark Esper testified to a House committee that he and others had sought to convince Trump there was no legal justification for that use of the military. At the time Trump felt the unrest in the wake of Floyd's murder in Minnesota made the US look weak, Esper told the committee.

As he campaigned for a second term, Trump made clear he wanted to be more aggressive in using the military. At an event in Iowa in 2023 he labelled several big cities "crime dens" and said he previously held back from sending in the military.

Trapped capital: The $1.3bn threat to airline connectivity

By Alex Macheras

As of April 2025, a staggering $1.3bn in airline revenues remain trapped across a handful of countries — funds that airlines have earned through the sale of tickets and services but are unable to repatriate due to government-imposed restrictions. While the figure represents an encouraging 25% drop from the $1.7bn recorded in October 2024, the problem remains a critical and recurring threat to global aviation — one that IATA bluntly describes as a violation of international agreements and a direct risk to the sustainability of air connectivity.

This is not simply a financial dispute. It is a geopolitical and operational flashpoint, and one that lays bare the precarious balance between state sovereignty and the commercial foundations of international air transport.

For an industry that routinely operates on net margins below 5%, having significant revenue trapped in foreign jurisdictions can be the difference between survival and suspension of service. Dollar-denominated costs — fuel, leases, overflight charges, maintenance, crew allowances — don't wait for currency controls or regulatory leniency. When governments delay or deny the repatriation of airline funds, they are, in effect, imposing a stealth tax on foreign carriers and jeopardising their local operations.

Willie Walsh, IATA's Director General, didn't sugar-coat the matter: "Delays and denials violate bilateral agreements and increase exchange rate risks. Reliable access to revenues is critical for any business — particularly airlines which operate on very thin margins. Economies and jobs rely on international connectivity."

This is the crux. An airline's decision to serve a market is inherently commercial. But when commercial certainty is removed — when earnings become inaccessible — connectivity is called into question. And that has consequences far beyond the terminal gates.

Today, just ten countries are responsible for 80% of the world's blocked airline funds. Top of the list is Mozambique, now withholding $205mn, overtaking Algeria, Lebanon, and the Central African franc zone, whose six-nation bloc (Cameroon, Chad, CAR, Gabon, Republic of Congo, Equatorial Guinea) accounts for $191mn. Together, these jurisdictions have become case studies in how macroeconomic fragility and policy choices collide with the fundamentals of international aviation. Algeria's $178mn block and Lebanon's $142mn are especially problematic given the political volatility in both nations. In Lebanon, hyperinflation and political gridlock have made it virtually impossible for foreign airlines to repatriate earnings, even as demand for outbound travel remains strong. The discrepancy between local market strength and fiscal paralysis is something airlines must now model for with increasing regularity.

Bangladesh and Pakistan, long cited by carriers as among the most difficult environments for currency repatriation, have made meaningful progress. Both nations had been among the top five most restrictive jurisdictions, but recent improvements have reduced blocked airline funds from $196mn to $92mn in Bangladesh, and from $311mn to $83mn in Pakistan. These gains have come amid rising pressure from aviation stakeholders, diplomatic interventions, and targeted bilateral discussions. Even so, the amounts remain significant and highlight the lingering friction between government liquidity crises and the mechanics of global aviation.

Eritrea ($76mn), Zimbabwe ($6mn), and Ethiopia ($44mn) round out the list, all located in sub-Saharan Africa, a region which now accounts for 85% of all blocked funds globally.

This issue is not abstract. Airlines are responding with network reductions, capacity constraints, and in some cases, outright suspensions of service. In Nigeria — whose historical precedence on blocked funds has set off alarm bells for years — Emirates made headlines in 2022 when it suspended flights to Lagos due to an inability to repatriate over $85mn in earnings. Though not currently on the top-ten list, Nigeria remains a cautionary tale. Emirates' high-profile withdrawal triggered broader re-evaluations of financial exposure across West Africa, where currency volatility and economic protectionism are not uncommon.

Other carriers, including British Airways and Turkish Airlines, have reduced frequencies or capped sales in local currencies in markets where repatriation risks are high. Several airline executives, speaking privately, say the practice of "cash forecasting by country" is now a standard internal protocol, with route viability reassessed not just by load factor and yield — but by fund mobility. Some markets now carry implicit financial risk premiums. A route that appears profitable on paper may in fact generate unusable income. The result is distortion. Airlines must either increase fares to hedge against blocked funds or reduce exposure altogether — penalising consumers and undercutting the very connectivity governments claim to prioritise.

When countries unilaterally restrict access to airline earnings, they are, in effect, breaching treaty obligations. IATA and several member airlines have begun to increase legal pressure, and while few cases have made it to formal arbitration, the trend is concerning.

The problem is compounded by the IMF and World Bank's limited ability — or willingness — to intercede. Currency shortages, often cited as the rationale for restrictions, are symptoms of broader structural issues in local economies. Governments facing debt crises or dwindling foreign reserves often see airline funds as a politically low-cost form of capital control.

But these are short-term fixes with long-term damage. When confidence erodes, so too does investment and service continuity.

There is, however, one bright spot. Bolivia, which held $42mn in blocked funds as recently as October 2024, has fully cleared its backlog. The move has been welcomed across the industry and serves as a proof of concept: with political will and central bank co-ordination, solutions are possible. Industry observers suggest Bolivia's progress followed intensive engagement between aviation authorities, foreign airlines, and multilateral institutions. The clearance of funds was seen not just as a financial settlement, but as a statement of intent to restore credibility with international partners. Airlines have since confirmed plans to increase services to Santa Cruz and La Paz — early evidence that liquidity restoration leads directly to capacity growth.

The Africa and Middle East (AME) region now accounts for $1.1bn of the $1.3bn global total. While some of this can be attributed to persistent structural currency challenges, it also reflects the growing demand for air travel in economies that lack the regulatory maturity of more developed markets.

Middle Eastern carriers, especially those with pan-African networks, have begun ringfencing their operations — adjusting pricing and revenue management systems to reduce reliance on trapped cash. Some have imposed hard limits on local currency ticketing. Others are favouring interline and codeshare agreements that allow revenue to be collected outside the blocked jurisdictions. And while Africa's aviation potential remains vast — untapped demographics, economic development, and geographic necessity — airlines need financial certainty to commit. The growth of new carriers like Nigeria Air, or the expansion of existing ones such as Ethiopian Airlines, cannot be fully realised in an environment of unpredictable revenue recovery.

It is not just airlines that suffer. When connectivity drops, the broader economy pays the price. Tourism collapses, trade slows, investment dries up. A recent IATA study found that for every 10% increase in air connectivity, a country's GDP can grow by 0.5%. Conversely, when airlines reduce or suspend service due to financial restrictions, those economic multipliers are lost. This is especially harmful for landlocked or isolated nations, where aviation is not a luxury — it's a lifeline. The same economies imposing barriers to repatriation are often those that stand to gain the most from open skies and liberalised access to capital.

IATA has been clear: Governments must act. The call is for full alignment with international agreements, transparency in currency controls, and coordinated action between finance ministries and civil aviation authorities. For their part, airlines are demanding predictability. In uncertain markets, predictability can be more valuable than profitability. As network planning cycles for 2025-2026 intensify, decisions about which cities to serve, what frequencies to fly, and what capacity to deploy will be shaped not just by passenger demand — but by access to the money that demand generates.

In a year where geopolitical risk, oil prices, and supply chain disruptions continue to challenge the airline business model, governments withholding airline funds are adding another layer of avoidable pressure to an already strained global system. Trapped capital is more than a financial inconvenience — it is a destabilising force that undermines the viability of international aviation. With $1.3bn still locked in jurisdictions that rely heavily on air connectivity, the message to governments should be unambiguous: Respect international obligations, release the funds, and restore trust. Without the free movement of capital, there can be no free movement of people.

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

Demand-supply imbalance of SAF keeps prices high

By Pratap John

Sustainable Aviation Fuel (SAF) is still costlier than conventional jet fuel due to technological, economic, and supply chain factors.

SAF is still in its early stages, produced in relatively small volumes around the world. Clearly, economies of scale haven't kicked in yet — lower volumes mean higher costs per unit of sustainable aviation fuel.

SAF production is expected to grow to 2mn tonnes (Mt) in 2025, accounting for just 0.7% of airline fuel use, according to Willie Walsh, IATA's Director General.

SAF production will double from the 1Mt produced in 2024 (all of which was purchased by airlines), but production needs an exponential expansion to meet the demands of the industry's commitment to net zero carbon emissions by 2050, Walsh said at the recent International Air Transport Association (IATA) Annual General Meeting in New Delhi.

IATA estimates that the average cost of SAF in 2024 was 3.1 times that of jet fuel, for a total additional cost of $1.6bn. In 2025, the global average cost for SAF is expected to be 4.2 times that of jet fuel.

A Total tanker truck fuels an Airbus A350 passenger plane with sustainable aviation fuel on the tarmac at Charles de Gaulle airport in France. SAF is still costlier than conventional jet fuel due to technological, economic, and supply chain factors.

This extra cost is largely the result of SAF 'compliance fees' being levied by European fuel suppliers to hedge their potential costs as a result of European SAF mandates to include 2% SAF in the jet fuel supply.

"The behaviour of fuel suppliers in fulfilling the SAF mandates is an outrage. The cost of achieving net zero carbon emissions by 2050 is estimated to be an enormous $4.7tn. Fuel suppliers must stop profiteering on the limited SAF supplies available and ramp up production to meet the legitimate needs of their customers," Walsh noted. The cost of the Carbon Offsetting Reduction Scheme for International Airlines (CORSIA) to airlines is expected to reach $1bn in 2025.

Beyond the Tarmac

The market for CORSIA credits will grow, but Guyana is the only country to have issued certificates for the high-quality credits that the scheme requires.

Since SAF is one of the key enablers for air transport's net zero commitments, its production must be accelerated, IATA says.

Net zero in every industry requires replacing the energy source - not the activity that relies on it. With the world relying on fossil fuels for over 80% of its energy consumption, IATA insists that this is a whole-economy issue, and that no single industry can achieve this on their own.

All governments must maximise renewable energy, and renewable fuel production, for all.

This, in turn, will maximise also air transportation's contribution to the global economy, and its ability to accelerate growth in most other industries, to achieve better economic and environmental outcomes for all.

The top priority is to increase renewable energy and fuel production. In doing so, governments must be mindful of unintended consequences that often afflict new and immature markets, and take action to eliminate oligopolistic pricing behaviour.

Governments must eliminate legacy policies as well, that were warranted maybe 100 years ago, but that today stand in the way of the energy transition.

"Looking at oil company profits, it is wholly unjustified to support their bottom lines with tax credits and handouts, and inexplicable why such support is not provided to renewable energy companies.

"If redirected, the $1tn annually of favours to big oil could fund the energy transition in air transportation in less than five years. Air transportation is a uniquely global network and each uncoordinated action taken by an individual government will cause damage to it." Global standards have made air transportation what it is today: the safest, most secure, and the by far the fastest mode of transportation in the world, providing unparalleled connectivity to more people and businesses than ever before, at an increasingly accessible price.

IATA says it is providing essential market infrastructure to help create a global SAF market that is necessarily global, transparent, liquid, and accessible to all.

It has launched a new international mechanism, the Civil Aviation Decarbonisation Organisation (CADO) to ensure immutable tracking of the environmental benefits of SAF purchases and their orderly claiming against regulatory obligations.

Despite its environmental benefits, sustainable aviation fuel remains more expensive than conventional jet fuel mainly due to the scale of production and demand - supply imbalance.

Traditional jet fuel is produced in massive volumes using decades-old infrastructure. SAF, by contrast, is still in its early stages, produced in limited quantities without the benefit of economies of scale.

The demand for SAF is growing rapidly, but global supply is still very limited. That imbalance keeps prices elevated.

Industry analysts, however, expect costs to fall — driven by innovation, scale, and policy support. But for now, SAF's higher cost reflects the true environmental and technological investments required to decarbonise aviation.

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Iran looks for planes and partners in post-sanctions order

Bloomberg
Tehran

Iran's national airline is preparing for the day when it's finally released from the US sanctions that have worn down its fleet and crimped access to other nations.

With nuclear talks under way between Iran and the US, executives from Iran Air used the annual gathering of the International Air Transport Association in New Delhi last week to sound out potential airline partners and suppliers who were in attendance, according to people familiar with the matter.

Iran Air executives made contact with representatives from Japan Airlines Co, Vietnam Airlines and Royal Air Maroc as it seeks to line up codeshare agreements, the people said. The encounters were mostly ad-hoc, they said, given the conference-hall setup and the sensitivities of doing business with Iran.

Executives from the state-owned carrier also dropped into an evening reception sponsored by Boeing Co as they consider which aircraft Iran Air might acquire should US-made jets become accessible again, the people added.

Tehran-based Iran Air is eager to expand its operations to meet rising travel demand and is actively seeking new aircraft, spare parts and partnerships with carriers that fly to destinations it's currently barred from serving, the people said.

The carrier aims to increase its fleet from fewer than 50 mostly grounded aircraft to at least 100 through direct purchases, if permitted, or by acquiring second-hand jets from foreign markets, the people said. US President Donald Trump's freewheeling approach to trade and foreign policy suggests the current diplomatic push could potentially lead to an opening for Iran Air after decades of restrictions. Boeing purchases took centre stage in Trump's recent Middle East trip, and were featured in a trade deal with the UK.

Last week's concentration of hundreds of aviation executives at the IATA event presented a prime opportunity for Iran Air to establish contacts, even where agreements aren't currently possible. Several executives from carriers in countries that have normalised ties with Tehran say they are unlikely to sign pacts that could impair relationships with other airline partners.

Enhanced IT adoption central to airline industry's growth: Technopreneur

V K Mathews, founder and executive chairman of IBS Software.

By Pratap John

Information technology adoption across the global airline industry has been steadily rising, with IT investments reaching nearly $50bn last year, according to V K Mathews, founder and executive chairman of IBS Software — a technology partner to the global aviation sector.

"Today, airlines typically allocate about 5% of their revenue to technology. A decade ago, that figure stood at just 2%. In essence, the industry's IT spend has more than doubled over the past 10 years," Mathews stated in an interview with *Gulf Times*.

He emphasised that in today's aviation landscape, underinvestment in IT is often a sign of organisational weakness. Drawing on his extensive experience — including a 15-year tenure with the Emirates Group in Dubai where he spearheaded the airline's global IT strategies — Mathews has been a key contributor to some of the industry's notable growth stories.

Highlighting the transformative trends shaping the aviation sector, Mathews pointed to personalisation, disintermediation, and aggregation or virtualisation as three defining shifts.

"In the past, the industry was largely supply-driven. Now, it is increasingly demand-focused," he noted.

"Airlines are prioritising personalisation — offering passengers what they want, rather than simply what is available. To do this effectively, they must understand customer profiles and preferences at a granular level."

Disintermediation — removing intermediaries to create direct relationships with customers — is another significant shift. This allows airlines to streamline the delivery of products and services. Meanwhile, aggregation or virtualisation enables carriers to offer services they may not directly produce or operate.

"With digital connectivity, airlines can now act as travel platforms, aggregating services from partners and elevating their role to that of total travel management providers," Mathews explained.

An alumnus of the Indian Institute of Technology (IIT) Kanpur and Harvard Business School, Mathews is optimistic about the future of global aviation.

He sees immense potential, particularly in fast-growing markets like India, and envisions a sector increasingly defined by next-generation technologies.

"The future of aviation will be shaped by advanced tools such as biometrics, artificial intelligence (AI), blockchain, and the Internet of Things (IoT)," he said. "These innovations will not only enhance safety and efficiency but also enable a more seamless and personalised passenger experience."

Founded in 1997 by Mathews with just 55 engineers and one client, IBS Software has grown into a global enterprise with a presence in over 35 countries and a customer base exceeding 150 airlines and travel companies. Today, it employs more than 5,000 professionals representing 42 nationalities.

Looking ahead, Mathews underscored the centrality of technology to the continued growth of airlines, especially in emerging markets. "Technology is the backbone — from operational efficiency in areas like crew scheduling and flight operations to transforming into modern retail platforms. Ultimately, AI will enable deeper, more personalised engagement with travellers," he noted.