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Demand for high-value, time-sensitive goods supports air cargo

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BUSINESS

STRATEGIC DIRECTION : Page 2

QIC convenes Global Executive Leadership Meeting to boost group-wide alignment

Al-Kuwari unveils key budget figures for 2026, economic indicators for 2025

QNA
Doha

HE the Minister of Finance Ali bin Ahmed al-Kuwari.

HE the Minister of Finance Ali bin Ahmed al-Kuwari revealed yesterday key features of the State of Qatar's General Budget for the year 2026, including sectoral expenditure distribution, government contracting plans, and the financing of the Third National Development Strategy.

During the press conference, held on the occasion of the announcement of the 2026 State Budget on Tuesday, he presented a comprehensive overview of the expected economic indicators for the current year 2025, along with several initiatives by the Ministry of Finance to empower and engage the Qatari private sector.

HE the Minister of Finance affirmed that the new budget represents a continuation of the balanced fiscal approach adopted by the State, aiming to achieve financial sustainability, enhance economic growth, improve public spending efficiency, and provide an investment-friendly environment, in line with Qatar National Vision 2030.

HE al-Kuwari stated that the total expenditure for the 2026 budget amounts to QR220.8bn, distributed as follows: QR69.5bn allocated for salaries and wages, QR81.5bn for current expenditures, QR7bn for minor capital expenditures, and QR62.8bn for major capital expenditures.

In his review of the main sector allocations in the new budget, he noted that the education sector is allocated QR21.8bn, while the health sector receives QR25.4bn, up from QR22bn in 2025. This reflects the state's continued commitment to developing human capital and improving the quality of public services.

He explained that the municipality and environment sector is allocated QR22.2bn, the sports sector QR7.6bn, commercial affairs QR4.1bn, transportation QR4.1bn, communications QR3.8bn, and social services QR2.8bn, reflecting a balanced distribution of spending across vital sectors.

HE the Minister of Finance pointed out that the total expected revenues for the 2026 fiscal year amount to QR199bn (QR155bn from oil and gas revenues, and QR44bn from non-oil revenues), compared to total revenues of QR197bn in 2025 (QR154bn from oil revenues and QR43bn from non-oil revenues).

This reflects an improvement in oil revenues and continued growth in non-oil revenues, attributed to the state's continued conservative approach in estimating oil and gas revenues, based on an average oil price of $55 per barrel, to enhance financial flexibility and ensure spending stability.

Regarding the government contracting plan for 2026, His Excellency highlighted key sectors, noting that the Public Works Authority (Ashghal) plans to issue tenders worth QR49bn, the Ministry of Public Health QR2.6bn, the Qatar General Electricity and Water Corp (Kahramaa) QR7.2bn, and the Ministry of Education and Higher Education QR2.3bn. He explained that the total number of tenders offered to the private sector amounts to approximately 4,464 tenders with an estimated value exceeding QR70bn, as part of the 2026 Government Procurement Plan Forum, reflecting the state's direction toward enhancing public-private partnerships.

In this context, His Excellency referred to several initiatives by the Ministry of Finance to empower and engage the private sector, including a review of the state's infrastructure projects for the next five years to assess their feasibility for private sector implementation, and transferring suitable projects to the relevant committee at the Ministry of Commerce and Industry.

Work is also underway to issue a mandatory list of national products that government entities must purchase, giving priority to national products in government procurement.

The first phase is expected to include more than 1,000 national products.

At the same time, the ministry aims for an annual growth rate of no less than 10% in the value of local content in government procurement, with the actual annual growth rate exceeding the target, resulting in a national economic impact of QR9bn during 2025.

While reviewing the initiatives and projects of the Third National Development Strategy for the period 2024-2030, His Excellency revealed an allocation of approximately QR32.7bn for its implementation.

HE al-Kuwari confirmed that Qatar's credit rating is among the best in the region and the world, reflecting confidence in the Qatari economy.

In his remarks on key economic indicators for the current year, HE the Minister of Finance stated that the GDP growth rate is expected to reach 2.9% according to IMF estimates, with non-hydrocarbon GDP growing by 4.4% and hydrocarbon GDP by 0.1%.

He explained that the annual inflation rate for the year through last October is expected to be 0.7%, one of the lowest rates in the region, with expectations that inflation will remain low in the medium term. Page 2

QBA explores investment opportunities with Turkish Industry and Business Association

The Qatari Businessmen Association (QBA) held a meeting with the Turkish Industry and Business Association (TUSIAD) to discuss commercial and economic relations.

During the meeting, which reviewed key areas of co-operation between the Qatari and Turkish private sectors, TUSAID invited QBA to visit Istanbul to explore joint investment opportunities.

Yesterday's meeting was attended by QBA chairman HE Sheikh Faisal bin Qassim al-Thani and members Khalid al-Mannai, Faisal al-Mana, Maqbool Habeeb Khalfan, and Yousef Ibrahim al-Mahmoud, as well as QBA general manager Sarah Abdallah and several executives from member companies.

The Turkish delegation was headed by Cagatay Ozdoruk, board member of TUSIAD, which represents around 4,500 companies, accounting for 85% of Turkiye's non-oil exports.

Sheikh Faisal noted that the past years have witnessed rapid growth in bilateral co-operation between the Turkish business community and many QBA members through joint investments in both Turkiye and Qatar, as well as collaboration on regional and international projects.

He emphasised that the exchange of high-level visits by leaders, officials, and business delegations reflects the mutual commitment to building strategic partnerships that serve the interests of both nations and open new horizons for the private sector.

Sheikh Faisal highlighted that Turkiye is an important trade and investment partner for Qatar and for QBA members. He said Qatari businessmen invest in various sectors in Turkiye, including tourism, real estate development, residential and commercial complexes, banking, retail, and hospitality.

He noted that hundreds of Turkish companies operate in Qatar, many of which are in partnership with QBA members, across sectors such as construction, infrastructure, industry, services, and logistics. He reaffirmed that Turkiye remains a key investment destination for Qatari investors, with expanding Qatari portfolios in real estate, food industries, manufacturing, and tourism.

Ozdoruk said TUSIAD is the largest and most influential business organisation in Turkiye, representing major industrial and financial companies and family businesses. The association includes approximately 4,500 member companies; it's headquartered in Istanbul, with branches across Turkiye and abroad, including in the US, France, Germany, and Belgium.

He invited the QBA to visit Istanbul to learn about potential investment opportunities, especially given the strong financing options provided by institutions operating under TUSIAD.

Ozdoruk also added that there are many promising investment opportunities in the Qatari market that Turkish businessmen can tap into, noting that some members are preparing to open new outlets in the ready-to-wear retail sector, given the many incentives and advantages that Qatar offers to attract investments.

QBA chairman HE Sheikh Faisal bin Qassim al-Thani joins members and officials of the Turkish Industry and Business Association (TUSIAD) during a meeting in Doha.

Qatar banking sector assets total QR2.126tn in October: QNBFS

By Pratap John
Business Editor

Qatar banking sector total assets stood at QR2.126tn in October, according to QNB Financial Services (QNBFS).

Total assets decreased 1.1% MoM during October while these moved up (by 3.9%) that month compared to FY2024.

Assets grew by an average 5.7% over the past five years (2020-2024), QNBFS said in its latest 'Qatar Monthly Key Banking Indicators'.

Liquid assets to total assets stood at a healthy 30% level in October, QNBFS said.

The banking sector's loan book remained flat MoM (+6.0% vs. year-end 2024), while deposits moved down 0.9% MoM (+1.5% vs. year-end 2024) in September this year. As such, the LDR increased to 137% in October compared to 135% in September.

Loans were flat MoM in October at QR1,428.2bn (QR1.43tn), while deposits declined by 0.9% MoM in October to QR1,041.7bn (QR1.04tn).

Public sector deposits receded by 2.3% MoM (+2.0% vs. fiscal year –FY- 2024) in October.

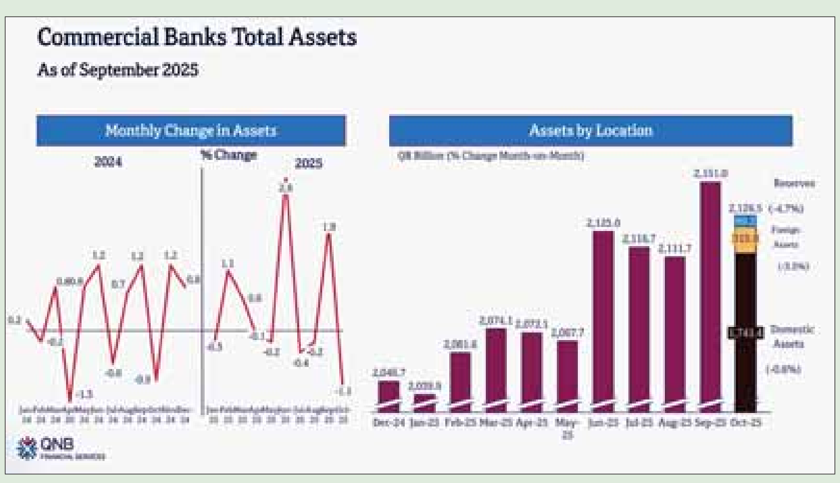
Looking at segment details, the government segment (which represents 34% of public sector deposits) pulled back by 1.4% MoM (+1.7% vs. FY2024).

The government institutions' (represents 52% of public sector deposits) contracted by 5.7% MoM (+0.1% vs. FY2024), while the semi-government institutions' segment (represents 14% of public sector deposits) expanded by 10.4% MoM (+11% vs. FY2024) during October.

Non-resident deposits moved up by 0.7% MoM (-4.3% vs. FY2024) during October 2025. Non-resident deposits as a percentage of total deposits declined from 19.5% in FY2024 to 18.4% in October.

Private sector deposits declined 0.5% MoM (+3.5% vs. FY2024) in October.

On the private sector front, companies and institutions decreased 1.4% sequentially (+1% vs. FY2024). On the other hand, the consumer segment remained flat MoM (+5.3% vs. FY2024).



The overall loan book inched up 0.4% MoM in October 2025 as result of healthy performance from the public sector loans as private sector loans remained flat. Total public sector loans climbed up sequentially by 1.1% (+13.0% vs. FY2024) in October 2025.

The government segment (represents 36% of public sector loans) increased by 2.3% MoM (+43.6% vs. YF2024), while the government institutions segment (represents 59% of total public sector loans) remained flat MoM (+0.6% vs. FY2024).

On the other hand, the semi-government institutions' segment (represents -4.5% of total public sector loans) contributed immaterially, moving up by 5.2% MoM (+4.9% vs. FY2024) during October 2025.

Total private sector loans were flat MoM (+3.3% vs. FY2024) during the month of October with negligible contribution across all segments.

Outside Qatar loans receded sequentially by 0.7% in October (+2.5% vs. year-end 2024).

Qatar banks' Stage 2 loan provisions to gross loans remained flat at 4.2% MoM in October compared to 3.9% as of year-end 2024.

Loan provisions have increased 14.5% vs. year-end 2024 as banks have been provisioning for Stage 2 and Stage 3 loans, mainly emanating from contracting and real estate sectors. On a positive note, Stage 3 loans have remained stable, QNBFS noted.

QCB foreign reserves rise 2.65% in November to reach QR261.502bn

QNA
Doha

The international reserves and foreign currency liquidity at the Qatar Central Bank (QCB) increased by 2.65% year-on-year in November, reaching QR261.502bn, compared to QR254.743bn during the same period last year.

Data released by the QCB showed that the official international reserves rose by 3.14% at the end of last November, an increase of QR6.165bn, to reach QR201.899bn, compared to the same period in 2024. In contrast, its holdings of foreign bonds and treasury bills declined by approximately QR11.435bn, falling to QR126.689bn last November compared to the same month last year.

The official reserves consist of several key components such as foreign bonds and treasury bills, cash balances with foreign banks, gold holdings, Special Drawing Rights (SDR) deposits, Qatar's quota with the International Monetary Fund (IMF), and other liquid assets (which are foreign currency deposits). These two categories combined constitute the total international reserves.

QCB data indicated that the gold stock increased by about QR22.786bn at the end of last November, reaching QR57.155bn, compared to QR34.369bn in November 2024. The balance of SDR deposits from Qatar's quota with the IMF also rose by QR70mn at the end of last November compared to November 2024, reaching a level of QR 5.201bn.

On the other hand, balances with foreign banks declined by about QR5.257bn to QR12.852bn at the end of last November, compared to the same month last year.


The international reserves and foreign currency liquidity at the Qatar Central Bank increased by 2.65% year-on-year in November, reaching QR261.502bn, compared to QR254.743bn during the same period last year.


Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani.

Qatar Chamber chairman: 2026 budget strengthens economic diversification

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani has stressed that the issuance of Qatar's 2026 Public Budget reflects the country's continued commitment to building a strong and sustainable economy.

In a statement, Sheikh Khalifa also emphasised that the new budget embodies the clear strategic vision of His Highness the Amir Sheikh Tamim bin Hamad al-Thani in steering the nation towards further progress and success.

He noted that the new budget represents an advanced step in implementing Qatar National Vision 2030 and is aligned with the objectives of the Third National Development Strategy, particularly about enhancing economic diversification and developing a more competitive and innovative economy capable of adapting to rapid global transformations.

Sheikh Khalifa said the projected increase in non-oil revenues for 2026 to QR44bn, compared to QR43bn in the previous budget, reflects the success of government policies in expanding productivity and enhancing the contribution of non-oil sectors to the gross domestic product. He stressed that this development indicates the strength of the country's business environment and its growing attractiveness to both local and foreign investments.

He said the budget's increased spending on vital sectors, such as education at QR21.8bn, health (QR25.4bn), and municipality and environment (QR22.2bn), reflects the state's continued commitment to strengthening investment in the development of the education and health sectors.

Sheikh Khalifa affirmed that this approach underscores the state's firm commitment to investing in people as the cornerstone of comprehensive development, noting that human capital will always remain at the heart of Qatar's economic and social renaissance.

He noted that allocations for communications, Information Technology, transportation, trade affairs, and sports support the building of a diversified, knowledge-based economy capable of innovation and competition.

Sheikh Khalifa stressed that Qatar Chamber continues to support national efforts aimed at building a sustainable economy that opens broad horizons for future generations and enhances Qatar's position as a leading global destination for business and investment.

QIC convenes Global Executive Leadership Meeting 2025 to strengthen group-wide alignment, strategic direction

Qatar Insurance has held its Global Executive Leadership Meeting 2025 in Doha, bringing together CEOs and senior leaders from across the group's regional and international entities.

Participating officials at the meeting include QIC UAE, QIC Oman, QIC Kuwait, QIC DFIC, Antares Re, Antares Global, QIC DVP, the QIC Digital Hub, QIC R, and QIC Asset Management.

The high-level meeting served as a strategic platform to reinforce unified leadership, align on Group priorities, and accelerate collective efforts across markets. Participants discussed QIC's long-term strategy, with a strong focus on cross-regional co-ordination, enterprise-wide transformation, and strengthening the group's competitive position globally.

The leaders reaffirmed their commitment to driving sustainable, innovation-led growth, emphasising the importance of data, advanced technologies, and enhanced operational agility to meet evolving client expectations.

Amid a rapidly transforming global insurance landscape, defined by shifting customer needs, intensifying competition, and heightened regulatory and environmental pressures, the meeting provided an essential forum for reviewing emerging risks and uncovering new opportunities.

The leaders reviewed progress in innovation-driven underwriting, digital advancement initiatives, sustainable investment practices, and preparedness for regulatory developments across all QIC markets.

Executives from each regional and global entity shared insights on market trends, performance outlooks, and growth opportunities. Strategic teams highlighted pathways for expansion, potential regional partnerships, and new client engagement models, reinforcing QIC's commitment to strengthening its global footprint and delivering differentiated value.

QIC Group CEO Salem Khalaf al-Mannai.

QIC Group CEO Salem Khalaf al-Mannai said: "This gathering reflects our commitment to unified leadership and strategic clarity across all markets. As we navigate an increasingly complex global environment, alignment is not just beneficial — it is essential.

"By strengthening collaboration, investing in technology, and advancing sustainable growth, we are positioning QIC to lead the industry with purpose, resilience, and innovation. Our focus remains on delivering exceptional value to our customers, shareholders, and partners while contributing to the long-term economic vision of Qatar."

The outcomes of the meeting are expected to enhance alignment and accelerate decision-making across subsidiaries, while strengthening communication channels and embedding a deeper culture of accountability and shared purpose. These discussions further solidify QIC's unified leadership approach and readiness to navigate an increasingly complex and competitive industry.

By fostering stronger internal cohesion, promoting cross-market collaboration, and advancing investments in technology and sustainable growth, QIC continues to reinforce its position as the leading insurance and reinsurance powerhouse headquartered in Qatar.

As the group enters its next phase of development, it remains fully committed to delivering innovative solutions, supporting economic resilience, and contributing to the long-term vision of a diversified and globally connected economy.

Divided Fed makes 3rd straight interest rate cut on jobs risks

The Fed has pencilled in at least one more rate reduction next year, and flagged heightened risks to employment as it announced Wednesday's move

AFP
Washington

A divided US Federal Reserve lowered interest rates yesterday for a third consecutive time this year, flagging labour market concerns even as inflation remained elevated as President Donald Trump's tariffs bite.

The cut by a quarter percentage point brings rates to a range between 3.50% and 3.75%, the lowest in around three years.

The move was in line with market expectations, although the path ahead is less certain.

The Fed pencilled in at least one more rate reduction next year, and flagged heightened risks to employment as it announced Wednesday's move.

But a rift within the central bank deepened with three officials voting against the modest reduction.

Chicago Fed president Austan Goolsbee and Kansas City Fed president Jeffrey Schmid instead sought to keep rates unchanged. Fed Governor Stephen Miran backed a bigger, half-percentage-point cut.

The Fed's rate-setting committee consists of 12 voting members — including seven members of the board of governors, the New York Fed president and a rotation of reserve bank presidents — who take a majority vote in deciding the path of rates.

Yesterday, Fed officials also lifted their 2026 GDP growth forecast to 2.3%, from 1.8% previously.

They eased their inflation expectations slightly for the next year, and kept unemployment rate expectations unchanged.

These projections could shift as the central bank grapples with a delay in federal economic data releases after a record-long government shutdown.

The Fed also faces a turbulent year ahead with a new chief arriving after Fed Chair Jerome Powell's term ends in May, while political pressure mounts.

Miran's term expires in January, creating an opening among the Fed's top leadership, and Trump has sought to free up another seat by attempting to fire Fed Governor Lisa Cook this year.

Cook has challenged her ousting and the case remains before the courts — she continues to carry out her role in the meantime.

A contentious meeting that has multiple dissents is a "normal and healthy" sign, said Ryan Sweet of Oxford Economics.

Still, "more cuts now imply fewer later," he added in a note this week. "The central bank will want time to gauge how past cuts are impacting the economy," he said.

Analysts said that a third consecutive rate reduction was likely, in order to manage risks to the labour market.

"The challenge facing the Fed next year is the potential jobless expansion, when GDP increases but employment gains are modest, at best," Sweet said. "This leaves the economy vulnerable to shocks because the labour market is the main firewall against a recession." The most recent available figures confirmed a slowdown in the jobs market, while the government shutdown from October to mid-November delayed publications of more updated official data.

The Fed pursues maximum employment and stable prices in adjusting interest rates, although these goals can sometimes be in conflict. Lower rates typically stimulate the economy while higher levels hold back activity and tamp down inflation.

In a Politico interview published Tuesday, Trump signalled he would judge Powell's successor on whether they immediately cut rates. Interviews for his choice are entering the final stages.

Trump earlier hinted that he wants to nominate his chief economic adviser Kevin Hassett.

Other top contenders include former Fed official Kevin Warsh, Fed governors Christopher Waller and Michelle Bowman, and Rick Rieder of BlackRock.

The hidden architecture behind airline on-time performance

By Alex Macheras

Airline punctuality looks simple from the passenger perspective. A flight is either on time or it is not. A gate either opens when expected or it does not. But behind those binary outcomes sits one of the most complex operational ecosystems in any global industry. On-time performance, or OTP, is not achieved by airlines that merely value punctuality. It is achieved by airlines that can hold together dozens of fragile, interlocking systems that must function with near mathematical accuracy, across every hour of the day, across continents, across seasons and often at the limits of human and machine capability.

In 2025, the pressure on OTP is sharper than ever. Congested airspace, tighter airport capacity, extreme weather, labour shortages, geopolitical diversions, and aircraft delivery delays have all combined to push global operations to their limits. Airlines are expected to be more reliable at a moment when the inputs that make reliability possible are becoming less predictable. The result is a world where the difference between a high-performing airline and a chronically delayed one is rarely about effort, and almost always about internal architecture.

At the heart of OTP is the timetable. Not the public timetable passengers see, but the internal structure that determines block times, turnaround windows, crew duty limits, aircraft rotations, airport slot usage, and fleet utilisation. Building a schedule is an engineering exercise. Too much slack and aircraft sit idle, destroying productivity. Too little slack and a delay in the early morning cascades across the entire network. The most punctual airlines are not those that simply prioritise efficiency, but those that understand where predictability exists and where it does not. If an airport pair is exposed to chronic weather disruption, or if an aircraft type has seasonal performance penalties, the internal schedule has to absorb that. If it does not, the airline begins each day with a latent fragility that no amount of day-of-operation heroics can fix.

The next layer is aircraft availability. An airline cannot run on time if its fleet cannot. Modern aircraft are sophisticated systems, and even a minor technical issue can remove a jet from service for hours. Airlines that perform well on OTP typically invest heavily in predictive maintenance, access to spare parts, and the correct number of reserve aircraft. These reserves are expensive. Widebodies sitting on the ground represent revenue lost. But without them, a single technical defect can trigger an aircraft substitution, a crew reassignment, and a set of disrupted connections across the network. The economics of OTP rely on accepting costs that are not visible to passengers, but that are essential to protect reliability.

Crew planning adds another dimension. Duty-time rules, rest requirements, training cycles, and annual leave patterns shape how crew can be deployed. One sick call in a tightly staffed operation can cancel a rotation. Airlines with high OTP often have robust crewing buffers and cross-qualification strategies so pilots or cabin crew can move between aircraft types or bases with fewer constraints. The challenge is that labour availability varies enormously around the world. In the United States, air traffic control shortages and unionised rostering structures contribute to systemic delays. In Europe, fragmented airspace management creates unpredictable workload and knock-on effects for flight crews nearing duty limits. In Asia, rapidly expanding airlines face a different problem. They must scale training pipelines quickly enough to keep up with network growth. OTP sits at the centre of all these pressures.

Airports also exert significant influence. A punctual airline cannot compensate for an inefficient hub. Runway capacity, gate availability, taxiway layout, baggage systems, customs staffing, and air traffic flow management all dictate how reliably a flight can arrive and depart. At congested airports such as London Heathrow, New York JFK, and Manila, airlines are constrained by infrastructure that does not match demand. Even the most disciplined carrier cannot overcome a runway bottleneck. Conversely, airports designed around efficient movement, with parallel runways, predictable weather patterns, and streamlined terminal flows, provide airlines with the foundation they need to achieve consistently strong OTP.

One of the least appreciated components of punctuality is the choreography of the aircraft turnaround. Cleaning, catering, fuelling, crew briefing, passenger boarding, baggage unloading, baggage loading, cargo preparation, and engineering checks must align within minutes of each other. If fuelling takes longer than expected, or if a catering truck arrives late, or if a baggage belt malfunctions, the entire sequence shifts. Airlines that excel in OTP analyse these processes relentlessly. They measure the average duration of every task, identify where delays accumulate, and introduce contingency into the most vulnerable points. Many now use real-time operational dashboards that track turnarounds minute by minute, providing early signals when a flight is drifting off schedule.

Weather, historically treated as an unpredictable external factor, is now an evolving operational variable. Airlines invest in winter-operations planning, de-icing capacity, wind-impact modelling, and long-range forecasting to anticipate disruption. But climate volatility has made this more challenging. Severe storms, extreme heat, and wildfire smoke are increasingly affecting airports that previously enjoyed stable conditions. OTP therefore depends not only on daily resilience but on longer-term adaptation. Airlines operating across multiple climates must plan for alternates, diversion fuel, and irregular operations with far more frequency than in previous decades.

Airspace capacity is another structural constraint. Restrictions linked to geopolitical events, particularly in Eastern Europe and parts of the Middle East, have reshaped routings and increased flying times across continents. In the United States, shortages across air traffic control facilities continue to impose flow restrictions. Europe remains hampered by the absence of a unified air traffic management system. The result is an increasing gap between what airlines schedule and what the wider airspace network can reliably deliver.

Passenger behaviour also plays a role. Boarding speeds vary greatly between business-heavy and leisure-heavy flights. Cabin baggage volumes fluctuate unpredictably. Families travelling together or inexperienced travellers slow the boarding process. Airlines can attempt to manage this through communication, structured boarding groups, and optimised seating, but the variability still affects OTP, especially on short ground times.

For airlines, punctuality is not simply a matter of reputation. OTP stability directly affects profitability. Chronic delays drive compensation costs, crew overtime, extended aircraft utilisation, missed connections, hotel accommodations, and operational inefficiencies. For hub-and-spoke carriers, even a small morning delay can unsettle an entire day of carefully timed banks.

The challenge going forward is that OTP is becoming structurally harder to maintain, even as customer expectations increase. Airlines must operate global networks in an environment defined by unpredictable airspace availability, constrained airport infrastructure, labour shortages, climate volatility, and increasingly congested skies. Meeting punctuality targets will require more than operational discipline. It demands strategic investment, more resilient scheduling, modernised airports, and more coherent air traffic systems.

The most punctual airlines are not those that simply try harder on the day. They are those that design their entire operation around reliability. OTP is not a metric achieved at the gate. It is the visible outcome of a system that, when built properly, leaves as little as possible to chance.

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

Air cargo benefits from rising demand for high-value, time-sensitive goods

By Pratap John

Air cargo has consistently proven itself as a crucial stabiliser for the global economy; its inherent agility successfully blunting the impact of the 2025 tariff cycle and mitigating the severe disruptions caused by the Covid-19 pandemic.

The air cargo segment is a vital cornerstone of global commerce, acting as a crucial enabler of international trade, particularly for time-sensitive and high-value goods. While accounting for a mere 1% of world trade volume, it represents an estimated 35% of its total value, moving goods worth more than $8tn annually.

Global air cargo demand, measured in cargo tonne-kilometres (CTK), rose 3.3% year-on-year (y-o-y) as of October, according to the International Air Transport Association (IATA).

Activity was surprisingly strong as importers front-loaded shipments ahead of tariff changes. Demand has remained firm since, though growth is expected to moderate later in the year. For 2025, IATA now projects 3.1% y-o-y growth, an upward revision from 0.7% in our June forecast.

Cargo traffic in Asia-Pacific is expected to grow by 8.5% y-o-y this year. Year-to-date or YTD (January-October) data shows broad-based strength across nearly all routes, led by the Europe corridor, which expanded by 10.6%.

Chinese exporters diverted shipments affected by US tariffs to other trading partners and adopted strategies such as adding intermediate stops or shifting production to countries outside the tariff lists.

While this substitution effect materialised quickly, it might not be sustainable if future tariffs target rerouting practices, the global trade body of airlines noted.

A cargo handler prepares air freight containers for a British Airways flight at Heathrow Airport in London. Air cargo has consistently proven itself as a crucial stabiliser for the global economy; its inherent agility successfully blunting the impact of the 2025 tariff cycle and mitigating the severe disruptions caused by the Covid-19 pandemic.

Beyond the Tarmac

The low pricing that supported inventory reductions might not persist, reinforcing our more cautious outlook for 2026.

Europe is forecast to grow by 2.5% in 2025. Among Europe's international routes, only those with Asia (+10.6%) and North America (+7.1%) expanded, as per October YTD data.

Africa and Latin America are expected to grow by 3.0% and 4.0%, respectively.

In contrast, the Middle East and North America are likely to contract by 1.5% and 1.2%, driven by tariffs in North America and geopolitical tensions combined with easing ocean freight disruptions in the Red Sea for the Middle East.

Global air freight yields averaged $2.4/kg YTD through October, about 30% above 2019 levels.

Yields were slightly stronger in the first quarter, growing by approximately 4% y-o-y, supported by front-loading and a high base from early 2024.

However, momentum weakened from the second quarter onward, with average y-o-y declines of 2.6%, reaching a low of -5.4% in September, but improving again in October to -4.0% y-o-y.

In contrast, sea freight rates fell sharply in both monthly and yearly terms, making ocean shipping more attractive and reducing air cargo's relative price competitiveness.

Demand growth by cargo hold type shows a clear divergence: dedicated freighters' CTK rose by mere 1.4%, reflecting limited expansion on the freighter side due to persistent supply chain bottlenecks, while belly cargo surged by 7.8% YTD through October.

Aircraft delivery delays continue to hamper fleet expansion, also on the cargo side.

Delays in wide-body freighter deliveries, with the Boeing 777X-F pushed to 2028 and Airbus A350F to late 2027, are leading operators to stretch existing fleets and rely on passenger aircraft conversions.

However, the pool of suitable passenger aircraft is shrinking due to limited availability of new passenger aircraft. This sustained supply shortfall is driving up air freight rates, particularly for dedicated freighters, and is likely to take years to unwind.

Medium wide-bodies, notably the Airbus A330 and Boeing 767, dominate the conversion market as immediate, though costlier, substitutes for delayed next-generation freighters.

The global cargo load factor reached 45.3% in October 2025 YTD, broadly unchanged from 2024. While demand growth is expected to slow in 2026, steady air cargo demand amid global uncertainties and persistent capacity constraints should keep load factors broadly flat.

For 2026, IATA expects air cargo demand to continue to expand, albeit at a slower pace than in 2025, in line with softening global trade. The slowdown is unlikely to be as pronounced as the general trade deceleration, as air cargo continues to benefit from rising demand for high-value, time-sensitive goods, particularly driven by e-commerce and semiconductors.

Persistent global uncertainties around tariffs and supply chain disruptions will reinforce air transport's role as the most reliable mode of delivery.

Overall, IATA forecasts 2.6% growth for the industry in 2026, led by Asia-Pacific at 6%. Other regions should grow around 2%, while the Middle East will stagnate, and North America will edge down by 0.5%.

Undoubtedly, air cargo industry's ability to provide speed, security, and flexibility makes it an indispensable component of the modern, interconnected global economy, enabling businesses to meet demanding customer expectations and adapt to volatile market conditions.

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

$1.2bn in airline funds blocked by governments mostly in Africa, Middle East: IATA

By Pratap John

International Air Transport Association (IATA) reported that $1.2bn in airline funds are blocked from repatriation by governments as of October this year.

Interestingly, some 10 countries across Africa, the Middle East, and South Asia account for 89% of the total blocked funds, amounting to $1.08bn.

The 10 countries are (blocked funds in brackets): Algeria ($307mn), XAF Zone - central African countries ($179mn), Lebanon ($138mn), Mozambique ($91mn), Angola ($81mn), Eritrea ($78mn), Zimbabwe ($67mn), Ethiopia ($54mn), Pakistan ($54mn), and Bangladesh ($32mn).

IATA called on governments to lift all restrictions on currency repatriation and allow airlines to access their revenues in dollars from ticket sales, cargo sales and other activities, as guaranteed in bilateral air service agreements and treaty obligations.

Restrictions include burdensome or inconsistent procedures to obtain repatriation approval, delays in obtaining approval, shortage or lack of foreign exchange or other limitations imposed by governments or central banks.

IATA's Director General Willie Walsh noted: "Airlines need reliable access to their revenues in US dollars to keep operations running, pay their bills, and maintain vital air connectivity. Governments have committed to unfettered repatriation of funds in bilateral agreements. With low margins and significant dollar denominated costs, airlines depend on governments fulfilling that commitment.

"It is also in the interest of governments to foster the economic catalyst that airlines provide by connecting their economies globally. That's why we urge governments to facilitate the efficient repatriation of airline funds and prioritise this in foreign exchange allocations, even when currency is in short supply."

Boeing books 777X order spree to widen lead over reeling Airbus

Bloomberg
New York

Boeing Co booked 164 gross airplane orders in November, with almost half of those for the hulking 777X jetliners, to extend its sales lead over reeling European rival Airbus SE.

Boeing's tally featured a 65-jet order from Emirates for the 777X, with another customer buying nine. Boeing also recorded 43 orders for 737 Max jets, 30 for 787 Dreamliner models and 17 for other widebodies.

The US planemaker logged 1,000 gross orders through November, compared with 797 for Airbus, which recorded 75 sales last month. Boeing has been buoyed by surging demand for its widebody models and enthusiastic support from US President Donald Trump.

An experimental Boeing 777X aircraft during a flying display at the Dubai Air Show. Boeing booked 164 gross airplane orders in November, with almost half of those for the hulking 777X jetliners, to extend its sales lead over reeling Airbus.

The competitors have seen their roles diverge in recent weeks as the France-based manufacturer grappled with several quality shortfalls, including potentially defective metal panels, and lowered its annual delivery target.

This week, the US Federal Aviation Administration updated an airworthiness directive requiring operators of almost 2,000 Airbus A320 family aircraft to perform more frequent inspections of door fasteners to check for possible cracks.

The recent setbacks have eroded confidence in Airbus' manufacturing quality while Boeing "has significantly raised its game," International Air Transport Association Director General Willie Walsh said on Tuesday.

Global airlines set for record profit despite hobbled US economy

Bloomberg
Montreal

Global airlines stand to earn a record $41bn next year, with Europe contributing the biggest profit share as US carriers grapple with fallout from tariffs, tighter immigration enforcement and a lengthy government shutdown.

An estimated 5.2bn passengers will take to the skies, the International Air Transport Association (IATA) said on Tuesday in its annual forecast.

While industry profit is expected to reach a new high, the inflow is being held back by persistent supply chain issues, heightened geopolitical tensions, regulatory costs and infrastructure constraints, it said.

Europe is forecast to deliver the highest profit of all regions at $14bn, with local airlines showing disciplined capacity management and strong load factors. The continent's low-cost carriers are expanding at double-digit rates, fuelled by local holidaymakers, and a strong euro is offsetting some inflationary pressure.

"We see Europe in absolute terms outperforming the US," IATA Director General Willie Walsh said in an interview with Bloomberg Television. "A weakening US dollar obviously benefits airlines who are not US-dollar denominated."

North America's profit should edge higher to $11.3bn, though expansion will be limited by capacity constraints, pilot shortages, engine issues and rising labour costs. Budget carriers also face pressure from a shrinking US domestic market. US President Donald Trump's tariffs, wars in the Middle East and Ukraine, and the tight supply chain helped drive up costs for airlines this year, IATA said.

"One of the things we are seeing in the US is weakening consumer demand because of the cost-of-living issues," Walsh said. The profit outlook represents a 4% increase from this year's $39.5bn. Industry revenue is set to hit $1.053tn.