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GULF TIMES
BUSINESS

BLOOMBERG DATA: Page 2

Russia boosts crude oil exports to cash in on Middle East war

Qatar prioritises digital trust to boost cybersecurity efforts, says expert

By Peter Alagos
Business Editor

Qatar's long-term competitive edge in the digital economy lies not just in cybersecurity investment but in building a culture of digital trust, according to Gem Soft CEO Michael Jordan.

"Qatar is in a position to become a regional leader in digital trust rather than simply cybersecurity," Jordan told *Gulf Times*, noting that the distinction matters as cyber threats grow more sophisticated across the region.

A recent survey by cybersecurity and antivirus provider Kaspersky found that more than a third of internet users in the Middle East, Turkiye, and Africa fell victim to online scams in the past 12 months, even as "80%" expressed confidence in their ability to identify them.

"Trust is ultimately what drives investment, innovation, and economic growth," Jordan emphasised.

He continued, "The country's investments in infrastructure, cloud technologies, digital government, and cybersecurity provide a strong foundation. The next step is demonstrating how secure communications, trusted digital identities, and resilient digital ecosystems can support both economic competitiveness and national security."

Jordan said control over communications infrastructure has become a strategic asset on par with energy security or financial stability, and that building local capacity is central to achieving the digital resilience goals outlined in Qatar National Vision 2030.

"Building local capacity creates expertise, intellectual property, and operational control within the country. It reduces dependency on external platforms and allows organisations to align communications and data governance with national priorities," he noted.

On homegrown solutions, Jordan said imported technologies have value but fall short of what countries need for lasting resilience. He explained, "Nations that develop their own intellectual property gain a deeper understanding of their security requirements and greater flexibility in responding to emerging threats."

He said, "Local innovation also creates economic value through skilled employment, research, entrepreneurship, and technology exports. The strongest digital economies combine global partnerships with strong domestic capabilities." Jordan said meaningful progress also requires structured collaboration across government, academia, and the private sector: "Cybersecurity is one of the clearest examples of where collaboration creates a multiplier effect. Governments establish strategic direction and standards.

Universities develop talent and research capabilities. The private sector delivers innovation and practical implementation."

He also said, "Qatar has an opportunity to create a model ecosystem where these three pillars work together to develop local expertise, create intellectual property, and strengthen national resilience

Jordan said his confidence in Qatar's direction was grounded in what the country has already demonstrated. "Qatar has consistently demonstrated an ability to think beyond immediate challenges and invest in long-term national priorities. Cyber threats will continue to evolve, but so will the technologies, talent, and institutions designed to address them," he stated.

The goal, he added, is not to eliminate risk but to build resilience: "Qatar is already doing that through investments in secure infrastructure, education, innovation, and digital trust. Those foundations position the country not only to protect its digital economy but to become a regional benchmark for trusted digital transformation."

Gem Soft CEO Michael Jordan.

Global clean-energy manufacturing supply far exceeds demand

Bloomberg
London

Clean-energy manufacturers around the world now have double the production capacity needed to meet global renewable energy demand as factory output surges in Asia while the US and Europe lag behind.

Production of the parts required to make solar, battery and wind energy far outstripped demand last year across the entire supply chain, BloombergNEF said in its 2026 Energy Transition Supply Chain report released on Wednesday, reflecting rapid manufacturing growth in parts of Asia despite China's enduring dominance.

The oversupply pushed renewable-energy prices lower in 2025 before oil prices soared as a result of the war in Iran, strengthening the appeal of clean energy as an alternative to fossil fuels. Countries including Myanmar, Laos, Vietnam, Cambodia and Chile are responding to higher fuel prices with policies aimed at accelerating clean-technology adoption, according to the report.

Expanded manufacturing capacity outside China is contributing to a worsening global supply glut, according to the report, as India, Turkey and countries in Southeast Asia ramp up solar output.

Meanwhile, the US has tried to capture a larger share of the solar supply chain, though with limited success.

US solar companies have won several trade cases aimed at shielding domestic producers through steep tariffs on cells and panels imported from China and Southeast Asian nations. Even so, excess global supply has continued to weigh on American manufacturers, and many new factory projects are being canceled or delayed due to policy uncertainty and international competition.

"China is dominant on the manufacturing capacity side," said Stephanie Muro, a BNEF analyst and one of the report's authors. Other countries are slowly gaining ground, particularly for solar manufacturing, she said. Still, China controls more than 70% of manufacturing capacity for almost every renewable-energy segment.

China's dominance in finished solar modules is lingering behind solar cells, which are the components that convert sunlight into energy. That's because the nature of solar output is shifting as more countries import components from China in order to build and export the final products themselves, according to the report. That trade shift was more noticeable last year, with solar cells making up 44% of solar-related global trade in 2025, up from 25% a year earlier.

However, solar panel manufacturers across Southeast Asia still reflects China's influence. About 80% of solar manufacturers in the region are Chinese companies as the country seeks lower labor costs and ways to avoid tariffs by building and exporting final products abroad, Muro said.

Global battery-cell manufacturing was almost double demand last year and battery-powered electric vehicle demand also remained strong. Global plug-in hybrid EV sales climbed 83% in 2025 from a year earlier and pure battery EV sales rose 15%, helping total EV shipments climb to 6.4mn units from 4.9mn in 2024.

Central banks ramp up digital payment testing

Reuters
London

A group of the world's leading central banks and more than 40 major commercial banks are to step up testing of one of the world's most closely watched digital payments projects, as the race to upgrade - and dominate - the international financial architecture heats up.

The Agora project, as it is known, is spearheaded by the Bank for International Settlements (BIS) and involves the New York Federal Reserve as well as leading central banks from Europe, Korea, Mexico and Japan whose currencies account for the bulk of global payments.

Cross-border transactions currently flow via a global web of commercial banks, but can be slow and costly when multiple banks are in the chain, or they involve smaller emerging economy currencies.

BIS Deputy General Manager Andrea Maechler said the group's latest round of testing had proved the ability to use "tokenised central bank reserves" - effectively digital forms of national currencies - together with "tokenised commercial bank deposits".

Global authorities have long sought to make international payments faster and cheaper and the Group of 20 leading economies has made it one of its key priorities this year.

Maechler said that while the Agora work was "not production-ready yet," further work and testing was now planned, and Canada's central bank would also join the project. "It is a clear recognition that if the world is going into a tokenised ecosystem, one of the advantages is to move towards 24/7," she said, referring to an "always-on" global payments system.

Although not a direct rival, Agora is often compared to another digital payments project called mBridge, now led by China alongside the likes of Hong Kong, Thailand, the United Arab Emirates and Saudi Arabia.

India's central bank also has proposed that BRICS member countries, including Brazil, Russia, India, China and South Africa, make plans to link their digital currencies at the BRICS summit that it is due to host in a few months' time.

Asked why China's central bank or any of its commercial banks were not part of Agora, Maechler said the project had a different "constellation" of participants.

Tim Adams, the head of the Institute of International Finance, which helps co-ordinate the dozens of commercial banks involved, said the latest testing had been a milestone, demonstrating the ability for tokenised payments to be at scale.

It had also tested what is known as "atomic settlement" - where cross-border and cross-currency transactions in the banking system can be completed on an "all-or-nothing" basis as soon as key boxes have been ticked.

Canada reaches a deal to supply Germany with LNG

Bloomberg
Berlin

Canada has reached a deal to supply Germany with liquefied natural gas (LNG) from a planned facility on the west coast, a boost for Prime Minister Mark Carney, who wants to double the country's exports to non-US markets.

The gas would come from the Ksi Lisims LNG project, a proposed C$10bn ($7.2bn) export plant in northwestern British Columbia, near the Alaska panhandle.

Under the terms, Germany will agree to buy as much as 1mn metric tons a year of LNG from Canada for 20 years from the early 2030s, according to a statement from Germany's Federal Ministry for Economic Affairs and Energy.

While those volumes represent only about 1% of Germany's natural gas imports last year, it's a significant step in how Europe's largest economy manages its energy needs.

Recent high-level visits between Canada and Germany have accelerated as both countries look for broader realignments in the Trump era. The two sides have deepened cooperation on critical minerals, energy and defence.

The LNG deal is a step forward for the leaders of both countries, who have talked about energy deals but have been hamstrung by Canada's failure to build the necessary infrastructure. Canada has enormous natural gas reserves, especially in the western provinces, but sends most of its production to the US through pipelines. The country didn't have an LNG export facility on the west coast until about a year ago, with the startup of the first phase of LNG Canada, which is backed by Shell Plc and other energy companies. Germany, as Europe's largest economy and its industrial powerhouse, has been buffeted by a series of energy crises — first with Russia's assault on Ukraine and more recently by the war in the Middle East. The buyer of the gas would be SEFE, a former Gazprom PJSC unit nationalised by the German government after the invasion of Ukraine.

The super-chilled fuel currently accounts for about 13% of total gas imports into Germany, with roughly 94% sourced from the US, causing officials to push the state-owned companies to diversify their portfolios. Chancellor Friedrich Merz had set his sights on the Middle East earlier this year, before the Iran war laid bare the fragility of those flows.

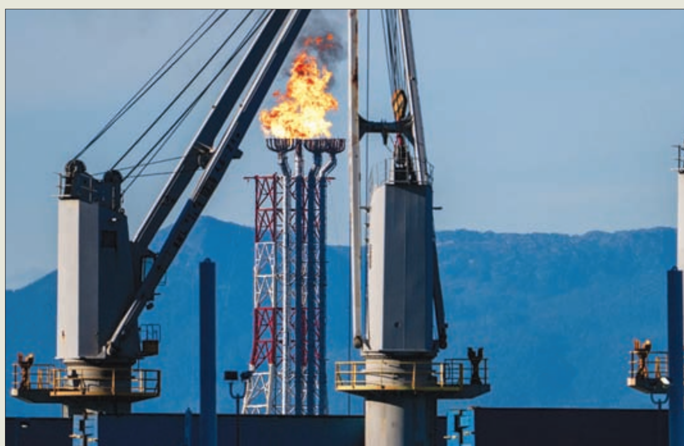
Earlier this year, SEFE signed an 8-year LNG sales and purchase agreement with Argentina's Southern Energy and also announced a tender for 10-year shipments, while Uniper signed agreements in India.

The agreement "is a powerful and very positive symbol of German diversification away from Russia, and potentially from the US," Susanne Nies, senior energy researcher at think tank Helmholtz-Zentrum Berlin, said in an e-mail.

The group behind Ksi Lisims hasn't yet reached a final investment decision to start construction. But the project has already received regulatory approval, and its investors want to build a facility capable of producing 12mn metric tons a year of LNG.

Ksi Lisims LNG is backed by Blackstone Inc-funded Western LNG, as well as Rockies LNG Partners and the Nisga'a Nation, an Indigenous group that owns the development land.

Canadian Energy Minister Tim Hodgson, speaking in a recent interview with Bloomberg News, said European nations are actively looking for a reliable supply of gas to replace flows from Russia and the Middle East, which have been disrupted by war.



A flare stack at the LNG Canada facility in Kitimat, British Columbia. Canada has reached a deal to supply Germany with liquefied natural gas from a planned facility on the west coast, a boost for Prime Minister Mark Carney, who wants to double the country's exports to non-US markets.

Bank of Montreal earnings beat estimates on capital markets

Bloomberg
Toronto

Bank of Montreal topped estimates on better-than-forecast results at its capital-markets unit, following a pattern seen with US bank earnings amid elevated markets activity.

The Toronto-based lender earned C$3.67 a share on an adjusted basis in fiscal second quarter, according to a statement on Wednesday, more than analysts' C$3.41 average estimate in a Bloomberg survey.

Adjusted net income at the firm's capital-markets business totaled C$641mn ($464mn) in the three months through April, better than the C$591mn average estimate and up 47% from a year earlier.

The bank's results show progress against the goals it laid out at an investor day in March, Chief Executive Officer Darryl White said on a call with analysts. "Credit remains well managed and in line with our expectations," with provisions for credit losses "stable from last quarter," he added.

Bank of Montreal is well-positioned to take advantage of a flurry of recent dealmaking around critical minerals and gold and copper producers, according to Canadian Imperial Bank of Commerce analyst Paul Holden. It has a strong mining franchise as well as US investment-banking capabilities, he wrote in a report earlier this month.

Plus, Bank of Montreal also derives half its capital-markets earnings from the US, where Wall Street banks reported strong results last month.

The Canadian bank's revenue from global markets, which includes its trading businesses, totaled C$1.32bn in the quarter, up 15% from a year earlier. Its investment and corporate-banking revenue came in at C$792mn, up 26% from the same time last year.

The wealth-management division similarly saw a revenue boost from stronger global markets, the firm said.

Bank of Montreal set aside less money than forecast for potentially bad loans, with provisions for credit losses totaling C$739mn, less than the C$775mn average forecast. But it reported an increase in provisions related to impaired credit card loans in the period.

During a call with analysts, Chief Risk Officer Piyush Agrawal pointed to broader economic headwinds in Canada and an increase in consumer insolvencies in the country, noting that those factors are putting pressures on the bank's unsecured borrowers. He said the credit profile of the bank's mortgage borrowers is higher.

During an investor day in March, executives pledged to rebuild the firm's return on shareholder equity, aiming to hit 15% by the end of fiscal 2027.

White said at the time that the "biggest opportunity" to do that is by boosting returns at the US unit. Bankwide return on equity came in at 13% in the second quarter while it was 8.6% at the US division.

Bank of Montreal combined all of its US operations into a single division last year and has been in the process of shedding assets such as less-profitable loan portfolios and bank branches outside its areas of geographic focus.

It said earlier this month that it struck a deal to sell its truck and trailer financing business to New York-based alternative-asset manager Stonepeak and on Wednesday it disclosed that it will record a charge of about C$1.1bn tied to a goodwill reduction.

Adjusted net income at the firm's US banking business was up more than 25% year over year at C$847mn, topping the C$794mn average estimate.

US Treasury bonds about to bite stocks

By Mike Dolan
London

US stocks and bond yields have been rising in tandem in recent weeks, with many investors attributing the move to the Iran war, inflation and an AI arms race.

But some models now suggest higher borrowing costs are reaching the point where they start to drag on equities.

Calculations on so-called equity risk premia (ERP) - the excess returns promised by holding equities over those on "risk-free" government bonds - differ widely depending on inputs and methodologies.

Yet Societe Generale's proprietary version, which the bank updated last week, reckons nominal US Treasury yields at 4.5% are a critical juncture for relative value between the two asset classes.

The SG team finds the correlation between equity prices and bond yields is not static and, historically, this link turns strongly negative when bond yields push through 4.5%. Ten-year Treasury yields broke through that level briefly last week before hovering right on it on Tuesday, with the war still unresolved.

"This essentially means that once US Treasury yields are above 4.5%, any further increase in bond yields is broadly negative for equity markets," they wrote. The ability of US equities to absorb higher bond yields, they added, is now limited.

That puts the next steps in the Iran conflict and the disrupted Strait of Hormuz at a potential tipping point for broader financial markets through midyear.

Since the war started on February 28, the 10-year yield has climbed by more than 50 basis points.

Equities juddered on the initial oil shock but have since bounced back almost 20%, lifted by a technical ceasefire at the start of April and a sharp upgrade in AI-related profit estimates during the US earnings season.

With US inflation running hot and Federal Reserve officials turning hawkish, bond yields have taken another sharp leg higher this month. Oil analysts doubt that even an immediate end to the war would resolve all supply problems this year. The risk for central banks is that entrenched inflation forces them to tighten monetary policy further.

And at current levels of longer-term bond yields, we may be at an inflection point for stocks as well. SocGen calculates the US equity risk premium has fallen to about 3.5% - close to the 3% threshold where it sees equities starting to struggle against more attractive bond returns.

In context, the ERP was above 7% after US interest rates were cut to zero following the banking crash in 2008 and the Covid-19 pandemic in 2020, and stood above 5% before the Fed's rate-hike campaign in 2022.

To understand how SG arrives at its figures: the US cost of equity has remained above 7.8% this year. That expected return is the discount rate at which the present value of all future dividends equals the current index level.

SG's dividend discount model is divided into four stages. The first three years are taken from consensus earnings forecasts; the next three are drawn from 10-year average earnings growth; then a nine-year period of linear decline to what it defines as a "perpetual" earnings growth rate equivalent to the 10-year average nominal GDP growth rate.

Any sudden downshift in these inputs, from a growth or earnings surprise, for example, would put the ERP in the danger zone even without further bond yield gains.

But that's just one model. Others are signalling alarm already.

JPMorgan's proxy for the ERP, which it sees as the gap between the equity discount rate of the S&P 500 and the real 10-year Treasury yield, has fallen to just 2.2% - a level it says is a new low for the post-financial-crisis period since 2007. That is 90 basis points below JPM's long-term historical average.

"While it is still some way above its 2000 trough, this implies that there is currently more limited room before a further rise in bond yields starts becoming a problem for the equity market and that from a long-term asset allocation point of view," JPM strategist Nikolaos Panigirtzoglou wrote.

There are differences in the models, obviously. JPM uses a two-stage dividend discount model and a real Treasury yield adjusted for rolling inflation expectations. But both are clearly signalling that the AI-led equity boom faces a harder road at current yield levels.

The AI theme has swept away myriad market concerns over the past three years. Unless the Iran conflict ends swiftly - and fixes a smouldering inflation and interest rate problem with it - the AI rally may have a great deal more sweeping to do.

■ *Mike Dolan is a columnist for Reuters. The opinions expressed here are those of the author.*

Russia boosts crude oil exports to cash in on Middle East war

Bloomberg
London

Russia's crude exports are tracking near the highest levels so far this year, as the Kremlin continues to bank a dividend from the three-month-long war in the Middle East.

Four-week average crude shipments were 3.66mn barrels a day in the period to May 24, little changed from 3.65mn in the 28 days to May 17, tanker-movements data compiled by Bloomberg show. Volumes so far this year are about 100,000 barrels a day higher than 2025 and exceed the annual averages for each year since Moscow's troops invaded Ukraine in 2022.

Exports of Russian crude have become vital for key buyers China and India following Tehran's effective closure of the Strait of Hormuz in the early days of its conflict with the US and Israel, which has sparked the most severe oil supply shock in history. The move halted about 15mn barrels a day of crude flows from the Gulf, with only about one-third of that diverted to other routes, leaving refiners scrambling for alternatives.

Recent increases in Moscow's crude flows have come as Kyiv has switched the focus of its drone attacks to Russia's refineries, and away from export terminals, which it had targeted earlier this year.

Moscow has been one of few big winners from the Middle East conflict, with prices for its crude soaring alongside global benchmarks and US President Donald Trump throwing Moscow another lifeline by waiving sanctions on its oil shipments, making it easier for Indian processors, in particular, to boost purchases.

Deliveries to India this month are set to average about 1.85mn barrels a day, almost 70% higher than they were in February, before the US and Israel attacked Iran.

Russia shipped 3.66mn barrels a day of crude in the four weeks to May 24, cashing in on soaring prices caused by conflict in the Middle East

With daily shipments in the past four weeks running about 300,000 barrels higher than during the first quarter, the amount of Russian oil at sea is also edging up, reaching 119mn barrels on Sunday, up by about 20% from a mid-April low. Almost all of that is now on ships in transit, rather than idling at sea, tanker-tracking data show.

In recent weeks, Ukraine has switched most of its drone attacks back to Russia's refineries and away from the export hubs that it had struck earlier in the year. Refineries at Yaroslavl, Ryazan and Nizhny Novgorod, with a combined processing capacity of about 1mn barrels a day, were all targeted last week.

The renewed focus of Ukraine's attacks on the plants making fuel in Russia likely boosts the amount of crude available for shipping overseas. A return to strikes on export ports could see volumes fall again.

A total of 35 tankers loaded 26.84mn barrels of Russian crude in the week to May 24, vessel-tracking data and port-agent reports show. The volume was little changed from a revised 26.71mn barrels on the same number of ships the previous week.

On a daily average basis, shipments in the week to May 24 edged higher to 3.83mn barrels a day from a revised 3.82mn the previous week. The flows can be volatile, affected by weather, maintenance work, sanctions and the timing of shipments.

There was one shipment of Kazakhstan's Kebco grade from Novorossiysk during the week.

On a four-week average basis, the gross value of Moscow's exports edged up to $2.36bn a week in the 28 days to May 24 from a revised $2.33bn in the period to May 17, boosted by a small increase in Urals prices.

Using this four-week measure, the export prices of Russia's Urals loaded in the Baltic were up by about $0.70 to $89.64 a barrel, while a $0.80 increase took Black Sea prices to $88.12 a barrel. The price of Pacific ESPO crude jumped by $2.10 to average $97.65 a barrel. Delivered prices in India fell for a fifth week, down by $1.10 to $114.86 a barrel. All prices are according to numbers from Argus Media.

On a weekly basis, the value of exports averaged about $2.46bn in the 7 days to May 24, up by $70mn from the previous week's figure.

Observed shipments to Russia's Asian customers, including those showing no final destination, were little changed at 3.47mn barrels a day in the 28 days to May 24, up from a revised 3.38mn in the period to May 17.

While the amount of Russian crude on tankers showing destinations in China and India combined continues to show sharp declines in the most recent weeks, the volume on vessels yet to show a final destination has soared, allowing for much of that pattern to be reversed in time. Tankers frequently show interim destinations, such as Suez or Port Sudan, until they are well across the Arabian Sea, while some never show a final calling point, even after mooring to discharge.

Flows on tankers signalling Chinese ports stood at 940,000 barrels a day in the four weeks to May 24, up from a revised 880,000 barrels a day for the period to May 17. About 960,000 barrels a day was on tankers destined for India, down from a revised 1.38mn barrels a day in the earlier period.

But there is the equivalent of 1.57mn barrels a day on vessels yet to show a final destination. Of that, about 1.39mn barrels a day is on ships from Russia's western ports showing their destination as Port Said or the Suez Canal, or those from Pacific ports with no clear delivery point, and a further 180,000 barrels a day is on tankers yet to signal any destination.

Memory chip giant CXMT heads for China's biggest IPO since 2022

Bloomberg
Shanghai

Memory chip maker ChangXin Memory Technologies Inc has received approval from the Shanghai Stock Exchange for an initial public offering that's on track to be the biggest in mainland China since 2022, in a milestone for one of the key technologies of the artificial intelligence buildout.

The company plans to raise at least 29.5bn yuan ($4.3bn) on the chip-heavy STAR Board, offering no less than 10% of its shares, according to its prospectus.

The size could rise to more than $5bn if the over-allotment options is exercised. At that size, it would be the biggest IPO in mainland China since Cnooc Ltd raised $5.1bn in 2022 and the largest in Asia since CATL's $5.3bn share sale in May 2025.

China's homegrown chipmakers have drawn fervent investor interest as they drove a recent wave of IPOs. Companies across the artificial intelligence supply chain, from circuit-board manufacturers to AI model makers, are raising funds to keep up with demand and gain an edge against the backdrop of the US-China tech rivalry.

Hefei, Anhui-based CXMT is one of the crown jewels of China's high-tech industry as the world's fourth-largest maker of dynamic random access memory, or DRAM, which is critical for the real-time processing of data by AI models. The company aims to deploy the IPO proceeds to expand capacity of its wafer fabrication lines and to upgrade its DRAM technology.

"Its position in the industry and its strategic importance to the nation speaks for itself," said Ao Fei, managing director at Beijing Xinhan Capital, adding that his firm will "for certain" participate in the institutional tranche. "CXMT is the reason China has been able to get a foothold in DRAM, arguably the most critical memory segment powering the AI revolution."

The IPO would cap a historic run of offerings in the industry, along with the planned listings of Baidu Inc's chip unit Kunlunxin and fellow memory chip maker Yangtze Memory Technologies Co. Emblematic of the investor appetite, the shares of companies including Shanghai Biren Technology Co, MetaX Integrated Circuits Shanghai Co and Moore Threads Technology Co have surged since debuts last year. Shanghai's tech-heavy Star 50 Index has surged more than 30% this year and reached an all-time high this week. The investment push follows a surge in growth, with sales jumping more than eightfold in the first quarter, with current production capacity "significantly lagging the vast domestic demand," according to CXMT's prospectus.

Among a list of companies, the Trump administration has proposed for trade controls, CXMT's listing would mark a milestone amid Beijing's push for chip self-sufficiency. The company has emerged as China's chief rival to Samsung Electronics Co, SK Hynix Inc and Micron Technology Inc, whose shares have at least tripled this year amid a surge in DRAM prices driven by AI demand.

"This is a national champion that has catalysed China's entire semiconductor supply chain, serves as a training ground for the next generation of talent, and has elevated the industry to a new frontier," Ao added. "You could argue that ChangXin today occupies the same pivotal position that CATL held at the time of its listing."

While CXMT's global footprint has expanded steadily and the company had a market share of about 7.7% as of the fourth quarter of 2025, it's still well below the roughly 90% controlled by the three largest players.

The company operates major production bases in Hefei, its primary manufacturing hub, and Beijing, which focuses on more advanced process development. Sales reached 50.8bn yuan ($7.5bn) in the first quarter, swinging to profit from a loss a year earlier on stronger pricing and an improved product mix. The company expects further gains. Revenue is set to reach at least 110bn yuan in the first half, with profits surging at least 2200% to 50bn yuan, the company estimated.

Continued earnings momentum in the second half would boost full-year profit to 114bn yuan. The Star 50 Index currently trades at about 83 times 2026 earnings, though CXMT's competitors on other markets, like Samsung, SK Hynix and Micron are at well below that level. A more conservative estimate of 20 times earnings would value CXMT at about 2.3tn yuan, about on par with the value of China's largest onshore company, Industrial & Commercial Bank of China Ltd.

"We have filled a long-standing gap in mainland China's DRAM presence in the global market," the company stated, though it concedes that its process technology still lags behind leading peers like Samsung.

Nvidia to boost spending in Taiwan to $150bn a year

AFP
Taipei

Nvidia will increase investment in Taiwan to $150bn a year, the US chip giant's boss said on Wednesday, describing the export-driven island as the "epicentre of the AI revolution".

Jensen Huang, the chief executive of the world's most valuable company, said "Taiwan is booming" and Nvidia's investment, up from $100bn, will "fuel an incredible ecosystem here".

Taiwan is a powerhouse in the manufacturing of semiconductors used to train and power artificial intelligence systems.

The island is home to hardware production giants TSMC, which turns Nvidia's cutting-edge designs into silicon components, and Foxconn, which assembles the processors to make data centre servers.

"Four years ago, five years ago, Nvidia was spending about $10, $15bn a year in Taiwan," Huang said in Taipei where the company is building a new office.

"Now, we're spending $100

Jensen Huang, chief executive officer of Nvidia Corp.

going to $150bn in Taiwan each year."

Taiwan's economy soared last year thanks to skyrocketing exports of AI hardware and companies around the world pour hundreds of billions of dollars into developing the technology.

"Taiwan is the epicenter of the AI revolution," Huang said.

"This is where the chips come, packaging comes. This is where the systems are made. This is where AI supercomputers were created," he said.

Huang said Nvidia "will continue to grow" in Taiwan where its new office will be able to accommodate "about 4,000 engineers".

"This is going to be the manufacturing, the technology, electronics manufacturing hub for the world for a long time to come," Huang said.

"And so we will be here to support, to partner with our ecosystem, to do co-engineering with our ecosystem partners and to support their growth. And so this is going to be a very important site for us."

Huang is in Taipei ahead of the island's top tech show, Computex, next week.

His remarks came after Nvidia last week posted record quarterly revenue of $81.6bn, blowing past Wall Street forecasts as insatiable demand for its AI hardware powered another blockbuster quarter.

The results for the first quarter marked an 85% jump from the same period a year ago and a 20% rise from the prior quarter, underscoring Nvidia's status as the primary beneficiary of a global AI infrastructure buildout. Net profit surged to $58.3bn, more than tripling from $18.8bn in the year-earlier period.

Emerging stocks hit record high

Reuters
Singapore

MSCI's index tracking emerging market stocks hit a record high on Wednesday, driven by gains in tech-heavy Asian bourses, while currencies were mixed as investors watched for developments in the Middle East.

The index tracking global EM stocks rallied 1.2% to a record high, putting it on track for a fifth session of gains, its longest run since the Iran war started.

The rise was powered by a 2.3% jump in South Korea's KOSPI, which extended its stay at record levels. Chipmaker SK Hynix soared 9.3% to hit $1tn in market valuation, while Samsung climbed 2.7% after workers agreed to a wage deal.

AI-heavy Taiwanese stocks added 1.7%. Stocks in Asian EMs, especially South Korea and Taiwan, have benefited from a surge in appetite for AI, as investors overlooked the region's reliance on Middle East energy, which can impact inflation and economic growth.

Meanwhile, Iran said on Tuesday that the US had violated a ceasefire by striking targets near the Strait of Hormuz, complicating efforts to end the war, while Israel pounded Lebanon.

"Equities continue to find support in energy and secular themes, but other asset classes are no longer benefiting from ceasefire talks or the prospect of a settlement," said Geoff Yu, EMEA macro strategist at BNY.

"Rising inflation expectations, and what they mean for rate cuts, are weighing on bond markets… even as central banks lean hawkish, FX carry trades are not seeing any benefit," Yu added.

MSCI's index tracking EM currencies was muted, but on track for its sixth session of gains. Most Asian currencies were little changed to higher against the dollar, while China's yuan hovered near a three-year high.

South Africa's rand gained 0.2%, while its stocks were off 0.5%, tracking slight declines in gold prices.

The gold exporter is awaiting a central bank rate decision on Thursday, where policymakers are widely expected to hike rates by 25 basis points to 7%.

The People's Bank Of China headquarters in Beijing. Chinese investors are betting a months-long rally in two-year government bonds has gone too far, turning to arbitrage trades more commonly used in the US and Europe to put that view to work.

China bond bears eye niche swap trade as rally doubts grow

Bloomberg
Beijing

Chinese investors are betting a months-long rally in two-year government bonds has gone too far, turning to arbitrage trades more commonly used in the US and Europe to put that view to work.

The gap between yields and equivalent interest rate swaps has more than doubled to 22 basis points as abundant liquidity spurred state-owned banks to pile into the bonds.

With the People's Bank of China showing no signs of further easing and short-term funding starting to tighten, investors and analysts see that spread narrowing.

The pricing dislocation is offering investors one of the few trading opportunities in an otherwise tepid market that has become a haven during the US-Iran war. Bond funds in China are increasingly having to eke out gains anywhere they can as the PBoC maintains low interest rates to bolster economic growth, leading to lower returns.

The spread may narrow as short-term Chinese government bond yields rise and the seven-day repo rate hovers near the policy rate, said Xu Liang, an analyst at Guolian Minsheng Securities. "This suggests that there is limited room for further increases in swap rates. However, short-end government bond yields may move higher if the overnight funding rates rises, which is happening."

China's onshore interest rate swaps use the seven day repo rate as the floating leg, which usually tracks the PBoC's policy rate closely.

China's 10-year government bond yield has declined to around 1.75%, down from about 2.7% three years ago as the economy struggles with deflationary pressures and a prolonged property downturn.

Total returns from holding government bonds over the past 12 months are about 1.1%, down sharply from over 10% in early 2025, according to a Bloomberg Index.

As a result, many have turned to swap spreads, which is based on the gap between a fixed-rate interest rate swap and a government bond yield. Such arbitrage trades are popular among hedge funds in more liquid bond markets because they offer relative-value opportunity but allow investors to avoid taking outright interest-rate risk. China's nascent bond-market infrastructure is still developing so such trading is not as common.

"In China, relative-value trade has the potential to grow further, owing to the low volatility in China rates, especially when compared to developed markets or other Asia peers," according to Clair Gao, strategist at Nomura International in Hong Kong.

U-Shine Investment Group, a Shanghai-based hedge fund overseeing 5bn yuan ($740mn) hedge fund, is betting the spread will narrow by more than 10 basis points over the next quarter. The fund has shorted two-year bond futures while receiving the fixed side of rate swaps.

"It is risky to bet on a broad direction of interest rates in a market where volatility is expected to stay very low, so we need to come up with other strategies," Co-Chief Investment Officer Yongbin Xu told Bloomberg.

Xu added that the PBoC is likely to refrain from cutting policy rates in the near term due to oil-induced reflation fears and also unlikely to pivot to a rate hike, which will keep rates rangebound.

More institutions have been attracted lately to trade on a potential narrowing of the bond-swap gap, Guolian Minsheng Securities' Xu added. Persistently low yields compressing capital gains from bond trading is a major driver for this.

The opposite trade happened in the US Treasuries market, where hedge funds hold large amounts of long positions in bonds funded by interest rate swaps. That's due to bond yields trading higher than the swaps, a Bank of International Settlements report published late 2025 shows.

Asia stocks see tech gains as investors weigh US-Iran deal

AFP
Hong Kong

Asian equities were mixed on Wednesday with gains driven by soaring tech stocks and guarded optimism the United States and Iran will reach a peace deal.

In Hong Kong, the Hang Seng Index closed down 1.1% to 25,328.23 points; Tokyo - Nikkei 225 ended flat at 64,999.41 points; and Shanghai - Composite closed down 1.3% to 4,093.73 points yesterday.

Markets have been surging to new highs this year, propelled by a boom in artificial intelligence tech shares, which some analysts have cautioned is a bubble waiting to burst.

A rally in tech stocks helped drive Seoul up more than two percent on Wednesday, with South Korean chipmaker SK hynix jumping 11% to hit a $1tn market capitalisation.

The valuation makes SK hynix one of just three $1tn companies in Asia, along with Samsung Electronics and Taiwan's TSMC, according to Bloomberg -- all top manufacturers of chips used in AI systems.

"In practical terms, the market heard one thing loud and clear. AI demand is no longer just about chips powering large language models. It is now about the memory systems required to feed those models at industrial scale," said SPI Asset Management analyst Stephen Innes.

Investors were also monitoring negotiations between Washington and Tehran to end the Middle East war that have kept them guessing, with reports a deal was close undermined by fresh US strikes against Iran on Monday.

Tehran accused Washington of

An external view of the Exchange Square complex, which houses the Hong Kong Stock Exchange. The Hang Seng Index closed down 1.1% to 25,328.23 points yesterday.

breaching their ceasefire, in place since April 8, and warned that it was ready to retaliate against US targets across the Gulf. The US strikes pushed up the price of Brent North Sea crude, the international benchmark, by almost 4.5% on Tuesday to above $100 a barrel.

But Brent and US benchmark West Texas Intermediate retreated more than two percent Wednesday on renewed hopes a deal to reopen the blockaded Strait of Hormuz was on track.

The Middle East war, which began in late February, has disrupted the Hormuz strait, a vital oil and gas trading corridor, driving up energy prices and stoking global inflation.

"There remains an air of cautious optimism in markets that an MoU between the US and Iran will be signed and detailed throughout the week, although the central expectation and broad positive sentiment has been dented by the recent US defence strikes and Iran stating these measures breach the agreement," said Chris Weston, head of research at Pepperstone.

Markets elsewhere in Asia were mixed. Taipei capitalised on the tech rally, climbing around 1.6% with Bangkok, Sydney and Wellington also up.

Tokyo was flat however, while Hong Kong, Shanghai, Kuala Lumpur, Jakarta, Singapore and Manila dropped.

Seoul was also boosted by Samsung Electronics posting strong gains, helped by its union approving a deal with management that secured huge annual bonuses and averted a major strike.

In Europe, London opened down 0.5% while Paris and Frankfurt were both up.

It comes after the S&P 500 and Nasdaq reached fresh records on Tuesday, with chip company Micron piling on nearly 20% to also hit a $1tn market cap.

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Small airports are doing what megahubs cannot

By Alex Macheras

A structural shift is under way, and it is gathering pace faster than most people appreciate. Smaller, secondary airports are growing at rates that many of the world's most famous hubs would envy. Point-to-point flying on modern, efficient narrowbody aircraft is quietly redrawing the map of where people fly from, and to, and how long it takes them to get there.

The numbers are instructive. Memmingen Airport in southern Germany, which serves a catchment that spans four countries, welcomed 3.69mn passengers in 2025 and had recovered to 214.7% of its pre-pandemic levels, with seat capacity at 217.4% of 2019 figures. Rhode Island's T F Green International Airport handled 4.3mn passengers in 2025, an 11% increase year on year, and grew its scheduled seat capacity by 10%. It has increased its regional market share by nine percentage points in two years. Clark International in the Philippines recorded 14% passenger growth and 18% growth in flight movements in 2025. Prague Airport handled 17.8mn passengers, up 8.5% on 2024, and launched 46 new routes in a single year, including 24 new destinations. Glasgow secured an additional 1mn seats for 2026 compared with 2025, with 15 new routes.

Compare those figures to some of the legacy megahubs, where slot constraints, infrastructure limits, and the sheer weight of existing operations make double-digit growth structurally difficult. London Heathrow grew by 1% in 2025. Frankfurt managed 2%. The contrast is not accidental. It reflects a rebalancing of where demand is forming and, critically, where new aircraft technology is making that demand commercially viable to serve.

The aircraft at the centre of this story is the Airbus A321 family. With jets in the A321 portfolio with a range of up to 4,700 nautical miles, combined with the lower operating costs of a narrowbody platform, has created a new category of route that simply did not exist five years ago. Airbus describes it as "the perfect route opener with lower risk for point-to-point operations." That is the language of a brochure. The routes being launched with it are the evidence.

Iberia deployed its A321XLRs on Madrid to Boston, then Madrid to Santo Domingo, to San Juan, to Recife and Fortaleza. These are not routes that a widebody aircraft could operate profitably year-round, but they represent genuine, sustained demand. Aer Lingus launched Dublin to Nashville on the type, a nine-hour flight on a narrowbody jet, and Dublin to Raleigh-Durham from April 2026, operating up to five times per week.

Traffic between Raleigh-Durham and Europe reached approximately 731,000 two-way passengers in 2025. The route exists not because Dublin is a megahub, but because the aircraft makes the economics work at a scale that a widebody would not. American Airlines launched transatlantic service to Edinburgh from JFK in March 2026. American is not serving Edinburgh because Edinburgh is a global transfer hub. It is serving Edinburgh because the A321XLR makes it viable to fly there directly without filling 300 seats. Aviation Week identified 50 new routes launching in April 2026 alone, many of them enabled by the XLR's range. The summer 2026 schedule carries routes that were commercially impossible 18 months ago. Carriers in the United States, Germany, France, the United Kingdom, Turkey and Spain are positioning the aircraft on dense business corridors, key leisure markets and secondary city pairs that previously required connections through major hubs.

What this means for passengers is significant. The traditional hub-and-spoke model imposed an invisible tax on travel: Connection time, connection risk, and the inconvenience of routing through a major city you sometimes had no interest in visiting. A passenger travelling from a mid-sized European city to a mid-sized North American city would historically fly to London or Frankfurt, wait, then fly onwards. That model served the airline's network economics. It rarely served the traveller. Direct routes between secondary cities remove that tax entirely.

The economics work differently at secondary airports, too. Lower aeronautical charges, less congestion, faster turnaround times, and greater appetite from airport operators for incentive programmes to attract new routes all reduce the cost base for airlines. Tokyo Narita introduced a cash-back incentive programme offering up to 130% of landing fees for new routes and incremental off-peak flights during the first three years of operation. That kind of competitive pricing is rarely available at a slot-constrained primary hub.

The broader aviation demand picture supports the trend. Global full-year demand in 2025, measured in revenue passenger kilometres, rose 5.3% compared with 2024, with capacity up 5.2%. That is a healthy, balanced market. Within it, however, the distribution of growth is shifting. Istanbul's Sabiha Gökçen Airport reported the largest year-on-year capacity increase among the top airports it competes with, growing by 15% in 2025 to reach 28.6mn seats, with capacity now 37% above 2019 levels — outpacing Istanbul's own primary hub. The pattern repeats itself in market after market. The secondary airport, less constrained, more flexible, more willing to compete, takes the growth.

There are genuine limitations to this model. Seasonality remains a structural challenge at many smaller airports, where demand concentrates sharply in summer or around specific leisure peaks and thins considerably in winter. Infrastructure, ground transport links, and cargo facilities at secondary airports often lag behind what premium business travellers expect. Not every secondary city has the catchment population or corporate demand to sustain year-round, high-frequency service, and airlines have launched and subsequently withdrawn point-to-point routes before. Route announcements are not route permanence.

Nor is the hub model finished. The world's megahubs handle volumes of connecting traffic that no point-to-point network can replicate. Long-haul intercontinental routes serving thin origin-and-destination markets will continue to depend on hub connectivity to aggregate demand. Dubai, Heathrow, Singapore and Doha are not threatened by the single-aisle jet, point-to-point growth. They are structured around a different, complementary logic.

However, very large hubs will continue to dominate intercontinental transfer flows. Below that tier, the competitive map is being redrawn by aircraft economics, passenger preference, and the appetite of secondary cities and their airports to claim a larger share of a growing market. The airports that nobody talks about are not waiting to be noticed. They are building routes, attracting airlines, and posting growth numbers that the famous names can no longer match. Aviation's next chapter is being written far from the terminals most people know.

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

Recipients of the annual Green Airports Recognition during the 10th edition of the 'GAR2026' programme.

Airports across Asia-Pacific, Middle East take measures to step up climate defences

By Peter Alagos
Business Editor

Airports across Asia-Pacific and the Middle East are taking concrete steps to protect their infrastructure from climate change, moving beyond emissions reduction to address risks like flooding, extreme heat, and water scarcity, according to the Airports Council International Asia-Pacific & Middle East (ACI APAC & MID).

"It is encouraging to see airports across Asia-Pacific and the Middle East responding proactively through smarter infrastructure planning, comprehensive risk assessments, resilient design, and stronger collaboration with governments and industry stakeholders," said Stefano Baronci, director general of ACI Asia-Pacific & Middle East.

Baronci was referring to the 12 airports across the two regions that were recognised for outstanding work in climate adaptation during the 10th annual Green Airports Recognition (GAR2026) programme. The awards were presented recently during the ACI Asia-Pacific & Middle East Regional Assembly, Conference and Exhibition (RACE2026) in Bangkok, Thailand.

He noted that ACI had initiated a landmark Climate Adaptation study to give airports tools for assessing climate-related risks, adding that adaptation was "not only critical for maintaining operational resilience but also for safeguarding the connectivity, economies, and communities that rely on aviation every day."

This year's theme was 'Climate Change Adaptation'. Winning projects included raising critical electrical infrastructure above flood levels, fitting heat-resistant runway materials, redesigning drainage systems to handle heavier rainfall, and securing alternative water supplies during droughts. The 33 submissions received this year were the strongest indicator yet that airports in both regions are treating climate adaptation as an operational priority, not just an environmental one, the organisation stated.

According to the ACI APAC & MID, the submissions strongly indicate that airports in Asia-Pacific & Middle East are now leading the way not only by cutting carbon emissions but also by preparing for climate impacts such as flooding, extreme weather, storm surges, and water scarcity.

The recognition was awarded under Platinum, Gold, and Silver categories across four passenger traffic segments.

In the over-40mn passengers per annum category, Hong Kong International Airport took Platinum, Taoyuan International Airport took Gold, and King Abdulaziz International Airport in Saudi Arabia took Silver.

The following were recognised under the 15-40mn category: Auckland International Airport (Platinum), Melbourne Airport (Gold), and Kansai International Airport (Silver). Among airports handling five to 15mn passengers annually, Kaohsiung International Airport earned Platinum; Cochin International Airport, Gold; and Jaipur International Airport, Silver.

In the under-5mn category, the winners are Nadi International Airport (Platinum), Sunshine Coast Airport (Gold), and New Plymouth Airport (Silver).

The judging panel included Christopher Paling of Manchester Metropolitan University, Christopher Surgenor of GreenAir Online, Jennifer Desharnais of ACI World, aviation environmental consultant Dr Panagiotis Karamanos, and Baronci.

The Green Airports Recognition programme was established by ACI Asia-Pacific with the support of the ACI Asia-Pacific & Middle East Regional Council.

ACI, CANSO tackle aviation capacity crunch in Asia-Pacific, Middle East

By Peter Alagos
Business Editor

From left: ACI APAC & MID director general Stefano Baronci and CANSO president & CEO Simon Hocquard during the signing of the Memorandum of Co-operation during the recently held ACI Asia-Pacific & Middle East Regional Assembly, Conference and Exhibition (RACE2026).

Two of the aviation industry's leading bodies have agreed to co-ordinate their work on airport and air traffic management (ATM) capacity, as the Asia-Pacific and Middle East regions brace for a sharp rise in passenger volumes over the coming decades.

Airports Council International Asia-Pacific & Middle East (ACI APAC & MID) and the Civil Air Navigation Services Organisation (CANSO) signed a Memorandum of Co-operation (MoC) during the recently held ACI Asia-Pacific & Middle East Regional Assembly, Conference and Exhibition (RACE2026).

The signatories are CANSO president & CEO Simon Hocquard and ACI APAC & MID director general Stefano Baronci.

Baronci said passenger volumes in the Asia-Pacific region alone are projected to reach nearly 10bn by 2053, driven by annual growth of close to 7% over the next 25 years.

"There is an urgency to optimise capacity both on the ground as well as in the air. When we address shared challenges collectively, we deliver better outcomes across the entire aviation ecosystem," Baronci stated. Hocquard said airports and air navigation services "cannot succeed in isolation," adding that the agreement would ensure capacity expansion on the ground and in the skies advanced together.

"The Asia-Pacific region is entering a period of extraordinary growth, and airports and air navigation services cannot succeed in isolation. This partnership with ACI establishes the coordination framework essential to ensuring that capacity expansion on the ground and in the skies advance together to meet demand," Hocquard pointed out.

Under the agreement, the two organisations committed to assessing existing and potential airport and ATM capacities across the region, identifying operational misalignments between airport and ATM development, and proposing mitigation measures, including Airport Collaborative Decision Making and Air Traffic Flow Management.

The MoC also builds on a resolution adopted by the ACI Asia-Pacific & Middle East Regional Assembly in New Delhi in April 2025, through which airport members committed to promoting the optimisation of existing capacity and the development of new infrastructure both on the ground and in the skies.

CANSO's Air Traffic Flow Management and Collaborative Decision-Making Workgroup has already carried out extensive work on improving how these two areas work together, including the recent development of a performance framework for Airport Collaborative Decision Making. The ACI APAC & MID stated that it will help strengthen this work and allow it to be tested and refined through closer cooperation.

Another area for future collaboration is to jointly assess airport and airspace capacity across the region to meet future demand, according to the ACI APAC & MID.

The ACI APAC & MID also stated that when traffic grows faster than capacity, it can lead to delays and missed opportunities. While capacity is often assessed by individual organisations, there is a clear need for a coordinated regional approach that considers how airports and airspace interact. At present, there is no shared regional exchange that brings airports and air navigation service providers together in this way, it added.

China stalls Airbus deliveries to push Europe on Comac jets

Bloomberg
Beijing

China has been slow-walking approval of Airbus SE plane deliveries to signal impatience with how long European regulators are taking to certify Chinese-made aircraft, according to people familiar with the matter.

For the past several months, the Civil Aviation Administration of China has delayed the final approval that allows Airbus jets to enter the country and be put into service, said the people, asking not to be identified discussing confidential information.

Airbus delivered its fewest commercial jets in the first quarter since 2009, and the company said that was partly due to an "administrative" issue that halted delivery of almost 20 aircraft to China. Airbus Chief Executive Officer Guillaume Faury predicted last month that deliveries would be back on track by the end of June, declining to elaborate further.

The France-based planemaker delivered only 16 aircraft to Chinese airlines in the first five months of this year, compared with 47 through May last year, according to data compiled by Cirium.

State-run Commercial Aircraft Corp of China, known as Comac, is seeking to get its C919 model certified for the first time outside Asia. The model, which relies heavily on Western technology for its engines and aeronautics, competes with Airbus's A320 and the Boeing Co's 737.

The certification of a brand-new aircraft type usually takes many years, but Comac is aiming to complete the process on an abridged timeline. The decision will be made by the European Union Aviation Safety Agency, or EASA.

Comac C919 aircraft. China has been slow-walking approval of Airbus plane deliveries to signal impatience with how long European regulators are taking to certify Chinese-made aircraft.

If tensions over Comac persist or even escalate, it could put at risk Airbus's lead in the world's second-largest aviation market. China is the largest customer for Airbus in terms of fleet, and the European planemaker expects China to take delivery of about 9,570 new aircraft during the next 20 years, according to a long-term projection by the company.

Airbus referred to previous comments by Faury calling the hiccup an administrative issue that's been resolved. EASA didn't reply to an email seeking comment. CAAC and Comac didn't respond to faxed requests for comment.

The measure by China was previously reported by French newspaper La Tribune, which cited two "high-level executives" that it didn't identify.

The C919, which seats as many as 192 passengers, is crucial to China's ambitions to muscle its way into the global commercial jetliner duopoly between Airbus and Boeing. The market that the aircraft addresses is by far the biggest segment of the industry, and gaining certification in the West would give Comac the ability to market the plane to airlines around the world. The model is currently only operated in China.

Boeing has also struggled in China. While the company secured a long-awaited order during US President Donald Trump's visit to Beijing earlier this month that ended an almost decade-long drought of purchases by Chinese airlines, it was for a smaller number of planes than previously expected.

The jockeying over aircraft certification has precedent. Earlier this year, Trump threatened to impose a 50% tariff on planes from Canada sold in the US and decertify all new planes made there until Ottawa agreed to approve certain jets made by Gulfstream, a unit of General Dynamics Corp.