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Supply chain failures cost airlines $11bn in 2025, says IATA

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GULF TIMES
BUSINESS

AI BOOM: Page 2

Factory activity strong in June despite war-driven cost pressures

Franklin Templeton expands in Mideast with new QFC office

QNA
Doha

The Qatar Financial Centre (QFC) has announced that Franklin Templeton is expanding its presence in the Middle East through the establishment of its Qatar entity, Franklin Templeton Investments QFC LLC.

Following initial authorisation from the QFC Regulatory Authority, the firm will establish its local office within QFC, reinforcing Doha's growing role as a regional hub for global asset managers.

Franklin Templeton is one of the world's largest independent global asset managers, with $1.78tn in assets under management (AUM) as of May 31. The firm serves clients in over 150 countries and has maintained a presence in the Middle East for more than 25 years.

Its expansion into Qatar builds on an established partnership with the Qatar Investment Authority (QIA), including the previously announced Franklin Templeton Qatar Equity Fund, launched as part of QIA's active asset management initiative.

Through its local presence at the QFC, Franklin Templeton will further connect its global platform, international investment expertise and innovative financial solutions with Qatar's institutional investment ecosystem, supporting the country's ambitions to deepen its asset management industry, attract global capital and strengthen Doha's position as a leading regional financial hub.

Mansoor Rashid al-Khater, CEO of QFC, said: "Franklin Templeton is a significant addition to QFC's financial services community. Their presence strengthens the depth and sophistication of Qatar's financial sector, bringing the operational capabilities, governance standards, and specialised expertise that enhance our appeal to international fund managers and institutional investors."

Jenny Johnson, CEO of Franklin Templeton, said: "Qatar is an increasingly important market for global asset management, and establishing a presence at the QFC marks an exciting milestone in Franklin Templeton's long-standing commitment to the country and the wider Middle East. Building on our partnership with QIA and the launch of the Franklin Templeton Qatar Equity Fund, this office enables us to be closer to clients and bring the full breadth of our global investment capabilities, local market insights and innovative solutions to support Qatar's continued financial market development in line with Qatar National Vision 2030 ambitions."

Franklin Templeton's expansion in Qatar through the QFC reflects the firm's long-term commitment to the country and underscores the growing appeal of Qatar's financial ecosystem and the QFC's success in attracting global institutions that support knowledge transfer and long-term economic diversification in line with the Qatar National Vision 2030.

Following initial authorisation from the QFC Regulatory Authority, Franklin Templeton will establish its local office within QFC, reinforcing Doha's growing role as a regional hub for global asset managers

QIA announces completion of Janus Henderson's take-private transaction

QNA
Doha/London/New York

The Qatar Investment Authority (QIA) has announced its participation in the completed take-private transaction of Janus Henderson Group Ltd (Janus Henderson) alongside Trian Fund Management LP and General Catalyst, as part of a global group of investors.

CEO of QIA Mohammed Saif al-Sowaidi said, "Janus Henderson has a distinguished heritage as a global leader in asset management."

"As a long-term financial investor, QIA is delighted to play a leading role — together with management and investment partners — in driving the firm's next phase of growth," he added.

QIA explained in a statement that through the deal, Janus Henderson will be well positioned to enhance clients' experiences and further its strategy by making long-term investments in the company's investment solutions, client service capabilities, AI technology, and talent for the benefit of its clients and other stakeholders.

The company will continue to be led by the current management team with Ali Dibadj as Chief Executive Officer and will maintain its main presence in London, England and Denver, Colorado.

QIA's participation reflects its long-term strategy of partnering with leading global financial services businesses and supporting companies with strong market positions and significant opportunities for long-term value creation.

AI boom seen to drive sharp rise in power demand on data centre expansion

Hakan Ozdemir, CEO of Siemens Smart Infrastructure Middle East and Siemens Qatar.

QNA
Doha

Artificial intelligence is set to become a major driver of global electricity demand, with the rapid expansion of data centres placing increasing pressure on energy infrastructure, according to a senior Siemens executive.

In an interview with Qatar News Agency (QNA), Hakan Ozdemir, CEO of Siemens Smart Infrastructure Middle East and Siemens Qatar, said AI and digitalization are becoming the twin pillars of the energy sector's transformation.

However, he warned that the growing adoption of AI technologies will significantly increase electricity consumption because of the computing power required to operate them. Ozdemir said electricity use by data centers is expected to double by 2030, while cooling systems alone account for between 30% and 40% of their total energy consumption.

He said findings from Siemens' Infrastructure Transition Monitor: Middle East 2026 reflected widespread awareness of these challenges. According to the survey, 62% of senior executives believe AI will reshape infrastructure operations within the next three years, while 57% said they are already using AI technologies to support carbon emissions reduction. To Page 3

Qatari investors and startups seen set to gain from VC firm's China tech corridor

By Peter Alagos
Business Editor

Qatari investors are gaining access to one of the world's deepest technology markets through a local platform that offers what most international funds have been unable to provide — a trusted entry point into China's innovation ecosystem.

Rawdat Capital founder and managing partner Dalia al-Khalaf told *Gulf Times* that many of China's most promising technology companies remain underrepresented in international portfolios, not because they lack scale or ambition, but because most outside investors do not have the relationships or market intelligence to reach them.

Al-Khalaf explained that a cornerstone of that access is the firm's exclusive partnership with Sinovation Ventures, one of China's leading AI-focused investment firms. The firm has also secured Dr Kai-Fu Lee — "widely regarded as one of the founding figures of modern AI" — as chairman of its Advisory Committee.

"These relationships provide us with unique visibility into China's innovation landscape, but ultimately our role is to translate that access into practical opportunities and outcomes for investors across the region," al-Khalaf said.

Beyond investment returns, al-Khalaf said the platform opens a channel for genuine technology transfer into sectors where Qatar has pressing national priorities, such as healthcare, education, and food security, among others.

China's advances in precision agriculture and smart farming are among the more immediately applicable, she noted, as Qatar continues to work towards greater food self-sufficiency. The goal, she noted, is not to license finished products but to build lasting local capacity through pilot programmes, research collaboration and joint ventures.

"Our objective is not simply investment. It is enabling meaningful technology transfer, commercial partnerships, and practical deployment opportunities that create lasting value within Qatar," al-Khalaf said.

For Qatari startups, the corridor offers something different again. Al-Khalaf said China has developed a rare ability to commercialise technology quickly, bring products to market at scale, and build businesses that operate across multiple sectors simultaneously. Access to that experience, she argued, could help local entrepreneurs grow faster and reach further than the regional market alone would allow.

The most significant opportunities, she added, will not come from importing Chinese solutions but from genuine co-creation, where Chinese engineering capability meets Qatari market knowledge to produce technology built specifically for the GCC and MENA region.

Al-Khalaf also pointed to people as the underappreciated dimension of the corridor. Exchanges between researchers, engineers, entrepreneurs and universities on both sides, she said, are as important to building Qatar's innovation capacity as any single investment.

"The goal is to help create an environment where knowledge flows alongside investment, strengthening local expertise while positioning Qatar as a centre for AI and deep technology development," she said.

Dalia al-Khalaf, Rawdat Capital founder and managing partner.

BUSINESS

Battery metals recovery runs into stop-start EV market

By Andy Home
London

The battery metals bust has run its course. Prices of lithium, cobalt and nickel have all recovered from their 2024-2025 lows. This has largely been a story of supply restraint.
The world's dominant cobalt producer, the Democratic Republic of Congo, has restricted exports since February last year.
Indonesia, which exerts similar control over the nickel supply chain, has used quotas to rein in its runaway mining sector.
Lithium's recovery has been largely down to the market.
Two years of super-low prices took a heavy toll on both incumbent producers and new projects. But Chinese authorities' suspension of the giant Jianxiawo lithium mine has helped.
This is still very much a work in progress, with immediate price evolution beholden to policy makers in Kinshasa, Jakarta and China's Jiangxi province.
But some of the previous gloom has lifted from these markets. The focus now turns to whether demand is strong enough to underpin higher price levels.
While changes in supply dynamics have shaped the most recent boom-and-bust cycle in battery metals, demand has not stopped growing.
Global lithium-ion battery deployment in 2025 was six times that of 2020, according to the International Energy Agency (IEA).
The driver has been the electric vehicle (EV) sector, which accounts for 70% of total lithium-ion battery deployment.
But after surging 20% year-on-year in 2025, EV sales have hit a bumpy patch this year.
Global sales growth was just 0.9% in January to May, according to consultancy Benchmark Mineral Intelligence (BMI).
The headline figure masks sharply divergent regional performance, however.
Sales in North America fell by 25% year-on-year, reflecting the removal of US tax credits in September.
China, the world's largest EV market, also saw sales contract by 15% in the first five months of 2026. The drag on battery demand has been partly cushioned by a shift to larger vehicles requiring larger batteries, BMI notes.
Europe, by contrast, registered 26% year-on-year growth and the rest of the world grew even faster at 89%, reflecting an acceleration of Chinese EV exports, particularly to the rest of Asia.
Grid-scale battery storage is rapidly emerging as an additional lithium demand driver.
Global installations have grown more than 20-fold in the last five years and the sector accounted for 15% of battery demand in 2025, according to the IEA.
The global roll-out of renewable energy systems means rising demand for batteries to improve grid reliability when the sun doesn't shine and the wind doesn't blow.
China is halfway through a three-year plan to more than double new energy storage capacity to 180 gigawatts by 2027.
More installations will be required if Beijing is to meet a five-year target of generating half the nation's power from renewable energy by 2030.
Battery storage offers lithium some offset to the rise of sodium-ion batteries in the Chinese automotive market but does little to help either cobalt or nickel.
Grid storage batteries use lithium-iron-phosphate (LFP), which contains neither metal.
It's a reminder that not all battery metals are created equal in what is an ever-evolving arms race for cheaper, more efficient chemistries.
LFP is currently the winner of this race, both for energy storage and automotive batteries, where it has taken a 50% market share, according to the IEA.
But some Western automakers are understandably reluctant to commit to what is a Chinese-dominated chemistry.
Cobalt and nickel are, for now, holding their own.
Consultancy Adamas Intelligence provides a granular monthly snapshot of metals deployed in passenger EVs.
While the average amount of lithium used per battery was up by 7% year-on-year in April, reflecting the shift towards LFP and bigger batteries, average cobalt and nickel usage were both unchanged from a year earlier. Higher battery metal prices mean higher battery prices, which can themselves act as a drag on demand.
Lithium carbonate prices may already be testing buyers' ability to absorb a near-threefold cost increase since the middle of last year.
Analysts at consultancy Project Blue estimate that current pricing has reached break-even levels for some grid storage projects.
They go on to warn that "the risk of demand destruction grows if prices keep rising."
That's a strong reason to believe that the recent battery metal bust won't once again become a battery metal boom.
But market forces are now intertwined with policymaking, adding an extra layer of unpredictability to metals that have until now been defined by an inability to align supply and demand.

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

Factory activity was strong in June despite war-driven cost pressures, show PMIs

Eurozone manufacturing output had its best quarter since early 2022; China's factory activity expands for seventh straight month in June; input costs remain elevated in a sign of impact from Iran war

Reuters
London/Tokyo/Washington

Workers weld shipping container components at a container manufacturing company in Lianyungang, China. Eurozone manufacturing output closed out its best quarter since early 2022 last month as US factory activity grew for a sixth straight month and an AI boom powered Asian producers, business surveys showed.

Eurozone manufacturing output closed out its best quarter since early 2022 last month as US factory activity grew for a sixth straight month and an AI boom powered Asian producers, business surveys showed on Wednesday, offering some relief from the US-Israeli war with Iran.

Cost pressures did dip but they remain elevated as supply shortages and shipping delays lengthened lead times, suggesting the energy shock tied to the Middle East conflict could intensify.

S&P Global noted that most survey responses were collected before the signing of a memorandum of understanding for a ceasefire between the US and Iran on June 17, meaning the full impact on supply chains and energy costs is not yet captured in the PMI data.

Inflation in the common currency area was less than expected last month, coming in at 2.8%, but still well above the European Central Bank's 2.0% target, official data showed.

"The inflation rate in the eurozone fell noticeably in June," said Ralph Solveen at Commerzbank. "A key reason is that oil prices fell significantly over the past month due to the partial reopening of the Strait of Hormuz." On June 11 the ECB raised interest rates as a war-related energy cost surge had pushed inflation over 3%, well in excess of its 2% target.

The S&P Global Eurozone Manufacturing PMI slipped to a four-month low of 51.4 in June from May's 51.6 but remained above the 50.0 threshold separating growth from contraction for a fifth month. The reading was just above a preliminary estimate of 51.3.

German factory activity expanded modestly while France's grew slightly faster than initially forecast. In Britain manufacturing cooled despite a boost to output from stockpiling ahead of price hikes. In the US, activity slowed in June after surging in the prior month, likely due to some fading of the lift from businesses front-loading orders to avoid shortages and higher prices caused by the Middle East conflict.

The Institute for Supply Management said its manufacturing PMI slipped to 53.3 last month from 54.0 in May, which was the highest reading since May 2022. A reading above 50 indicates expansion in manufacturing, which accounts for 9.4% of the economy. Economists polled by Reuters had forecast the PMI unchanged at 54.0. Nonetheless, US manufacturing has now grown for six consecutive months - its longest unbroken run of growth in nearly four years - also supported by the AI investment boom, which has helped to blunt the hit on factories from the Iran war.

For now, surveys underscore how the global AI investment wave is reshaping Asia's economic fortunes. Booming demand for chips, data-centre equipment and other technology goods provides a powerful engine for growth and acts as a critical buffer against mounting geopolitical and trade risks.

China, Japan and South Korea saw factory activity expand in June on solid demand for chips, computers and other AI-related products, as well as stockpiling by firms seeking to guard against shortages and price rises from the Middle East conflict.

RatingDog General Manufacturing China PMI hit 51.7 in June, expanding for a seventh straight month. It eased from May's 51.8 but exceeded analysts' forecast of 51.6. The finding aligned with an official survey on Tuesday showing factory activity returned to expansion last month on robust export orders. Japan's PMI rose to 54.8 from 54.5, expanding for a sixth consecutive month with new orders growing at their fastest pace in more than two years.

Factory activity in most Asian emerging economies continued to expand. The Philippines held steady at 50.9 from 50.8 and Malaysia rose to 50.7 from 49.9, surveys showed.

Taiwan and Vietnam also saw factory activity expand.

Growth of US private payrolls in June misses economists' expectations

Private payrolls increase by 98,000 jobs in June; Reuters poll of economists expected a rise of 118,000; layoffs announced by US-based employers drop 53% to 45,849

Reuters
Washington

US private payrolls increased less than expected in June, but a sharp decline in planned layoffs pointed to stable labor market conditions last month.

Private employment rose by 98,000 jobs last month after an unrevised gain of 122,000 in May, the ADP National Employment Report showed. Economists polled by Reuters had forecast private employment would increase by 118,000.

"The pace of hiring is telling a story of both supply and demand. We know it's taking people longer to find work, but there also are signs of labor supply constraints in certain industries," said Nela Richardson, the ADP's chief economist. "For now, the overall effect is a slowdown in job creation."

Nearly all the jobs added last month were in the services sector, where payrolls increased by 96,000, driven by the education and health services industry.

Leisure and hospitality employment gained only 2,000 jobs, suggesting no major boost from the FIFA World Cup soccer tournament that is being jointly hosted by the US, Canada and Mexico. The goods-producing sector added 2,000 jobs, with gains in construction and manufacturing industries partially offset by a drop of 5,000 jobs in natural resources and mining employment.

The ADP report, jointly developed with the Stanford Digital Economy Lab, was published a day before the release of the US Bureau of Labor Statistics' employment report for June. ADP has been a poor gauge of the BLS' private payrolls estimate.

"The average absolute error of ADP's forecast since January 2023 has been a hefty 79,000, with the gap exceeding 100,000 one-third of the time," said Samuel Tombs, chief US economist at Pantheon Macroeconomics.

Private payrolls likely increased by 110,000 jobs last month after advancing by 120,000 in May, according to a Reuters survey of economists. With no increase in government employment anticipated after May's surge, overall non-farm payrolls are forecast to have risen by 110,000 after a gain of 172,000 in May.

The unemployment rate is forecast to hold steady at 4.3% for a fourth straight month. The labor market has stabilised after stumbling last year.

The government reported on Tuesday that there were 1.04 job openings for every unemployed person in May.

A separate report from global outplacement firm Challenger, Gray and Christmas showed layoffs planned by US-based employers dropped 53% to 45,849 in June.

Employers announced 443,604 job cuts in the first half of the year, down 40% compared to the same period last year.

"The pace of layoffs cooled considerably in June, similar to plans last June, and as is typical for summer months," said Andy Challenger, chief revenue officer at Challenger, Gray and Christmas. "That said, the cuts we are seeing remain concentrated in technology, and artificial intelligence continues to reshape how companies think about headcount."

Employers announced plans to hire 10,933 workers in June, down 44% from May. So far this year, companies have announced plans to hire 91,405 workers, up 10% compared to the first half of 2025. Challenger noted that hiring had dropped considerably since 2020. As a result, unemployed people are experiencing difficulties landing new opportunities.

A Conference Board survey on Tuesday showed the share of consumers viewing jobs as "hard to get" increased in June to the highest level in nearly 5-1/2 years.

US central bankers will decide on interest rate hike at next meeting, says Warsh

Reuters
Washington

US central bankers will decide whether to raise interest rates when they "shut the door" and begin their next meeting, US Federal Reserve Chairman Kevin Warsh said on Wednesday at an international panel where he told questioners they would "fail" to break his rule against forward guidance.

"We get into that room and shut the door, we're going to have a good debate, but I don't have much more for you than that," the US central bank's new chief said at a panel appearance alongside other top monetary policymakers at the European Central Bank's annual policy forum in Sintra, Portugal.

"I am not going to give forward guidance," Warsh continued, answering a follow-up question from CNBC anchor Sara Eisen saying that "Sara is trying to get me to break this rule. She is going to fail."

It is Warsh's first appearance outside the Fed's policy meeting last month as he discussed his approach to the job on a stage with ECB President Christine Lagarde, Bank of England Governor Andrew Bailey, and Bank of Canada Governor Tiff Macklem.

Kevin Warsh, chairman of US Federal Reserve.

Those policymakers are all dealing with elevated inflation and the fallout from the US-backed war in Iran, but it has taken them in different directions.

Warsh's comments after the June 16-17 policy meeting prompted investors to boost odds the Fed will raise interest rates as soon as September, while the ECB has already hiked. Central bankers in England and Canada have been more reluctant to tighten monetary policy given local economic weakness.

Despite the common goal of 2% inflation, Warsh's peers have taken a broader view on issues like climate change. They also have a stake in the battle over the Fed's independence.

The other central bankers were signatories to an unprecedented letter earlier this year in support of former Fed Chair Jerome Powell in his battle with the Trump administration over Fed independence, an issue that hit a key milestone this week when the US Supreme Court ruled Fed Governor Lisa Cook could keep her job despite President Donald Trump's announcement last year that he had fired her.

Powell has been lauded by his peers as a bulwark in that fight, considered important to maintaining the Fed as a prop to global financial stability. Warsh, so far, has been reluctant to speak directly to issues like the attempted firing of Cook or the legal pressure brought against Powell.

Most Asian markets end higher

AFP
Hong Kong

Asian stocks mostly rose on Wednesday as investors nervously awaited key US jobs data that could help determine the Federal Reserve's next interest rate decision, while the yen is in focus as it wallows around four-decade lows.
Regional markets enjoyed a fruitful first half of the year thanks to a surge in tech stocks, but ructions in the sector over the past few weeks have raised concerns that a bubble has formed.
The race by firms to get ahead of the curve in the AI boom has seen them pump trillions of dollars into the industry, sparking an eye-watering global rally that has sent some big names stratospheric, including US chip giant Nvidia and South Korea's SK hynix.
But fears are growing that those valuations have now gone too far, investors might not see returns as early as expected and US interest rates could start to go up.
While markets have endured such issues in the past, and bounced back to scale more heights, there is talk that the latest pullback might be more lasting.
That puts Thursday's US non-farm payrolls (NFP) figures for June in focus, with a strong reading likely to ramp up expectations and deal a fresh blow to stocks, while a below-forecast reading could provide a fresh boost.
"While AI remains a long-term structural growth theme, investors are becoming increasingly focused on valuations and whether the enormous investment in AI infrastructure will translate into earnings growth quickly enough to justify current share prices," wrote City Index's Fiona Cincotta.
"At the same time, a more hawkish Federal Reserve has weighed on high growth stocks."
She said markets were eyeing a 60% chance of a 25-basis-point increase in September, with some even predicting three before January.
Fed boss Kevin Warsh is lined up to give a speech at a bankers' conference in Portugal later in the day, which could provide fresh insight into the bank's thinking after it took a hawkish turn last month.
The NFP report follows a blowout reading for May and comes after data Tuesday showed job openings were little changed and consumer confidence had picked up thanks to easing fuel costs.
Wall Street's three main indexes ended Tuesday on a strong note, with the Dow at another record and the Nasdaq chalking up its best quarter in six years.
In Asia, Tokyo, Shanghai, Singapore, Taipei, Manila, Mumbai, Bangkok and Jakarta all rose. But Seoul sank 2%, extending a downward run that saw the Kospi take a battering last week. Still, the index is still up almost 100% since the turn of the year.

Opec+ is seen likely to raise oil output targets again from August

- Opec+ likely to approve further August output hike
- Oil prices back at pre-war levels on supply surge
- Iraq weighed Opec exit, pushes for quota reassessment

Reuters
London

Opec+ oil-producing countries will likely agree a further hike in their output targets from August when they meet on Sunday, three sources said on Wednesday, adding to supply at a time of falling prices as the Strait of Hormuz gradually reopens.

The target will increase by about 188,000 barrels per day for August, the same as for June and July, the sources said.

Opec did not immediately respond to a request for comment. All sources spoke on condition of anonymity and said no final decision had been made.

Seven core members of Opec+, which groups Opec and allied producers including Russia, have increased their output quotas from April to July by almost 800,000 barrels per day. The Iran war, however, has led to a sharp drop in production among key members.

People walk near farmland by the Zubair oil field as gas flares rise in the distance, in Zubair Mishrif, Basra, Iraq. Officials in Baghdad have said they supported a reassessment of Opec production quotas to better reflect member states' conditions.

Opec+ output fell to 33.13mn bpd in May, according to Opec data, from 42.77mn bpd in February. Still, oil prices have returned to pre-war levels, pressured by weaker Chinese imports, higher exports from non-Middle East producers, a record strategic stock release coordinated by the International Energy Agency, and the US-Iran memorandum of understanding to end the war that helped ease supply concerns.

Last week sources told Reuters that Iraq, Opec's second-largest producer after Saudi Arabia and one of its five founding members, had considered quitting the group if it was not allowed to significantly increase oil production. Officials in Baghdad subsequently said they supported a reassessment of Opec production quotas to better reflect member states' conditions.

The seven producers — Saudi Arabia, Russia, Iraq, Kuwait, Algeria, Kazakhstan and Oman — are boosting output as part of a phased rollback of a 1.65mn bpd supply cut agreed in 2023, when the group still included the UAE. The UAE quit the alliance in late April because it wanted to align its capacity more closely with its production, free of production restraints imposed by the group.

Opec+ is carrying out a review of its members' oil production capacity to be used as a reference for 2027 production baselines, from which quotas are set.

From August, the seven have about 379,000 bpd of the original cut to return to the market, taking into account the UAE exit from May 1, according to Reuters calculations. That would mean that the group would unwind the remainder of the cut by the end of September if they continue unwinding at the same pace.

AI boom seen to drive jump in power demand on data centre expansion

From Page 1

Rather than limiting investment in AI, Ozdemir argued that the priority should be using the technology to improve the efficiency of the infrastructure that supports it, as well as the energy systems that power it.

He said Siemens offers integrated solutions covering utility electricity networks, smart buildings and technologies capable of reducing the energy required for cooling data centers by up to 30%.

On the role of digitalization in the energy transition, Ozdemir said it has become the main driver of change across the sector. According to the survey, 68% of organizations in the Middle East identified digitalization as the most important factor enabling the energy transition.

He said digital technologies have moved beyond supporting sustainability goals to delivering measurable operational improvements through real-time data, greater transparency and smarter control systems, helping organizations improve energy efficiency and reduce carbon emissions.

Ozdemir also highlighted the limited capacity of electricity grids as one of the biggest obstacles to accelerating the shift towards cleaner energy. He said 62% of respondents in the survey believe existing grid infrastructure remains a barrier to wider electrification.

He said modernizing electricity grids requires more than simply expanding their capacity. Instead, he argued, energy systems need to be redesigned to integrate energy storage, flexible demand management, advanced digital controls and data integration, while also strengthening collaboration between utilities, governments and major energy consumers.

According to Siemens' Infrastructure Transition Monitor: Middle East 2026, 64% of respondents identified smart grids and grid management software as key enablers of the energy transition, while 66% said electricity, gas, hydrogen and transport systems should be managed through a single digital platform.

Ozdemir said changing patterns of energy consumption are driving the need for closer coordination between grid operators and large industrial users.

As more data centers, green hydrogen facilities and industrial complexes are connected to electricity networks, he said, electricity consumption, storage and local power generation must be managed in real time to maximize efficiency and reliability.

He also highlighted the growing importance of cross-border electricity interconnections, describing them as one of the key pillars for improving the resilience and reliability of power supplies. The Siemens index ranked regional grid interconnection among the three most important priorities for the future of electricity networks in the Middle East.

Ozdemir pointed to progress already made through the Gulf Cooperation Council's electricity interconnection network and the Saudi Arabia-Egypt electricity interconnection project, saying both initiatives lay the foundations for a more integrated power grid linking the Middle East and North Africa, with the potential for future connections to European electricity networks.

Looking ahead, he said the next phase of regional cooperation should move beyond physical interconnections towards the development of intelligent electricity networks capable of sharing data in real time and using artificial intelligence to optimize grid management and direct electricity to where it is needed most.

Turboprops: Aviation's quiet bottleneck

By Alex Macheras

The world's only Western manufacturer of large regional turboprops just had its best order year since before the pandemic, and still fell short of its own delivery target. That contradiction, sitting inside ATR's 2025 annual results, tells the more interesting story about turboprops in 2026: This is a segment with no shortage of buyers and a serious shortage of aircraft.

The Toulouse-based manufacturer booked 60 gross orders in 2025, anchored by two double-digit deals: 16 ATR 72-600s for Air Algérie and 19 for Taiwan's UNI Air. Net of one cancellation, that left 50 firm orders and a backlog of more than 160 aircraft. Yet ATR delivered only 32 aircraft over the year, three fewer than in 2024 and well below its own guidance, citing persistent bottlenecks in component supply. Chief executive Nathalie Tarnaud Laude has promised a 20% increase in deliveries this year. The order book says demand is healthy. The factory floor says something else is not.

That gap between what airlines want and what can actually be built sits inside a wider structural fact. For any airline wanting to buy a new turboprop above forty seats today, there is exactly one Western manufacturer capable of building it. De Havilland Canada halted production of the Dash 8-400 in 2022, ending decades of direct competition in a segment that had defined regional connectivity since the 1980s. That has left ATR as the sole supplier, a position that ought to be commercially comfortable but has instead coincided with a production system struggling to keep pace with its own order book.

A single-supplier market is rarely healthy, even for the supplier. Regional aviation has seen this pattern before. Bombardier's early monopoly on the fifty-seat regional jet in the 1990s produced sluggish sales until Embraer's competing E145 arrived, and the eventual result was a larger market for both manufacturers rather than a smaller one for either. Airlines buying an aircraft they will operate for two decades or more, training crews and building maintenance infrastructure around a single type, tend to want a genuine alternative on the table before they commit. ATR's monopoly has now persisted for four years without that competitive pressure, and it has coincided with output problems rather than the accelerated product development a secure market position might have been expected to fund.

There are signs the standoff is ending, though slowly. De Havilland Canada has spent close to two years in discussions with current, former and prospective Dash 8 customers about a relaunched -400 or a smaller -300, a decision originally expected in 2025 and since pushed to sometime in 2026. Ground was broken in May on a new production facility near Calgary intended eventually to build the Dash 8 alongside the Twin Otter, but no formal commitment to restart passenger production has been made. ATR, for its part, has said it remains on track to make its own production decision in 2026 on both a fifty-seat and an eighty-seat aircraft. Whichever manufacturer commits first gains a meaningful head start in a segment where customers rarely switch types once fleets, training and spares pipelines are established.

India illustrates both the demand and the hesitation in this market. IndiGo, the world's largest Airbus narrowbody operator, completed delivery of fifty ATR 72-600s in early 2025 under a 2017 order and has been widely reported to be considering a follow-on order of thirty to fifty more aircraft, talks that have been running since 2024.

The order was expected to be confirmed at the Paris Air Show in June 2025. It was not. More than a year later, nothing has been finalised, and there are genuine constraints behind the delay rather than mere indecision: limited slots for turboprops at congested hubs like Delhi and Mumbai, and a route network where cancellation rates on existing ATR services have run higher than on IndiGo's narrowbody fleet. The episode is a useful corrective to any narrative that turboprop demand simply flows in one direction. Even in a market with an obvious connectivity case, expansion runs into the same infrastructure and route economics that constrain every other part of the airline business.

Turboprops sit outside the strategic focus of the major long-haul hub carriers for a straightforward reason: their range and speed simply do not fit a network model built on connecting continents through a single hub. That is not a gap in those carriers' strategy so much as a different business entirely, one measured in hundreds of kilometres rather than thousands. The propulsion story running beneath these order books has turned out less dramatic than expected. Hybrid-electric ambitions that generated real enthusiasm several years ago have cooled. Universal Hydrogen, one of the more prominent hydrogen-propulsion start-ups targeting regional aircraft, has folded entirely. Heart Aerospace continues to make progress, but a commercially viable hybrid-electric turboprop remains years away.

ATR itself is taking part in two European Union research programmes aimed at flying a hybrid-electric ATR 72-600 testbed by the end of the decade, with Tarnaud Laude describing 2029 as the point at which the company will decide whether to commit to a disruptive-propulsion successor. For now, and for some years yet, the turboprop's environmental case rests on the conventional fuel-burn advantage it has always had over regional jets, not on a propulsion breakthrough still waiting to happen.

A related contest is playing out in the freighter market. As Dash 8-400s retired from European passenger service after the pandemic, a secondary market emerged for converting them into cargo aircraft, competing directly with ATR's long-established dominance of that niche. Analysts point to the sheer size of the retired Dash 8 fleet, more than twelve hundred aircraft built since 1984, as the reason the type is likely to take meaningful share of the turboprop freighter market from ATR in the coming years, particularly in Canada, Kenya and Australia, where short-field performance and reliability in harsh conditions matter more than speed.

The pattern across all of this is consistent. ATR's production choice, De Havilland's potential return, IndiGo's stalled order, the freighter conversion shift: each is really a decision about which parts of the world get connected to scheduled aviation and on whose terms. Widebody orders decide which capital cities compete for premium long-haul traffic. Turboprop orders decide which smaller cities get an airport worth building at all. On present evidence, the manufacturers deciding those questions are not yet able to build fast enough to answer them.

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Supply chain failures cost global airlines industry $11bn in 2025, warns IATA

By Peter Alagos
Business Editor

Supply chain disruptions cost the global airline industry at least "$11bn" in 2025, a figure that is set to worsen as fuel prices rise and aircraft delivery backlogs persist, the International Air Transport Association (IATA) has said.

"Today's higher fuel prices will only make that worse," IATA director general Willie Walsh told the inaugural IATA World Maintenance and Engineering Symposium held recently in Madrid, where the association outlined four priorities it says are needed to address persistent weaknesses across the aerospace supply chain.

Walsh noted that the aircraft order backlog has surpassed "18,000" units and that average fleet age has reached a record "15.2" years. Airlines are also short of more than "5,000" fuel-efficient replacement aircraft they had anticipated, resulting in missed efficiency gains, higher lease rates, and rising maintenance costs.

"Alongside aircraft delivery delays, engine durability issues, shortages of materials and spare parts, and constrained maintenance capacity are disrupting airline operations. Addressing these challenges will require practical action and cooperation across the aviation value chain," IATA's director of Flight and Technical Operations Stuart Fox stated.

Fox presented four measures the association believes would materially improve conditions for airlines: enhance supply chain visibility; open up the aftermarket; unlock the value of data, digitalisation, and artificial intelligence (AI); and build human capacity.

On visibility, IATA called on manufacturers to provide earlier and more reliable information on delivery delays, repair turnaround times, parts availability, and known supply bottlenecks, giving airlines a better basis for planning their network operations.

The association also pressed for greater competition in the aftermarket, urging more manufacturers to adopt the principles established under the IATA-CFM agreement. It noted that longstanding contractual restrictions on repair instructions, tooling, approved repair networks, and spare parts distribution have limited airlines' ability to use certified alternatives, driving up costs and wait times.

On data and technology, IATA called for tighter integration between airline maintenance systems and external market intelligence tools.

It said AI can support inventory management, predict parts shortages, and reduce manual processes, and pointed to its cooperation with the International Airlines Technical Pool and the no-cost rollout of its MRO SmartHub platform as steps already taken in that direction.

The fourth priority concerns the workforce, Fox pointed out. Boeing has estimated that "710,000" new maintenance technicians will be needed over the next 20 years.

IATA urged a review of recruitment, training, and licensing timelines, and called for greater cross-border recognition of technical qualifications to address the expected shortfall.

Fox acknowledged the pressure the industry is facing but stopped short of pessimism, saying, "The supply chain is under real pressure, but this is not a reason for pessimism. It is a reason for action.

"These four priorities alone are not complete solutions. But they would be an important step for OEMs, suppliers, MROs, lessors, regulators, and airlines working together to achieve the resilient aerospace supply chains that global connectivity needs," he continued. Separately, IATA raised concerns about the feasibility of aircraft equipment mandates, calling on regulators to ensure that compliance deadlines account for certification timelines, equipment availability, and installation capacity.

It said it has taken these concerns to the International Civil Aviation Organisation (ICAO) in connection with requirements linked to the Global Aeronautical Distress and Safety System, Runway Overrun Awareness and Alerting Systems, and Automatic Dependent Surveillance-Broadcast systems.

"This is not about delaying safety. It is about making safety deliverable. Global safety improvements require globally coordinated implementation timelines that reflect certification, equipment availability, and installation capacity," Fox stated.

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Airports, airlines warn new EU border checks snarling summer travel

AFP
Brussels

European airports and airlines warned the EU on Wednesday that the bloc's new border check system was causing "severe" disruption, urging it to act now to prevent summer travel chaos for millions.

"We have reached a critical point," they said in a joint letter to European Commission president Ursula von der Leyen, asking her for an "immediate intervention before the situation deteriorates further during the peak summer travel season". The European Union's new Entry/Exit System (EES) was introduced last year to register non-EU travellers entering the 27-nation bloc.

The new scheme replaces manual passport stamping and records travellers' personal and biometric data to track overstays and refusals of entry.

But airports and airlines said the current implementation was "disrupting passengers and putting border authorities, airports and airlines under unsustainable pressure".

Since the system was fully rolled out in April, they said wait times at border control had "increased significantly", reaching up to five hours during peak traffic periods.

"Passengers have already been forced to queue for extended periods outside terminal buildings," they wrote.

"Airlines face half-empty planes at gate closing time, while passengers are stuck in border control queues."

To cope with the summer holiday rush -- when European airports expect to handle up to 40mn additional passengers -- they called for countries to be able to fully suspend the new checks during periods of heavy traffic.

The appeal was signed jointly by the ACI Europe airports group, the A4E association of European airlines, and the International Air Transport Association bringing together more than 360 airlines from around the world.

Asked about the letter, a European Commission spokesperson said the impact of the system remained "limited" in most European airports, and noted that EU member states had agreed to the reform.

"We will be calling for another meeting with representatives of the industry to take place in the next days," he added.

SAS to buy up to 40 Airbus A330 jets for over $10bn

AFP
Copenhagen

Scandinavian airline SAS said on Tuesday that it would buy up to 40 new Airbus jets in its biggest aircraft order ever, totalling over $10bn, signalling a turnaround after years of financial woes.

"The investment comprises up to 40 Airbus widebody aircraft, combining new Airbus A330-900neo aircraft with additional Airbus A330-300 aircraft secured to support near-term growth ahead of the arrival of the new fleet," SAS said in a statement.

It said the total list price of the new aircraft totalled over $10bn, an investment that would "support the continued development of SAS's long-haul network".

"This is the largest investment in our company's history and a clear signal of our confidence in the future," chief executive Anko van der Werff said in that statement.

After years of financial struggles due in part to the impact of the Covid-19 pandemic on travel, the airline was placed under Chapter 11 bankruptcy protection in July 2022 and embarked on a major cost-cutting plan. Air France-KLM, which owns a 19.9 percent stake in SAS, announced last year that it was initiating proceedings to take a majority stake in the airline, aiming for a 60.5% stake.

Asian airlines' Europe windfall fades as Gulf rivals rebound

Reuters
Hong Kong/Sydney

Asian airlines that gained passengers and charged higher fares on European routes after the start of the Iran conflict are seeing those advantages erode as Gulf carriers restore flights and offer lower ticket prices, industry data shows.

The shift has been gradual, but it is raising doubts over whether carriers including Singapore Airlines, Cathay Pacific Airways, Korean Air Lines and ANA Holdings can retain much of the market share they gained during the disruption.

"It is clear that we have passed the peak of the load factor gains for the Asian carriers," said Nathan Gee, head of Asia-Pacific transportation research at BofA Global Research, referring to an industry term for the percentage of seats filled. "But long-haul bookings tend to be on a six-month window, suggesting the strongest contribution to flown revenues will be seen in the upcoming quarters."

Emirates, Qatar Airways and Etihad Airways carried nearly one-third of passengers from Asia to Europe and more than half of those from Australia and New Zealand to Europe before the conflict, according to Cirium data. At the start of the Iran war on February 28, their Gulf hub airports were closed due to drone and missile attacks, but by mid-June the airlines' flights had returned to around 90% of normal levels, Flightradar24 data shows.

Between March and May, Middle Eastern carriers improved from a nearly 60% drop in passenger numbers from a year earlier to a 28% decline, according to International Air Transport Association data. And while non-stop traffic from Asia to Europe was up nearly 30% year-on-year in March, by May the gain had narrowed to 15%. In June, Australia lifted a "do not travel" warning that had voided travellers' insurance policies at Gulf hubs. Some travellers with pre-war bookings on Gulf carriers had bought refundable backup flights to Europe on Asian airlines as they assessed the security situation, said Michael Schischka, a senior adviser at Mary Rossi Travel in Sydney who specialises in luxury European trips.

"Not all clients, but I'd say the majority are now feeling more comfortable and safe and secure in flying through the Middle East," he said. "A lot of the Asian flights were very full and the cheaper fares weren't available. So that's driven people back to looking at the Middle East again as well."

A Korean Air spokesperson said it had experienced a year-on-year increase in load factors on its European routes between March and May, but transfer traffic demand had softened as Gulf carriers resumed operations over the course of the second quarter.

ANA, which has yet to report May data, said its load factor on European flights had slipped from 93.1% in March to 86.9% in April, though it was still up 8.7 percentage points year-on-year. Cathay Pacific reported the load factor across its network was up 2 percentage points in May to 86.8% from a year earlier, whereas in March the gain was 9.5 points to 92.2%.

Independent aviation analyst Brendan Sobie said the data pointed to a gradual rather than sudden rebalancing, with Singapore Airlines' trajectory also illustrating the trend clearly. The airline's Europe load factor surged 13.8 percentage points in March, but the gains narrowed sharply to 4.9 points in April and just 1.1 points in May.

"In May the load factors for both Europe and Australia normalised," Sobie said. "They had a big uptick in March, a smaller uptick in April and in May even smaller".

Singapore Airlines planes sit on the tarmac at Changi Airport. Asian airlines that gained passengers and charged higher fares on European routes after the start of the Iran conflict are seeing those advantages erode as Gulf carriers restore flights and offer lower ticket prices, industry data shows.