

Air travel to soar near record in 2023

● Airlines are expected to be back in the green this year, with net profits totalling \$9.8 billion

AFP | Istanbul

Airlines will return to profit and fly a near-record 4.35 billion passengers this year, but the sector's post-pandemic recovery remains fragile, an industry group said yesterday.

The industry is forecast to post net profits totally \$9.8 billion in 2023, or double previous estimates, boosted by the end of China's Covid restrictions, according to the International Air Transport Association (IATA).

The association added that its 2022 losses were half as bad as previously estimated at \$3.6 billion.

"Airline financial performance in 2023 is beating expectations," IATA director general Willie Walsh said in a statement during the association's annual general meeting in Istanbul.

"Stronger profitability is supported by several positive developments. China lifted Covid-19



A United Airlines plane taxis at Newark International Airport, in Newark, New Jersey

restrictions earlier in the year than anticipated," Walsh said.

While jet fuel prices remain high, they have moderated over the first half of the year, he added.

Inflation surged worldwide as Russia's invasion of Ukraine in February 2022 sent energy costs soaring, but oil and natural gas prices have fallen since then.

"On the cost side, there is some relief," Walsh said.

"Economic uncertainties have not dampened the desire to travel, even as ticket prices absorbed

elevated fuel costs," he added.

Profits equal to \$2.25 per passenger

Airlines transported a record 4.54 billion people in 2019 before Covid brought travel to a standstill.

The industry lost \$137 billion when countries imposed lockdowns and closed borders in 2020.

The sector lost another \$42 billion in 2021 and was still in the red last year as China, a major market, continued to enforce

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IATA DIRECTOR GENERAL WILLIE WALSH

Covid restrictions that were finally lifted in December.

The IATA said total revenues are expected to grow to \$803 billion this year, up almost 10 percent from 2022.

While the industry as a whole will turn a profit, Walsh noted that it would amount to just \$2.25 per passenger -- a net-profit margin of 1.2 percent.

The IATA, which represents around 300 airlines accounting for 83 percent of global air passenger traffic, said net profit will rise to \$11.5 billion for North American air carriers, \$5.1 billion for Europeans and \$2 billion for those from the Middle East. But Asian, Latin American and

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Airlines transported a record 4.54 billion people in 2019 before Covid brought travel to a standstill

African airlines will remain in the red.

Airlines will face a total fuel bill of \$215 billion this year, or \$98.5 per barrel, according to the IATA. This is down from the average cost of \$135.6 in 2022.

Fuel will account for 28 percent of the costs that airlines face this year, compared to 24 percent in 2019.

"After deep Covid-19 losses, even a net profit margin of 1.2 percent is something to celebrate," Walsh said.

"But with airlines just making \$2.25 per passenger on average, repairing damaged balance sheets and providing investors with sustainable returns on

their capital will continue to be a challenge for many airlines," he added.

War risks

The IATA said industry profitability is "fragile" and could be affected by several factors, including interest rate hike by central bank fighting inflation.

"The risk of recession remains. Should recession lead to job losses, the industry's outlook could shift negatively," it said.

While the war in Ukraine is not having a "major impact" on profitability of most airlines, an escalation would likely hurt global aviation, it said.

"Already broader geopolitical tensions are weighing upon international trade and any escalation of such tensions represents a downside risk to the industry outlook," the IATA said.

Supply chain issues, which have plagued global trade since the pandemic, are still being felt.

"Airlines have been directly impacted by aircraft parts supply chain ruptures which aircraft and engine manufacturers have failed to sort out," the IATA said.

"This is negatively impacting the delivery of new aircraft and the ability of airlines to maintain and deploy existing fleets."

Alba's safety culture recognised with British Safety Council's award



Alba's Chief Executive Officer Ali Al Baqali and Director Safety & Health Mohamed Khalil Saeed receive the award

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Aluminium Bahrain B.S.C. (Alba), the largest aluminium smelter in the world ex-China, received the 2023 International Safety Award with Merit from the British Safety Council (BSC), which came in recognition of its efforts to maintain a safe and healthy work environment during 2022.

The Award was received by Alba's Chief Executive Officer Ali Al Baqali during BSC's International Safety Awards Gala Dinner held on 19 May at the Landmark Hotel, London, United Kingdom in the presence of Alba's Director Safety and Health Mohamed Khalil Saeed.

Commenting on this recognition, Alba's Chief Executive Officer, Ali Al Baqali, said, "We are honored to have been recognised once again with the British Safety Council's Merit Award as it underlines the Safety culture we have built in

all our work -- from our admin offices to every function and shop-floor in Alba. This award is dedicated to every employee and contractor's personnel for their commitment to personal safety and operational safety."

Alba also welcomed yesterday a delegation from BSC comprising Strategic Account Manager (International & UK), Nusrat Khan, and Acting Head of Audit and Consultancy, Phil Pinnington, who joined the Company's Management in its Monthly Safety Review Meeting that provides insights on the year-to-date performance of Safety, Health, Fire and Security as well as Environment indicators.

The British Safety Council, which was founded in 1957, introduced its annual International Safety Awards to recognise organisations from around the world which have demonstrated their commitment to preventing workplace injuries and work-related illnesses

Ala Bank's Al Kanz March winner gets a US\$250,000 cash prize

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Ala Bank, Bahrain's leading digital mobile-only bank, powered by Bank ABC, announced the Al Kanz March prize winner of US\$250,000.

The lucky winner, Fatema Arroyo, was selected following an automated draw held at Ala Bank's offices in the presence of a representative of the Ministry of Industry and Commerce, an external auditor and Ala Bank employees on May 10.

This is the first of a large number of Al Kanz prizes scheduled for 2023, which have been created to fulfil customers' ask for



Fatema Arroyo with bank officials at the prize handover ceremony

bigger cash prizes this year. million.

Al Kanz prizes have been increased to a total of US\$ 2.250 million. The monthly additional prizes of US\$50,000 have

been added for the months of May, July, August, October and November.

The next mega prize is a US\$500,000 cash prize for June followed by another big prize of US\$250,000 for September and a grand year-end prize of US\$1,000,000 for December 2023.

The draws will be held within 45 days of the last-day-to-deposit for each prize, as detailed on the Ala Bank website: www.ilabank.com/AlKanz. For every BHD 50 saved in Al Kanz, Ala customers stand a chance to fulfill their life goals and dreams faster than ever imagined.

France announces massive state aid to chips factory

AFP | Paris

France is ploughing 2.9 billion euros (\$3.1 billion) of public money into a factory to make microchips, officials said yesterday, heating up a global race for the lucrative market.

Europe and the United States have both passed so-called Chips Acts to boost investment in the sector as fears grow that China could gain a stranglehold on global supply.

Chips, also known as semiconductors, are vital for every electronic device, from smartphones to electric cars, and control of supply chains has become a major priority for the world's



Semiconductor chips are displayed on a new type of 300-millimeter wafer produced by Bosch biggest trading blocs.

France's economy ministry said the state aid was the biggest subsidy it had offered since 2017.

The funding would go towards a 7.5-billion-euro project announced last year to be run by European multinational STMI-



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The European Chips Act has loosened the rules on state aid that usually forbid such generous outlays, as it aims to unlock 43 billion euros of investment and for the bloc to produce 20 percent of the world's chips by 2030.

Europe currently accounts for less than 10 percent of the global total, with most of the world's chips being made in Taiwan.

The French ministry said the project, in the Alpine town of Crolles near Grenoble in south-eastern France, would boost European production capacity by almost six percent by 2028.

German car sales rise strongly in May

AFP | Berlin

New car sales in Germany rose strongly again in May as supply chain problems eased, official figures showed yesterday, but analysts warned the weakening economy may weigh

on the sector.

A total of 246,966 new cars were registered in Europe's top economy last month, up 19.2 percent on a year earlier, according to the KBA federal transport authority.

This followed a rise of 12.6

percent in April and a 16.6 percent improvement in March.

"The new car market continues to improve, the upswing is robust," said EY analyst Peter Fuss.

Sales of all-electric vehicles rose by 46.6 percent.



Mercedes-Benz S-Class passenger cars are lined up at the "Factory 56"