



Qatar economy sustainable in the long term despite challenges: Seetharaman

Slower pace in lending and increase in funding costs may "impact" banks in Qatar, which however has large net asset position to successfully deal with the current lower hydrocarbon price environment, Doha Bank has said.

"There could be challenges to lending on account slowdown in infrastructure segment. The slowdown in lending and surge in cost of funding may impact Qatari banks," Doha Bank Group chief executive Dr R Seetharaman told The Asian Ambassadors' Group.

Addressing the group -- comprising 20 envoys including the seven Asean (Association of Southeast Asian Nations) embassies in Qatar namely Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam and is currently chaired by Singapore and Malaysia as the vice-chairman; he said Qatari banks' balance sheet growth was more than 10% YTD (year-to-date) and loan growth was more than 15% YTD in December 2015.

In 2015 the real estate sector lending was more than 27% YTD; retail sector was close to 17% YTD; contracting sector more than 23% YTD and service sector was more than 6% YTD.

"In 2016 the deposits from



Seetharaman is addressing the Asian Ambassadors' Group. Slower pace in lending and increase in funding costs may 'impact' banks in Qatar, which however has large net asset position to successfully deal with the current lower hydrocarbon price environment, he said.

public sector are expected to come down," he said, adding Qatari banks had widened their funding base on account of weak domestic funding.

On Qatar's macro aspects, he said economy is sustainable in the long term amidst short term challenges and is "resilient".

"Qatar has built a large net asset position that will help it weather

the current lower hydrocarbon price environment," he said.

Although the country's fiscal and external positions are to shift to deficits from 2016; he said Qatar has budgeted for revenues of QR156bn and expenditures of QR202.5bn in 2016.

Health, education and infrastructure accounted for the largest share of the 2016 ex-

penditure. Major infrastructure expenditures amounting to QR50.6bn would include railways, the new Doha port, several large roadways and the expansion of electricity, water and sewage networks.

Quoting a recent S&P report, he said Qatar has "significant" strength in defending its fixed exchange parity with the dol-

lar due to availability of reserves to cover the monetary base and current account payments over the next four years.

Highlighting Asean-GCC (Gulf Cooperation Council) bilateral relationships, he said Singapore in September 2013 scored the first free trade agreement with the GCC.

"Gulf interests in Asean are expanding to other sectors, including to real estate and finance," he said, referring to Ooredoo's network launch in Myanmar and UAE-Malaysia deals to develop a new financial district in Kuala Lumpur. Malaysia and the UAE have agreement for avoidance of double taxation.

On the global front, Seetharaman said the slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth.

"Even after seven years since the global financial crisis the sustainable growth is not visible in global economy," he said, adding the US Federal Reserve had commenced rate hike last December and it needs to be seen whether it will continue with so much volatility in global financial markets this year and uneven US economic recovery.