

# Brexit, low oil price impacts can bring UK, Qatar closer: Dr R Seetharaman

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WITH the UK working on Brexit negotiations and Qatar trying to mitigate the impact of low oil prices, there is ample scope for both economies to strengthen their linkages and promote mutually inclusive growth, according to Doha Bank Group CEO Dr R Seetharaman.

He was reviewing the key bilateral relationships between the two countries ahead of the eighth edition of the UK Business and Investment Forum to be held in the UK.

The UK economy grew by 1.8 percent in 2016 and is expected to grow by 1.5 percent in 2017. In March 2017 the Bank of England has held interest rates at their record low amid signs of an internal split emerging about how to tackle rising inflation.

Inflation has been rising in recent months, hitting its highest level in more than two years in January at 1.8 percent on the back of higher oil prices and as the pound's weakness since the Brexit vote raises the cost of imports to the UK.

Qatar economy expected to grow by 3.4 percent this year and the fiscal account as a percentage is expected to be 7 percent this year.

The Qatar Central Bank (QCB) raised its overnight lending rate by 25 basis points to 5 percent, clearly tracking the US Federal Reserve, which last Wednesday tightened policy by a similar margin. QCB also announced an increase in its overnight deposit rate by 25 basis points to 1.25 percent.

However, QCB reduced the banks' required reserve ratio - the amount of money they must hold back from lending as reserves - from 4.75



Doha Bank Group CEO Dr R Seetharaman

percent to 4.5 percent, with effect from April 1. The bilateral relationships between both the countries is spread across in trade, investment and banking.

UK's total exports to Qatar amounted to 2.6 billion pounds in 2015, representing an increase of 16 percent from 2014, while Qatar's exports to the United Kingdom have doubled to reach 2.7 billion pounds during the same year.

UK exports a wide range of products to Qatar including: power generating machinery and equipment, general industrial machinery, road vehicles, general transport equipment, chemicals, luxury goods and scientific equipment. UK export of services includes: professional services, consultancy, banking, insurance and financial services. Britain is the fourth largest exporter to Qatar.

In early 2014, the UK intro-

duced a scheme, allowing passport holders from Oman, Qatar and the United Arab Emirates to travel to the UK for a visit of up to 6 months by completing an online form at least 48 hours before departure.

On trade and investment UK is the most open trading nation in the world with the support of major investments made by Qatar.

Qatar has a large portfolio of investments in the UK, covering a wide range of investments such as the Shard skyscraper, the Olympic Village, the Shell Centre, the US Embassy in Grosvenor Square, shareholdings in Barclays, Sainsbury's and BAA, as well as ownership of Harrods departmental store.

It has also bought London's Canary Wharf in 2015, expanding Qatar's collection of London properties that includes stakes in London's Sa-

voy Hotel and HSBC tower.

Qatar investment authority is the largest shareholder in J Sainsbury Plc.

In 2012, the country's sovereign fund bought a 20 percent stake in London Heathrow airport and Qatar Airways raised its stake in British Airways owner IAG SA to 20 percent in 2016.

UK has built significant relationships with Qatar in the hydrocarbon sector.

Shell is the largest foreign investor in Qatar. The \$18.5bn Pearl GTL, world's largest gas-to-liquids plant in Ras Laffan, Qatar is based on a proprietary Shell GTL technology.

In Feb2011 Centrica, the owner of British Gas, signed a deal in with Qatargas, to buy 2.4mn tonnes of LNG a year. This will meet about 3 percent of the UK gas needs and about 10 percent of the kingdom's residential gas demand.

In October 2016, Qatargas has signed a five-year liquefied natural gas sale and purchase agreement (SPA) with Petronas LNG UK Limited (PLUK). Under the terms of the SPA, Qatargas will deliver LNG to PLUK until December 31, 2023.

The new agreement marks an extension of the company's current contract, which is due to expire on December 31, 2018. British companies are also active in Qatar's infrastructure projects, in particular architectural firms, design, project management and engineering consultancy.

Qatar plans to spend significantly for infrastructure for FIFA development. In Qatar Budget 2017, the allocation for infrastructure was 21.2 percent of the total expenditure. Transport and construction are two sectors which will witness significant activity this year.