

# Qatar-Kuwait trade set to grow: Doha Bank

The Peninsula

**Q**atar-Kuwait bilateral trade is expected to witness a sharp jump in the coming years as businesses and investors from both the countries are working in close cooperation to tap growing business opportunities as a result of economic reforms in both the Gulf states.

In the recent past, the bilateral trade cooperation has seen a major boost, especially after the unjust blockade by Saudi-led allies who cut economic and diplomatic ties, and abruptly stopped supplies of all kinds of goods, including food and other essentials, during the month of Ramadan.

The two-way trade volume between Qatar and Kuwait in 2016 reached over QR2.7bn, which is set to increase in the coming days as both the countries are investing heavily in some of the key sectors aiming to transform their respective economies to reduce depends on volatile energy revenues, noted a top official of Doha Bank at an event hosted by the Bank in Kuwait on Tuesday.

Speaking at the event themed 'Qatar-Kuwait bilateral opportunities', Doha Bank Group CEO DR R Seetharaman said: "This year Kuwait has unveiled a new plan to transform the country into a regional financial and cultural hub by 2035. It has organised seven pillars which

## Bilateral cooperation

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are areas of focus for investment and improvement. The Kuwait budget deficit 2017-18 is projected to be \$21.6bn, with revenues estimated at \$43.6bn and expenditure at \$65.2bn. Kuwait stocks could get an extra boost from the Kuwait Investment Authority."

"Initiatives targeted at improving market liquidity and reducing trading costs should help support local and foreign interest in the Kuwaiti capital market."

Dr Seetharaman added: "The Kuwait government had issued domestic bonds worth \$7.2bn and international bonds worth \$8bn. Kuwait is coming up with infrastructure projects such as Kuwait Metro, Kuwait International Airport expansion & Regional Highway. Kuwait's



Dr R Seetharaman (fifth left), Doha Bank CEO along with other officials at the 'Qatar-Kuwait Bilateral Opportunities' event, in Kuwait.

2035 vision stresses the importance of developing tourism and its role in supporting Kuwait's economy by creating employment opportunities in the private sector."

Providing further insight into Kuwait economy, he said that Kuwait's non-oil growth is expected to improve in 2017 and 2018.

Kuwait banking sector lending growth in was more than 7 percent on Y-o-Y basis in first half of 2017 and deposit growth was flat. Government-funded projects will drive economic growth.

Domestic interest rates moved up in June 2017 even as the Central Bank of Kuwait opted to keep its key policy rate on hold following the US Fed hike.

Though the central bank refrained from hiking the discount rate in June, it did increase the overnight repo rate by 25 basis points, which helped lift interest rates.

He also highlighted the recent reforms introduced by Qatar and the potential opportunities therein.

Dr Seetharaman said: "Qatar ranked 18th in 'the Global Competitiveness Report 2016-17' and stands second in the region. A new law for Public Private Partnership (PPP) businesses in Qatar should provide an additional level of comfort to the private sector and foreign investors. In Feb 2017, Qatar issued a new law on arbitration (the "Arbitration Law"), inspired by the UNCITRAL Model Law (the "Model Law"),

an international template for law on arbitration." Commenting on Qatar's efforts in achieving food security, he said that Qatar now have many local companies that are supporting the country and it can develop these businesses further and boost its food production to provide both locally and internationally.

"Qatar Budget 2017 has allocated for key sectors such as health, education and infrastructure QR87.1bn (\$23.9bn) which is made up made up of nearly 44 percent of the total expenditure in the 2017. Transportation and infrastructure projects, which represented a main pillar of enhancing sustainable development, have been allocated QR42bn (\$11.51bn)," said Seetharaman.