

Qatar economy to be sustainable on diversification, says Seetharaman

Qatar economy is going to be sustainable on account of non-hydrocarbon diversification amidst fall in oil prices, according to a top official of Doha Bank.



Seetharaman: Robust growth.

Highlighting that Qatar's GDP (gross domestic product) rose 4.8% in the second quarter of 2015, helped by robust growth in construction, financial services and hospitality sectors; Doha Bank group chief executive R Seetharaman said the domestic economy is expected to grow by more than 4.7% this year.

In his keynote address to the Euromoney Conference Qatar 2015, he, however, said Qatar's fiscal outlook is affected by complex impacts of lower hydrocarbon income with fiscal surplus expected to narrow "considerably" to 4.5% of GDP in 2015.

Nevertheless, he said the key strengths of Qatar include its strong fundamentals, financial stability, resilient banking system, maturing financial markets and concerted vision and governance.

On the lending sector and various opportunities in the country, he said "Qatar's banking sector lending had grown by more than 11% in 10 months till October 2015.

The consumption, contracting and services are the key contributors to the lending growth, he said, adding "there

are further opportunities to diversify as a structured solution."

Stressing that Qatar can also further tap foreign direct investment across infrastructure, services and manufacturing; he said the key benefits include contribution to the diversification and economic growth, strengthen resilience to global shocks and develop the country into a digital economy.

On government's efforts to expand the non-hydrocarbon GDP; Seetharaman said Qatar is establishing three special economic zones, through the newly formed company "Manateq", to achieve new levels of economic diversity and promote the growth of the small and medium-sized companies and private sector.

"The upcoming economic zone Um Al Houl special economic zone's first phase of development will commence in 2016," he said.

On global growth, he said it is projected to fall from 3.4% in 2014 to 3.1% in 2015, before picking up to 3.6% in 2016.

The decline in growth this year reflects a further slowdown in emerging markets, partially offset by a modest pickup in activity in advanced economies – particularly in the euro area, he said.

"There is a risk that a slowdown in emerging economies could defeat the weak advanced economic recovery," he said, adding the deflation risks can also emerge on account of significant fall in oil price and other commodities thereby contribute to global slowdown.

Moreover, Seetharaman said the chances of the US Federal Reserve hiking the rates this month have increased.