

Siege impact on Qatari economy 'insignificant'

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The Peninsula

Given the limited scale of Qatar's trade exposure to the blockading countries, the impact of the ongoing siege is considered to be "very insignificant".

Analysts suggest that the impact of the Saudi-led blockade (which include UAE, Bahrain and Egypt) deemed to be minimal as they were not Qatar's major trading partners. The combined volume of bilateral trade between Qatar and all the four blockading countries is less than \$4bn per year, which is about barely 2 percent of Qatar's GDP.

"The blockade against Qatar has not been able to cause any significant impact. The Plan B (which was activated immediately after the announcement of

Trade volume

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▶ **The banks in Qatar have the ability to mobilise additional funds globally as well as locally.**

siege) is working well. Qatar's exposure to the blockading countries is very insignificant," Dr R Seetharaman (pictured), Group CEO of Doha Bank, told *The Peninsula* in an interview.

Dr Seetharaman added: "When the numbers of bilateral trade volume of Qatar with these



four countries are compared with that of Japan, Korea, India, the UK, and other major trading partners, they are relatively very small. So if you look at the bigger picture, the blockade is not able to create any major impact in terms of global trade and investments Qatar is engaged in."

Qatar's annual bilateral trade volume with the UAE stood at about \$2bn, with Saudi Arabia its about \$500m, Egypt \$1.1bn and Bahrain it was just \$125m, while with Japan, the trade volume stands at \$30bn, South Korea about \$20bn, India nearly \$10bn, and the UK about \$6.5bn, which are massive numbers, he pointed out.

Asked about Doha Bank's exposure to the blockading countries, Seetharaman said that his bank also has very limited operations. It has only two branches in the UAE (one each in Abu Dhabi and Dubai) and has no branch in Bahrain, Saudi Arabia and Egypt.

"Abu Dhabi branch was opened just four years ago, and Dubai branch is about 8 years old. Due to the global economic slowdown and significant fall in oil prices, our businesses in the UAE have come down, which is less

than four percent of our balance sheet."

On the reports of tightened liquidity and pressure on Qatari riyal, he refuted those reports and discounted them as "baseless".

"The Qatari economy is very strong. The ratings are still high and stands at "AA". Banks are also 'A' rated and well-capitalised. The country is having assets and foreign reserves worth more than two times of its GDP. The government is proactively supporting the liquidity framework. The Qatar Central Bank, which is sitting on QR40bn of cash plus gold reserves; is supporting and maintain liquidity. So business is moving as usual."

He also said that banks in Qatar have the ability to mobilise additional funds globally, regionally as well as locally.

He highlighted that banking and financial systems are driven by economic fundamentals of a

country and its global partnership. The rating agencies, which have slightly downgraded the country's credit rating, are now looking at it objectively and realising about the overall stability prevailing in the economy.

Commenting about the negative reports that appeared a section of the international media, which prompted some overseas banks and exchange houses to demand punitive exchange rates against the Qatari riyal, he said that these reports are "grossly exaggerated".

"People who are not understanding the dimensions of international trade, investments, banking and finance, are creating stories based on speculations and supermarket shelves (which were emptied out of panic buying, and eventually replenished) during the initial days of the blockade", he said.