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DOHA: With the new high-rise buildings of downtown Doha in the background, Qatari women and a man enjoy walking by the sea in Doha. — AP

QATAR CAN DEFEND ECONOMY AND CURRENCY: FM

QATAR CENTRAL BANK 'OPERATING NORMALLY DESPITE CRISIS'

DUBAI: Qatar can easily defend its economy and currency against sanctions by other Arab states, Qatari finance minister Ali Sherif Al-Emadi told CNBC television in an interview broadcast yesterday.

He added that the countries which had imposed sanctions would also lose money because of the damage to business in the region. "A lot of people think we're the only ones to lose in this... If we're going to lose a dollar, they will lose a dollar also."

Saudi Arabia, the United Arab Emirates, Bahrain and Egypt cut diplomatic and transport ties a week ago, accusing Doha of backing terrorism. The sanctions have disrupted flows of imports and other materials into Qatar and caused many foreign banks to scale back their business with the country.

But Emadi said the energy sector and economy of the world's top liquefied natural gas exporter were essentially operating as normal and that there had not been a serious impact on supplies of food or other goods. Qatar can import goods from Turkey, the Far East or Europe and it will respond to the crisis by diversifying its economy even more, he told CNBC. The Qatari riyal has come under pressure in the spot and forward foreign exchange markets, but Emadi said neither this nor a near 10 percent plunge in the local stock market was cause for concern.

"Our reserves and investment funds are more than 250 percent of gross domestic product, so I don't think there is any reason that people need to be concerned about what's happening or any speculation on the

Qatari riyal." Asked whether Qatar might need to raise money by selling off stakes in large Western companies held by its sovereign wealth fund, Emadi indicated this was not on the cards at present.

"We are extremely comfortable with our positions, our investments and liquidity in our systems," he said. Prices of Qatar's international bonds have dropped sharply, but in answer to another question, Emadi said he saw no need for the government to step into the market and buy those bonds to support prices.

No liquidity crisis

Qatar's Central Bank said yesterday banking transactions at home and abroad were continuing normally despite the diplomatic crisis which has seen several Gulf countries

sever ties with the emirate. In a statement released on the state-run Qatar News Agency (QNA), Central Bank governor Sheikh Abdullah bin Saud Al-Thani dismissed concerns over liquidity levels. "The banking and banking transactions and procedures in the State of Qatar continue to be normal, both at the level of local financial transactions and between the Qatari banking sector and foreign banks," the statement read. It added that the governor "stressed that the liquidity levels in the Qatari banking sector are good and meet all customer requirements". Doha is seeking to reassure customers as it is gripped by the biggest diplomatic crisis to hit the region in years.

Qatar has found itself isolated following a decision last week by Saudi Arabia, the United

Arab Emirates, Bahrain and others to cut ties with Doha over its support for "terrorism", a charge the emirate vehemently rejects. Saudi Arabia on June 5 sealed Qatar's only land border, and the country has been banned from using the airspace of both Saudi Arabia and the United Arab Emirates.

Qatari citizens have been ordered to leave the two countries within two weeks. The UAE has also ordered its banks to stop dealing with major Qatari lenders. Rumors have circulated in Doha that some exchanges have been hit by a shortage of dollars, potentially affecting remittances by Qatar's migrant workforce, estimated at more than two million people. The World Bank estimates that expat workers in Qatar sent home \$11.4 billion (10.1 billion euros) in 2015. — Agencies

NATURAL GAS BUILT QATAR AND NOW IT MAY PROTECT COUNTRY

DUBAI: Natural gas built the high-rises of Qatar's capital, put the Al-Jazeera satellite news network on the air and a fleet of passenger jets for its state carrier in the sky. Now, it may be what protects Qatar as it is in the center of the worst diplomatic crisis to strike the Gulf in decades.

As the world's biggest exporter of liquid natural gas, Qatar's supplies keep homes warm in the British winter, fuel Asian markets and even power the electrical grid of the United Arab Emirates, one of the main countries that has cut ties to the energy-rich nation.

So far, its supplies have continued uninterrupted since the diplomatic dispute began last week. Natural gas markets have yet to respond to the rift and prices have remained stable. But Qatar wields a potential economic weapon if the crisis escalates and countries around the world that depend on its supply may find themselves needing to side with the nation that is home to a major US military installation.

"If Qatari gas exports were to be blocked, countries like Britain, Japan, South Korea and China would have an energy crisis and would have to scramble to get their energy elsewhere," said Kristian Coates Ulrichsen, a Seattle-based research fellow at the James A. Baker III Institute for Public Policy at Rice University who has extensively studied Qatar.

"For any small country, particularly a small country in the Gulf surrounded by much larger and potentially expansionary powers, having international partnerships is a key tool of your external security," he said. "I think that may be what the Qataris are banking on right now."

Growth

Qatar, a country of 2.2 million people where citizens make up over 10 percent of the population, discovered the offshore North Field in 1971, the same year it became independent. It took years for engineers to discover the field's vast reserves, which shot Qatar to No. 3 in world rankings, behind Russia and Iran, with which it shares the North Field.

It began exporting natural gas in 1997, just after Qatari Crown Prince Hamad bin Khalifa Al-Thani seized power from his father, Sheikh Khalifa, in a palace coup. Sheikh Hamad used revenue from the natural gas to pursue a diplomatic path away from Saudi Arabia, long the heavyweight among Gulf countries. Qatar also secured hosting the 2022 FIFA World Cup, relying on that money to build stadiums and develop Doha, its capital.

As a hedge, Qatar hosts some 10,000 American soldiers and the forward headquarters of the US military's Central Command. Other nations also operate forces out of Qatar. Its military, numbering around 11,800 troops, is only bigger than Bahrain's.

Natural gas

Qatar's shipborne exports of liquid natural gas have continued to travel unhindered out of the Persian Gulf as well, though they could be a target if the crisis escalates. Qatar's biggest Asian clients are Japan, India and South Korea, according to energy research firm Wood Mackenzie. About a third of British gas supplies come from Qatar, which leads Europe.

Saad Sherida Al-Kaabi, Qatar Petroleum's president and CEO, said Saturday that he wanted to assure customers "of our determined efforts to continue uninterrupted supplies." A statement from the state-run firm also made a point to note that the UAE, Egypt and Jordan all rely on its natural gas.

Qatar could retaliate by shutting down the undersea Dolphin Energy pipeline, which sends about 2 billion cubic feet (56 million cubic meters) of natural gas a day into the UAE, about a third of its daily need. About 200 million cubic feet (5.66 million cubic meters) of that goes onto Oman.

Dolphin Energy, owned by the Abu Dhabi sovereign wealth fund called the Mubadala Development Co., French oil giant Total SA and Houston-based Occidental Petroleum, did not respond to a request for comment.

Without that natural gas, electricity plants in Dubai and the UAE capital of Abu Dhabi wouldn't be able to power air conditioners to beat the brutal heat of summer now descending on the desert sheikhdoms, nor run its vital desalination plants producing water. It would take time to import that gas from another source.

"If Qatar was to do anything like that, in Dubai the lights would probably go off," said Christopher Davidson, a professor of Middle East politics at Durham University in Britain. "If this were to happen, it would be such an escalation from Qatar's side, the UAE and Saudi would up the ante even more. ... If they were to do that, I think it would be no holds barred." — AP



DOHA: In this April 4, 2009 file photo, a gas production facility is seen at Ras Laffan, Qatar. Natural gas exports may help Qatar protect it in the ongoing dispute it has with other Arab nations. — AP