QUALITATIVE STEP | Page 4

QIB, Edaa in pact to distribute dividends to shareholders of listed companies in Qatar

Monday, January 22, 2024
Rajab 10, 1445 AH

GULF TIMES
BUSINESS

RESILIENT ECONOMY : Page 4

Qatar budget for 2024 strikes a sensible tone, combining investment and prudence

Qatari and Omani dignitaries at GWC's wholly-owned subsidiary FLAG's state-of-the-art logistics facility at Khazaen Economic City in Oman. ***Right:*** Sheikh Abdullah bin Fahad bin Jassim bin Jaber al-Thani, GWC Group chairman.

GWC's wholly-owned subsidiary FLAG opens state-of-art facility at Oman's Khazaen Economic City

Logistics major Qatar-based GWC has announced further expansion by launching its 100% owned subsidiary FLAG at the logistics Hub at Khazaen Economic City in Oman.

The state-of-the-art facility was inaugurated by Khamis bin Mohamed al-Shamakhi, Undersecretary at Oman's Ministry of Transport, Communications, and Information Technology for Transport.

Other attendees included Sheikh Mubarak bin Fahad bin Jassim al-Thani, Qatar's ambassador to the Sultanate of Oman, GWC officials, key clients, and high-level dignitaries from the region.

FLAG will be the first company to launch at Khazaen Economic City, which is strategically located to transport links, borders, and within only two hours' drive of 80% of Oman's population.

GWC Group chairman Sheikh Abdullah bin Fahad bin Jassim bin Jaber al-Thani stated, "The launch of FLAG Logistics in the Sultanate of Oman marks a key milestone for GWC as the Group continue to grow its operations across the GCC."

FLAG Oman will become a vital hub, connecting powerhouse locations across the region, including Muscat, Doha, Bahrain, Jeddah, Riyadh, and Dubai. It will provide a platform, uniting Oman with the GCC, and the GCC with the rest of the world.

GWC Group CEO Ranjeev Menon said, "FLAG will leverage GWC's 20 years of knowledge and expertise as it creates new benchmark in the logistics industry – enabling the Sultanate of Oman to achieve its strategic goals."

FLAG will operate from a modern 50,000 square metre infrastructure in Khazaen Economic City, which is segmented into specialist areas, each tailored to address distinct logistical needs including dry, ambient, chilled and frozen warehousing, bulk storage, records management and marshalling areas. The warehouse and distribution centre measure 27,500 square metre.

Menon continued: "We see FLAG as a bridge, connecting businesses to markets, producers to consumers, and Oman to the global economy. Through innovative logistics solutions, FLAG aims to facilitate seamless trade, contributing to the economic prosperity of Oman and aligning with the goals of Oman National Vision 2040."

Salim al-Thuhli, CEO, Khazaen Economic City, stated: "The presence of FLAG in Khazaen Economic City will contribute to strengthening dry and cold supply chains, and will also provide logistics solutions for international investors, companies in the private sector and government agencies. This project comes in line with Oman's logistics strategy, which aims to position the Sultanate as a global logistics hub.

"The logistics sector will contribute about 14% of the GDP by 2040. FLAG Oman chose Khazaen Economic City for its strategic location, which connects it to a robust logistics infrastructure and network such as Muscat International Airport, sea ports, and land borders with neighbouring countries."

FLAG will prioritise a skilled Omani talent, investing in training and mentorship to navigate the complexities of the logistics industry. The company is committed to building collaborative, long-term partnerships, creating a robust ecosystem that fosters growth and prosperity. Page 4

CI affirms Qatar ratings with 'stable' outlook

By Santhosh V Perumal
Business Reporter

Capital Intelligence (CI), an international credit rating agency, has affirmed the long-term foreign currency rating (LT FCR) and long-term local currency rating (LT LCR) of Qatar at 'AA'.

The sovereign's short-term (ST) FCR and ST LCR have been affirmed at 'A1+' with their outlook remaining "stable".

The ratings not only reflect Doha's "very strong" external balances and budgetary performance, supported by favourable liquefied natural gas (LNG) prices, it is also underpinned by sizeable hydrocarbon reserves (around 12.9% of global gas reserves) and associated export capacity, which in turn provide the government with substantial financial means.

Given the large hydrocarbon exports and rather small population, GDP (gross domestic product) per capita is expected to have neared $82,000 in 2023 (higher than similarly rated peers).

However, the ratings continue to be constrained by the reliance on hydrocarbons (44% of GDP in 2022), limited fiscal transparency and other institutional shortcomings, as well as by limited monetary policy flexibility.

The ratings also factored in the country's capacity to absorb external or financial shocks, given the large portfolio of foreign assets held by the Qatar Investment Authority (QIA) and consequent comfortable net external creditor position when including these assets.

The ratings also continue to be supported by the country's substantial hydrocarbon reserves, increasing LNG production and export capacity, very high GDP per capita, and adequate official foreign reserves.

Stressing that real GDP is expected to have risen by 2.4% in 2023 against 4.9% in 2022, it said the "short- to medium-term growth outlook remains relatively favourable", with real GDP to grow by an average of 2.9% in 2024-25, supported by infrastructure investment and higher expected production from Qatar's largest gas field as well as robust performance in the service sector.

Qatar's economic strength is "moderate", it said, adding the economic activity remains "positive", supported by the resilience of the hydrocarbon and non-hydrocarbon sectors.

Highlighting that the sovereign's financial buffers remain large, benefitting from favourable hydrocarbon prices, CI said very large budget and current account surpluses have contributed to a very high net asset position, with the QIA's total assets estimated to reach around 192.8% of projected GDP and 179.5% of gross external debt this year.

Finding that the public finances remain strong, the rating agency said the central government budget position is slated to have posted a very high surplus of 6.9% of GDP in 2023 (10.4% in 2022), and is forecast to average 5.5% in 2024-25, supported by an expected increase in LNG production capacity and, consequently, a lower fiscal breakeven hydrocarbon price.

"While the reliance on hydrocarbon revenues remains a rating constraint, the government has ample leeway to respond to severe fluctuations in hydrocarbon prices given the size of fiscal buffers and the degree of expenditure flexibility," it said.

The central government deposits stood at 11% of GDP in November 2023, while total government and government institutions' deposits in the domestic banking system alone were around 38.4% of GDP.

According to CI's estimates, gross central government debt (including short-term treasury bills and bank overdrafts) is expected to have declined further to 45.9% of GDP in 2023, from 49.6% in 2022 and a peak of 87% in 2020, reflecting nominal GDP growth and a large primary budget surplus.

It expects debt dynamics to remain favourable in the medium term, resulting in a further fall in the central government debt-GDP ratio to 40.6% by 2025.

Highlighting that the external finances are "very strong"; it said the current account is expected to have posted a still very large surplus of 17.6% of GDP in 2023, compared to 26.7% in 2022.

CI expects the current account to remain in very high surplus, averaging 14.3% of GDP in 2024-25. Gross external debt is expected to have declined to 179.5% of current account receipts (CARs) in 2023, against a peak of 341.7% in 2020.

Official foreign exchange reserves increased to $67.6bn in November 2023, from $63.2bn in December 2022.

Official underscores USQBC role in attracting American SMEs to Qatar market

By Peter Alagos
Business Reporter

An official of the US-Qatar Business Council (USQBC) has underscored the USQBC's significant role in providing American small and medium-sized enterprises (SMEs) access to the Qatari market.

Sheikha Mayes al-Thani, managing director of USQBC in Qatar, said the USQBC's "crucial role" in aiding the entry of American SMEs into the Qatari market includes providing market intelligence, networking opportunities, and business matchmaking services, and connecting these SMEs with local partners, customers, and suppliers.

"The council offers one-on-one counselling that provides insight into Qatari business practices, advocates for American business interests and assists in navigating regulatory processes. The USQBC facilitates access to decision-makers, organises trade missions, and collaborates with local institutions to enhance the visibility and opportunities for SMEs in Qatar.

"Furthermore, the council keeps SMEs informed about market developments, policy changes, and trade shows, as well as providing personalised support to address the unique needs and challenges of each business," Sheikha Mayes told *Gulf Times* in the context of the USQBC's role in supporting the upcoming SelectUSA Investment Summit.

Earlier, Sheikha Mayes noted that the USQBC is planning a series of events to support Qatari businesspeople who will be participating in the investment summit slated on June 23-26 at the Gaylord National Resort and Convention Centre in National Harbour, Maryland.

To evaluate the potential for collaboration between American SMEs and their Qatari counterparts in various sectors, such as technology, health, education, and tourism, Sheikha Mayes explained that a comprehensive assessment is conducted to ensure that SMEs from the US can effectively collaborate on the Qatari market.

"This involves assessing market demand, ensuring compliance with regulatory requirements, and exploring partnership

Sheikha Mayes al-Thani, managing director of USQBC in Qatar.

opportunities. It is imperative to adhere to local standards, identify specific needs, and tailor offerings to local cultures and preferences," she emphasised.

Sheikha Mayes also stressed that it is important to consider the following factors: cultural understanding, adherence to regulatory requirements, monitoring of market trends, and active engagement in networking to build relationships.

"We ensure successful collaboration and market penetration in Qatar by systematically addressing these factors and tailoring custom-made strategies accordingly," Sheikha Mayes further pointed out.

She said, "The USQBC recognises the difficulties American SMEs may encounter due to cultural differences, regulatory complexity, and market access barriers in Qatar. Despite these difficulties, the USQBC recognises that Qatar's economic diversification efforts, infrastructure development projects, government initiatives, and the growing demand for education, training, and tourism present significant opportunities."

According to Sheikha Mayes, the council is intended to facilitate collaboration and business continuity for American SMEs in these promising fields. She noted that the USQBC strives to increase the success of American businesses in Qatar by aligning its programmes with Qatar's economic goals, offering innovative solutions, connecting them and directing them to the proper resources.

Based on shared values, interests, and a shared vision for the future, Sheikha Mayes said that Qatar-US ties "are stronger than ever before" and Qatar's long-term economic development offers ample opportunities for American businesses.

Currently, many opportunities for collaboration exist between Qatar and the US, she said, adding that there is a strong focus on the energy sector with Qatar serving as a major natural gas exporter.

At the same time, the US has extensive expertise in energy-related technologies.

"There are also opportunities in the area of investment and finance, taking advantage of Qatar's interest in diversifying its investment portfolio and the strength of the US financial sector," Sheikha Mayes stressed.

She added: "Co-operation in the field of defence and security, a historical collaboration area, offers further opportunities for joint projects. Several other areas of collaboration are also encouraged, such as technology, innovation, research and development (R&D), tourism, education, agriculture, and food security."

Budget combines investment and prudence

By Fahad Badar

Qatar's economy has shown itself to be resilient following the World Cup in late 2022. Caution over the likely oil price, reduction of national debt, and promoting private sector employment are the priorities

With a conservative estimate of an oil price of $60 per barrel and a commitment to continuing to reduce the national debt, the Qatar budget for 2024 strikes a sensible tone. It also demonstrates ambition, however. The budget takes a strategic view, not confining itself to priorities for the 12-month period. Decisions are made with reference to the third National Development Strategy policy document, made in line with the Qatar National Vision 2030.

The most recent report covers the period 2024 to 2030. Total public sector revenues are projected to be QR202bn, with expenditure at QR200.9bn, based on an oil price of $60 per barrel, compared with $65 during 2023. Overall, economic growth is projected to be just over 4%, helped by continued development of liquefied natural gas (LNG) from the North Field. Estimates of non-oil revenue are 2.4% higher, at QR43bn, indicating progress towards a strategic goal of diversification. Generally, the figures are positive considering the inevitable peak and fall of economic activity surrounding the FIFA World Cup in late 2022, indicating a level of economic resilience.

The government wants to increase opportunities for employment in the private sector. The goal is to encourage development across all sectors, including tourism, higher education sector, fintech and manufacturing. Investment in communications and information technology sector has doubled since 2023.

National debt is down to 44% of GDP, and is projected to fall to 39% by end 2024, with over QR7bn due to be repaid in 2024. The proportion compares favourably globally – in some western economies such as Italy, the United Kingdom and the US, the figure is around 100% or higher. The Qatar national debt is sharply reduced since the 72% level in 2020, when a combination of investment in infrastructure for the World Cup and low oil and gas prices caused by the Covid-19 pandemic suppressed export earnings at a time of increased expenditure. It is right that the state should use a period of economic growth and higher interest rates to pay down debt. In addition, reserves at the Qatar Investment Authority, the sovereign wealth fund, are being strengthened.

Inflation is steady at 2.8%. HE Ali bin Ahmed al-Kuwari, the Minister of Finance, indicated in a speech last month that it was not a source of concern.

Major capital investment is down 8.3%, which is to be expected given the completion of infrastructure projects necessary for the 2022 FIFA World Cup, but there will be continued investments. This will include public-private sector partnerships for building schools, the minister announced. Education and health are the two main priorities for public expenditure, comprising 20% of the total budget between them. Central to the National Vision is investment in human capital, including creating more career opportunities for women. Education is seen as central to boosting both competitiveness and economic diversification.

The minister also announced a policy priority to improve transparency in procurement for public sector contracts.

Investment in human capital may be helped by fine-tuning some approaches to employment. The Qatari private sector is heavily dependent on expatriate workers, including highly skilled specialists, and the government would like to see more Qatari citizens take up these roles.

Many local citizens tend to opt for the public sector. One policy change could be to set time limits on work permits for expatriate staff, for example at five years. Typically, as things stand, the contracts are for an indefinite period. If it were for a fixed period of time, the government could encourage the employer to replace the expat with a local citizen. In other oil-exporting countries, such as Nigeria, gradually oil multinationals have progressively hired more local talent.

While the fiscal decisions of the 2024 budget are conservative – public spending under control, paying down debt – this is allied to a commitment to continued investing where this is likely to produce returns and enhance economic diversity. This strikes a balance between short-term caution and long-term ambition.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

GWC subsidiary FLAG opens state-of-the-art facility at Oman's Khazaen Economic City

Dignitaries tour the FLAG's state-of-the-art logistics facility at Khazaen Economic City in Oman.

Qatari and Omani dignitaries during the launch of GWC's wholly-owned subsidiary FLAG at the logistics hub at Khazaen Economic City in Oman.

QIB and Edaa sign pact to distribute dividends to shareholders of listed firms in Qatar

Qatar Islamic Bank (QIB) has signed an agreement with Edaa to manage the distribution of dividends for shareholders of listed companies in Qatar.

This arrangement aligns with the regulations governing dividend distribution in listed companies, as stipulated by the Qatar Financial Markets Authority (QFMA).

Sheikh Saif bin Abdullah al-Thani, chief executive officer of Edaa and Bassel Gamal, Group chief executive officer of QIB, after inking the pact to distribute dividends of shareholders in the listed companies.

Under this agreement, Edaa is entrusted with the responsibility of distributing dividends on behalf of all companies, encompassing both cash dividends and bonus shares determined for distribution.

The pact signifies a qualitative step towards modernising financial services and developing the process of distributing dividends to shareholders. This co-operation embodies QIB's commitment to developing digital financial solutions, improving investor experience, and promoting a dynamic investment environment. In accordance with this agreement, QIB will integrate its dividend payment distribution system with Edaa's platform to acquire the shareholders' lists of dividend distributions for listed companies. This integration facilitates the swift and efficient implementation of dividend distribution operations to shareholders while ensuring accuracy.

The system enables seamless uploading of dividend files, provides real-time updates on paid and unpaid dividends, and allows inquiries based on the National Investor Number (NIN) with Edaa and listed companies.

"Edaa's commitment to enhancing investor experiences and value led us to choose QIB as a banking partner for dividend payment distribution. This partnership reflects our dedication to expediting processes, ensuring accuracy, and distributing dividends in a timely manner. We are confident that QIB's innovative digital solutions and commitment to excellence align with our objectives, enhancing investor confidence and fostering a more dynamic investment environment," said Sheikh Saif bin Abdullah al-Thani, chief executive officer of Edaa.

Emphasising on the bank's dedication to providing digital solutions to its partners and customers to meet their needs, Bassel Gamal, Group chief executive officer of QIB, said "this collaboration with Edaa is evidence of QIB's strong commitment to delivering cutting-edge financial services.

By leveraging our digital capabilities, we aim to enhance the dividend distribution experience for shareholders of listed companies, contributing to the advancement of Qatar's financial landscape."

Domestic funds, Arab individuals drag QSE key index 28 points

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday opened the week weak as its key index fell more than 28 points to close below 10,300 levels.

The domestic institutions were seen net sellers as the 20-stock Qatar Index shed 0.27% to 10,290.63 points, reflecting the persisting concerns on the US rate imbroglio.

The insurance, telecom, industrials, real estate and transport counters witnessed higher than average selling pressure in the main market, whose year-to-date losses widened further to 4.99%.

More than 56% of the traded constituents were in the red in the main bourse, whose capitalisation melted QR1.73bn or 0.29% to QR598.8bn with small cap segments losing the most. The Arab individuals were seen bearish in the main market, which however, touched an intraday high of 10,390 points.

The local retail investors' weakened net buying had its influence in the main bourse, which saw as many as 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.06mn trade across 12 deals.

The foreign individuals' lower net buying also had its say in the main market, which saw no trading of sovereign bonds.

The Islamic index declined faster than the other indices in the main bourse, which witnessed no trading of treasury bills.

The Total Return Index shed 0.27%, the All Islamic Index by 0.44% and the All Share Index by 0.27% in the main bourse, whose trade turnover and volumes were on the decline.

The insurance sector index tanked 1.87%, telecom (1.12%), industrials (0.45%), realty (0.38%), transport (0.3%) and banks and financial services (0.04%); while consumer goods and services gained 0.13%.

Major shakers in the main market included Qatar Insurance, Qatari German Medical Devices, Medicare Group, Ooredoo, Milaha, Industries Qatar, Qamco, United Development Company and Milaha. In the venture market, Mahhar Holding saw its shares depreciate in value.

Nevertheless, Qatar National Cement, Mekdam Holding, Zad Holding, QIIB, Doha Insurance, Gulf Warehousing and Nakilat were among the gainers in the main market. In the junior bourse, Al Faleh Educational Holding saw its shares appreciate in value.

The domestic institutions turned net sellers to the tune of QR1.83mn compared with net buyers of QR17.57mn on January 18.

The Arab individual investors were net sellers to the extent of QR1.32mn against net buyers of QR4.67mn the previous trading day.

The local retail investors' net buying declined significantly to QR19.87mn compared to QR38.65mn last Thursday.

The foreign individuals' net buying weakened noticeably to QR1.47mn against QR3.19mn on January 18.

The Gulf retail investors' net buying eased marginally to QR0.73mn compared to QR0.76mn the previous trading day.