Yousuf Mohamed Al-Jaida
Chief Executive Officer
Qatar Financial Centre (QFC) Authority

Gulf Affairs: What is the QFC Authority's mandate? What role does it play toward fulfilling the Qatar National Vision 2030?

Yousuf Al-Jaida: Since our inception in 2005, we continue to play a key role alongside the Ministry of Economy and Commerce to attract foreign direct investment by providing a competitive platform for firms to expand into Qatar. We also continuously support the development of a world-class financial service industry, and we've broadened our platform to cater to the needs of the country and to reaffirm our economic attractiveness.

Today, we work hand-in-hand with the government to develop a strategy that is in line with the ambitions set out in the Qatar National Vision (QNV) 2030 and subsequent national development strategies. Our move to Msheireb Downtown Doha, the region's cutting edge business and financial city, is further testament to our commitment to transform Doha into a leading business and financial hub.

Through our offerings and unique platform, we attract a growing volume of businesses from Qatar and across the world. We also successfully enable local companies to expand beyond Qatar and tap into new markets.

Another aspect of our involvement in achieving the goals of QNV 2030 is our contribution to knowledge sharing. At QFC, we attract top international firms from various market sectors, and such businesses naturally bring with them a vast amount of knowledge and human capital to the country. This adds value to both the growth and prosperity of the local economy.

At the same time, we don't just look at foreign firms—we seek out local talent as well. In 2009, we established the Qatar Financial and Business Academy (QFBA), an entity fully committed to developing the business and finance skillsets of Qatar's youth.

Gulf Affairs: How has the QFC supported the development of the local private sector? And how has it facilitated opportunities for international firms to expand into the Middle East?

Al-Jaida: As part of our efforts to further develop the local private sector, we outlined a five-year roadmap that reaffirms our objective to license 1,000 firms and create 10,000 jobs by 2022. This goal, which we are confident we will achieve, will further contribute to the development of Qatar's private sector.

Since our inception, the QFC has played a key role in attracting some of the most influential companies across a broad range of industries. From professional services firms such as Bloomberg, Thomson Reuters and Oracle to global banking powerhouses like JPMorgan Chase, Deutsche Bank, Credit Suisse and Barclays.

Furthermore, our move to the region's newest and most integrated financial city will provide even more business opportunities. In turn, this will result in allowing us to become the Middle East, North Africa and South Asia's (MENASA) leading business and financial hub.

Last year, we launched the region's first series of international roadshows, and these were highly successful. This year, we are targeting even more cities to spread the word about our platform, our country and our multibillion-dollar investment program. We are confident that our roadshows serve as an additional channel to strengthen and develop bilateral and economic relations between Qatar and select cities.

Gulf Affairs: QFC was awarded Best Financial Center in the Middle East in 2013 and Best Financial Center in the GCC in 2015 by Global Investor Magazine. What separates QFC from other financial hubs in the region?

Al-Jaida: The answer is simple: We offer firms advantages that other regional centers simply do not. We also offer firms entry into a market that is not saturated and is continuously growing. Qatar's market strength and stability make it an ideal location for businesses looking to expand to the Middle East, Africa and Asia.

Unlike other regional platforms, QFC also allows firms to operate freely in Qatar, in any currency, and these companies benefit from an unrivaled tax-friendly regime. Firms that operate in QFC also benefit from a regulatory environment that conforms to international best practices and features an independent court with judgments enforced by the State of Qatar, regulatory tribunals and dispute-resolution centers.

Gulf Affairs: Which sectors benefit the most from QFC? Where do you see the greatest potential for growth over the next few years?

Al-Jaida: QFC is instrumental in opening up Qatar's private sector and exhibiting the "best in breed" of a huge variety of businesses. For example, we attracted some of the world's biggest management consultancies as well as various professional service firms that are relatively new to the region.

As a result of licensing these firms, the local market has benefited from the knowledge and expertise they bring. This will circulate throughout the economy and inspire both local youth and industry veterans to start their own ventures and widen their aspirations to create jobs rather than simply to look for them.

As for growth areas, declining oil prices have proven to be an opportunity for the non-hydrocarbon sector. The building and construction industries have directly benefited from diversification plans, contributing an estimated 2.2 percent to non-hydrocarbon GDP growth. Meanwhile, rapid population growth generated strong demand for services such as finance, insurance, real estate, trade, hospitality and government services. In particular, services were the largest contributor to non-hydrocarbon GDP growth, adding an estimated 5 percent.

Over the next few years, we expect both the non-hydrocarbon sector and private sector to continue to contribute to Qatar's growth. We expect to see more financial consultancies, management consultancies and professional services set up shop here.

Gulf Affairs: How do you see low oil prices and associated fiscal reforms impacting the business environment in Qatar?

Al-Jaida: At a time when many countries face uncertain economic conditions, Qatar's economy remains stable. This is the result of a few factors: the large budget surpluses accumulated over the past five years, the comparatively low per barrel oil price used for budget forecasts and an era of fiscal discipline beginning in 2013 (when H. H. Sheikh Tamim became emir in 2013) that predated the oil price drop. Investment in infrastructure and economic diversification in Qatar is continuing as a result, and the government has not announced any plans to curb spending in these areas.

Naturally, government spending creates a wider range of funding and investment opportunities for the private sector—including project finance, professional services and bond and *sukuk* issuance. The demand is still there and we are witnessing growing interest from foreign firms in the health, education, technology, infrastructure, private banking and wealth management sectors.

It is important to note that while other oil-exporting countries in the Middle East and North Africa have recorded an average growth rate of 2.4 percent, Qatar's GDP grew by about 3 percent despite the oil price drop. This serves as proof of Qatar's efforts to diversify away from the hydrocarbon sector.

Moreover, this growth has been coupled with global rating agencies expressing continued high level confidence in Qatar's economy. Most recently, the S&P gave Qatar a AA long-term and a A-1+ short-term rating. As well, the global credit rating agency Capital Intelligence (CI) expressed confidence in both Qatar's long-term foreign and local currency with a AA- rating. CI also upgraded its outlook from "negative" to "stable" as a result of Qatar's economic resilience amid low hydrocarbon prices. This can be seen in the continuation of positive economic growth and the maintenance of comfortable fiscal and external buffers.

Gulf Affairs: In 2016, Qatar issued a record $9 billion in bonds. What can you tell us about the country's development in the debt market?

Al-Jaida: Both Qatar's minister of finance and QFC's chairman, H.E. Ali Sherif Al-Emadi, announced earlier this year that we are unlikely to see Qatar issue debt in 2017 given that oil prices are close to break-even. Personally, I also do not anticipate that Qatar will tap into the debt market this year.

In any case, the fact that Qatar was able to issue debt bonds of this magnitude is indeed impressive. It shows that international markets still have an appetite for high-quality papers from the region. While it is true that the issuance was the largest in the region at the time, it is important to note that these were different times that required significant measures.

This year, Qatar's fiscal deficit is projected to fall to 5 percent of GDP, or $8.7 billion. Forecasts suggest the deficit will shrink further through 2019 due to increasing hydrocarbon receipts and the ongoing consolidation of current spending.

It is also important to restate the QIA's buffer both in terms of the size of its assets and the investment income it provides. QIA's assets currently stand at $335 billion, and can be drawn upon to finance any hypothetical deficits in the future.

Gulf Affairs: In the near future, what's the outlook for initial public offerings (IPOs) in Qatar?

Al-Jaida: In a major milestone, 2016 saw the QFC-licensed Qatar First Bank become the first listing on the Qatar Stock Exchange. Looking forward, around eight QFC-licensed companies have already expressed their interest to publicly list their shares. We also expect to list two exchange-traded funds this year, one conventional and another Islamic.

On a more regional level, we expect corporations and institutions to wait for better macroeconomic data before entering the market. Corporate issuers would likely look for leadership from larger firms to confirm positive trends for flotation. Many are eyeing the much-anticipated IPO of Aramco, which should provide much-needed confidence for businesses in the region.