

Short-term political risk: Uruguay upgraded, Qatar and Suriname downgraded | Credendo

In the framework of its regular review of short-term (ST) political risk, Credendo has upgraded one country and downgraded two countries.

Upgrades	From	To
Uruguay	3	2
Downgrades From To		
Qatar	4	5
Suriname	4	5

- **Qatar: downgrade from 4/7 to 5/7**

Qatar is being significantly affected by the conflict in the Middle East, with deep and potentially lasting economic repercussions, as the conflict is impacting vital economic sectors, in particular the energy sector. Since all Qatar’s LNG shipments transit through the Strait of Hormuz, the blockade is disrupting the country’s gas exports, resulting in major revenue losses. Moreover, QatarEnergy, the country’s national oil and gas company, declared force majeure earlier in March amid heightened security risks. On 18 March, Iran attacked the Ras Laffan gas facility, causing significant damage and exacerbating the already existing challenges. According to the authorities, the attack has impacted around 20% of Qatar’s LNG export capacity, with repairs expected to take between three to five years. The damage to gas facilities and disruption of exports represent a major shock for Qatar, given the country’s heavy reliance on the gas sector.

Near-term security risks remain significant, as the conflict’s outlook is fluid and unpredictable with risks of further escalation. If the conflict persists and/or additional energy facilities are damaged, the current disruptions to gas production and export will weigh significantly on economic prospects, impacting both the hydrocarbon and non-hydrocarbon sectors. Moreover, damage on gas infrastructure could undermine Qatar’s medium-term growth strategy, which had been centred on expanding gas production capacity. Other vulnerabilities stem from risks to the country’s role as a global transport hub and from potential financial sector pressures. On a positive note, the moderate debt levels, large foreign exchange reserves and sovereign wealth assets provide buffers to mitigate the current shocks.

In this context, Credendo decided to downgrade Qatar from category 4/7 to 5/7 amid increased economic and security risks as a result of the conflict in the Middle East.