

QATAR

Table 1	2023
Population, million	3.0
GDP, current US\$ billion	227.5
GDP per capita, current US\$	76699.8
School enrollment, primary (% gross) ^a	102.1
Life expectancy at birth, years ^a	79.3
Total GHG emissions (mtCO ₂ e)	130.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ WDI for School enrollment (2020); Life expectancy (2021).

Notwithstanding its large hydrocarbon resources and associated liquefied natural gas (LNG) revenues, Qatar is pursuing a long-term strategy focused on economic diversification. Growth in tourism, new infrastructure projects, and the launch of the Third National Development Strategy (NDS3) are expected to support the economy. Nevertheless, the hydrocarbon sector continues to play a major role, as external and fiscal surpluses remain contingent on LNG exports and will—in the medium term—be aided by the North Field LNG expansion. Key risks include further escalation of geopolitical tensions and fluctuating energy prices.

Key conditions and challenges

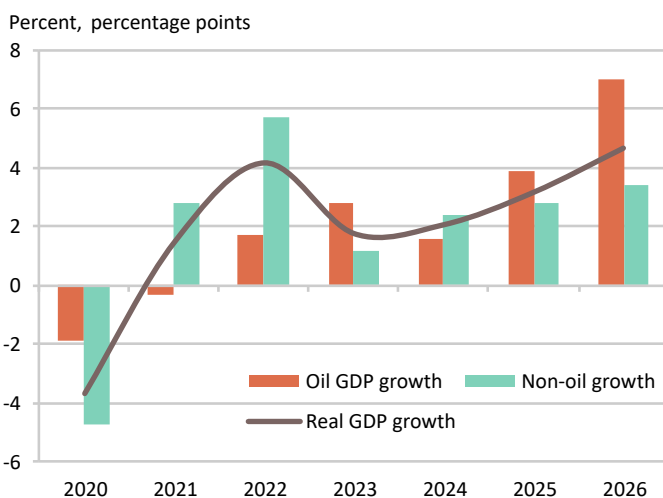
In January 2024, Qatar launched the Third National Development Strategy (NDS3) 2024-2030, the final stage toward achieving Vision 2030. This strategy aims to accelerate economic diversification, expand North Field LNG production, and position Qatar as a top destination for investors. Qatar's diversification efforts have been ongoing for many years, culminating in the recent success of receiving more than four million visitors in 2023, surpassing the annual visitor numbers of the previous five years. This positive momentum continues in 2024, with a record high of 702,800 visitors in January. The positive trend in tourism has stimulated other sectors, with strong backward linkages evident in the 15 percent growth of the hospitality sector in H12023, making it the fastest-growing sector. Additionally, the transportation and entertainment sectors experienced 9 percent and 6 percent growth respectively. Post-World Cup, the fiscal space generated from oil and gas revenues is being channeled towards investments in human capital, research and development, and the private sector to further diversify the economy. The Qatar Investment Authority (QIA), ranked as the tenth largest Sovereign Wealth Fund (SWF) globally, plans to invest over US\$1 billion in international and regional venture capital funds in 2024, with a focus on the technology and healthcare sectors,

showcasing Qatar's commitment to long-term economic growth and diversification. However, challenges remain. Gas production and prices continue to be key determinants of fiscal and external accounts balances. More recently, these risks have been compounded by the potential impact of the conflict in the Middle East on energy price volatility, as well as its impact on incoming tourism and investment in the region. Recent Houthi attacks on the Red Sea shipping routes risk also affecting the European demand for Qatari gas in the near term, while Qatar's growing dependence on China as a key trading partner—China was Qatar's largest LNG buyer in 2022, accounting for 21.7 percent of Qatar's exports—raises concerns about the country's vulnerability to potential economic downturns in China.

Recent developments

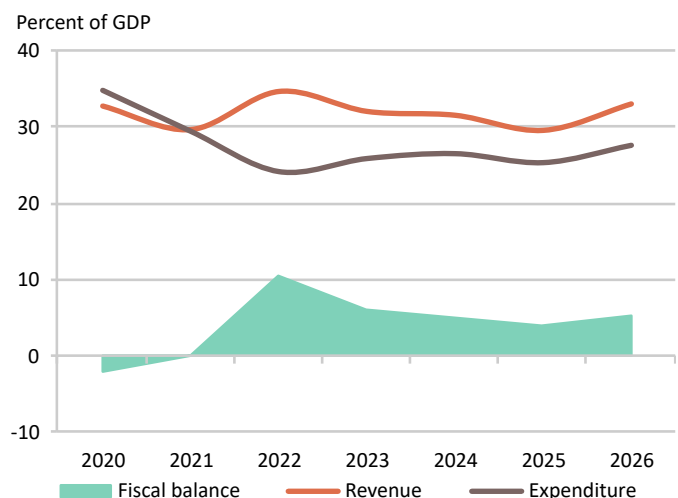
Following a significant 4.2 percent growth in 2022, driven primarily by hosting the FIFA World Cup, the economy has exhibited modest growth in year 2023, reaching 1.6 percent year-on-year (y-o-y) in H12023, driven mainly by hydrocarbon sector growth (3.2 percent) and, to a much lesser extent, non-hydrocarbon sectors growth (0.6 percent). The latter was supported by new infrastructure projects and a vibrant tourism sector post-World Cup. The PMI – which reflects private sector activity – remained expansionary except for December but suggests an overall modest growth in 2023. In the

FIGURE 1 Qatar / Annual real GDP growth



Source: World Bank.

FIGURE 2 Qatar / Fiscal balance



Source: World Bank.

hydrocarbon sector, commitment towards Asian and European countries are maintained through the signing by QatarEnergy of new 10-year supply agreements, thereby providing a solid, long-term base for the expansion of gas exports despite the risks of reduced European appetite for Qatari gas in the near term triggered by recent Houthi attacks on Red Sea shipping routes. Inflation remained subdued, reaching 3.1 percent in 2023 down from its 2022 peak of 5 percent, helped by lower commodity prices and a strong Qatari riyal, reflecting the peg to the US dollar. The Qatar Central Bank (QCB) kept interest rates unchanged at 6 percent since July 2023, aligning with the US Federal Reserve.

Sizeable fiscal surpluses continued to be achieved (7.7 percent of GDP in H12023), supported by the relatively elevated hydrocarbon prices and a fall in public spending after the World Cup. The current account balance narrowed from US\$11.7 billion in Q1 to US\$9.4 billion in Q3, primarily due to a smaller merchandise trade surplus and lower energy prices, as natural gas prices fell from US\$20/mmbtu in January 2023 to US\$11/mmbtu in September 2023. However, the surplus remains ample, supported by

continued tourist influx. International reserves and foreign currency liquidity remain strong, reaching QAR 246 billion (USD 67.6 billion) in January 2024.

The latest ILO estimates indicate that key labor market indicators are expected to remain stable through 2024. The labor force participation rate (15+) is projected to remain at 88.9 percent in 2024 (equal to the revised estimates for 2023), and the employment-to-population ratio is estimated to remain at 88.8 percent for the year. The unemployment rate is projected to remain stable at 0.1 percent in 2024, with higher rates among women and among young people. Women aged 15-24 were estimated to experience the highest unemployment rate, around 1.7 percent in 2024.

Outlook

Real GDP growth is projected to strengthen marginally in 2024 but remain modest at 2.1 percent. Non-oil growth will continue to be robust at 2.4 percent, driven by a growing tourism sector. Qatar's state-of-the-art infrastructure will allow the country to reap the benefits

through the hosting of several major global events in 2024. The hydrocarbon sector is expected to decelerate to a 1.6 percent growth in 2024, affected by capacity constraints. Yet, a major boost is anticipated for the period Q42025 to 2027, with the North Field expansion project coming online. Consumer price growth is projected to decelerate to 2.1 percent, contained by the tight monetary policy.

Despite further moderation in global energy prices, the fiscal and current account balances are projected to remain in surplus for the coming years. The fiscal surplus is however anticipated to narrow to 4.9 percent of GDP in 2024, as income from oil and gas accounts for around 80 percent of government revenue. The much-delayed introduction of value-added tax (VAT), assuming to take place in 2025, will offset some of the declines in hydrocarbon revenue and support strengthen the fiscal surplus, notwithstanding a potential one-off impact on economic activity.

The current account surplus is also expected to narrow in the short-medium term, but remains strong at 13.3 percent in 2024, supported by energy and services (tourism) exports.

TABLE 2 Qatar / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.6	4.2	1.8	2.1	3.2	4.7
Private consumption	3.4	5.2	2.7	3.5	3.5	3.4
Government consumption	2.8	4.1	1.2	1.5	2.4	2.3
Gross fixed capital investment	2.3	3.1	2.1	2.2	2.3	2.3
Exports, goods and services	2.4	4.7	2.4	2.7	4.2	6.5
Imports, goods and services	4.7	6.5	4.5	4.7	3.9	4.0
Real GDP growth, at constant factor prices	1.6	4.2	1.8	2.1	3.2	4.7
Agriculture	0.5	7.7	2.4	2.1	2.9	2.9
Industry	0.7	5.2	2.2	2.5	3.1	6.0
Services	3.5	2.0	0.9	1.4	3.4	1.8
Inflation (consumer price index)	2.3	5.0	3.1	2.1	1.9	1.9
Current account balance (% of GDP)	14.7	26.6	16.1	13.3	12.3	13.2
Net foreign direct investment inflow (% of GDP)	-0.7	-1.0	-0.5	-0.8	-0.6	-0.6
Fiscal balance (% of GDP)	0.2	10.4	6.1	4.9	4.1	5.4
Revenues (% of GDP)	29.6	34.6	32.0	31.5	29.5	33.0
Debt (% of GDP)	58.4	42.4	41.4	39.2	38.5	36.2
Primary balance (% of GDP)	1.9	11.6	7.2	6.2	5.2	6.4
GHG emissions growth (mtCO2e)	3.9	4.3	0.9	2.2	3.3	4.3
Energy related GHG emissions (% of total)	71.9	73.0	73.1	73.6	74.3	75.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.