

QATAR

Table 1 **2023**

Population, million	3.1
GDP, current US\$ billion	213.0
GDP per capita, current US\$	69542.5
School enrollment, primary (% gross) ^a	102.1
Life expectancy at birth, years ^a	81.6
Total GHG emissions (mtCO ₂ e)	125.4

Source: WDI, Macro Poverty Outlook, and official data.
 a/ WDI for School enrollment (2020); Life expectancy (2022).

Qatar's non-hydrocarbons sector continues to spearhead diversification efforts, bolstered by the implementation of the Third National Development Strategy (NDS3) and the promotion of services, including tourism and knowledge-based sectors. Nevertheless, economic growth is expected to be modest in 2024-25, affected by the hydrocarbon output that is expected to remain stagnant until a significant liquefied natural gas (LNG) expansion in 2026. External and fiscal surpluses are projected to persist in the medium term, supported by the North Field LNG expansion. Key challenges emanate from the escalating geopolitical tensions and volatile energy prices.

Key conditions and challenges

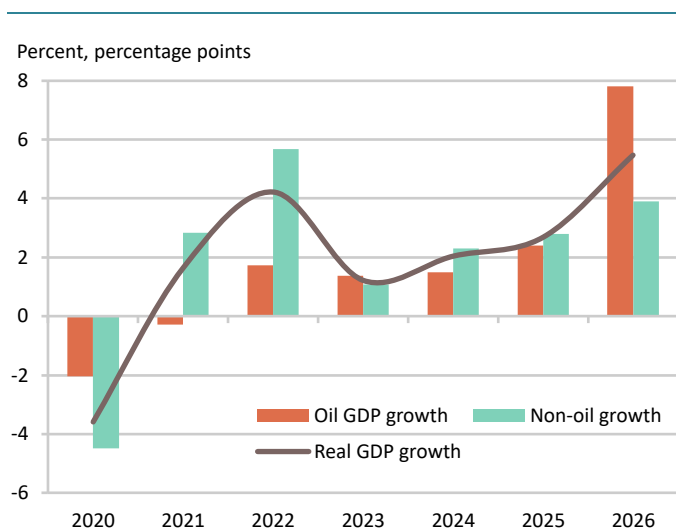
A rapidly expanding non-hydrocarbons sector underscores Qatar's commitment to long-term economic diversification, supported by the Third National Development Strategy (NDS3) launched in January 2024 to accelerate progress toward Qatar National Vision 2030. Tourism plays a pivotal role in this diversification, with a rapid annual increase in visitor numbers. Additionally, Qatar is prioritizing the information technology sector, targeting a 50 percent growth by 2024, supported by near-comprehensive broadband and 5G coverage. The imminent launch of the National Health Strategy 2024-2030 will further reinforce the goals of NDS3. The Qatar Investment Authority (QIA), the world's eighth-largest sovereign wealth fund, is expanding investments in technology, healthcare, aerospace, and energy transition while shifting focus to India, China, and Southeast Asia, driven by Asia's strong growth projections for 2024.

However, challenges persist, including volatile hydrocarbon prices, geopolitical tensions, and risks associated with growing reliance on China as a principal trade partner, which could expose Qatar to economic disruptions if China's economy weakens.

Recent developments

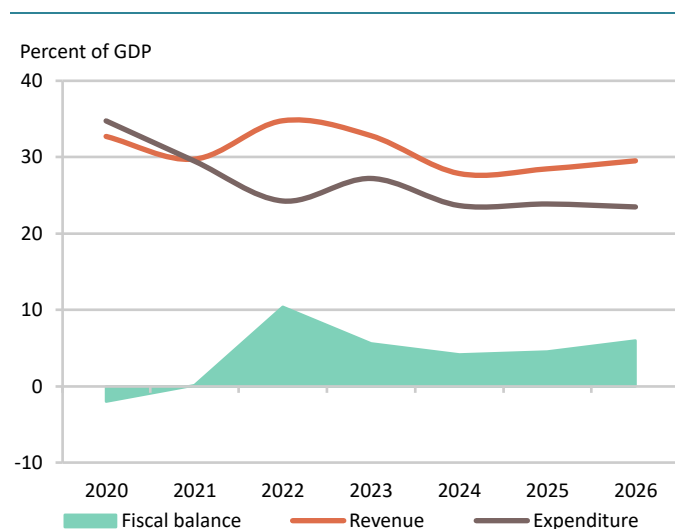
Economic growth in Qatar has remained muted following the fading impact of the 2022 FIFA World Cup, with a 1.2 percent increase in 2023. The hydrocarbon sector expanded by 1.4 percent, while the non-hydrocarbon sector grew by 1.1 percent, with notable gains in transportation, accommodation, and food services, highlighting the lasting benefits of the World Cup on tourism. High-frequency data indicates a strong start for non-hydrocarbon activities in 2024, with the PMI reaching 55.9 in June—the highest since July 2022—underpinned by a thriving tourism sector. Bolstered by the AFC Asian Cup, visitor numbers surged by 28 percent in the first half of 2024, reaching 2.6 million in H1-2024. A simplified visa regime and diverse offerings also contributed to Qatar's record-high tourist numbers. Additionally, Qatar has expressed its intention to bid for the 2036 Summer Olympic Games, reinforcing its global sporting ambitions. In the hydrocarbon sector, despite global challenges in the natural gas market due to disruptions from shipping attacks in the Red Sea and the ongoing Russia-Ukraine conflict, Qatar's LNG production expansion is expected to yield long-term benefits. Qatar has secured offtake agreements with firms in Germany, France, and Italy, with several contracts extending to mid-century. Additionally, Qatar is forging new trade relations with growth markets in East and South Asia, exemplified by two new 10-year naphtha supply agreements with

FIGURE 1 Qatar / Annual real GDP growth



Source: World Bank.

FIGURE 2 Qatar / Fiscal balance



Source: World Bank.

Japan and India signed in June 2024. Inflation has decelerated to 1.5 percent in H1-2024, the lowest since 2020, supported by government subsidies, the delayed impact of past interest rate hikes, and lower global food prices.

Lower global LNG prices resulted in a shrinking fiscal surplus as oil and gas revenue dropped by 15 percent y-o-y in H1-2024, coupled with lower non-oil receipts. However, the large influx of tourists continues to boost services export revenues, resulting in a slightly wider current account balance from US\$7 billion in Q4 2023 to US\$9.4 billion in Q1 2024. International reserves and foreign currency liquidity remain robust, reaching QAR 252.3 billion (US\$69.3 billion) in August 2024—covering 15.5 months of imports and growing by 4 percent compared to August 2023.

Key labor market indicators remained stable in 2023 relative to 2022: the unemployment rate was stable at 0.13 percent and the employment-to-population ratio at 88.7 percent with modest improvement among both men and women (ILO). In 2024, total employment is projected to increase by 1 percent relative to 2023 on

average, with the largest growth expected to take place among women (2.4 percent compared with 0.8 percent among men). The total number of unemployed is also expected to rise by 4.5 percent in 2024 and to reach 0.134 percent as a share of the labor force. The overall increase is ascribable to the dynamic projected for women that will further contribute to widen the gender gap, particularly among the youth.

Outlook

Economic growth in Qatar is expected to be subdued in 2024-25 as output in the hydrocarbons sector remains flat ahead of a planned major (85 percent) expansion in LNG production by 2026. This expansion is set to reestablish Qatar as the world's leading LNG producer, making the energy sector a key long-term growth driver. Real GDP growth in Qatar is expected to strengthen slightly, to an average of 2.4 percent in 2024-25, until it jumps to 5.5 percent in 2026, primarily on account of the increased gas capacity. Non-hydrocarbon growth is projected to stay strong

at 2.3 percent in 2024, supported by new infrastructure projects, an expanding manufacturing sector, and a rapidly growing tourism industry. The hydrocarbon sector is expected to remain at 1.5 percent in 2024 due to capacity constraints, but a significant boost is anticipated between Q4 2025 and 2027 with the North Field expansion. Inflation is expected to remain stable at around 1.6 percent in 2024-25, contained by generous fuel and food subsidies, cheaper imports, and monetary tightening. Despite further moderation in global energy prices, Qatar's fiscal and current account balances are expected to remain in surplus over the coming years. The fiscal surplus is projected to narrow to 4.4 percent of GDP in 2024-25, influenced by capacity constraints in LNG production and declining energy prices. The long-delayed implementation of value-added tax (VAT), anticipated in 2025, can help mitigate some reductions in hydrocarbon revenues and support fiscal stability. Similarly, the current account surplus is expected to narrow in the short to medium term but should remain robust at 14.5 percent in 2024, buoyed by strong energy and services (tourism) exports.

TABLE 2 Qatar / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023	2024e	2025f	2026f
Real GDP growth, at constant market prices	1.6	4.2	1.2	2.0	2.7	5.5
Private consumption	3.4	5.2	1.8	3.5	3.5	4.3
Government consumption	2.8	4.1	1.2	1.2	1.8	2.3
Gross fixed capital investment	2.3	3.1	1.4	2.2	2.1	2.4
Exports, goods and services	2.4	4.7	2.0	2.7	3.6	7.2
Imports, goods and services	4.7	6.5	4.1	4.7	3.9	3.8
Real GDP growth, at constant factor prices	1.6	4.2	1.2	2.0	2.7	5.5
Agriculture	0.5	6.7	1.5	2.1	2.4	2.9
Industry	0.7	4.2	1.2	2.0	3.3	7.0
Services	3.5	4.1	1.3	2.0	1.3	2.4
Inflation (consumer price index)	2.3	5.0	3.1	1.3	1.9	1.9
Current account balance (% of GDP)	14.6	26.8	17.1	14.5	14.1	15.5
Net foreign direct investment inflow (% of GDP)	-0.7	-1.0	-0.1	-0.7	-0.6	-0.5
Fiscal balance (% of GDP)	0.2	10.4	5.6	4.2	4.6	6.0
Revenues (% of GDP)	29.7	34.7	32.8	27.8	28.5	29.5
Debt (% of GDP)	58.6	42.5	44.2	37.1	35.7	32.2
Primary balance (% of GDP)	1.5	11.7	6.9	5.3	5.7	7.1
GHG emissions growth (mtCO₂e)	1.4	3.3	0.9	1.9	2.2	4.0
Energy related GHG emissions (% of total)	71.1	71.9	72.1	72.6	73.2	74.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.