

World's No.1 exporter of liquefied natural gas (LNG)

General Information



GDP	USD211.817bn (World ranking 50, World Bank 2014)
Population	2.27mn (World ranking 142, World Bank 2014)
Form of state	Emirate
Head of government	HH Sheikh Abdullah bin Nasser bin Khalifa Al Thani
Next elections	None



Strengths

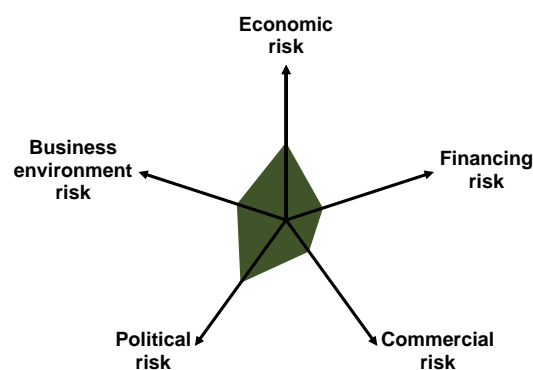
- Unlike elsewhere in the region, leadership has been passed to a younger generation, providing a degree of popular support in the ST.
- U.S. military support affords some regional protection.
- Large reserves of hydrocarbons, including the world's third-largest proven reserves of natural gas (after Iran and Russia).
- Long-term development strategy that has accelerated diversification away from upstream oil and gas.
- Still high rates of GDP growth (>5%).
- Fiscal and current account surpluses.
- Large foreign asset base, including Sovereign Wealth Fund of USD256 bn.

Weaknesses

- Regional instability (including Iraq and Syria) and uncertainties (including Iran) impact on perceptions of risk.
- U.S. military bases and the country's oil and gas facilities are potential targets for terrorist or extremist groups.
- Despite the active policy of economic diversification, the economy relies heavily on hydrocarbons and this leaves it vulnerable to changes in levels of global activity and in international commodity prices.
- Data transparency remains weak for an economy of its size and strategic importance.

Country Rating

BB1



Source: Euler Hermes

Trade structure

By destination/origin (% of total)

Exports	Rank	Imports
Japan	28% 1	9% United States
Korea, Republic of	20% 2	8% China
India	13% 3	7% Japan
Singapore	6% 4	7% United Arab Emirates
China	6% 5	5% Germany

By product (% of total)

Exports	Rank	Imports
Gas, natural and manufactured	53% 1	12% Road vehicles
Petroleum, petroleum products	38% 2	6% Other industrial machinery and
Plastics in primary forms	2% 3	6% Electrical machinery, apparatus and appliances, n.e.s.
Organic chemicals	1% 4	4% Iron and steel

Source: UNCTAD

GDP growth will remain high

After a rapid gas sector-led expansion (including real GDP growth of +26% in 2006) the economy slowed. Annual gas output appears to have reached a plateau at around 175 bn cubic metres, compared with 77 bn in 2008. With the onset of a period of weaker international energy prices, the economy is now more dependent on the non-hydrocarbon sector. In that respect, growth will continue at a still vibrant level, particularly as construction and transport continue to be spurred by preparations for Qatar to host the 2022 FIFA World Cup. In addition, the country's development plan (over USD100 bn) also includes publicly-funded projects for a national railway system, new international airport, new port and hotels and other associated requirements to host a major international event. Although some projects may now be delayed because of current weaker oil and gas prices (and concerns about the World Cup), EH expects GDP growth will be +5% in 2015 and +6.5% in 2016. Recent discoveries of untapped gas fields suggest continuing high GDP growth rates beyond the forecast period.

Large financial assets

Qatar has a substantial asset base on which to draw if support is needed, with ample internal and external financial surpluses, including a large foreign-asset position. The sovereign wealth fund, Qatar Investment Authority, is estimated to control assets of around USD256 bn.

EH does not expect the exchange rate regime to change in the forecast period to end-2016, with the fixed peg of QAR3.64 = USD1 throughout. Progress towards a full Gulf monetary union has been limited and EH does not envisage the introduction of an effective GCC single currency in this period.

External accounts will remain sound

Export trade is focused on Asia (over 70% of goods shipped out of the country) where economies, to date, have been generally stronger. In addition, demand for energy sources (gas and oil account for over 90% of exports) is relatively inelastic and gas shipments are contracted over lengthy periods.

The current account surpluses in 2012 and 2013 were equivalent to over +30% of GDP. EH expects the current account surpluses will decline over the forecast period but remain strongly positive (+9% of GDP in 2015 and +7% in 2016). FX reserves are currently around USD38 bn and provide an import cover of over six months. In addition, the country controls a substantial sovereign wealth fund (see above).

The external debt service ratio on existing obligations is around 7% of export receipts. As a result, external payments of debt obligations (and, by association, settlement of trade payments) are unlikely to be problematic.

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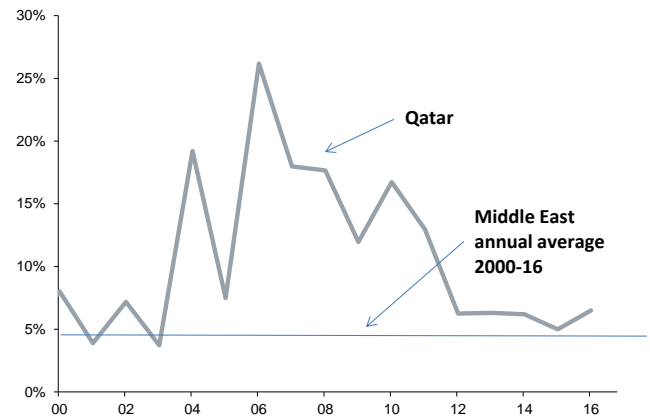
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Key economic forecasts

	2013	2014	2015f	2016f
GDP growth (% change)	6.3	6.2	5.0	6.5
Inflation (% end-year)	2.7	2.7	1.8	2.5
Fiscal balance (% of GDP)	15.5	9.5	5.0	4.5
Public debt (% of GDP)	32.4	30.7	32.0	31.5
Current account (% of GDP)	31.0	26.1	9.0	7.0
External debt (% of GDP)	37.0	38.8	40.5	38.5

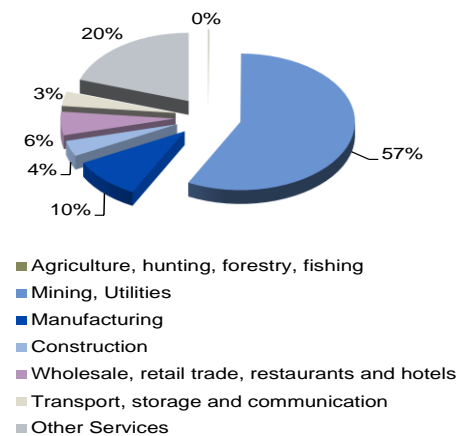
Sources: IHS, national sources, Euler Hermes

GDP Profile (% growth)



Sources: IHS, national sources, Euler Hermes

GDP Breakdown



Sources: UNCTAD