INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/47

QATAR

2024 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR QATAR

February 2025

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2024 Article IV consultation with Qatar, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its January 27, 2025, consideration of the staff report that concluded the Article IV consultation with Qatar.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on January 27, 2025, following discussions that ended on November 21, 2024, with the officials of Qatar on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 8, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Qatar.

The documents listed below will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org

International Monetary Fund
Washington, D.C.

IMF Executive Board Concludes the 2024 Article IV Consultation with Qatar

FOR IMMEDIATE RELEASE

Washington, DC – **February 11, 2025:** On January 27, 2025, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation[1] with Qatar.

Growth normalization after the 2022 FIFA World Cup continued, with signs of strengthening activities more recently. Real GDP growth is projected to improve gradually to 2 percent in 2024–25 supported by public investment, spillovers from the ongoing LNG expansion project, and strong tourism. Medium-term growth is expected to accelerate to 4¾ percent on average, boosted by the significant LNG production expansion and initial gains from implementing reforms guided by the Third National Development Strategy (NDS3). Headline inflation will likely ease to 1 percent in 2024 and converge to around 2 percent over the medium term.

With lower hydrocarbon prices, both the current account and fiscal surpluses narrowed in 2023, to 17 percent of GDP and 5½ percent of GDP, respectively. The twin surpluses moderated further in 2024. Over the medium, as Qatar's LNG production expands massively, both the current and fiscal accounts will likely remain in surpluses, albeit declining as a share of GDP, as hydrocarbon prices are projected to fall.

Banks are well-capitalized, liquid, and profitable, with the capital adequacy ratio of close to 20 percent and return on equity of 14½ percent, respectively, in the third quarter of 2024. Since the implementation of QCB measures to reduce banks' net short-term foreign liabilities, banks' non-resident deposits declined significantly, and banks have lengthened the average maturity and diversified further the sources of foreign funding. The sector-wide NPL ratio remained broadly unchanged at slightly below 4 percent and the provisioning coverage ratio is relatively high at above 80 percent.

Qatar has started to implement the ambitious Third National Development Strategy (NDS3) to build a more diversified, knowledge-based and private sector-driven economy. Guided by NDS3, reform momentum has strengthened significantly, including to attract and retain high-skilled expatriate workers, foster innovation, promote public-private partnerships, and further improve the business efficiency. Qatar is well positioned to leverage digitalization and AI for productivity gains, and the nation's climate agenda is advancing.

Risks to the outlook are broadly balanced. Main downside risks stem from the global headwinds, including a sharper-than-expected global growth slowdown, increased volatility in global financial conditions and commodity prices, and further worsening of geopolitical tensions. The regional conflict has had limited impact on Qatar but adds further to the downside risks through lower tourism and capital inflows, and more volatile hydrocarbon

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

700 19th Street NW
Washington, DC 20431
USA

prices. Domestic downside risk stems mainly from further weaknesses in the real estate sector, although strong tourism and policy measures introduced in 2023 could mitigate the risk. Over the medium and long term, supply in the global natural gas market is expected to expand significantly, potentially putting downward pressure on prices. On the upside, sustained high hydrocarbon prices and accelerated NDS3 reforms would strengthen the outlook. However, if ambitious NDS3 initiatives lead to resource misallocation, both the public finance and growth prospect would be affected.

Executive Board Assessment[2]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Qatar's continued resilience to external shocks and its favorable medium-term outlook, driven by significant increases in LNG production and the reforms under the Third National Development Strategy. Directors agreed that maintaining prudent macroeconomic policies and accelerating reform efforts would further solidify macroeconomic stability and resilience to shocks while boosting prosperity.

Directors commended the authorities' commitment to continued fiscal prudence and called for accelerating fiscal reforms. They recommended adopting a medium-term fiscal anchor to help ensure intergenerational equity, and reiterated the need to accelerate revenue diversification, particularly by introducing the value-added tax. Directors highlighted the importance of improving spending efficiency and composition, particularly by enhancing public investment management. They welcomed the ongoing efforts to strengthen fiscal institutions and adopt a full-fledged medium-term fiscal framework with enhanced fiscal risk management.

Directors supported the authorities' efforts to maintain financial stability and deepen domestic financial markets, while encouraging them to consider undertaking a Financial Sector Assessment Program update. They welcomed the newly introduced risk-based supervision and recommended formalizing the financial safety net and continuing to adjust macroprudential policies to mitigate potential macro-financial risks. Directors encouraged the authorities to sustain their progress in fighting financial crimes.

Directors agreed that the exchange rate peg continues to serve Qatar well. They concurred that, as conditions allow, strengthening the operational framework would further enhance monetary policy transmission.

Directors supported the authorities' strategy to build a more diversified, private sector-led, and knowledge-based economy. They recommended fostering innovation and business efficiency and enhancing human capital by attracting and retaining more high-skilled expatriate workers, improving Qatari nationals' employment in the private sector, and further increasing female labor force participation. Directors agreed that aligning domestic energy prices with export prices would benefit public finances and support climate goals. They also encouraged the authorities to close remaining data gaps, with the help of IMF capacity development.

---

[2] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summing up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

Table 1. Qatar: Selected Macroeconomic Indicators, 2021–25

(Quota: 735.1 million SDRs, November 2024)
(Per capita income: U.S.$69,541, 2023)
(Life expectancy at birth: 81.6 years, 2022)
(Population: 3.1 million, 2023)

				Projections	
	2021	2022	2023	2024	2025
Production and prices			(percent change)		
Real GDP (2018 prices)	1.6	4.2	1.2	1.7	2.4
Hydrocarbon 1/	-0.3	1.7	1.4	1.4	3.0
Nonhydrocarbon	2.8	5.7	1.1	1.9	2.1
CPI inflation (average)	2.3	5.0	3.0	1.0	1.4
Public finances			(percent of GDP)		
Revenue	29.6	34.7	32.8	26.2	28.7
Expenditure	29.4	24.3	27.3	25.9	26.2
Current	18.3	15.6	17.5	17.2	17.5
Capital	11.1	8.8	9.7	8.7	8.7
Central government fiscal balance	0.2	10.4	5.6	0.3	2.5
Money			(percent change)		
Broad money	1.4	17.4	1.1	4.1	5.6
Credit to private sector	9.5	7.4	4.9	5.5	6.1
External sector			(percent of GDP unless otherwise noted)		
Exports	58.7	68.6	60.4	58.7	60.1
Imports	34.1	31.6	33.9	33.4	35.1
Current account balance	14.6	26.8	17.1	16.6	15.5
in billions of U.S. dollars	26.3	63.1	36.5	37.0	35.2
External debt	161.4	115.5	123.2	118.1	116.8
Central Bank's reserves	23.5	20.1	24.2	24.5	25.4
in months of next year's imports	6.6	7.7	8.1	8.0	7.9
Exchange rate (per U.S. dollar) 2/	3.6	3.6	3.6	3.6	3.6
Real effective exchange rate (percent change) 3/	-2.6	6.5	0.2	-0.5	...

Sources: Qatari authorities; and IMF staff estimates and projections.
1/ Includes crude oil, natural gas, propane, butane, and condensates.
2/ January 6, 2025
3/ November 2024.

INTERNATIONAL MONETARY FUND

QATAR

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION

January 8, 2025

KEY ISSUES

Context: Growth normalization after the 2022 FIFA World Cup continued with signs of activities strengthening more recently. Fiscal and external surpluses softened mainly due to lower hydrocarbon prices. Banks are healthy but pockets of vulnerabilities remain. Reform momentum has strengthened, guided by the Third National Development Strategy (NDS3).

Outlook and risks: Near-term growth is expected to strengthen gradually. The medium-term outlook is more favorable, bolstered by massive LNG production expansion and reform gains. Fiscal and external surpluses will likely remain but moderate. Qatar has so far been resilient to the regional conflict, with risks to the outlook being balanced overall. Qatar's strong policy buffers can help mitigate the impact of adverse shocks.

Fiscal policy: The authorities' commitment to continued fiscal prudence is welcome. The positive outlook provides an opportunity to accelerate revenue diversification including to introduce a value-added tax and broaden the corporate income tax, enhance spending efficiency and gradually align domestic energy prices with export prices, and reorient spending to enable private sector-driven growth. Adopting a full-fledged medium-term fiscal framework, anchored by the benchmark to ensure intergenerational equity, will enhance fiscal sustainability while securing priority spending. Greater fiscal transparency and risk management, including on Public-Private Partnerships, will support the strategy.

Monetary and financial sector policies: The currency peg continues to serve the country well. Efforts to strengthen liquidity management are welcome and should be guided by the recent IMF technical assistance. Continued diligence to safeguard financial stability and formalizing the financial safety net are critical. Promoting more stable domestic funding through market deepening initiatives would help reduce banks' exposure to short-term foreign funding. Strong efforts to improve AML/CFT effectiveness should continue.

Structural reforms: Successful NDS3 implementation requires proper reform prioritization and inter-agency coordination. Priorities include to enhance human capital and innovation, promote trade diversification and FDI (with domestic knowledge spillovers) and further improve business efficiency, especially access to finance. Qatar is well positioned to leverage digitalization and AI for productivity gains. Accelerating climate actions can strengthen sustainability and generate "green" growth. Policies targeting specific sectors or economic zones should be managed carefully. Statistics should continue to improve.