



KCCI - Country Wrap: Qatar (Aug.'17)

Qatar – a brief overview

Qatar is an independent state with significant oil and natural gas revenues. During the late 1980s and early 1990s, the Qatari economy was crippled by a continuous siphoning off of petroleum revenues. In 2001, Qatar resolved its longstanding border disputes with both Bahrain and Saudi Arabia. As of 2007, oil and natural gas revenues had enabled Qatar to attain the highest per capita income in the world. Qatar's international image is bolstered which has provided comprehensive coverage of the Near East and North African Arab revolutions. Additionally, Qatar played a significant role in the Libyan revolution by pressing the Gulf Cooperation Council and the Arab League to assist the Libyan rebel movement. In Jun'17 GCC countries Saudi Arabia, UAE, Bahrain, and Egypt abruptly cut off diplomatic relations with Qatar, citing violation of a 2014 agreement on various issues, thus triggering a sever diplomatic crisis in the region. The severing of relations includes withdrawal of ambassadors, and imposition of trade and travel bans, and all out efforts are being made to diffuse the situation.

Economy of Qatar

Qatar has prospered in the last several years with continued high real GDP growth. Throughout the financial crisis, Qatari authorities sought to protect the local banking sector with direct investments into domestic banks. The country's economic policy is focused on developing Qatar's non-associated natural gas reserves and increasing private and foreign investment in non-energy sectors, but oil and gas still account for more than 50% of GDP, roughly 85% of export earnings, and 70% of government revenues. Oil and gas have made Qatar one of the world's highest per-capita income country and the country with the lowest unemployment. Proved oil reserves in excess of 25Bn barrels should enable continued output at current levels for 57 years. Qatar's proved reserves of natural gas exceed 25 trillion cubic meters, more than 13% of the world total and third largest in the world. Qatar's successful 2022 World Cup bid is likely to accelerate large-scale infrastructure projects such as Qatar's metro system, light rail system, and the Qatar-Bahrain causeway.

Key Industries of Qatar

The key industries of Qatar includes Liquefied Natural Gas, crude oil production and refining, ammonia, fertilizers, petrochemicals, steel reinforcing bars, cement and commercial ship repair.

Economic Relations between Pakistan and Qatar

Pakistan and Qatar shares good bilateral relations as Pakistan has an embassy in Doha while Qatar maintains an embassy in Islamabad and a consulate-general in Karachi. Relations between the two are shaped by Pakistan's generally close relations with the Arab world. Like other nearby Gulf States, there is a large Pakistani community in Qatar which numbers over 50,000. They work in diverse fields and send remittances each year. During the 2010 Pakistan floods, Qatar provided timely assistance to the country. Other than this, Qatar had assured govt. of Pakistan regarding investments in energy sector and also would help for Free Trade Agreement (FTA) with the Gulf Cooperation Council (GCC).

Bilateral Trade Relations between Pakistan and Qatar

Both the countries have signed Bilateral Investment Treaty (BIT) and Double Taxation Treaty (DTT) in 2009. According to the State Bank of Pakistan, Pakistan's export of goods to Qatar decreased by 12% to \$ 52.62Mn during Fiscal Year 2016-17 as against exports of \$ 60Mn in FY15-16. The goods imported by Pakistan from Qatar has substantially increased in just one year to \$ 1,148Mn during FY17 from imports of \$ 346Mn in FY16 owing to high LNG imports. In 2016, Pakistan signed a deal with Qatar related to Liquefied Natural Gas (LNG) of worth \$ 16Bn for the span of 15 years on govt.- to - govt. basis in order to fulfil its energy demand that has kept the country in crises for years.

Potential for enhancing bilateral trade relations between Qatar & Pakistan

There is a sufficient trade potential that exists between the two countries. If Pakistan utilizes the Double Taxation Treaty (DTT) and Bilateral Investment Treaty (BIT) well, it can reap much more exports from Qatar in the textile sectors.

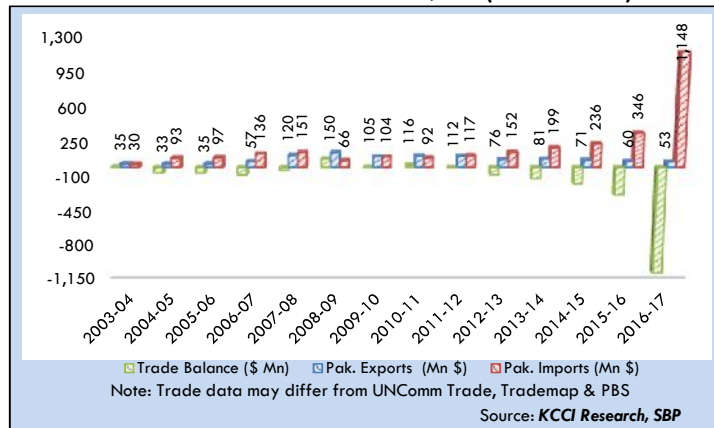
The food and agriculture sector are the lucrative sectors of Pakistan through which exports of vegetables, fresh products and rice to Qatar can be enhanced.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	326	335	2.64%
GDP per Capita	\$	134,600	129,700	-3.64%
GDP growth	%	3.70	2.60	-1.10%
Forex Reserves	\$ Bn	37.26	36.03	-3.30%
External Debt	\$ Bn	142	159	12.43%
Exports of Goods	\$ Bn	77.29	64.69	-16.3%
Imports of Goods	\$ Bn	28.50	33.76	18.46%
Trade Balance	\$ Bn	48.79	30.93	-36.6%
Current Account	\$ Bn	13.75	-3.48	-125%
FDI - at Home	\$ Bn	34.53	35.38	2.46%
FDI - at Abroad	\$ Bn	49.7	52.7	5.89%
CPI	%	7.00	3.80	-3.20%
Prime Lending Rate	%	4.93	4.50	-3.20%
Population	Mn	N/A	2.26	-
Unemployment	%	N/A	N/A	-
Literacy Rate	%	97.3	N/A	-

Sources: KCCI Research, CIA Factbook

Trade between Pakistan and Qatar (FY04 - FY17)



Qatar's Trade - Commodity Wise (2016)

Top 10 Exports Items (\$ Mn)	Top 10 Imports Items (\$ Mn)
Mineral fuels & oils 46,726	Aircraft, spacecraft, parts 5,055
Plastics & Articles 2,354	Machinery, mech. Apps 3,985
Aluminium & Articles 1,209	Vehicles other than railway 2,761
Fertilisers 1,105	Electrical mach., equip. 1,944
Organic chemicals 919	Commodities NES 1,340
Inorganic compounds 579	Pearls, stones, metals 1,164
Commodities NES 510	iron/steel Articles 987
Pearls, stones, metals 271	Furniture; bedding, mattresses 761
Salt; sulphur 198	Ores, slag and ash 490
Iron and steel 196	Plastics, articles thereof 488

Sources: KCCI Research, Trademap

Pakistan's Trade with Qatar - Commodity Wise (2016)

Top 10 Export Items (\$ Mn)	Top 10 Import Items (\$ Mn)
Cereals 19.89	Mineral fuels & oils 597.01
Edible veg., roots, tubers 5.26	Plastics and articles thereof 126.28
Machinery, mech. Apps 5.05	Fertilisers 14.94
Meat, edible meat offal 4.95	Electric Machinery & Equip. 12.65
Made-up textile articles 4.94	Misc. chemical products 12.13
Fish & crustaceans 3.41	Ships, boats and floating 4.42
Edible fruit & nuts 3.17	Organic chemicals 3.51
Leather Articles, Saddlery 2.10	Aluminium, articles thereof 0.95
Oil seeds, oleaginous fruits 2.06	Rubber, articles thereof 0.89
Knit Apparel & cloth Articles 1.46	Inorganic chemicals 0.38

Sources: KCCI Research, Trademap