

# QATAR

*Qatar's economy has been significantly affected by the conflict in the Middle East, including attacks on liquefied natural gas (LNG) infrastructure and disruptions to the Strait of Hormuz, the primary route for its hydrocarbon exports. The halt in LNG production and constrained trade flows are expected to drive a sharp contraction in 2026. While strong external buffers provide some resilience, risks to the near-term outlook are firmly tilted to the downside.*

## Key conditions and challenges

Qatar faces elevated risks from disruptions to its hydrocarbon sector and external trade routes. The hydrocarbon sector—accounting for about 80 percent of fiscal revenues and goods exports—relies almost entirely on maritime transit through the Strait of Hormuz, which remains largely nonfunctional as of March 2026. Limited LNG storage capacity, equivalent to only a few days of production, further constrains the ability to smooth export disruptions. Damage to the Ras Laffan LNG complex has reduced production capacity and contributed to volatility in global gas markets, reflecting Qatar's significant role as a supplier of around 20 percent of global LNG. At the same time, rising shipping and insurance costs are increasing import and production costs, while temporary airspace closures have disrupted aviation and tourism.

Notwithstanding these challenges, Qatar entered the crisis with strong macroeconomic fundamentals. Prior to the shock, economic activity was robust, inflation remained subdued, and the labor market was stable. Large external buffers—supported by hydrocarbon revenues and sovereign wealth assets—provide policy

Population <sup>1</sup> million	Poverty
3.2	..
Life expectancy at birth <sup>2</sup> years	School enrollment <sup>3</sup> primary (% gross)
82.4	94.2
GDP <sup>4</sup> current US\$, billion	GDP per capita <sup>5</sup> current US\$
223.2	69462.0

Sources: WDI, MFMMod, and official data. 1/ 2025. 2/ 2023. 3/ 2022. 4/ 2025. 5/ 2025.

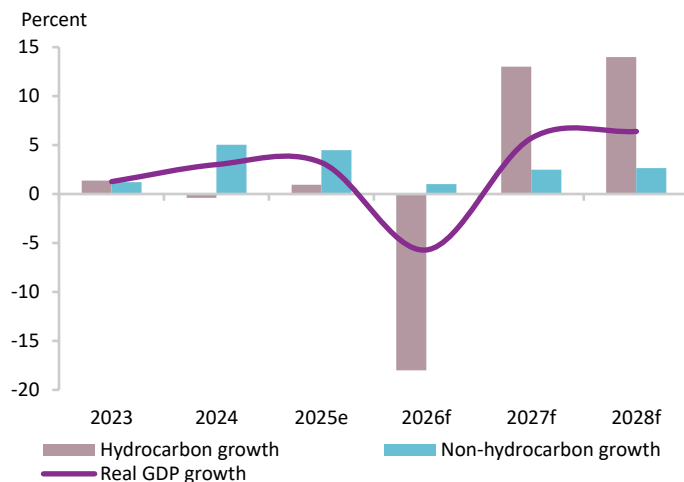
space to absorb part of the shock, helping to cushion near-term macroeconomic and financial pressures.

## Recent developments

The recent conflict in the Middle East has directly disrupted Qatar's hydrocarbon sector. Following the initial attack in early March 2026 and disruptions to the Strait of Hormuz, LNG operations have been halted as of end-March. Damage to key facilities at Ras Laffan has reduced export capacity by an estimated 17 percent, representing a medium-to-long-term shock, as full recovery is expected to take years. LNG expansion plans have been postponed to 2027. Ongoing shipping disruptions and security risks in the Strait of Hormuz continue to constrain exports, and even under improved conditions, restarting LNG operations may take weeks or months. Together with higher shipping and insurance costs, these factors have significantly weakened economic activity in 2026.

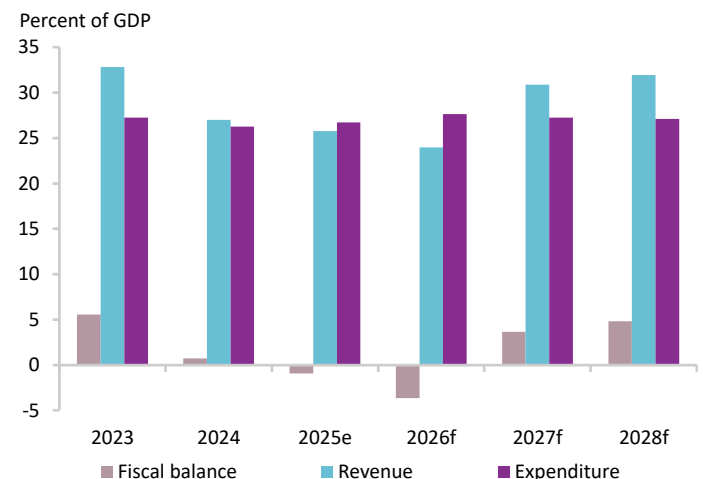
Prior to the conflict, economic conditions remained favorable, providing a strong starting point before the onset of the shock.

FIGURE 1 / Annual real GDP growth



Sources: National Planning Council and World Bank.

FIGURE 2 / Fiscal balance



Sources: Ministry of Finance and World Bank.

Real GDP growth in 2025 is estimated at 3.2 percent, with non-hydrocarbon sectors expanding by around 4.5 percent, supported by construction, trade, and financial services. Inflation declined to 0.5 percent in 2025, from 1.3 percent in 2024, reflecting easing housing costs and stable import prices.

Fiscal developments in 2025 reflected softer energy prices, which reduced hydrocarbon revenues by 1.3 percent. The decline was partly offset by stronger non-hydrocarbon revenues, including one-off corporate tax receipts. Meanwhile, government spending increased by 5.3 percent, driven by infrastructure and development outlays, resulting in an estimated fiscal deficit of about 1 percent of GDP. Against this backdrop, public debt remained relatively stable at around 40.9 percent of GDP. External balances also weakened in 2025, with the current account surplus narrowing to 15.4 percent of GDP in 2025 (from 17.5 percent in 2024), reflecting lower export prices and volumes.

Reflecting solid economic fundamentals, labor market conditions were also strong prior to the shock. Qatar's employment rate was around 88 percent in 2024, with substantially higher employment among non-Qataris (91.3 percent) than Qataris (54.7 percent). Most Qataris (82 percent) worked in the public sector or state-owned enterprises, while non-Qataris were predominantly employed in the private sector (93.3 percent). Youth employment rates were lower, largely reflecting labor-force inactivity rather than unemployment. Labor market conditions in Qatar remained strong in 2025, with unemployment rates remaining very low across all groups. This reflects the country's dual labor market structure, in which nationals are largely employed in the public sector, while labor demand for non-nationals adjusts flexibly in line with economic conditions through migration flows. However, the conflict could weaken labor-market conditions, particularly for non-Qatari workers.

## Outlook

The outlook has deteriorated markedly. Over the medium term, growth prospects remain anchored in LNG sector expansion, particularly the North Field East project. Spillovers are expected to support non-hydrocarbon sectors, including logistics, construction, and industrial services. Medium-term prospects remain cautiously positive, supported by large infrastructure projects that are expected to increase expansion capacity from 2027; however, heightened geopolitical uncertainty may delay investment or implementation.

Real GDP is projected to contract sharply in 2026, by 5.7 percent year-on-year, driven by a significant decline in hydrocarbon output and broader trade disruptions. Industrial activity is expected to account for most of the contraction, while non-hydrocarbon sectors remain positive but at a slower pace. Higher shipping and insurance costs are projected to raise import prices, contributing to inflationary pressures, at least over the short term, particularly affecting lower-income and migrant households. The fiscal deficit is expected to widen, and the current account surplus is expected to continue narrowing.

The outlook remains subject to significant downside risks, largely reflecting uncertainty around the duration and intensity of the conflict. A prolonged disruption, further damage to key facilities, or delays in restoring production capacity could slow the recovery, particularly given the importance of large-scale energy and infrastructure projects to Qatar's growth trajectory. Continued geopolitical tensions may also weigh on investor confidence and delay project implementation. While higher LNG prices could partly offset losses in export volumes, strengthening resilience over the medium term will depend on sustaining reform momentum and advancing diversification efforts to support more broad-based growth.

### Recent history and projections

	2023	2024	2025e	2026f	2027f	2028f
<b>Real GDP growth, at constant market prices</b>	1.2	3.0	3.2	-5.7	5.7	6.4
<b>Real GDP growth, at constant factor prices</b>	1.3	3.0	3.2	-5.7	5.7	6.4
Agriculture	5.4	1.0	9.8	5.8	4.8	4.7
Industry	0.3	1.6	2.2	-10.5	8.4	7.9
Services	2.5	4.9	4.4	0.3	2.6	4.5
<b>Employment rate (% of working-age population, 15 years+)</b>	87.6	87.8	87.9	87.5	87.7	87.9
<b>Inflation (consumer price index)</b>	3.0	1.3	0.5	2.7	1.9	1.6
<b>Current account balance (% of GDP)</b>	17.1	17.5	15.4	8.8	11.6	11.7
<b>Net foreign direct investment inflow (% of GDP)</b>	-0.1	-0.5	-0.7	-0.3	-0.7	-0.9
<b>Fiscal balance (% of GDP)</b>	5.6	0.7	-1.0	-3.7	3.6	4.8
<b>Revenues (% of GDP)</b>	32.8	27.0	25.8	24.0	30.9	32.0
<b>Debt (% of GDP)</b>	43.7	41.7	40.9	44.0	42.0	39.6
<b>Primary balance (% of GDP)</b>	7.0	2.0	0.3	-2.3	5.0	6.1
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	0.7	1.4	0.5	-5.4	3.2	3.9

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.  
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.