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SM/85/342
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

January 13, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Qatar - Staff Report for the 1985 Article IV Consultation

The following corrections have been made in SM/85/342 (12/30/85):

Page 3, Table 1: Minor corrections made and new footnotes 3/ and 4/ added.

Pages 17 and 18, Basic Data: Figures corrected, footnote 2/ deleted
and new footnotes 5/ and 6/ added.

Corrected pages are attached.

Att: (3)

Other Distribution:
Department Heads

Table 1. Qatar: Selected Economic Indicators, 1981-85

	1981	1982	1983	1984	
(In percent per annum)					
Growth rates					
GDP at current market prices	10.1	-12.3	-14.9	10.2	
Non-oil GDP at current market prices	21.0	11.4	0.8	-2.9	
Oil production (million barrels)	-14.3	-19.0	-10.4	27.2	
Price index for Doha	8.5	5.7	2.7	1.1	
	1981	1982/83 1/	1983/84 2/	1984/85	Rev. Est. 1985/86
(In percent per annum)					
Government finances					
Revenues	1.3	-22.3	-14.1	5.9	-26.5
Of which: oil and gas	-1.5	-26.2	-14.1	8.9	-31.0
Expenditures	34.8	-6.5	-9.2	-2.8	-1.4
Of which:					
Current expenditures	41.7	-10.3	-5.2	7.9	-2.0
Capital expenditures	17.2	5.1	-19.5	-35.6	1.6
(In percent of GDP)					
Revenues	61.0	54.1	54.6	52.5	
Of which: oil and gas	54.5	45.9	46.3	45.8	
Expenditures	46.8	49.8	53.2	46.9	
Overall surplus or deficit (-)	-0.4	-1.9	-1.1	4.5	
	1981	1982	1983	1984	June 1984 1985
(In percent per annum)					
Money and credit					
Money and quasi-money	42	15	-1	22	12 1
Foreign assets (net)	52	3	-19	63	34 --
Credit to private sector	22	24	9	-10	-6 6
	1981	1982	1983	Prel. 1984 3/	Proj. 1985
(In millions of U.S. dollars)					
Balance of payments					
Goods and services	2,733	1,285	489	1,593	744
Oil exports	5,351	4,084	2,813	3,590	2,779
Imports, c.i.f. 4/	-1,518	-1,947	-1,456	-1,162	-1,243
Trade balance	4,326	2,560	1,841	2,985	2,023
Services and private transfers (net)	-1,593	-1,275	-1,352	-1,392	-1,279
Grants to less developed countries	-349	-157	-79	-95	-67
Official loans	-69	-65	-95	-87	...
Other capital	-651	-1,031	-474
Errors and omissions	-761	-794	-436	-982 5/	-952 5/
Overall balance (deficit-)	903	-762	-595	429	-275
Changes in reserves (increase -)	-903	762	595	-429	275
Government	-406	742	319	382 6/	...
Monetary Agency	-51	41	-2	-67	...
Commercial banks	-446	-21	278	-744	...

Sources: Qatar Monetary Agency; and Ministry of Finance and Petroleum.

1/ Pro-rated for a 12-month period ended April 13, 1983.

2/ Ended April 2, 1984.

3/ Estimates of oil exports and government transactions other than official transfers are based on budgetary data and discussions with the Ministry of Finance; the remaining estimates, unless otherwise noted, are by the Qatar Monetary Agency.

4/ Excludes defense imports.

5/ Includes other capital movements.

6/ Staff estimate based on discussions with the Ministry of Finance.

For the first time since 1977 the overall balance of payments showed a deficit of US\$0.8 billion in 1982, reflecting a sharp turnaround from the surplus of US\$0.9 billion in 1981. The main reason for this outcome was the decline in oil export receipts by 24 percent and the large growth in imports. In 1983 the current account surplus was reduced substantially from its 1982 level even though the slowdown in budgetary spending and in economic activity led to a 25 percent drop in import payments in 1983. The main factors were the decline in oil earnings which accelerated to 31 percent in 1983 reflecting both the decline in prices following the OPEC agreement of March 1983 and a 13 percent decline in the export volume. Although other exports staged a recovery mainly because of a rise in earnings from sales of liquefied petroleum gas (LPG), total exports were 27 percent lower than in 1982. Additionally, the deficit on account of services widened as the drawdown of foreign exchange reserves in 1982 led to lower investment earnings. Furthermore, there was a rise in remittance outflows which included transfer of savings by departing expatriate workers. Private capital outflows remained substantial and were possibly reflected also in the negative entry under errors and omissions, which has remained consistently large in recent years. Nevertheless, the overall payments deficit narrowed to US\$0.6 billion in 1983, mainly because of a sharp drop in official capital outflows on account of the Government's portfolio investment abroad.

Qatar's exchange system is free of restrictions and the import regime is liberal. Most import items are taxed at a rate of 4 percent. The Qatar riyal is pegged to the SDR at QR 4.7619 per SDR 1 with margins around the SDR parity of 7.25 percent. The U.S. dollar is the intervention currency. Since mid-1980 the riyal/dollar rate has remained unchanged at QR 3.64 = US\$1.00; with the strengthening of the dollar, the riyal/SDR rate moved beyond the 7.25 percent margin beginning in May 1981.

Qatar's economic data base continues to have major deficiencies in respect of coverage and timeliness in key areas despite a significant improvement of several statistical series in recent years. 1/ National income estimates for the period since 1978 were published for the first time in 1983 but the data are available only in current prices. There was also a new household expenditure survey which has provided the basis for a revised consumer price index with a more current weighting system for the period since 1982. The mission's work was hampered, however, as Qatar has ceased publication of the data on oil production and exports from July 1984. Estimates are not available also on the Government's external transactions for 1984 or the current year. The analysis below of balance of payments developments since 1984 is, therefore, based primarily on fragmentary information, some of it from unofficial sources. Moreover, the official balance of payments data have been available only on a highly aggregated basis so that a detailed analysis of the factors

1/ Statistical issues are reviewed further in Appendix III.

Qatar: Basic Data

Area	10,365 square kilometers
Population	257,081 (1982 estimate)
Per capita income	US\$28,000 (1984 estimate)

	1981	1982	1983	1984
(In billions of Qatar riyals)				
GDP at current market prices	31.5	27.7	23.5	25.9
Oil sector	(20.2)	(15.0)	(10.8)	(13.6)
Non-oil sectors	(11.3)	(12.7)	(12.7)	(12.3)
Crude oil production (million barrels)	147.8	119.7	107.3	136.5 ^{1/}
Price index for Doha (1981 = 100)	100.0	105.7	108.6	109.8

	1981	1982/83 2/	1983/84 3/	1984/85	Budg. Est. 1985/86	Prel. Est. 1985/86
(In billions of Qatar riyals)						
Government finances						
Revenues	19.2	15.0	12.8	13.6	9.7	10.0
Oil and gas revenues	17.2	12.7	10.9	11.9	8.2	8.2
Investment income and other	2.1	2.3	1.9	1.7	1.6	1.8
Expenditures	14.7	13.8	12.5	12.2	15.6	12.0
Current expenditures	11.1	10.0	9.5	10.2	11.8	10.0
Of which: foreign grants	(1.3)	(0.5)	(0.2)	(0.3)	(0.5)	(...)
Capital expenditures	3.6	3.8	3.1	2.0	3.8	2.0
Surplus or deficit (-)	4.5	1.2	0.3	1.4	-5.9	-2.0
As percent of GDP	(14.3)	(4.3)	(1.4)	(5.5)		(...)
Net lending and equity participation	-4.6	-1.7	-0.6	-0.2		-1.0
Overall surplus or deficit (-)	-0.1	-0.5	-0.3	1.2		-3.0
Change in government domestic and foreign asset	1.4	-0.7	-0.8	-1.2		
Discrepancy ^{4/}	-1.5	0.2	0.5	2.4		
Percent change in:						
Revenues	(1.3)	(-22.3)	(-14.1)	(5.9)		
Expenditures	(34.8)	(-6.5)	(-9.2)	(-2.8)		

	1981	1982	1983	1984	June 1984	1985
(In millions of Qatar riyals)						
Changes in:						
Money and quasi-money	2,198.0	1,091.8	-79.2	1,866.3	991.3	64.7
Money	1,129.0	391.7	-170.3	510.0	326.7	-417.7
Quasi-money	1,069.0	700.1	91.1	1,356.3	664.6	482.4
Foreign assets (net)	1,734.2	174.1	-1,006.3	2,702.9	1,443.3	3.7
Net domestic assets	463.8	917.7	927.1	-836.6	-452.0	61.0
Credit to private sector	814.1	1,068.5	480.5	-616.8	-334.0	351.5
Government deposits (net) (increase-)	-80.8	107.2	-69.4	-41.4	25.5	-45.0
Other items (net) (increase-)	-269.5	-258.0	516.0	-178.4	-143.5	-245.5

Qatar: Basic Data (Concluded)

	1981	1982	1983	1984	June 1984	June 1985
	(In percent)					
Rate of change						
Money and quasi-money	42	15	-1	22	12	1
Credit to private sector	22	24	9	-10	-6	6
	1981	1982	1983	Prel. 1984	5/ 1985	Proj. 1985
Balance of payments	(In millions of U.S. dollars)					
Goods and services	2,732	1,285	489	1,594	744	
Exports, f.o.b.	5,844	4,507	3,297	4,148	3,266	
Of which: oil exports	(5,351)	(4,084)	(2,813)	(3,590)	(2,779)	
Imports, c.i.f. 6/	-1,518	-1,947	-1,456	-1,162	-1,243	
Trade balance	4,326	2,560	1,841	2,985	2,023	
Services and private transfers (net)	-1,593	-1,275	-1,352	-1,392	-1,279	
Grants to less developed countries	-349	-157	-79	-95	-67	
Balance on goods, services, and official grants	2,384	1,128	410	1,498	677	
Official loans	-69	-65	-95	-87	...	
Other capital	-651	-1,031	-474	
Errors and omissions	-761	-794	-436	-982 7/	-952 7/	
Overall balance (deficit -)	903	-762	-595	429	-275	
Change in reserves						
(increase -)	-903	762	595	-429	275	
Government	-406	742	319	382 8/	...	
Monetary Agency	-51	41	-2	-67	...	
Commercial banks	-446	-21	278	-744	...	

1/ Staff estimate.

2/ Prorated for a 12-month period ended April 13, 1983.

3/ Ended April 2, 1984.

4/ Arising from differences in overall balance, as reported by the Ministry of Finance, and the financing item, which is partly derived from the monetary accounts.

5/ Estimates of oil exports and government transactions other than official transfers are based on budgetary data and discussions with the Ministry of Finance; the remaining estimates, unless otherwise noted, are by the Qatar Monetary Agency.

6/ Excludes defense imports.

7/ Includes other capital movements.

8/ Staff estimate based on discussions with the Ministry of Finance.