

March 26, 1982 - 82/43

The Chairman's Summing Up at the Conclusion of the
1981 Article IV Consultation with Qatar
Executive Board Meeting 82/36 - March 24, 1982

In reviewing the staff report on the 1981 Article IV consultation with Qatar, Executive Directors noted with satisfaction the favorable recent economic and financial developments. The centerpiece of economic management in Qatar was a well-conceived and effectively executed fiscal policy. After succeeding in reducing inflationary pressures and restoring domestic price stability, the authorities, since 1979, have allowed measured expansion in public spending that stimulated activity and economic diversification in industry and trade without overheating the economy. The authorities' fiscal plan for 1982 represents a continuation of this balanced policy. The accommodating monetary developments were influenced by the pull of high interest rates abroad and the consequent capital outflow, but the authorities have so far been able to cope well and to meet the legitimate domestic credit requirements.

Moderated growth in fiscal spending relative to the sharp increase in oil revenues contributed to the maintenance of financial stability and produced large external surpluses in the recent past. The external payments surplus is expected to decline sharply in 1982, reflecting mainly lower export earnings, in particular lower oil production. Directors noted that Qatar has been pursuing appropriate external sector policies and maintains a liberal trade and exchange system, and commended the authorities' generous aid grants to less developed countries.