HSBC Global Connections

Trade Forecast Update: Qatar

February 2012

Forecast exploring the future of world trade and the opportunities for international businesses

- World trade to grow by 86% in the next 15 years (2012-2026)
- International trade growth will accelerate from 2014
- Companies to increase trade activity by 4.70% annually to achieve projected growth
- Fastest growing emerging sectors support trade infrastructure and the transportation of goods around the world
- Qatar's trade forecast to grow by 150.74% to 2026
- Qatar's companies to increase trade activity annually over the next 15 years by 6.32%
- Qatar's fastest emerging export sector is baby's garments and clothing accessories at an annualised rate of 22.17% over the next five years. The fastest growing large export sector will be pig iron which will grow at an annualised rate of 17.36% over the next five years

Trade overview

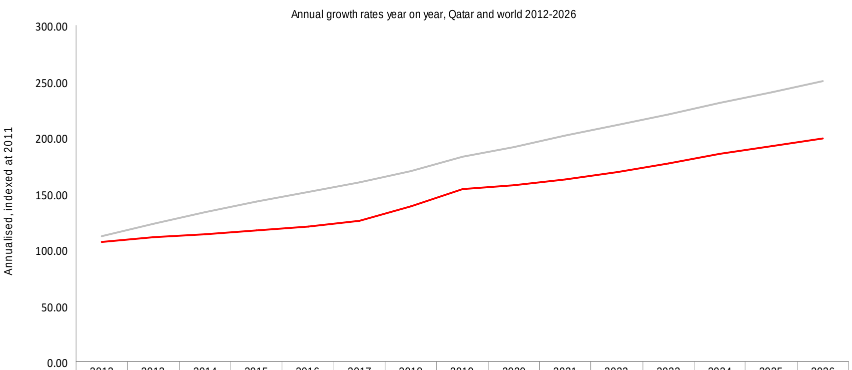
As the world continues to face well-documented economic challenges, the Trade Forecast suggests grounds for optimism for international businesses. Despite the current climate the overall trend for international trade is positive with growth acceleration sooner than expected from 2014, rather than 2015. After 2014 the global economy ends a period of slow growth and contraction and sees an upturn in trade in line with GDP forecasts. Over the next five years it is forecast that world trade will grow at an annualised rate of 3.78% (see below graph for year-on-year predictions), due primarily to the expectation of an earlier recovery of the overall global economy. In the period 2017-2021, the Forecast predicts even more rapid annualised growth at 6.23%, as world demand for traded goods recovers its dynamism. As a result world trade is predicted to grow by 86.00% in the next 15 years, taking total trade activity in that year to $53.8 trillion.

The Trade Forecast predicts that trade in Qatar will grow at an annualised rate of 8.60% to 2016, slowing between 2017-2021 to 5.92%. This equates to growth of 150.74%. Growth in the near term represents the rapid expansion of exports, particularly in the oil sector, with the subsequent slow-down due to the continued reliance on oil for trade growth, the entrance of other countries into the sector (such as Brazil) in the medium term and the leveling of growth following rapid development between now and 2016. Imports are set to grow quicker than exports, suggesting that Qatar will be pulling imports to support infrastructure development around key buildings and events as well as around supply and distribution of oil. Annualised total trade growth in Qatar is forecast at 6.32% (2012 to 2026), representing the rate at which companies will need to increase their international activities if they are to keep pace with this change.

Please note: We have provided accurate forecasts based on available country level and international data from recognised international sources. This means that data was drawn from Bloomberg and Havers as well as UN Comtrade. Sectors and countries are reported differently in these datasets and the data is comparable with UN Comtrade sources but updated via Bloomberg and Havers as MENA countries do not regularly update trade data on international statistical platforms. The modelling process used is the same as for all country summaries.

Qatar's trade outlook

Qatar's trade is forecast to grow substantially faster than is average for the world throughout the next 15 years. Qatar's trade is currently growing at 5.04% above world trade growth average. By 2026, Qatar trade growth will be 51.49% faster than world trade growth as a whole. Much of this is due to the strong economic position that Qatar has found itself in compared to many other countries over the past four years. Like many countries in the MENA region, Qatar fared comparatively well throughout 2011 despite the global economic downturn and the eurozone debt crisis. In 2012 the general outlook remains positive despite some indications that the economy is beginning to feel the strain of the external environment, particularly if there is any oil price volatility in the wake of the Arab Spring and continuing unrest in Syria.



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Qatar	111.90	123.24	133.46	142.52	151.03	159.95	169.93	182.91	191.50	201.37	210.82	220.47	230.41	240.57	250.74
World	106.86	111.21	113.93	117.46	120.37	125.35	138.88	153.56	157.11	162.80	168.85	176.88	185.32	192.64	199.25

Trade corridors and trends

Japan, Korea and Singapore are Qatar's largest export partners with growth predicted annually over the next five years at 6.71%, 9.25% and 7.69% respectively. This is driven by increased demand for oil, especially in South Korea and Singapore. India, Qatar's fourth largest export partner, will grow as an export destination by 11.76% annually to 2016 and this reflects increase trade in oil and petrochemicals. China is also forecast to become more important as an export destination with an annualised increase in exports of 14.26%.However, it is not the Asian regions that dominate the largest fast growing export partners, but rather Italy, the UK, France and Belgium with export growth annually over the next five years forecast to be 17.81%, 17.69%, 17.34% and 13.86% as Europe reduces its dependency on Russia for its oil and gas supplies. Emerging export destinations also reflect this with exports to Malta and Poland set to increase by 16.96% and 14.82% respectively.

Qatar's imports are more diverse and include cars and infrastructural goods as well as agricultural produce. As a result, the USA, Germany and Japan are the largest import partners with annualised growth forecast to 2016 of 9.77%, 7.84% and 4.34% respectively. The large fastest growing import partners are Switzerland, the USA and the Netherlands with imports set to increase at annualised rates to 2016 of 9.88%, 9.77% and 8.47% respectively due to increased trade in gold, oil and general commodities. Emerging importers include Hong Kong which will increase its imports into Qatar at an annualised rate of 11.98% to 2016, accounted for by imports of computers and consumer electronics.

Qatar's Emerging Growth Importers and Exporters (2012-2016)

Largest (2012) Export Partners Ordered by Value	CAGR (2012)	Emerging Growth Export Partners	%	Largest (2012) Import Partners Ordered by Value	CAGR (2012)	Emerging Growth Import Partners	%
Japan	6.71%	Malta	16.96%	USA	9.77%	Egypt	12.11%
Korea	9.25%	Brunei Darussalam	14.97%	Germany	7.84%	Hong Kong	11.98%
Singapore	7.69%	Poland	14.81%	Japan	4.32%	Slovenia	11.48%
India	11.76%	UK	14.49%	Italy	6.04%	Pakistan	11.18%
China	14.26%	Austria	14.02%	UAE	8.02%	Jordan	11.13%
Belgium	13.86%	Canada	13.16%	China	6.61%	Philippines	11.03%
UK	17.69%	Russia	12.06%	UK	8.47%	Lebanon	10.68%
Italy	17.81%	Sweden	11.88%	South Korea	6.05%	Brazil	10.08%
New Zealand	11.00%	Finland	11.85%	Saudi Arabia	6.79%	Bahrain	10.33%
UAE	-10.83%	Switzerland	11.63%	France	6.09%	Switzerland	9.88%

N.B. Emerging Growth Import and Export Partners are trade partners that are growing most quickly over the period, albeit potentially from a small base. CAGR stands for compound annual growth rate.

Tim Reid, Regional Head of Commercial Banking, HSBC Bank Middle East said:
"There is no denying the challenges the region has faced and continue to face this year. Nevertheless today's data very much supports our belief in the long term economic potential of the region. As the region's leading international trade bank, we know that trade lies at the core of ensuring international economic recovery particularly as businesses explore new trade corridors and take advantage of the new global opportunities. The Middle East as a whole remains an ideal hub for North to South, East to West and intra-regional trade flows. Businesses should continue to feel confident about the future."