



Qatar Industrial Landscape 2.0: Resilient and Stronger



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Qatar Industrial Landscape 1.0

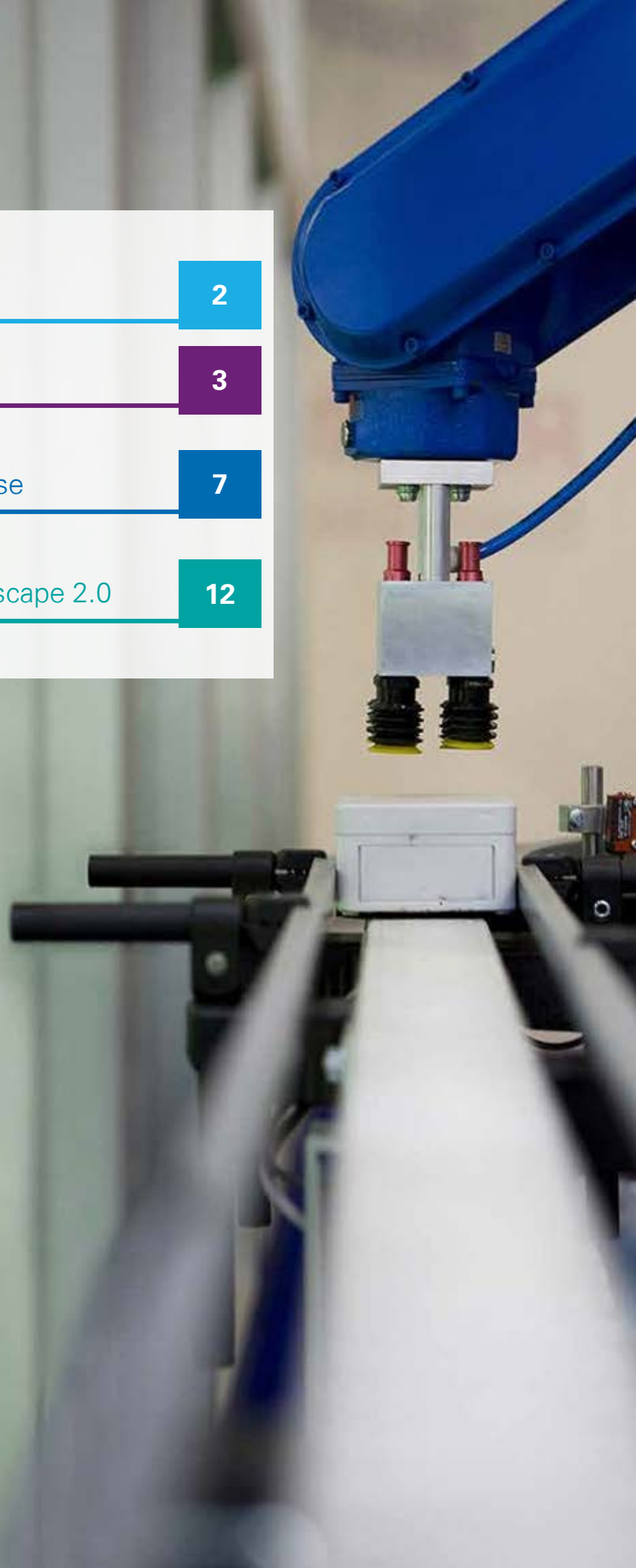
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Foreword



Venkat Krishnaswamy

Partner,
Head of Advisory at KPMG Qatar

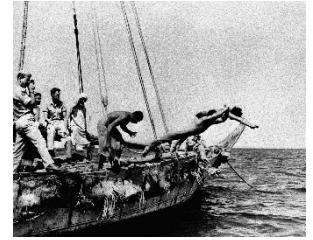
“ The discovery of oil in the 1940’s started Qatar’s industrial growth and economic development. At the turn of the 21st century, Qatar witnessed exponential growth and diversification supported by development of industrial and port infrastructure and increased focus on exports. Government’s swift responses to the regional blockade underpinned Qatar’s economic resilience which ensured stability in industrial sector exports, both in the oil and gas and non-oil, non-gas segments.

A blessing in disguise, the blockade led to rapid development in Qatar’s agro- and food-based industries driven by initiatives by the government and the private sector. After mitigating the immediate impact of the blockade, the government developed the manufacturing sector strategy, comprising nine strategic enablers which are expected to help Qatar build on its resilience and emerge stronger. The ending of blockade and a multi-sector development pipeline augurs well for Qatar’s industrial sector. ”



The discovery of oil in the 1940's jump started Qatar's industrial growth and economic development

In the early 20th century, Qatar's economy was heavily reliant on fishing and pearl diving. It transformed significantly with the discovery of oil in 1940. This drove industrial development, with the opening of Mesaieed Industrial City and Mesaieed Port in 1949. Thereafter, in the 1960's, Qatar National Cement Company and Qatar Flour Mill were founded.



Pearl diving pre-1940

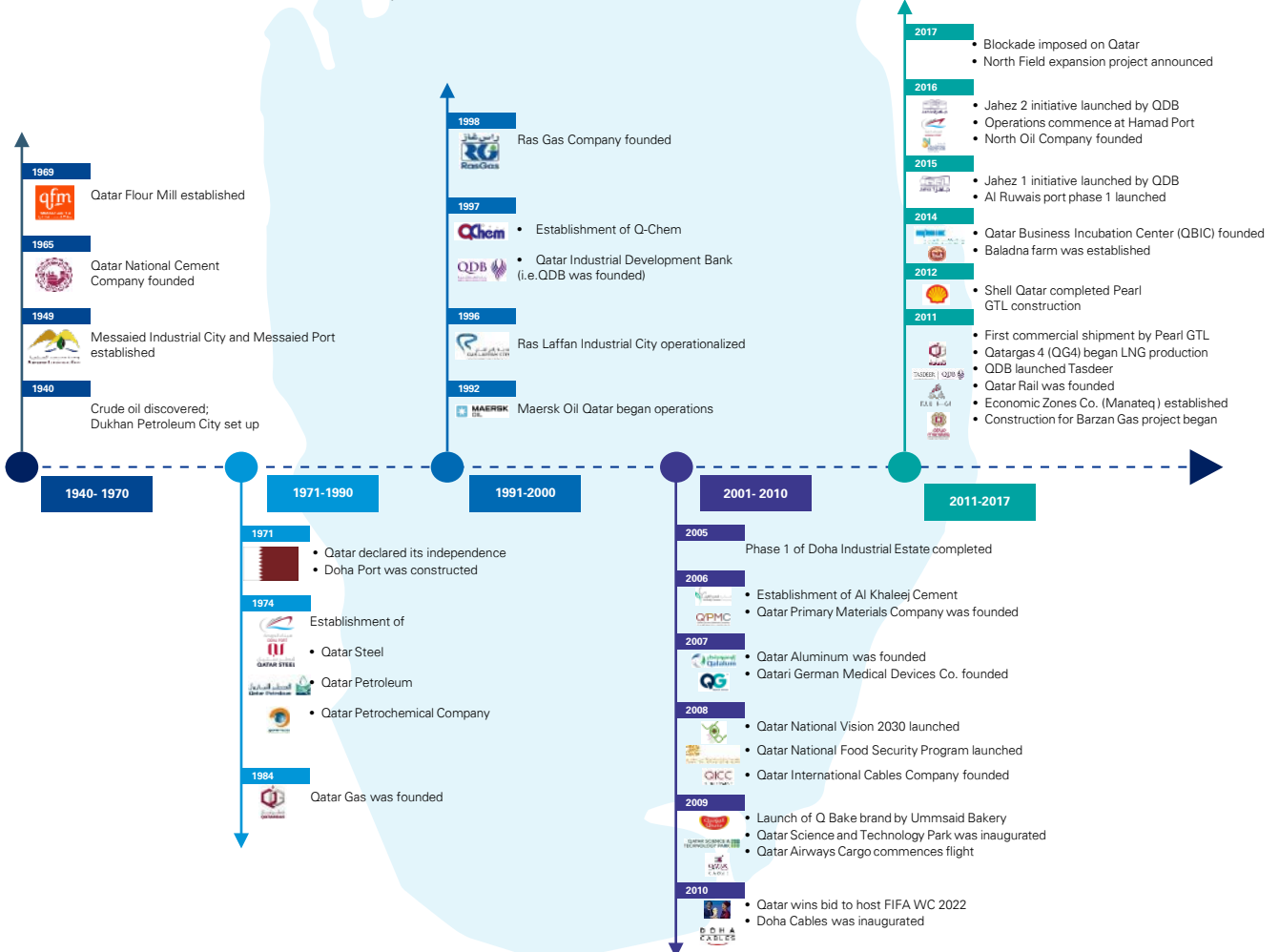
In 1971, Qatar declared its independence, followed by rapid strides in industrial development with establishment of Qatar Gas, Qatar Steel, Qatar Petroleum and Maersk Oil. By 1996, Ras Laffan Industrial City was operationalized, followed by establishment of Qatar Industrial Development Bank (i.e. Qatar Development Bank, 'QDB'). Ras Gas was founded in 1997 to increase LNG production. Q-Chem was set up in same year to start production of petrochemicals.



Dukhan Petroleum City

At the turn of 21st century, Qatar witnessed exponential industrial growth and diversification with setting up of Doha Industrial Estate for SMEs, Qatalum, Qatar Airways Cargo and factories for electrical cable, food products, medical devices etc. In 2008, Qatar National Vision 2030 was launched to direct the country's growth and development. In 2010, Qatar won the rights to host FIFA WC 2022, which further drove infrastructure and industrial development.

Between 2011 and 2017, major developments in the oil and gas industry included the Barzan Gas project, QG4, Pearl GTL, North Oil company and the North Field expansion. Moreover, the SME and downstream industry received a boost with the expansion of the Industrial Area by the government and initiatives by QDB such as the launch of Tasdeer to drive exports, industrial developments under Jahez-1 and Jahez-2 schemes and SME incubation centers such as QBIC.

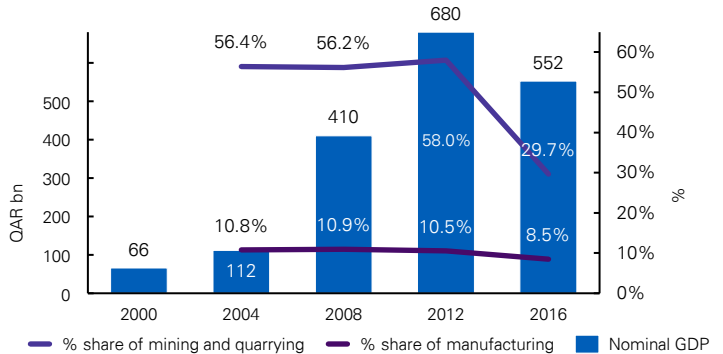


Sources: Peninsular Qatar, Oxford business group, Gulf times, company websites

At the turn of the 21st century, Qatar witnessed exponential industrial growth and diversification

Qatar's nominal GDP and % share of manufacturing and mining/ quarrying

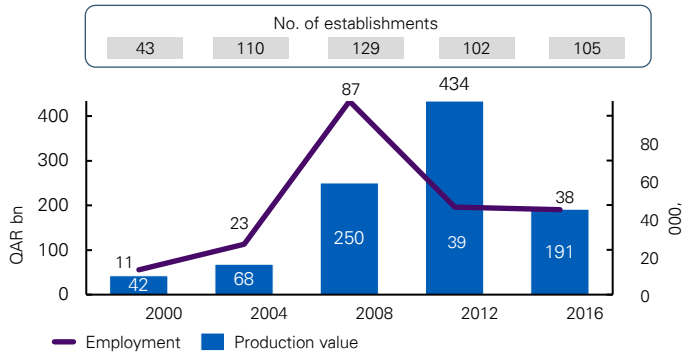
Qatar's nominal GDP grew steadily at a CAGR 14% from QAR 66bn in 2000 to QAR 112bn in 2004. Thereon, it paced up 6.1x to QAR 680bn in 2012. Lower oil and gas prices from 2015 onwards reduced the GDP to QAR 552bn in 2016. The share of manufacturing sector remained consistent from 2004 till 2014 at around 10 - 11% of GDP and reduced post 2015 due to fall in production of chemicals, refined petroleum and basic metals. The mining and quarrying sector's share in GDP contracted significantly in 2016 owing to fall in oil prices.



Source: WEO, Planning and Statistics Authority, KPMG Analysis

Mining and quarrying production value and employment

Production value for the mining and quarrying sector increased rapidly from 2000 to 2012 at a CAGR of 21.4% due to increased output and growth in prices driven by worldwide demand. This supported the growth in number of establishments and the corresponding growth in employment. The production value plummeted to QAR 191bn in 2016 from QAR 434bn in 2012 primarily due to the fall in oil and gas prices.



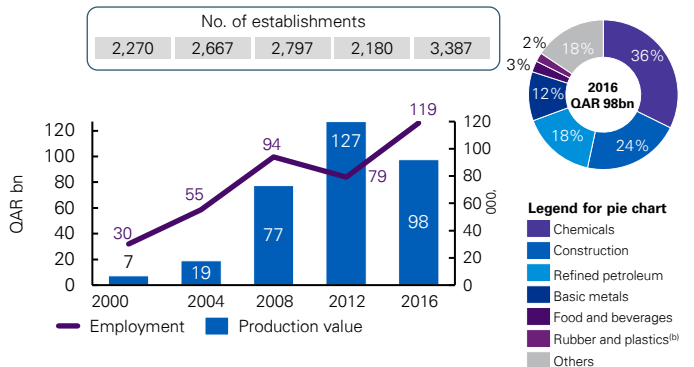
Source: Planning and Statistics Authority, KPMG Analysis

Manufacturing sector production and employment

Production value for manufacturing sector expanded 18.1x times from 2000 to reach QAR 127bn in 2012. New industrial projects (e.g. Doha Industrial Estate, Qatalum etc.) and economic diversification drove employment 2.6x times during this period.



The period 2012-16 witnessed growth in number of establishments and employment by over 50% each. However, sluggish demand and lower commodity prices worldwide reduced the production value in 2016.



Source: Planning and Statistics Authority, KPMG Analysis

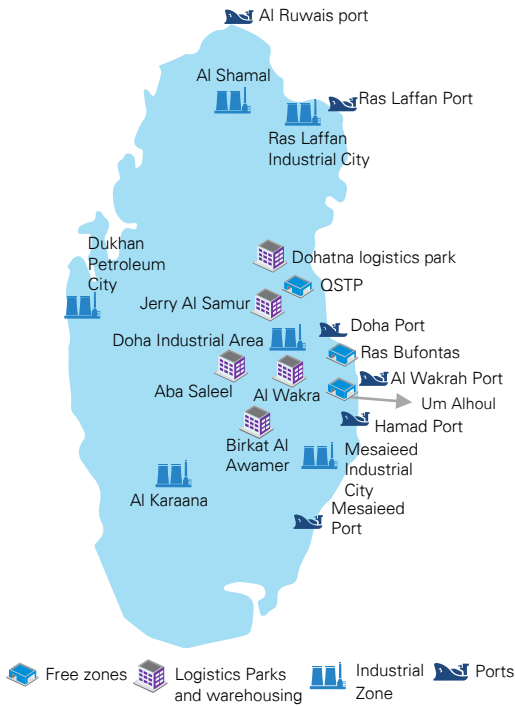
Notes: (a) Others include apparel, paper, rubber and plastic, glass, machinery, fabricated metal, furniture, waste and scarp, transport equipment, (b) Sum of goods of wood, furniture, non-metallic minerals, fabricated metals and electrical equipment

Sources: Planning and Statistics Authority, WEO, Oxford Business group

Industrial growth was aided by development of ports, industrial infrastructure and focus on exports

Industrial infrastructure in Qatar

List of major developments in Qatar^(a):



Port infrastructure:

Ports remain a critical part of the industrial infrastructure development in Qatar with Doha Port dating back to the 1970s. Since Qatar is highly reliant on imports and has a long coastline, there has been continued focus on port infrastructure development along the country's eastern coast. A recent major development, Hamad Port, is one of the largest ports in Middle East with proposed future capacity of 7.5 mn TEUs p.a. It has a yearly capacity of 1.7 mn MT for general freight and 1.0 mn MT for grains, with a specialist terminal for the entry of 500,000 vehicles per year.

Industrial zones, free zones, technology and business incubation:

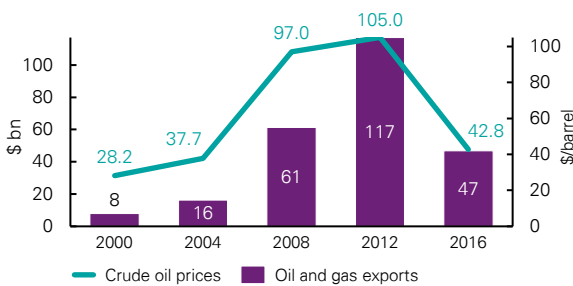
Mesaieed Industrial City, established in 1949, was one of the first major industrial zones of Qatar. It has evolved to be a hub for petrochemical activities apart from other diversified industries such as steel and aluminum.

In 2011, Qatar launched Economic Zones Company i.e., Manateq to develop and operate special economic zones, industrial zones and logistic parks for SMEs and to attract foreign investors at Ras Bufontas (3.96 sq. km), Umm Alhoul (30 sq km) and Al Wakra (4.45 sq. km).

On the technology front, Qatar opened its first dedicated free zone, Qatar Science and Technology Park (QSTP), built across 45,000-sqm to host leading global tech companies, mentor and support a network of startups and rising tech ventures, and have a value chain of acceleration, incubation, and funding programs. A digital incubation center was also established by iCTQatar (now a part of the Ministry of Transport and Communication i.e. MoTC) in 2011 to promote digital entrepreneurship in Qatar.

To offer business incubation support, in 2014, QDB partnered with the Social Development Centre to launch Qatar Business Incubation Center (QBIC), the largest business incubator in the Middle East.

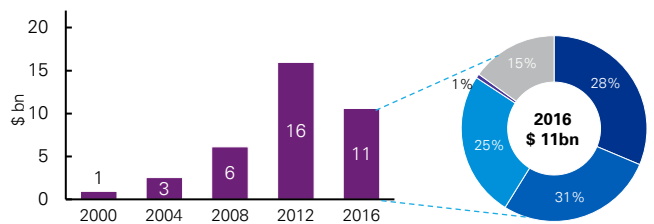
Oil and gas exports and crude oil prices



Source: World Bank, Comtrade, KPMG Analysis

The oil and gas sector exports have grown 14.6x times from 2000 to reach \$ 117bn in 2012, driven by increase in demand and global prices. However, the fall in oil prices in 2015 reduced the exports value to \$ 47bn in 2016.

Non-oil and non-gas exports and its distribution



Source: Comtrade, KPMG Analysis

Non-oil and non-gas exports also grew rapidly by 16x from 2000 till 2012. The high growth rate was on the account of rising focus on SME growth, industrial development and diversification. During this period, QDB launched its export development division 'Tasdeer', for export promotion and financial solutions for local exporters. Chemicals, petrochemicals and metal segment products accounted for 84% of Qatar's non-oil, non-gas sector exports in 2016.

Notes: (a) The locations marked are estimate; (b) Others include commodities apart from given segments such as ores, pharma, rubber and more

Sources: Comtrade, IEA, Oxford business group, Planning and Statistics Authority Outlook



Adhishree Jakali

Associate Director, Advisory, KPMG Qatar
Lead for industrial sector strategy and
business plan studies

“ To drive industrial sector growth, Qatar should look beyond its boundaries and drive export of Qatari products to the global markets. Developing upstream and midstream industries can enhance raw material availability, substitute imports and strengthen SME competitiveness in the export market. Exports can help overcome the limitations of a small domestic market, drive resident population growth and enhance in-country value. ”

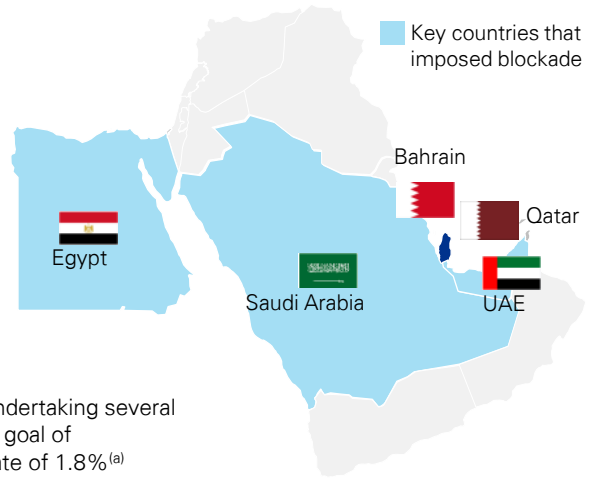


Qatar Government's swift response to the blockade has underpinned the nation's economic resilience

Qatar blockade and its immediate impact

The blockade against Qatar began on 5 June 2017 when Saudi Arabia, the United Arab Emirates, Bahrain and Egypt severed diplomatic relations with Qatar with Saudi Arabia closing Qatar's only land border. Sea and air routes to Qatar were also closed by these countries for Qatari vessels and planes.

In the very short term, this impaired Qatar's regional imports and exports of raw materials and finished goods affecting industrial sector production and sales. Segments of retail and consumer goods sector which were dependent upon imports from the UAE and Saudi Arabia were also affected. Construction projects were marginally delayed due to supply chain disruption.



Pro-active actions by government

Post blockade, the Government of Qatar responded swiftly by undertaking several key measures to diversify the economy and foster the long-term goal of self-sufficiency. As a result, in 2018, Qatar's real GDP grew by rate of 1.8%^(a) with its first budget surplus in three years. Some of the key actions include:

Food Security

- Government boosted food security with products being imported from countries such as Turkey, Oman, Kuwait, Ireland, India and Iran.
- Government injected QAR 105mn^(b) into the food industry to improve self sufficiency in dairy, poultry, farm produce and vegetables.
- Qatar Airways Cargo in 2017 saw a surge in demand for air cargo capacity for perishable goods from 180 to 900 mt per day^(c).

Financial stimulus

- Government intervened with a \$40bn^(d) financial stimulus to boost liquidity through QCB, Ministry of Finance and QIA.
- QIA injected \$8bn^(e) into the local banks to help enhance liquidity following withdrawals by financial institutions from neighboring Arab states.
- After the blockade, QDB funded a total of QAR 1.4bn^(f) to new companies seeking support for project financing.
- In 2017, through QDB's Moushtarayat platform, SMEs signed contracts worth around QAR 700mn^(f) with large public sector buyers.

Trade development

- In 2017, Qatar launched new shipping and container lines through Oman, Turkey and Jordan, all of which were for food security.
- In 2018, the Qatar Free Zone Authority was established to regulate the new free zones, offering benefits for businesses entering Qatar.

Oil and gas output

- In 2019, Qatar announced that it would boost natural gas production from 77 mmtpa in 2019 to 110 mmtpa by 2024 (43% growth) with a target for 126 mmtpa by 2027.

"Qatar is stronger than ever, despite the passage of three years"
Ahmed Bin Saeed Al-Rumaihi, Foreign Ministry spokesman, Jun 2020

"The blockade didn't stop us from growing"
Abdulaziz bin Nasser Al Khalifa, CEO, Qatar Development Bank, Oct 2020

"Blockade has helped Qatar by pushing it to open new markets"
Mohammed bin Abdulrahman Al Thani, Foreign Minister, Nov 2018

"Our main aim was to support and prioritize our customers and the business, including the massive airlift of food imports into the State of Qatar"
Guillaume Halleux, Chief Officer Qatar Airways Cargo, 2018

Boost tourism

- In 2017, the government announced a waiver of visa for visitors from 80 countries and began the system of on-arrival visa to boost tourism.
- Online visa application service launched in June 2017 for countries not amongst the 80 countries eligible to collect visa on arrival.

Adopt strategic direction

- The government launched National Development Strategy 2018-22 that focused on economic diversifying in line with QNV 2030.

Notes: (a) Export.gov; (b) Report: Business opportunities in Qatar (Innovation Norway); (c) Aviation business; (d) Fitch Ratings; (e) Reuters; (f) Qatar Chamber

Sources: Peninsular Qatar, Oxford business group, Gulf times, Aviation business, Daily Sabah, Atlantic council

Initiatives for trade and industrial sector development, post blockade, ensured stability in exports

Initiatives for trade and industrial development

Port expansion

- In 2018, the government announced to build a QAR 1.6bn food storage and processing facility at Hamad Port for rice, sugar and edible oils.
- Hamad Port expansion began in 2019 for development of phase 2 which is expected to be complete by 2022.

New maritime and trade routes

- In 2017, two new maritime lines were launched from Hamad Port to enhanced trade with ports in China, India, Malaysia, Turkey, Greece and other countries.
- Mwani Qatar launched a new maritime line between Qatar and India named 'India Qatar Express Service'
- Milaha launched a direct container service between Pakistan and Qatar called 'Pakistan Qatar Express Service'.
- Sea route from Turkey to Doha and from Aqaba port, Jordan to Doha were launched to secure food supplies.
- In 2017, new land trade route from Turkey to Qatar through Iran was launched for trade of food products.

Industrial developments

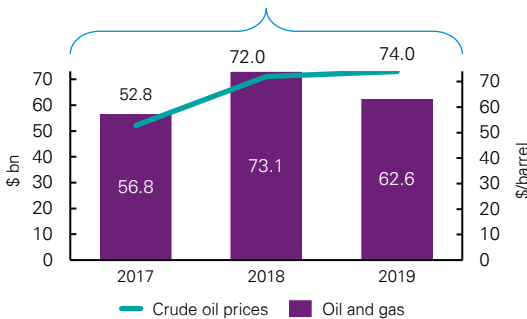
- In 2020, Manateq launched industrial projects for investment which includes Birkat Al Awamer Logistics Park (9.4 mn sqm). The land plots of this park received high interest from investors and businesses.
- In 2020, Manateq announced investment of QAR 10bn for developing basic infrastructure facilities in industrial zones.
- In 2021, GAC signed an agreement with Qatar Free Zones Authority (QFZA) to establish a contract logistics facility and office in the Ras Bufontas Free Zone.

"We have established a number of initiatives to support the SME sector"

Fahad Rashid Al Kaabi,
CEO of Manateq, 2020

Oil and gas exports and prices for crude oil

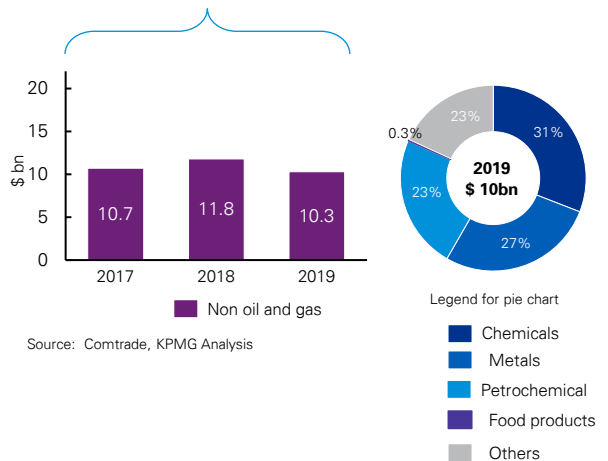
Export value driven by international prices, mostly unaffected by blockade



Source: World Bank, Comtrade, KPMG Analysis

Non-oil and non-gas exports

Prior to blockade, GCC region accounted for two-thirds of Qatar's exports. Despite the blockade, exports remained stable i.e., \$ 10-12bn per year



Source: Comtrade, KPMG Analysis

The oil and gas exports witnessed moderate growth from \$57 bn in 2017 to \$63 bn in 2019 due to increase in oil prices which had been consistently low since 2015. Owing to proactive efforts of the government, the exports for both oil and gas and non-oil, non-gas have remained broadly stable from 2017 to 2019. Export value in non-oil and non-gas exports was stable in the range \$10-12bn per year throughout 2017-19. Chemical products (31%) and metal products (27%) were the leading product categories among non-oil and non-gas exports in 2019.

Notes: (a) Others include commodities apart from given segments such as ores, pharma, rubber and more

Sources: IEA, Comtrade, Peninsular Qatar, Washington institute, Gulf times, Oxford business group



Ali Tayeb

Associate Consultant, Advisory, KPMG Qatar

“ Importance of food security has burgeoned since onset of the blockade. Qatar should further explore and adopt innovative technologies such as hydroponics and vertical farming to increase the sustainability due to its limited water resources and improve self-sufficiency in the food sector. Various initiatives from the Ministry of Municipality and Environment and Hassad Food will help Qatar achieve its self-sufficiency targets set for 2023. ”

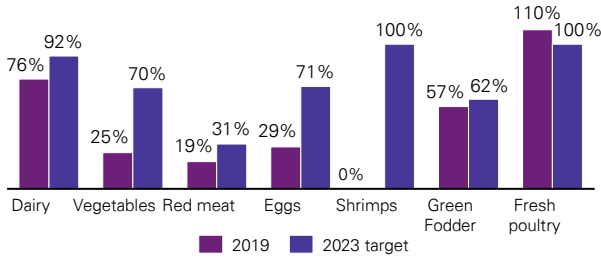


A blessing in disguise, the blockade led to rapid development in Qatar's agro & food-based industries

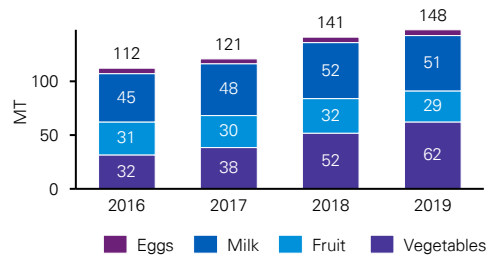
Agricultural sector development

Until the 2017 blockade, Qatar imported around 80% of its food from the UAE and Saudi Arabia which was adversely affected due to supply chain disruptions. To overcome this, the government took pro-active decisions for food security which drove substantial^(a) progress in domestic production of fish, animal, agricultural and dairy products in 2019.

Self sufficiency targets



Production of food products



Source: MDPI, KPMG Analysis

Source: FAO, KPMG Analysis

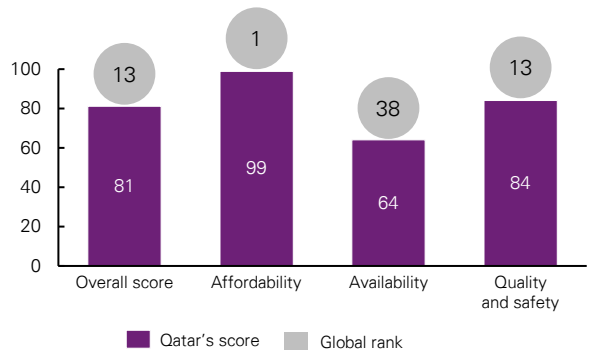
Post blockade, in 2019, the Department of Food Security, Ministry of Municipality and Environment set out 34 agricultural projects^(a) to increase production in several food items to reach self sufficiency targets by 2023. In 2019, Qatar achieved most of the 2023 targets for dairy products, green fodder and surpassed the targets for fresh poultry.

The production for vegetables almost doubled from 32MT (2016) to 62MT (2019) in three years. Vegetable production by hydroponic greenhouses was undertaken to foster self sufficiency goal of 70% by 2023. New techniques for cultivation of crops such as hydroponics, horticulture have improved agriculture production with the support from Ministry of Municipality and Environment, making Qatar lesser reliant on import of food.

Global Food Security Index, 2019

Global Food Security Index is based on a dynamic qualitative and quantitative benchmarking model constructed by the Economic Intelligence Unit. The index considers categories of food availability, affordability and quality, safety that are scored on a total of 100. The overall score for a country is a weighted mean of the category scores.

Qatar has scored well across most of the indices for 2019, specifically for affordability where it was globally ranked 1. Overall, the country was ranked 13 in 2019, up from 29 in 2017 owing to the government's proactive strategies which boosted Qatar's food security.



Global Food Security Index 2019						
Country	Qatar	UAE	Kuwait	Saudi Arabia	Oman	Bahrain
Global rank	13	21	27	30	46	50
Rank within Arab countries	1	2	3	4	5	6


Notes: (a) The Peninsular Qatar


Sources: FAO, Innovation Norway, Gulf times, Middle east eye, Food navigator, Peninsular Qatar, Mordor intelligence, Oxford business group, EIU


Government and private sector undertook several initiatives to improve Qatar's food security landscape


Government efforts on development of agriculture and aquaculture


The government launched many initiatives to boost the food production which include:


- 


The Ministry of Municipality and Environment (MME) distributed 73 greenhouse farms as State gift in 2017, encouraging greenhouse farms that rose from 471 in 2016-17 to 919 in 2017-18 with target of 3,500 by 2023.
- 


The MME launched programs such as 'Winter Vegetable Markets', 'Premium Vegetables' and 'Qatar Farms' to improve the sale of local vegetables that grew by 50%^(a) in 2018-19.
- 

In 2019, the MME supported the technologically advanced methods for farming such as hydroponic by allocating a budget of \$2.7mn to \$3.3mn to provide up to 140 farms with free greenhouses.
- 

In 2017, Aquatic Research Centre announced distribution of baby fish and shrimp larvae to private fish breeding farms from its hatchery at a subsidized rate lower than the market price.
- 

In 2018, QAR 70 mn^(a) was allocated by the MME to support local farms by providing agricultural equipment and other needs. Government subsidies included a) 75% discounted price to farmers for pesticides and seeds; b) free consultation; c) free greenhouse for some vegetable farms and d) provision of all the required raw material for honey production.
- 

The MME in 2017 opened a funding box 'Qatar National Research Fund' for all its food security projects. The aim was to finance research that encourages food production, especially greenhouse projects.
- 

Hassad Food in conjunction with MME helped to lead private sector execution on the Qatar National Food Security (QNFSF).
- 

The MME plans to increase livestock and fish production by 30% and 65 % respectively by 2022. For this, it is planning to float tenders for fish farming on floating cages by the end of 2022 to increase the self-sufficiency to the targeted level.

Success stories



Baladna

- A Qatari company, Baladna, imported 4,000 dairy cows by air and another 16,000 by sea during early days of 2017 blockade to rapidly increase dairy production.
- Prior to 2017, the company only sold milk, wool and animal meat which burgeoned post blockade to a variety of dairy products (cheese, cream and more), juice, processed drinks and food along with desserts apart from increased volumes of milk.
- In 2019, it launched a QAR 1.4 bn IPO and was publicly listed on the Qatar Exchange. Today the brand is responsible for 95% of the country's milk demand and is one of the largest livestock and dairy farms of the region.



Mahaseel (Hassad Food)

- In 2018, Hassad Food established Mahaseel with support from the MME and Qatar Chamber to help the local farmers market their produce and provide other related agricultural services.
- In Jan 2021, the company was able to market 3.5 mn kg of local vegetables in Qatar.



Agrico

- Agrico is a private agricultural development company established in 2011 that uses advanced hydroponics techniques for production of fruits and vegetables.
- The company operates multiple organic farms with a combined area of 240,000 sqm. Post-blockade the company produced 6 to 7 tons of vegetables. per day which were 50% more than pre-blockade
- In 2020, the company announced to build 100 hectares farmlands and help them harvest organic and hydroponic yield by 2023.

"The steps taken by Qatar in its food security strategy have been very positive, and are encouraging investments by the private sector in the local market, but also internationally"

Mohamed Badr Al Sadah,
CEO Hassad Food,
Jul 2018

"In a few years, with the continuous support of the government and the way it is moving today, we will be self-sufficient in the production of vegetables"

Nasser Ahmed al-Khalaf,
MD, Agrico, 2017

Notes: (a) The Peninsular Qatar

Sources: FAO, Innovation Norway, Gulf times, Middle east eye, Food navigator, Peninsular Qatar, Mordor intelligence, Oxford business group

After mitigating the short term impact of the blockade, government developed the manufacturing strategy

Qatar Manufacturing Strategy 2018-2022

After the blockade, Qatar’s immediate focus was on import substitution and enhancing domestic production capacity. Moreover, from a long-term perspective the government developed Qatar Manufacturing Strategy (2018-22) that aims to accelerate growth and diversification in line with the Qatar National Vision 2030 and the National Development Strategy-2. The manufacturing sector strategy is based on nine enablers that would help redefine the manufacturing landscape in Qatar. Further it has identified seven manufacturing strategic sub-sectors such as polymers, plastics, aluminum, additive manufacturing, food & beverage, pharmaceutical and extreme environment services.

Framework for Qatar Manufacturing Strategy 2018-2022

Nine strategic enablers constitute the framework that underpins the Qatar’s Manufacturing Strategy 2018-2022. These are defined to improve Qatar’s manufacturing sector competitiveness by utilizing its natural resources, talents, innovation skills and financial capabilities to achieve a sustainable and diversified economy.



1. Institutional coordination for manufacturing



Facilitate investor journey by consolidating all relevant information and procedures within common delivery platform shared by multiple entities.


2. Zones and clusters for manufacturing



Make Qatar’s economic zones (Manateq) and free zones (QFZA) preferred destination by improving ease in investments and providing tailored solutions for investors operating within strategic sub-sectors.


The strategy comprises 9 strategic enablers and has identified 7 strategic sub-sectors

3. FDI for manufacturing




Make Qatar a prime FDI destination for strategic sub-sectors by providing financial certainty and operational stability of materials for foreign investments.

4. Entrepreneurship & SMEs in manufacturing




Enhance Qatar's manufacturing SMEs competitiveness by increasing ease of setting up startups, provide incentives and leverage local contracts as a growth platform.

5. Local financing for manufacturing




Stimulate investments in strategic sub-sectors by easing loan access and streamlining approval process. Launch manufacturing equity investment fund and encourage other financing mechanism such as venture capital, equity crowdfunding, peer-to-peer business lending, etc.

6. International trade




Enhance local manufacturers capability to export to international markets by helping in export finance and insurance. Turn Qatar into an international hub for global traders by providing required logistics and financing for products in strategic sub-sectors.

7. Innovation in manufacturing




Integrate innovation in strategic sub-sectors by improving research and development (R&D), creating government fund and grant/loan program for R&D; making Qatar a destination for international corporations to conduct R&D in strategic sub-sectors.

8. Local talent for manufacturing



Align talent development in Qatar with the future requirements of the manufacturing sector.

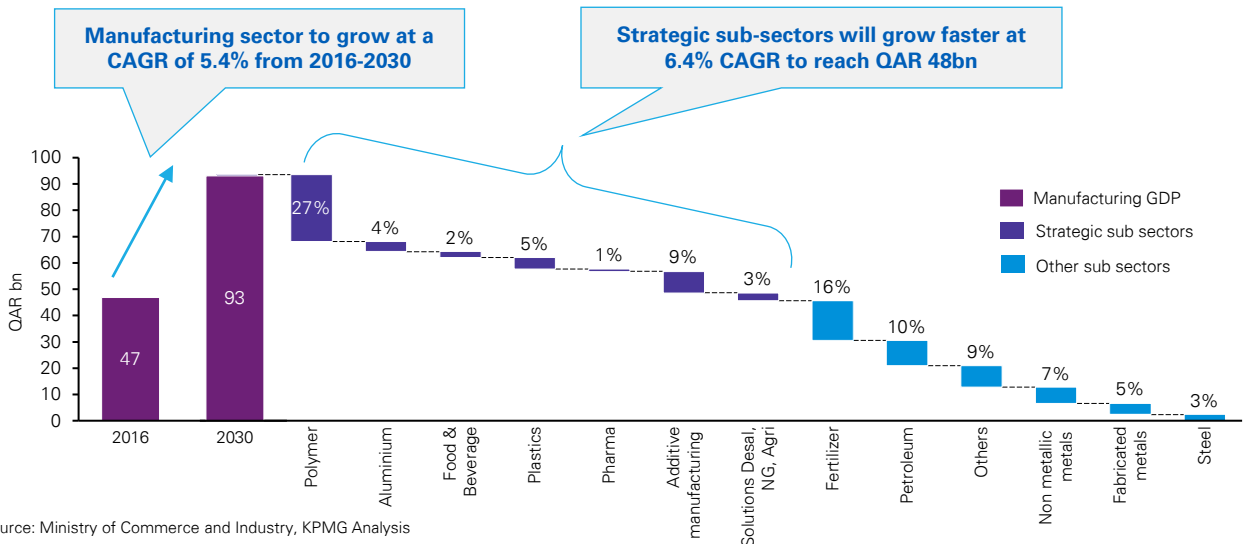
9. International talent for manufacturing



Make Qatar a career destination for international professionals seeking talent development opportunities outside their home country. Ensure maximum stability for the internationally sourced skilled workers to meet future requirements of manufacturing sector.

Manufacturing sector GDP projection and composition, 2030

The above listed nine enabler are expected to drive the strategic sub-sectors that will make up to 51% of the manufacturing sector in 2030.



Source: Ministry of Commerce and Industry, KPMG Analysis

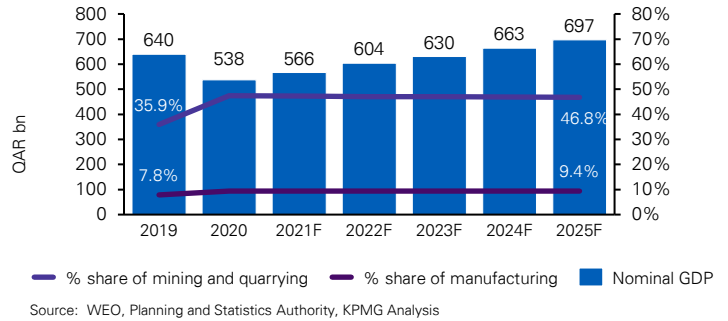
Sources: Manufacturing strategy 2018-2022, Ministry of Commerce and Industry

Qatar's industrial sector is expected to build on country's resilience and emerge stronger

Qatar's nominal GDP with share of manufacturing and mining/quarrying sector



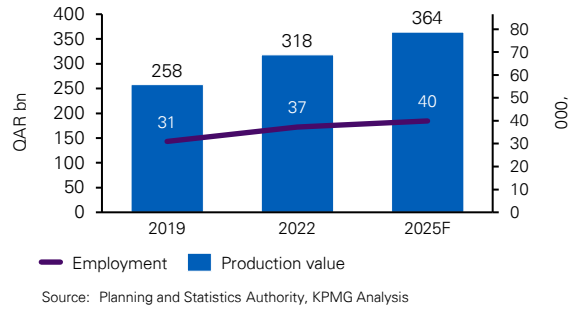
As per World Economic Outlook October 2020 forecast, Qatar's nominal GDP is expected to reach QAR 697bn in 2025. After contracting by 16% in 2020 due to Covid pandemic which reduced production and consumption, the economy is expected to rebound and post 5.2% y-o-y growth in 2021. The share of manufacturing sector is expected to rise from 7.8% in 2019 to 9.4% in 2025.



Mining and quarrying production value and employment



The growing demand for natural gas product is expected to drive the mining and quarrying sector growth. The production value for mining and quarrying sector is expected to increase steadily from 2019 to 2025 at a CAGR of 6% driven by the government's plan to increase the production capacity for natural gas production by 2024. This is likely to drive employment to 40,000 in 2025.

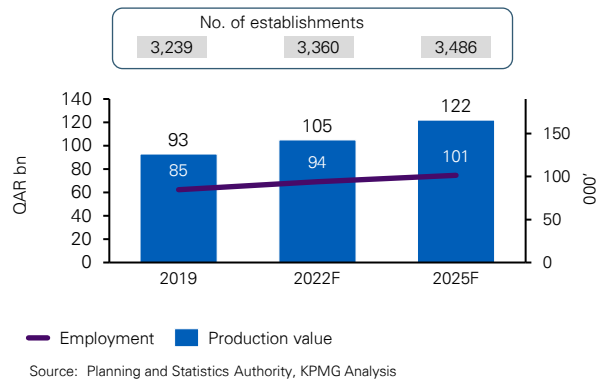


Manufacturing sector production and employment



The government's effort to boost SME sector manufacturing and the shifting focus towards non-hydrocarbon sector exports is expected to drive the production value for manufacturing sector by 30% from 2019 to 2025.

The number of people employed is also expected to grow from 85,000 to 101,000 in 2025 along with rise in number of establishments by 1.2% CAGR to 3,486 from 3,239 during the same period.



End of the blockade and a multi-sector development pipeline augurs well for Qatar's industrial sector

On 5 January 2021, Saudi Arabia, Bahrain, UAE, and Egypt ended the three-and-a-half-year blockade against Qatar. This presents a strong opportunity for all nations to strengthen bilateral relations, increase cooperation and trade opportunities in areas of mutual interest.

Qatar has conclusively emerged as a resilient and strong nation from the challenging situations imposed by the blockade. In 2019, Qatar Chamber projected about 150^(a) major projects in Qatar that will be delivered after 2022 in infrastructure, roads, construction, healthcare, and education sectors. A strong pipeline across diverse sectors augurs well for the industrial sector demand. Key ongoing and upcoming projects that are expected to provide impetus to Qatar's economy include:

Energy

- **North Field East Project:** In Feb 2021, QP made a final investment decision for \$28.75bn North Field East project to ramp up Qatar's LNG production from 77 mmtpa in 2019 to 110 mmtpa in 2024.
- **North Field South Project:** The second phase of North Field expansion, known as the North Field South project, is expected to lift Qatar's LNG production capacity to 126 mmtpa by 2027.
- **Bul Hanine Oil field redevelopment:** QP will drill 150 wells through 2028 in Bul Hanine oil field to raise efficiency and increase crude oil reserves. The project is worth \$11bn and construction phase is expected to close by 2022.
- **Barzan Gas development:** The phase 2 and 3 of this \$10.3bn project are in the pipeline post which the total capacity is expected to be 5.9 bn cf/d of natural gas.
- **New solar power plant:** Qatar has partnered with Total and Marubeni to build the 800 MW Al Kharsaah solar power plant at the cost of \$500mn. The plant will supply electricity to Kahramaa for 25 years starting from 2021.
- **QP Tawteen:** QP Tawteen offers to localize about 100 new business opportunities across the energy sector supply chain and others involving the manufacturing of value-added products. Qatari SME investors are expected to set up manufacturing and servicing units from six clusters such as maintenance repair and overhaul, engineering, subsurface, light business opportunities, chemicals & metals and digital technology.

Construction

- **Lusail city:** Qetaifan Islands in the Lusail city are under construction which would feature hotels, entertainment centers, residential units and more. The phase 1 is expected to be completed by Nov 2021 followed by phase 2 ending in 2025.
- **Madinatna and Barahat Al Janoub:** In 2020, Barwa along with UrbaCon Trading and Contracting announced two residential projects worth more than QAR 5bn in Al Wakra expected to be completed by 2022.
- **Sharq Crossing:** The \$12bn^(b) iconic project consists of bridges connecting to each other through a water tunnel with a total length of 12km above sea level, linking Ras Bu Abboud Street and the West Bay area.
- **Key road development projects:** Ashghal is currently developing 15 major road and expressway projects that are expected to be completed before World Cup. Additionally, industry sources indicate another pipeline of 18-20 key projects from 2022- 2030.
- **9 New Citizens' Subdivision Infrastructure:** In 2020, Ashghal signed nine contracts with Qatari companies for construction on sewer networks, drainage & ground water network, roads, parking bays, lighting poles and treated water networks worth QAR 3.6bn that would serve 5,111 residential plots throughout Qatar.
- **Beautification and drainage projects:** Public Works Authority, Ashghal is developing four beautification projects at a cost of about QAR 1bn^(c) and 19 drainage & infrastructure projects with a spend of QAR 11bn^(c). These are in-progress and expected to be completed by 2021-2024.

Tourism

- **FIFA WC 2022:** The 1.5 mn expected tourists will create short term opportunities for international travel, hospitality, transport and food sector.
- **Intra-GCC tourism:** The lifting of blockade in Jan 2021 is expected to drive the surge in travelers from GCC region as air and road transportation resume.
- **Tourism a priority sector:** The government has identified tourism as a priority sector for diversification. In 2017, the Next Chapter of Qatar National Tourism Sector Strategy 2030 (QNTSS) was launched with a 5-year plan to enhance visitors experience through improvements in sub-segments of tourism. It plans to attract 5.6mn visitors annually by 2023 through QNTSS 2030.
- **Asian Games 2030:** In Dec 2020, Qatar won the rights to host the Asian Games which is likely to drive investments and enhance tourism.

Public transport

- **Phase 2 of Doha Metro:** The 2nd phase will involve expansion of the current green, red and gold lines along with construction of a new blue line. There will be a total of 72 stations that will be built in the second phase of the metro project expected to be completed by 2026.
- **Electric buses:** In Feb 2021, Mowasalat announced plans to set up an electric bus assembly plant in the Qatar Free Zone along with Yutong, a leading bus and coach and supplier. The plant will commence production by end of 2022 and is expected to produce around 1,500 electric buses per annum by 2029 to serve local and international demand.

Notes: (a) The Peninsular Qatar; (b) Gulf construction; (c) Approx. & not exhaustive as it is sum of the total costs for limited project from Ashghal's website accessed on 4th Mar, 2021

About KPMG in Qatar

KPMG has had a presence in Qatar for over 40 years. We opened for business here in 1978 and are now one of the largest and most established professional services firms in the country. Our 300+ professionals are led by 11 Qatar-based partners.

We recruit the best and brightest from around the world and currently employ over 30 different nationalities.

KPMG in Qatar belongs to a network of independent member firms affiliated with KPMG International.

KPMG member firms operate in 147 countries, collectively employing more than 219,000 people, serving the needs of business, governments, public-sector agencies, not-for-profits and through member firms' audit and assurance practices, the capital markets. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

We lead with a commitment to quality and consistency across our global network, bringing a passion for client success and a purpose to

serve and improve the communities in which member firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

Industry focus across Qatar

To enhance the services that we offer, many of our consultants specialize in a particular field or industry. KPMG was the first of the 'Big Four' firms to establish global, industry-focused networks which help us to provide an informed perspective on the latest trends and issues affecting our clients' businesses. In Qatar, we have professionals across most of the country's key sectors, all of whom are active members of our global networks.

Our industry groups include:

- Government
- Energy and Natural Resources
- Financial Services
- Media, Telecommunications and Technology
- Building, Construction, Infrastructure and Real Estate
- Family-owned Businesses and Small and Medium-sized Enterprises

40+

years working with some of Qatar's most prestigious businesses and organizations

300+

Professional staff based in Qatar

147

KPMG member firms operate in 147 countries

Advisory

Audit

Tax

How can KPMG assist?



Industrial sector projects need advice based on good understanding of the macro-economic environment, sector trends, demand drivers and relevant product / service attributes. National trends evolve keeping pace with international practices and benchmarking with mature markets can bring in rich insights.

We have a team on the ground that has local market knowledge and experience in wide range of industrial sectors. We have developed country level strategies, export promotion studies focusing on SME products, growth strategy, business plan, turnaround strategies for corporate entities and feasibility studies for SME entrepreneurs. Our global network brings in a wealth of international good and leading practices. We would be happy to discuss with you and share our views and experience to help you navigate the market dynamics.

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