# Beyond Recovery

KPMG's Whitepaper on uncovering Post-Conflict Challenges, Shifts, and Emerging Opportunities Across Key Sectors

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April 2026

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# Executive Summary

01

# Converting Disruption into Strategic Advantage

**The 2026 regional conflict represents the most severe multi-modal shock to Qatar's economy since the 2017 blockade, simultaneously disrupting maritime routes, airspace, and critical energy infrastructure. While the immediate impact has been uneven, most acute in energy and least disruptive in wholesale and retail, the response has clearly demonstrated that embedded resilience outperforms retrofitted crisis measures.**

The crisis marks an inflection point. In the short term Qatar has once again demonstrated its ability to stabilise rapidly under extreme conditions. The challenge now is to **re-architect systems for a structurally more volatile environment**. Recovery alone is insufficient. Across sectors, reducing single-route dependencies, accelerating localisation, and scaling digital enablement have emerged as strategic imperatives rather than policy options.

Critically, the disruption also creates opportunity: to reset the energy strategy, monetise trade resilience, accelerate diversification, and reposition Qatar as the Gulf's most reliable hub in times of stress. The decisions taken and implemented in the short to medium term will determine whether resilience remains defensive or becomes a lasting competitive advantage.

# 02 Beyond Recovery

Forging Qatar's Path to an Adaptive Resilient Future

# Qatar caught in the conflict: Economy highly resilient, but not enough

## The test of resilience

- On 28 February 2026, the outbreak of conflict between the United States, Israel, and Iran triggered an unprecedented disruption to Qatar’s economy.
- Events including drones and missile strikes on certain parts of the country including Ras Laffan Industrial City, the suspension of Qatar Airways operations, the closure of the Strait of Hormuz which disrupted both maritime and air freight corridors, simultaneously tested the resilience of every major sector of Qatar’s economy.

## Been there, managed it – but this time the scale and complexity is much larger

- Navigating these economic shocks are not new for Qatar. Past events, including the 2017 GCC blockade,  COVID-19 pandemic, 12-day conflict with Iran have each forced structural adaptation, deepening the country’s institutional capacity for resilience.
- While this track record is significant, however the current crisis looks more prolonged and impactful than earlier ones.
- Resilience as a reactive and retrofit response is no longer enough and Qatar must now anchor it systemically into its governance design, economic sector and enabler’s systems and policies.
- Accordingly, doubling down on its resilience maturity remains the central argument of this publication.

## Qatar’s resilience strategy needs refresh; opportunities up for grab

- KPMG, in this whitepaper, has comprehensively analyzed the top 7 economic sectors and 3 enablers to understand Qatar’s economic resilience. Our research revealed a clear pattern: where resilience was deliberately built post crisis, the sectors are holding up, however where it was not, vulnerabilities remain severe.
- The disruption is also generating strategic opportunities that, if acted upon, could accelerate Qatar’s transformation into a more diversified, resilient and globally competitive economy.

## Key Facts: Current Conflict

- Potential GDP contraction of 14% in FY26 if conflict extends through April 2026
- 17% of Qatar's LNG export capacity damaged at Ras Laffan, translating into an estimated USD 20 billion in annual export revenue loss
- 86% reduction in vessel traffic through the Strait of Hormuz
- USD 600 million in daily regional tourism revenue loss
- Up to 80% surge in air freight costs on impacted corridors
- Over USD 50 billion in combined infrastructure capex now at risk of delay

# Forging Qatar's Path to an Adaptive Resilient Future

### With most sectors outside the "safe zone", targeted resilience and recovery strategies are critical—especially in high-impact, high-opportunity sectors

- Qatar's key economic sectors do not face this conflict from the same starting position.
- KPMG's assessment reveals meaningful differences in:
  - ✓ *how exposed each sector is to the current disruption,*
  - ✓ *how much resilience was built in the years following 2017, and*
  - ✓ *how long recovery is likely to take.*
- Understanding these differences is critical to prioritizing government and private sector response.

# Key Observations

### No sector remains unaffected

The simultaneous closure of air and maritime corridors created a system-wide shock rather than isolated sectoral disruptions.

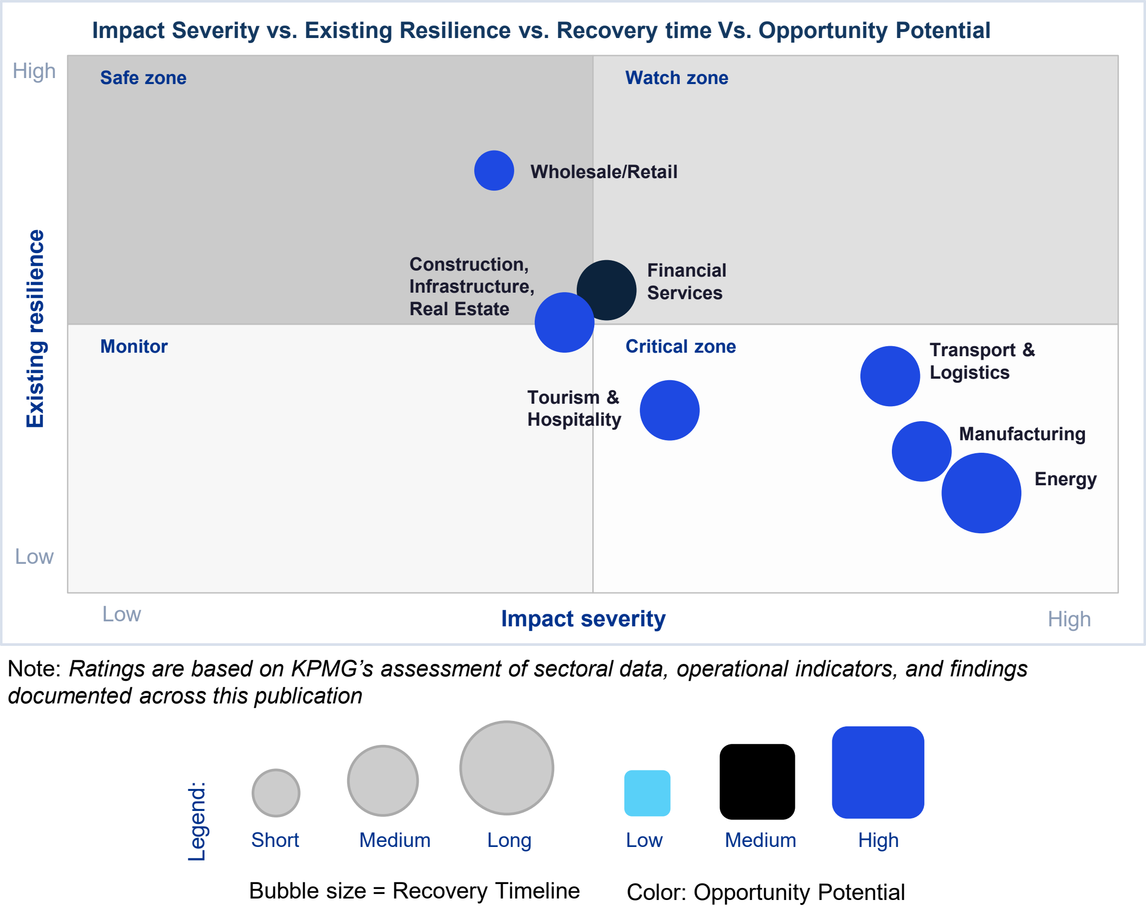
### Resilience investment pays off

Wholesale and retail, which invested deliberately post-2017, demonstrated measurably stronger absorption capacity than sectors that did not.

### Hardest hit sectors have best opportunities

Energy, manufacturing, tourism, and transport face both the severest impact and the greatest strategic opportunity, reinforcing the case for moving quickly from crisis response to repositioning.

**The matrix below assesses each sector across four dimensions: immediate impact severity, existing resilience level, expected recovery timeline, and strategic opportunity potential.**



# Mapping Qatar on its "Resilience-Build" journey; a long way ahead

## Where Qatar stands today

The uneven distribution of resilience across sectors signals that Qatar's current model is evolving—necessitating a structured progression from retrofitted responses to embedded and ultimately adaptive resilience

Current Stage

Current position

Target Position (4-5 Years)

Target Position (8-10 Years)

### Stage 1
### Retrofitted Resilience

Resilience added after a shock, without fundamentally changing how the system operates.

- Crisis solutions layered on top of existing systems
- Often temporary or tactical
- Focused on continuity, not transformation

**What is working (few e.g.):**

- Strategic food reserves operational post-2017 (wheat, rice, edible oils)
- Alternative ports (Oman/UAE routes) after disruption
- Financing sector relief to banks and borrowers

### Stage 2
### Embedded Resilience

Resilience built into the system from the start—infrastructure, policy, institutions, and digital architecture.

- Designed before disruption occurs
- Integrated into core architecture
- Permanent capability, not a temporary fix
- Balances efficiency, redundancy and adaptability

**What is working (few e.g.):**

- Al Nadeeb + E-TIR kept trade flowing as both maritime and air corridors failed simultaneously
- Bonded warehousing at Ras Bufontas and Umm Alhoul activated immediately

**What is missing (few e.g.):**

- Energy: No alternative to Hormuz
- Manufacturing: No domestic steel supply; Chinese imports supplies halted

### Stage 3
### Adaptive Resilience

Resilience continuously evolving, enhanced by data, digital systems, and predictive intelligence; where the system does not just absorb shocks, but anticipates and optimizes under disruption

- Designed to anticipate disruption before it materializes
- Enabled by real-time data, digital infrastructure, and AI-driven intelligence
- Embedded within decision-making systems, not just physical infrastructure
- Capable of dynamic reconfiguration of resources, policies, and operations

**Indicative maturity (few e.g.)**

- AI to assist in predictive routing and cost optimization
- Shift toward multi-modal routing and capturing rerouted traffic
- Digital trade and financial systems adjusting liquidity flows based on sector stress signals
- Integrated energy system monitoring predicting infrastructure stress and optimizing output
- Real-time national supply chain monitoring systems identifying shortages before they occur

## What the path forward requires

**Short-term:** Complete the shift to "Embedded Resilience" in the most exposed sectors, anchoring digital infrastructure, supply chain redundancy, and financial system continuity.

**Medium to long-term:** Build toward Adaptive Resilience through institutional design, real-time decision-making platforms etc. that anticipates shocks before they become crises.

**KPMG has identified several opportunities that can be actioned to reach "Embedded Resilience" stage across sectors**

# Stabilizing the System: Short-term opportunities to build embedded resilience

**To accelerate towards "embedded resilience" require acting on decisive short-term opportunities. We have structured such opportunities across four priority resilience segments**

## Short term opportunities

### Energy and Industrial Resilience

- Assess Ras Laffan damage and prioritize rapid restart of partial LNG production capacity.
- Undertake energy sector strategy refresh (cargo swap deals, establish sovereign backed funds, doubling down on big ticket localization, expanding international LNG network etc.)
- Fast-track localization of critical energy equipment to reduce import dependency.
- Strengthen diplomatic engagements
- Enhance and innovate energy infrastructure security frameworks including maritime insurance products.
- Deepen pharmaceutical trade ties with Saudi Arabia and the UAE via land borders.
- Accelerate domestic food production partnerships and local sourcing to reduce import vulnerability in fresh and perishable categories.

### Supply Chain (food & non-food), Infra and Logistics Resilience

- Formalize alternative routing infrastructure, Abu Samra land corridor, Omani ports, and UAE east-coast gateways, as permanent features of Qatar's supply chain.
- Leverage Qatar's food security infrastructure, including greenhouse units and strategic reserves, to accelerate domestic sourcing partnerships and reduce fresh produce import dependency.
- Incentivize bonded warehousing and multi-route procurement to eliminate single-corridor dependency.
- Establish a permanent cross-functional transportation resilience task force with clear governance.
- Activate fast-track customs lanes and 24-hour operations at all border crossing points to prevent bottlenecks.
- Prioritize resilient and strategic infrastructure projects including energy facilities, distributed power generation, and strategic storage.

### Economic, Financial Resilience & Investment Attraction

- Activate state-backed credit guarantees and emergency credit lines for affected SMEs and corporates.
- Accelerate SME digital migration under the March 2026 e-commerce licensing framework.
- Activate bank moratoriums and capital buffer relief to support lending capacity to affected sectors.
- Launch war-risk and supply chain disruption financing products for SMEs and corporates.
- Accelerate digital investments directed towards national security and energy sector digital investments.

### Tourism, Hospitality and Demand Resilience

- Launch a destination marketing campaign immediately upon airspace normalisation to accelerate MICE and leisure travel return.
- Implement a Rescheduling Guarantee Program giving international event organisers certainty to rebook Qatar in 2026 and 2027.
- Introduce temporary fee waivers for hospitality operators during the first 100 days of post-conflict recovery.
- Introduce Qatar hospitality sector support scheme.

**Supported by active digital transformation, tax incentives and strengthening cyber defense measures**

# Scaling Resilience: Medium to long-term transformation towards an adaptive economy

**Building on short-term opportunities, focus on embedding resilience at scale in the medium term i.e. strengthening core systems, diversifying economic drivers, and positioning Qatar for a more adaptive and future-ready growth model**

## Medium to Long term opportunities

### Energy and Industrial Resilience

- Transition to an integrated energy powerhouse and promote industrial diversification such as Hydrogen (blue & green), carbon capture and storage, renewable energy integration
- Infrastructure development focused on creating alternative delivery routes, developing oversees liquification, storage and re-gasification terminals
- Emerge as a global energy investor thereby reducing dependence on domestic assets
- Enhanced diplomatic leverage taking roles such as mediator and energy stabilizer
- Leadership in global energy security framework, diplomacy, and advocacy
- Strengthening geopolitical positioning through recalibrating its geopolitical and economic strategy
- Accelerate FDI attraction toward Qatar's USD 100 billion target by 2030 through post-conflict repositioning.

### Supply Chain (food & non-food), Infra and Logistics Resilience

- Expand Abu Samra border crossing capacity to reduce land corridor bottlenecks.
- Position Hamad Port as a regional trading & logistics hub leveraging the free zones.
- Scale drone delivery trials and expand last-mile logistics beyond Doha to build a distributed network.
- Develop enterprise-level cross-modal business continuity governance to manage future transport disruptions.
- Build strategic material reserves and local construction supply ecosystems.
- Invest in smart infrastructure technologies including BIM, digital twins, and predictive maintenance across key assets
- Develop renewable energy and green building infrastructure through incentives and policy support.
- Fast-track PPP frameworks across logistics, renewable energy, and digital infrastructure.

### Economic, Financial Resilience & Investment Attraction

- Expand digital payments, cross-border settlements, and trade finance solutions aligned with QCB's Financial Sector Strategy.
- Issue sovereign sukuk and accelerate green and sustainable finance instruments.
- Deploy SWF capital to support local equity and bond markets during periods of stress.
- Develop infrastructure project financing across defense, ports, pipelines, food storage, and data infrastructure.
- Scale agritech investment to strengthen food security, building on Qatar's existing research and technology base.
- Leverage 100% foreign ownership and 0% personal income tax to accelerate manufacturing FDI.

### Tourism, Hospitality and Demand Resilience

- Develop medical and health tourism leveraging Qatar's World Cup-era healthcare infrastructure.
- Enhance focus on diplomatic and business tourism
- Position Doha as the primary regional venue for diplomatic and reconstruction conferences.
- Expand maritime tourism to diversify visitor arrivals and reduce air travel dependency.
- Establish a state-backed insurance fund to indemnify international event organizers against future airspace closures.

**Supported by active digital transformation, tax incentives and strengthening cyber defense measures**

# Conclusion:

## Over next 5 years, it would be encouraging to see Qatar a more resilient, diversified and sustainable economy

**Opportunities identified across this publication are not simply responses to a crisis. Implemented with decisiveness and strategic coherence, they represent a pathway to a fundamentally stronger Qatar. If the recommendations across sectors are acted upon, the Qatar of 2031 will look materially different and resilient from the one that entered this conflict.**

### Stronger

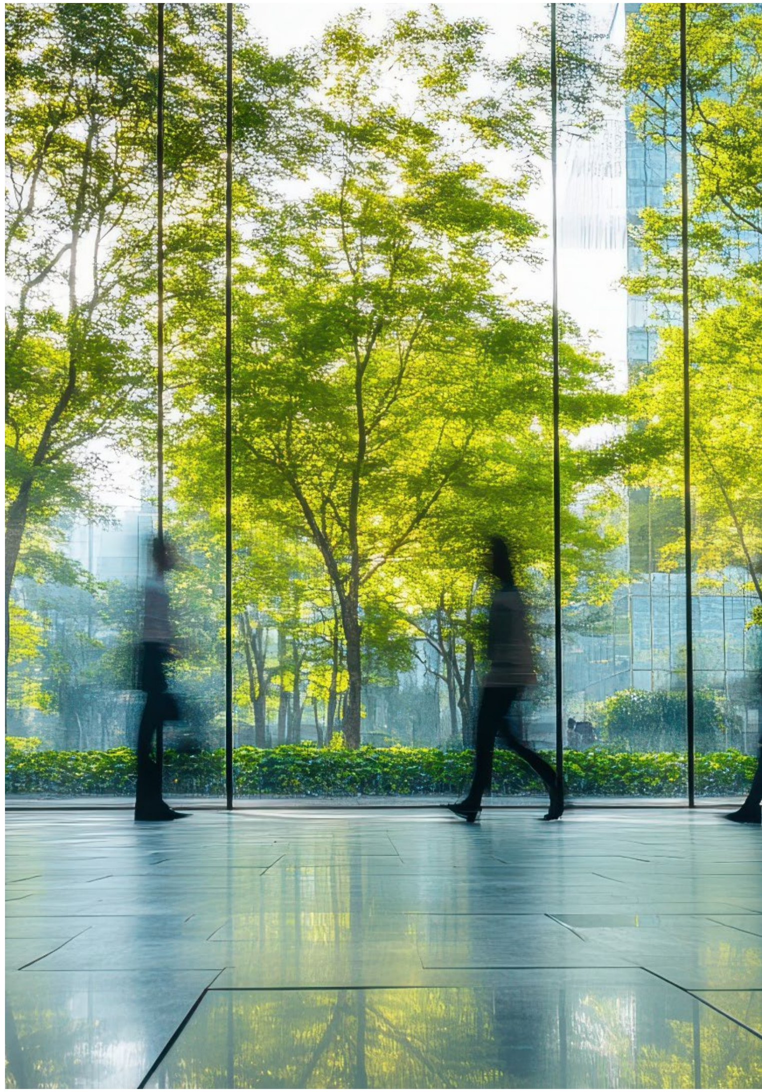
- Restored and expanded LNG capacity complemented by meaningful investments in hydrogen, carbon capture, and renewables, reducing dependence on a single commodity and a single export route.
- Supply chains anchored in permanent redundancy, with alternative corridors formalized, strategic reserves deepened, and local manufacturing ecosystems developed.
- A sovereign-backed energy security fund and diversified export infrastructure reducing Qatar's structural vulnerability to single chokepoint disruptions.

### Smarter

- Digital infrastructure, accelerated by the conflict, becomes a structural feature of Qatar's economy rather than an emerging trend.
- A thriving fintech and digital finance ecosystem positioning Doha as a leading regional hub for cross-border trade and digital payments.
- Smart construction technologies, agritech investments, and cybersecurity governance collectively raise the sophistication and self-reliance of Qatar's productive base

### Sustainable

- Qatar's political neutrality, institutional stability, and demonstrated resilience becoming a powerful competitive advantage as regional geopolitical risk reconfigures investor perceptions across the Gulf.
- With regional competitors facing heightened uncertainty, Qatar is uniquely positioned to capture redirected international investment flows toward its USD 100 billion FDI target.
- A revitalized tourism sector anchored in diplomatic events, medical tourism, and world-class infrastructure reinforcing Doha's status as the Gulf's most attractive, stable and investable destination.



# 03

# Qatar's Core Sector Imperatives

A. Energy Sector
B. Wholesale and Retail Trade Sector
C. Tourism and Hospitality Sector
D. Manufacturing Sector
E. Financial Services
F. Construction, Infrastructure, Real Estate
G. Transport and Logistics (Air, Land, Rail, Sea)

# A. Energy Sector

# 1. Introduction

# 35 to 40%

Qatar's nominal GDP across 2023-25

Qatar's energy sector is the backbone of the country's economy, being the single largest sector having contributed an average of 35% to 40%% [1]of Qatar's nominal GDP across 2023-25. It has a significant multiplier effect on economic activity and employment generation in other sectors such as construction, manufacturing, financial services etc. Revenue earned by export of LNG and other energy sector products contributes significantly to major policy, budgeting, and spending decisions of the State of Qatar. Since 28 February 2026, Qatar's energy sector, being at the forefront of facing the brunt of the regional conflict, has been witnessing the following business and economic impact:

# 2. Challenges and impact

## Immediate and short-term concerns:

1. **Structural damage to Ras Laffan facility:**
   On 19 March 2026, Ras Laffan Industrial City (RLIC) was attacked causing extensive damage[2] to two LNG trains and a gas-to-liquids (GTL) facility, adversely impacting ~17% [3]of Qatar's export capacity of close to ~77mn MT p.a. Industry experts indicate that repairs and full commercial restoration may take several [4]months.

2. **Reduced production and exports of LNG and energy sector products:**
   The reduction in installed capacities, temporary suspension[5] of production (effective 02 March 2026), declaration of force majeure for contractual commitments, and the challenges in shipping past the Strait of Hormuz will lead to reduced sales volumes and revenues from sale of LNG, methanol, helium, polymers, urea (fertilizer) aluminum etc. For LNG alone, industry sources estimate approximately USD 20 billion[6] in lost export revenues per annum.

3. **Volatility in crude oil and LNG prices:**
   Driven by the above events, prices of crude oil and LNG have been volatile reflecting the evolving scenario on the warfront and its impact on business sentiment and economics.

Source:
[1] NPC, 2023-25
[2] The Peninsula, March 19, 2026
[3] Global LNG Hub, March 19, 2026
[4] Al Jazeera, March 19, 2026
[5] Al Jazeera, March 2, 2026
[6] Reuters / CNBC, March 20, 2026

# Medium-to-long-term challenges and considerations:

1. **Strategic vulnerability - The Strait of Hormuz:**
   As of 11 March 2026, there was ~86%[7] reduction in vessel traffic across the Strait of Hormuz. Unlike Saudi Arabia's east-west pipeline that provides ready access to the Red Sea, lack of a viable alternative for shipping past the Strait of Hormuz, further pegs Qatar's recovery timelines for export of LNG and energy sector products to reopening of the strait.

2. **Energy sector capital expansion projects:**
   Given the economic uncertainty, Qatar's ambitious investments to double its LNG capacity[8] from 77 mn MT p.a. to 142 mn MT p.a, by 2030, and other capital expenditure expansion projects by NOC and QatarEnergy are likely to face some delays pending infrastructure integrity assessments due to recent disruptions.

3. **Impact on energy sector employment:**
   With 17% of Qatar's installed capacity of 77mn MT p.a. likely to be non-operational for several months, the energy sector is likely to witnesses workforce optimization with focus on prioritizing capital spend for recovery and repairs and driving fiscal prudence.

4. **Impact on Qatar's GDP and economic activity:**
   The pre-conflict FY26 GDP growth estimate of 7.7%[9] in nominal terms is likely to be revised downwards. Accordingly, to Bloomberg, Goldman Sachs economist Farouk Soussa estimates that Qatar's economy may contract by ~14%[10] in FY26, if the conflict extends till the end of April 2026.

5. **Impact on Qatar's GDP and economic activity:**
   Qatar produces approximately 30%[11] of global helium as a byproduct of LNG processing at Ras Laffan. Helium spot prices doubled, with some segments seeing increases of 35%-50%[12] since the attack and the facility shutdown. This disruption could constrain supply chains globally for months even post-restart. Analysts warn that heightened prices for energy sector products and commodities can contribute to inflation globally.

**~14%**

Qatar's economy may contract by 14% in FY26, if the conflict extends till the end of April 2026.

Source:
[7] Al Jazeera, March 11, 2026
[8] QNA, February 25, 2024
[9] WEO October 2025 database
[10] Al Jazeera, March 17, 2026
[11] AP News, March 21, 2026
[12] Middle East Forum, March 17, 2026

# 3. Opportunities and priorities

## Short-term opportunities

1. **Restoration of LNG capacities:**
Commission a full damage and integrity assessment of RLIC facilities and prioritize rapid restart of at least partial LNG production capacity. Redeveloping damaged infrastructure will need support from and mobilization of international EPC contractors and local sub-contractors. In addition, modular liquefaction units can be deployed to partially restore capacity quicker than repairing megaproject trains.

2. **Energy sector strategy refresh:**
Define post-conflict energy sector strategic initiatives for:
   - Establishing a dedicated sovereign backed energy security and resilience fund.
   - Potentially, leverage post conflict momentum to replan and potentially accelerate North Field expansion timelines, which helps mitigate conflict-led delays, enhance production and revenue generation to minimize revenue loss.
   - Enhancing and doubling down on big-ticket localization (i.e., capex greater than QAR 500 mn) projects to substitute imports, generate employment and partly mitigate the fall in export revenue.
   - Defining an international network for liquefaction, storage and regassification for LNG.
   - Collaboration with other GCC nations for identifying viable alternatives (e.g., LNG-to-pipeline feasibility studies, alternative maritime route feasibility i.e., a channel connecting the Gulf to the Arabian Sea via UAE, KSA and Oman) to Strait of Hormuz
   - Qatar can form short-term cargo swap deals with trusted LNG producers such as Australia, USA, Nigeria, Norway etc. This arrangement ensures customers continue receiving energy sector products even if Qatar cannot physically deliver currently.
   - Qatar's energy sector can leverage learnings from Qatar blockade (2017-21) where the nation converted a major challenge into an opportunity and built a resilient and localized food security program.

3. **Incentivize local manufacturing of energy equipment through Tawteen program:**
To offset import delays due to Hormuz, Qatar could fast-track manufacturing of:
   - Valves
   - Cryogenic equipment
   - Compressor parts
   - Basic instrumentation

   This reduces downtime and creates a resilient domestic supply chain.

4. **Strengthen diplomatic engagement:**
Enhancing existing engagement with key LNG buyer nations (China, Japan, South Korea, India, EU) supported by security, strategy reset and resilience initiatives, will help reassure supply continuity, protect long-term contract relationships, and potentially strengthen security of existing and new long-term supply contracts.

5. **Acceleration of national security and energy sector digital investments:**
Apart from securing energy sector plants, the attacks highlight the need for enhanced protection of critical infrastructure across the country including arterial highways and expressways, water and power plants, key trade, and logistics assets etc., vital for energy sector installations. In the short term, this is likely to drive rapid investments in enhancing air defense, improving cyber security and resilience, strengthening digital energy management systems, and energy infrastructure security.

6. **Enhance energy sector security product/service offerings:**
Due to the conflict, it is imperative that Qatar would build new or strengthen existing energy security infrastructure. This creates an opportunity to innovate in the existing security and protection frameworks, tools, and technology. E.g. innovative maritime insurance products can be deployed to improve risk management. Potentially, in the future, these can be further developed into an energy sector security product /service offering and monetized wherever possible

# Medium to long term opportunities

1. **Transition to an integrated energy powerhouse and promote industrial diversification:**
   The conflict provides Qatar with a powerful strategic argument to evolve from a dominant LNG exporter into a diversified energy leader spanning LNG, hydrogen (blue and green), carbon capture and storage (CCS) (e.g. in area of carbon capture and storage, similar to Norway, Qatar can launch a Carbon Storage Leasing Model), renewable energy integration and waste to energy plants such as compressed biogas plants (e.g. in the area of waste to energy plants, similar to India, Qatar can install and commission compressed biogas plants which would include conversion of municipal solid waste or any other waste to methane with a purity of 95% to 99%). The disruption to helium and petrochemicals underscore the need to deepen and diversify downstream industries. Accelerating investments in petrochemicals, hydrogen, and energy-intensive manufacturing can reduce reliance on raw LNG exports.
2. **Infrastructure development:**
   The conflict exposes a structural vulnerability of reliance on a single export route. Over the medium to long term, if validated by the strategy refresh exercise, Qatar can: engage with GCC countries to develop a multilateral pipeline or an alternative maritime route. Qatar can also explore developing overseas LNG liquefaction, storage, and regasification terminals, developing strategic partnerships to diversify delivery routes e.g., Qatar could explore for regional distribution or strategic liquefaction partnership agreements with markets in Africa, Mediterranean, and South Asia that reduce dependence on Hormuz transits and obtain greater control over LNG shipping fleets
3. **Geo-economic Expansion (Qatar as a Global Energy Investor):**
   Qatar has the opportunity to invest globally in LNG projects, hydrogen clusters, renewable energy farms, foreign liquefaction capacity (Africa, Mediterranean, Latin America), thereby reducing dependence on domestic assets and spreads geopolitical risk.
4. **Enhanced diplomatic leverage:**
   Qatar’s vital role in global LNG supply, even under disruption, enhances its diplomatic importance. The country is well-positioned to function as a mediator and energy stabilizer, particularly as importing nations seek to secure alternative supplies.
5. **Leadership in global energy security framework, diplomacy, and advocacy:**
   With its experience in navigating crisis conditions, Qatar can play a leading role in shaping global energy security frameworks, including maritime protection and supply resilience initiatives. The energy sector can leverage sovereign support to reposition and elevate Qatar as leader of energy sector diplomacy and drive advocacy for international frameworks / agendas related to energy trade route security, policy enhancement at OECD/UN level that can promote energy supply stability, price stability etc.
6. **Strengthening geopolitical positioning:**
   Despite the severity of the disruption, the crisis also presents Qatar with an opportunity to recalibrate its economic and geopolitical strategy. The conflict reinforces Qatar’s strategic importance in global energy markets. Over the long term, this can translate into a stronger geopolitical influence and alliances with key energy-importing regions.

# 4. Conclusion

**The crisis marks a pivotal moment and in the short term the focus should remain in restoration of disrupted capacities and shipping routes.**

However, the crisis does offer a range of opportunities including to accelerate industrial diversification, active leadership in global energy security framework, expanding global energy investments, explore multilateral modes of energy transport and a reset to Qatar’s Energy Sector strategy.

# B. Wholesale and Retail Trade Sector

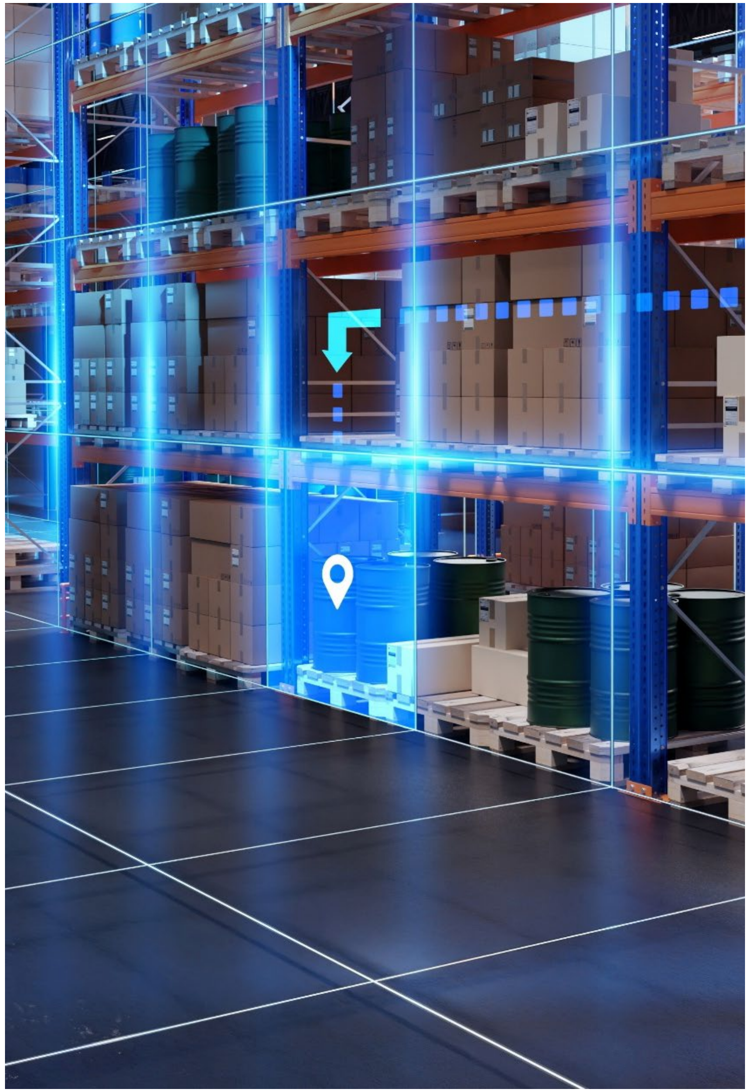
# Can Qatar maintain its proven resilience?

**USD 19.44 bn**

Qatar's wholesale and retail sector valued in 2026…

**USD 23.69 bn**

… projected to reach USD 23.69 billion by 2031



# Wholesale and Retail Trading

## Introduction

**Qatar's wholesale and retail trading sector has once again been tested by regional instability, and the response has demonstrated a level of crisis preparedness that sets Qatar apart.**

The onset of conflict on 28 February 2026, and the simultaneous closure of Qatar's airspace and the Strait of Hormuz has exposed the sector’s structural dependence on imported goods at a moment of acute regional tension. Yet,` Qatar did not experience the panic buying, empty shelves, or supply collapse that such a disruption might suggest. This is not just coincidence, instead, it is the result of deliberate investment in food security infrastructure, strategic reserves, and crisis management capabilities built and tested through two prior shocks i.e. the 2017 blockade and the COVID-19 pandemic. Having said that general business activity has dipped in the short-term with retailers, restaurants, and ride hailing services reporting significant loss of business.

What the current conflict reveals, however, is that resilience built for yesterday's crises may need to be recalibrated for a more prolonged and structurally different threat environment. The conflict is not a short-term shock, and its economic and logistical consequences are likely to reshape regional supply chains for years, even as its intensity fluctuates. For Qatar's wholesale and retail sector, valued at USD 19.44 billion in 2026 and projected to reach USD 23.69 billion by 2031[1], the question is no longer whether Qatar can withstand disruption, but whether it can maintain its proven resilience and convert it into a lasting competitive advantage i.e. attracting regional distribution, deepening domestic production, and positioning Doha as the Gulf's most reliable trade hub when others falter.

# Sectoral Challenges and Impact Near-Term

## 1. Multi-Modal Supply Chain – Disruption and activation of alternative routes

The conflict has triggered an unprecedented simultaneous failure of Qatar's two primary import corridors. Maritime traffic through the Strait of Hormuz collapsed by 86%, with major carriers such as Maersk, MSC, CMA CGM, and Hapag-Lloyd, suspending Gulf transits and MSC declaring 'End of Voyage' for Arabian Gulf-destined cargo.[2] [3] In parallel, Qatar Airways suspended flight operations from 28 February 2026, eliminating over 3,000 tons of daily air freight capacity and stranding critical time-sensitive shipments.[4]

Qatar's Ministry of Transport activated alternative routing protocols, designating Sohar, Salalah, and Duqm (Oman) as primary maritime alternatives, and Fujairah and Khor Fakkan (UAE) as secondary options. The Abu Samra land border with Saudi Arabia has emerged as a critical supply lifeline. [5]

Despite these measures, replenishment cycles have extended by two to four weeks minimum, with emergency freight surcharges adding significant cost pressure across all import categories. [6]

**86%**

Maritime traffic through the Strait of Hormuz collapsed by 86%

## 2. Food Security – Resilient but under pressure

The onset of conflict triggered an immediate consumer response. Qatar's Ministry of Commerce and Industry acknowledged a limited wave of stockpiling in the opening days, echoing the panic buying that emptied shelves of milk, rice, meat and meat products during the 2017 blockade within hours of that crisis. [7] This time the response was faster. Several actions were taken such as the number of 24-hour retail outlets increased to 33 branches nationwide, a joint Government-Chamber committee activated to monitor prices and prevent unjustified increases, ensuring major hypermarket operators - Lulu, Al Meera, Carrefour shelves remained well-stocked etc. [8] [9] [10]

The relative stability on Qatar's shelves reflects the strength of strategic reserves. Silos for wheat, rice, and edible oils, built since the 2017 blockade gave Qatar a buffer. [11] However, the real vulnerability lies in fresh and perishable products, which cannot be stocked and are first to be affected when maritime and air freight are simultaneously disrupted.

Further, to support the small and medium sized wholesale and retail traders, Qatar Development Bank (QDB) responded by activating conflict-specific financing programs including supply chain financing with partial guarantees for wholesale and retail companies, raw material inventory financing, and a logistics support program for imports to offset rising shipping costs. [12]

## 3. Consumer Demand – Changing customer priorities

Qatar Tourism's mandatory suspension of all public events and entertainment, the prohibition on Ramadan tent operations, and the cancellation of the Qatar Football Festival 2026 (including the Finalissima at Lusail Stadium) sharply curtailed consumer movement and in-store activity.[13] [14] Retail and hospitality operations at Hamad International Airport, including luxury shopping precincts and airside commercial venues, operated with severely reduced footfall given the near-total suspension of commercial flight operations.[15] Downtown retail malls were also affected by mandated remote working for public and private sector employees and school closures across the country though government offices resumed full on-site operations from 24 March 2026 and schools returned to full in-person attendance from 29 March 2026, following the easing of the regional situation.[16] [17] Consumer surveys conducted in early March 2026 indicate that over 65% of shoppers have already adjusted their purchasing behavior in response to conflict-related economic uncertainty, with discretionary spending identified as the category most at risk.[18]

# Sectoral Challenges and Impact Medium-to-long term

## 4. Import Dependency — Pressure Points and Limits of Resilience

Qatar's import dependency is structural and longstanding. The conflict has tested whether the resilience infrastructure built since the 2017 blockade is sufficient for a disruption of this scale and duration. With staple goods, the answer so far is yes. Qatar's National Food Security Strategy 2030 targets reserves of two to eight months for eleven key commodities including wheat, rice, sugar, and edible oils, and no reports of silo depletion or critical shortages. Qatar is well positioned.[19] [20]

Qatar's CPI was already rising at 2.3% year-on-year in January 2026 before the conflict, and emergency freight surcharges and commodity price inflation are expected to accelerate this in the near term.[21] If the disruption extends beyond three to four months, the outer limit of most GCC nations strategic reserves will be breached and all countries including Qatar will be forced to reevaluate their national sourcing plan. As of now, that threshold has not been breached, but relevant ministries will continue to watch it carefully.

**2.3%** yoy

Qatar's CPI was already rising in January 2026

## 5. SME Vulnerability — The Unprotected Tier

While large hypermarket chains have supply chain operations, strategic inventory, and access to state supported financing, Qatar's SMEs, independent restaurants, boutique retailers, souvenir vendors, and tourism-adjacent operators, have none of these buffers. They are the most exposed segment and the least equipped to absorb a sustained disruption. With events cancelled, airport retail shut, and footfall sharply reduced, their revenue has effectively stopped while fixed costs continue. The scale of commercial stress is visible in MoCI's response i.e. between 28 February and 22 March 2026, 318 inspectors issued 49,756 emergency inspection orders, detecting 80 commercial violations including price manipulation - a direct indicator of the pressure smaller operators are currently facing. [22] In a notable parallel response, MoCI issued a new e-commerce licensing framework on 4 March 2026 enabling commercial activity without physical premises, lowering the barrier for SMEs to pivot to digital trading during a period when physical retail is effectively curtailed. [23]

# Opportunities & Priorities

## Near-Term

### 1. Formalizing Supply Chain Redundancy — A Government Led Opportunity

The alternative routing infrastructure activated during the conflict, Abu Samra land corridor, Omani port alternatives (Sohar, Salalah, Duqm), and UAE east-coast gateways (Fujairah, Khor Fakkan), already exists and proved its value under pressure. The opportunity is not to build it but to formalize and institutionalize it. Left to market forces, wholesalers and retailers will revert to least-cost single-source routing once Hormuz reopens. The government lever is incentive design, i.e. making multi-route procurement, bonded warehousing, and domestic strategic stockholding commercially attractive on a sustained basis.

Qatar has already laid the foundation. Free-zone build-outs at Ras Bufontas and Umm Alhoul integrate bonded warehousing with near-dock facilities, and the Qatar Free Zones Authority's AI partnership with Quantiphi targets cost reductions through predictive routing.[24] Wholesale and retail trade was projected to be the fastest-growing segment of Qatar's freight and logistics market growing at a CAGR of 7.34% through 2031. The current conflict adds urgency to channeling that growth through resilient, multi-modal infrastructure rather than single-corridor dependency.[24]

The Al Nadeeb digital customs platform, integrated with the TIR system since May 2025, acts as an operational backbone. enabling advance data exchange, pre-clearance, and fast-track movement across land borders at scale. [25]

### 2. Monetizing Food Resilience — From Crisis Response to Commercial Platform

Qatar has built significant domestic food production capability, with 8,420 greenhouse units and high level of self-sufficiency across key crops, including 98% in cucumbers, 96% in eggplants and zucchini and 82% in tomatoes, supported by a National Food Security Strategy targeting over 55% vegetable self-sufficiency by 2030.[26] The agricultural market, valued at USD 1.2 billion in 2025 and growing at 4.51% CAGR,[27] is an established and expanding sector. The conflict presents an opportunity to close the remaining gap more rapidly and on a commercial basis. This creates a direct import substitution opportunity for domestic producers, food processors, and retailers prepared to build local sourcing partnerships.

For the wholesale and retail sector, the opportunity is threefold. ***First,*** retailers can reduce import cost exposure by shifting assortments toward locally produced goods, particularly in categories most vulnerable to Hormuz disruption such as fresh produce, meat and meat products. ***Second,*** food processors that partner with state owned organizations like Hassad Food may gain access to state-backed supply chains and distribution platforms.[28] ***Third,*** the conflict has accelerated consumer preference for locally sourced products, turning what was previously a sustainability driven choice into a supply security imperative, and creating a stronger and more durable foundation for investment in domestic sourcing.

**7.34%** CAGR

Qatar's freight and logistics market growing through 2031.

**8,420**

greenhouse units & high level of self-sufficiency across key crops

# Opportunities & Priorities

## Medium-to-long term

## 3. Digital Retail — Accelerating Adoption, Deepening Infrastructure

**Qatar's digital retail infrastructure was built post-COVID. The conflict is accelerating consumer adoption faster than any organic trend would have. The opportunity is to act now, before the market normalizes.**

- **Quick-commerce at scale:** Talabat, Snoonu, Carriage and Keeta already deliver groceries across Doha within 30 to 60 minutes. Jahez's USD 245 million acquisition of Snoonu has brought AI-powered demand forecasting into the Qatari market and can change the way Quick commerce is delivered i.e. less than 15 minutes.[29] Retailers that partner with these platforms now may retain new digital customers permanently, as most will not return to in-store only shopping post-conflict.
- **Online grocery, fastest growing segment:** Qatar's online grocery market is projected to grow at 26.93% CAGR through 2034.[30] Retailers that invest in digital fulfilment now will stay structurally ahead of their competitors.
- **B2B digital procurement:** Government entities and corporates are accelerating their shift to digital ordering, with B2B e-commerce growing at 10.37% CAGR.[29] Wholesale distributors that build digital platforms now capture a structural shift that is less exposed to consumer spending swings.
- **SME digital migration and last-mile expansion:** With the regulatory barrier removed by MoCI's March 2026 e-commerce framework, the opportunity now is speed of adoption. Distressed retailers that move quickly to establish digital storefronts will capture the demand shift before better-resourced competitors do. Further, drone delivery trials underway in 2026 extend that opportunity beyond Doha, opening a materially larger addressable market for early movers.[23] [30]

## 4. Post-Conflict Demand Rebound and Tourism Recovery

Historical precedent, including Qatar's recovery after the 2017 blockade, shows that consumer spending rebounds quickly once safety and normalcy returns. Pent-up demand is typically strongest in luxury, hospitality, and experiential retail. Qatar is well positioned to capture this rebound due to its world-class retail infrastructure including Place Vendôme, Villaggio, The Pearl, Mall of Qatar, and its potential role in post-conflict diplomatic events and conferences.

A proactive 'Qatar is Open' destination marketing campaign, launched as soon as airspace normalizes, can accelerate the return of MICE tourism and international retail footfall, particularly from GCC markets and European business travelers.

Retailers can also double down on customer retention programs now including flexible rebooking, loyalty credits, VIP offers. These measures will be critical in recapturing high-value customers once conditions normalize.

## 5. Post-Conflict Positioning — The Gulf's "UAE+1" Opportunity

When the Strait of Hormuz is blocked, Hamad Port is blocked with it. No port opportunity exists while Hormuz remains disrupted, however post conflict it does.

Qatar's Port holds a Liner Shipping Connectivity Index (LSCI) score of 217, compared to Jebel Ali's 791, and both sit behind the same chokepoint.[31] Taking a leaf from India’s China+1 strategy play book that emerged from manufacturers' realization that concentrating all production in a single country can create catastrophic exposure to disruption, Qatar can apply the same to emerge as a dominant player in becoming a trade and logistics hub. It can leverage, Hamad Port’s demonstrated operational continuity, integrated free zones at Ras Bufontas and Umm Alhoul with bonded warehousing and AI-driven customs clearance,[24] the TIR-integrated Al Nadeeb platform enabling seamless multimodal connectivity in association with the Qatar’s robust political stability to its advantage.[25]

Historical precedent, including Qatar's recovery after the

**2017**

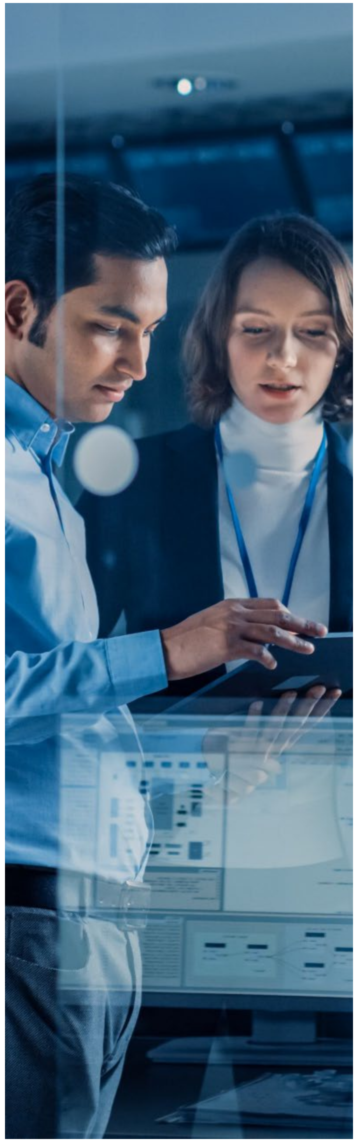
blockade

# Conclusion

**Qatar's wholesale and retail sector has demonstrated exceptional short-term resilience under extreme multi-modal disruption, validating the strategic investments made since the 2017 blockade and COVID-19.**

However, the current conflict underscores that resilience alone is insufficient in a prolonged and structurally shifting risk environment, particularly given persistent import dependency and SME fragility.

For Qatar, the next pivot would be transitioning from reactive crisis management to proactive system redesign, embedding redundancy, localization, and digitalization as permanent features of the sector. Critically, Qatar is uniquely positioned to convert disruption into competitive advantage by formalizing alternative supply chains, accelerating domestic production, scaling digital commerce, measures to expand tourism and creation of sustainable trading hubs. If effectively executed, these shifts can reposition Doha as a resilient regional trade and distribution hub in a post-conflict landscape. Ultimately, the sector's success will depend on converting short-term resilience into sustained competitive advantage in a more volatile and uncertain regional environment.



**The following statements from senior public officials, regional logistics operators, and global industry bodies reflect the breadth of impact across the wholesale and retail trading sector.**

"There are no indicators that call for concern over shortages of goods or disturbances to supply chains inside the State of Qatar. Supply stability in Qatar is supported by diversified import sources, efficient logistics infrastructure and sufficient strategic stocks of essential goods."

**Ahmed bin Abdullah Al Jamal, Chairman, Qatar General Authority of Customs — Al Jazeera, 18 March 2026**

"The Middle East is a vital trade route... our focus is on providing superior infrastructure and security to ensure the global supply chain can thrive even in a volatile environment."

**Tiemen Meester, COO, DP World — Food and Drink Digital, March 2026**

"Rising costs of transport, energy and raw materials could mean consumer goods prices soar during 2026."

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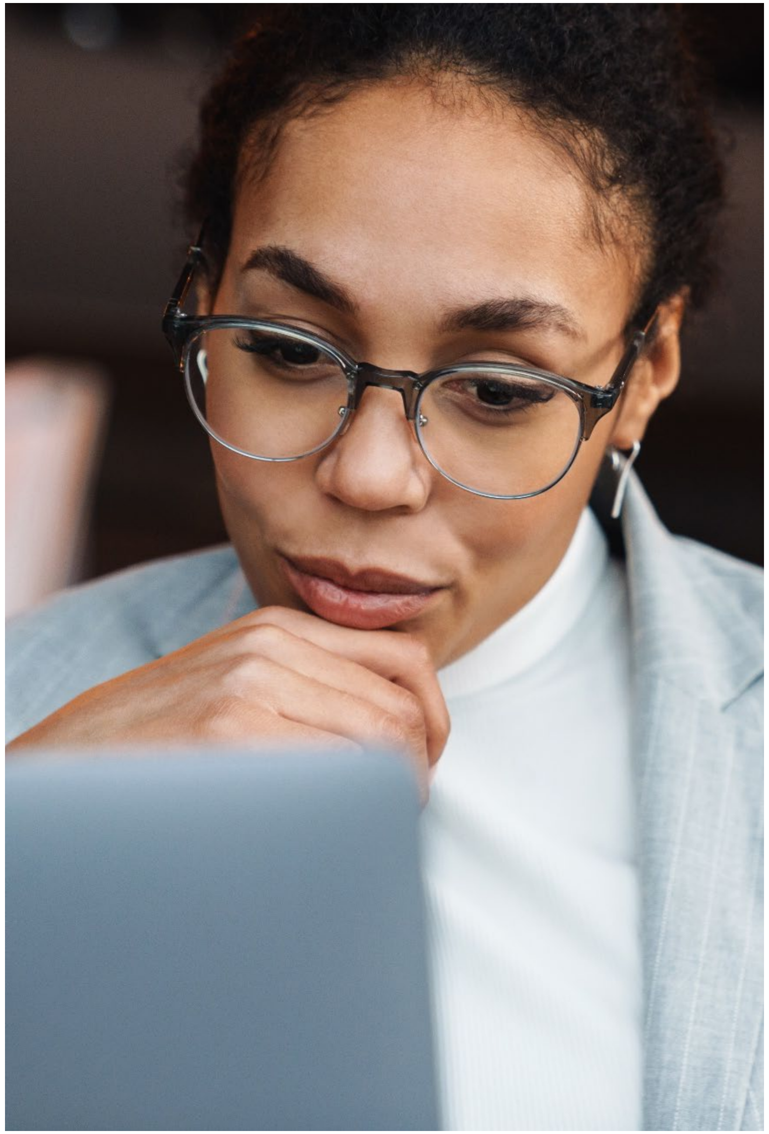


# C.

# Tourism and Hospitality Sector

# An Overview of the Tourism and Hospitality During Crisis

## Regional Conflict: Effects on Tourism Demand and Hospitality Operations

Over the past decade, Qatar's tourism and hospitality sector has undergone a profound transformation driven not only by ambitious national development strategies, but also by a series of significant geopolitical and global disruptions. From the GCC Blockade to the global shock of the COVID-19 Pandemic, and from the landmark 2022 FIFA World Cup to the ongoing regional crisis of 2026, Qatar has consistently demonstrated resilience, adaptability, and strategic foresight in navigating uncertainty.

Rather than hindering progress, these challenges have acted as catalysts for structural transformation accelerating policy reform, market diversification, infrastructure development, and global positioning. The sector has evolved from a regionally dependent tourism model into a globally competitive, experience driven destination anchored in events, connectivity, and innovation.

This section examines how Qatar responded to each major crisis over the past decade, assessing the direct and indirect impact on the tourism and hospitality ecosystem. It analyzes the effectiveness of government-led interventions, the role of key stakeholders, and the sector's ability to absorb shocks and recover.

Furthermore, the section explores Qatar's future trajectory by identifying emerging opportunities, evaluating post-crisis recovery mechanisms, and presenting strategic recommendations aimed at sustaining long-term growth, enhancing resilience, and reinforcing Qatar's position as a leading global tourism hub.

# Tourism and Hospitality: A Decade of Resilience (2017–2026)

| Year | Event |
|---|---|
| 2017 | Geo-political Crisis |
| 2018 | Recovery and Market Diversification |
| 2019 | |
| 2020 | Covid-19 Pandemic |
| 2021 | Resolution of the GEO-political Crisis |
| 2022 | FIFA World Cup 2022 |
| 2023 | |
| 2024 | AFC Asian Cup 2023 |
| 2025 | FIFA Arab Cup 11th Edition |
| 2026 | Regional Conflict |

## Geo-political crisis

- **Impact:** Border closures; 40% visitor loss.
- **Action:** Radical visa-free entry for 80+ nations.
- **Result:** Shifted from regional to global hub.

## Recovery and Market Diversification

- **Scale:** 17% arrival surge, 2.1 Mn visitors.
- **Strategy:** Targeted Europe/Asia; cruise tourism launch.
- **Result:** Successfully decoupled from GCC reliance.

## Covid-19 Pandemic

- **Impact:** 73% drop in international arrivals.
- **Action:** Hotels used as quarantine/staycation hubs.
- **Result:** Doha ranked 6th globally in occupancy in 2020

## Resolution of the GEO-political Crisis

- **Restoration:** Borders reopened; GCC travel restored.
- **Strategy:** Hayya Platform debuted at Arab Cup for unified digital gateway
- **Recovery:** Immediate 77% surge in regional arrivals.

## FIFA World Cup 2022

- **Scale:** Total of 2.5 Mn arrivals, 20k+ rooms booked, 57% Occupancy rate
- **Infrastructure:** 8 stadiums, 37k+ keys, Transportation enhancement ex. Metro
- **Result:** RevPAR reached ~QAR 390, representing an increase compared to the previous five years. Additionally, it was among the first in the GCC region to host the FIFA event.

## AFC Asian Cup 2023

- **Scale:** 4 Mn+ arrivals; 58% Y-o-Y increase.
- **Result:** Approximately QAR 40 Bn tourism and hospitality revenue with 38% spending increase compared to previous year.

## FIFA Arab Cup 11th Edition

- **Scale:** 1 Mn+ arrivals; 1.1 Mn Hayya scans.
- **Revenue:** Approximately QAR 8.3 Bn tourism and hospitality revenue
- **Hub Status:** Qatar positioned to leading tourism and sports destination

## Regional Conflict

- **Impact:** Airspace, sea transport and tourist attraction suspensions
- **Action:** Flight reimbursement, visa and hotel extension.
- **Impact:** Major events postponed or relocated; hotel bookings declined sharply; airspace and maritime suspension curtailed both leisure and business arrivals.

# Strategic Impact Assessment: Navigating the 2026 Hospitality Crisis

## Short-term impact (0-3 months)

**Logistical Paralysis**
Transit and tourism shutdown

**Force Majeure Activation**
Tour cancellations & legal triggers

**Revenue Hard-Stop**
Halt in ticket and hotel sales

## Mid-term impact (3-12 months)

**Sentiment Fragility**
“Wait and see mindset”

**Hotel Performance**
Decline towards RevPAR

**MICE Pipeline Erosion**
Various events postponed

## Long-term impact (12+ months)

**Reputation Risk**
Destination sentiment

**Sovereign De-risking**
Transit independence shift

**Vision 2030 Delay**
6 Mn visitors goal slip

# Emerging Opportunities

## 01 Post-Conflict Rebound - Pent-Up Demand

Past experiences, including Qatar's rapid recovery following the 2017 blockade, show that the hospitality sector can rebound strongly once confidence and safety are restored. With tourism infrastructure largely unaffected, the success of a post-conflict promotional campaign will determine how quickly conferences, airline traffic, and leisure travel return.

## 02 Medical and Health Tourism

Post-conflict periods often drive increased demand for medical tourism as regional populations seek specialized care. Qatar's advanced healthcare facilities, expanded for the World Cup, provide a competitive advantage to attract patients from affected neighboring markets, especially when supported by government-to-government health partnerships.

## 03 Diplomatic and Business Tourism

Efforts such as diplomatic negotiations and maintaining relations with all parties are expected to drive substantial post-conflict diplomatic and business tourism. Doha is well-positioned to host regional normalization talks, reconstruction conferences, and international business forums, creating strong demand across hotels, hospitality, and event management sectors.

## 04 Digital Hospitality and Contactless Experience

With in-person events halted, hotels are accelerating virtual events, AI-powered guest services, and contactless solutions. Qatar's advanced digital infrastructure supports these offerings, sustaining engagement and generating alternative revenue during restricted-movement periods.

## 05 Expanding Tourism via Maritime Routes

Historical data show that travelers arriving by sea account for around 9% of total visitors. The current crisis offers an opportunity to grow this segment by enhancing port facilities, cruise offerings, and marketing Qatar as a key maritime stopover, helping diversify arrivals and reduce reliance on air travel.

Source: Supreme Committee (SC), National Planning Council (NPC), Qatar Tourism, Travel And Tour World, 'Qatar Travel Advisory 2026' (positive long-term outlook section), Qatar Country Risk Report, January 2026, Qatar Tourism Dashboard, KPMG Research & Assessment

# The Way Forward

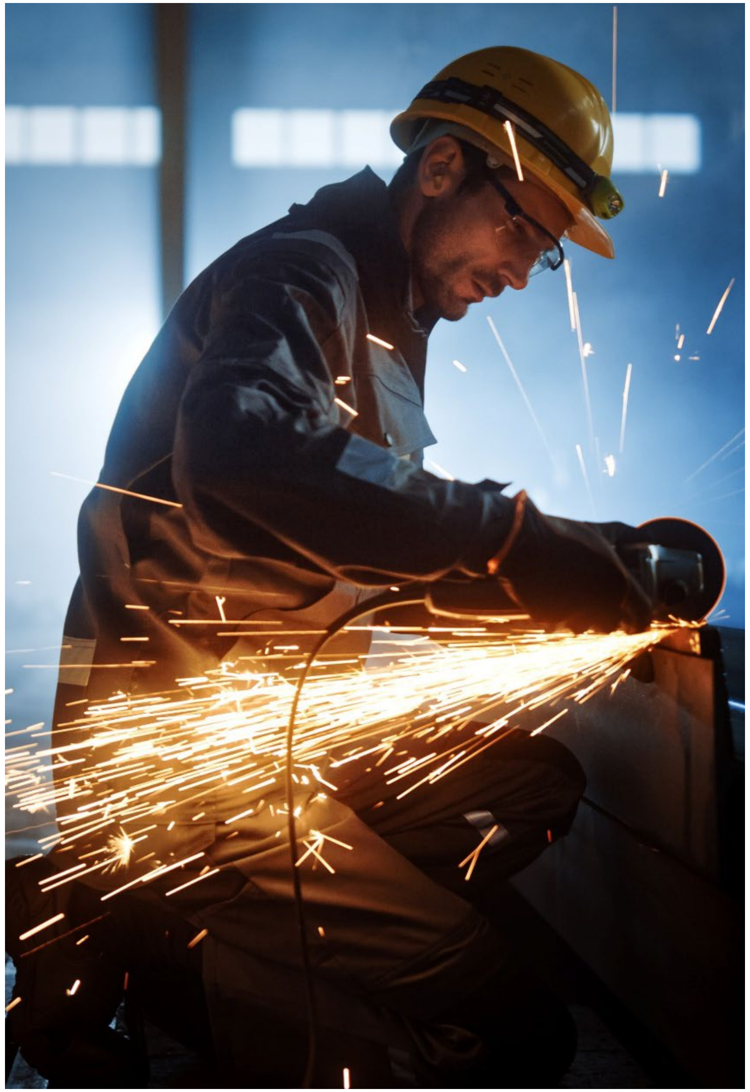
| Initiative | Description | Responsibility |
|---|---|---|
| **Event Insurance Fund** | Establish a state backed insurance fund to indemnify international event organizers and hotels against future airspace closures. This provides a "financial floor" for high-impact bookings (MICE and major entertainment), ensuring that global partners can re-commit to 2026/2027 dates without personal capital risk. | Government/ Authority |
| **Rescheduling Guarantee Program** | Implement a Rescheduling Guarantee Program that offers a fixed window for postponed or cancelled events, giving international organizers contractual certainty to rebook Qatar in 2026/2027 and supporting the recovery of the hospitality and events sectors. | Government/ Authority |
| **Customer Retention Initiatives** | Hospitality operators should launch customer retention programs immediately, including free rebooking guarantees, loyalty point credits, and VIP upgrades, to preserve relationships with guests affected by cancellations or disruptions. | Hotels/ Operators |
| **Digital Booking and Virtual Concierge** | Accelerate investments in direct digital booking and virtual concierge services to reduce reliance on OTA platforms and secure direct revenue streams. | Hotels/ Operators |
| **Temporary Fee Waivers** | Implement a temporary waiver of municipality fees, service charges, and hospitality licensing fees for the first 100 days of post-conflict recovery to support the sector’s rapid rebound. | Government/ Authority |
| **Qatar Hospitality Support Scheme** | Introduce a Qatar Hospitality Support Scheme to subsidize hotel occupancy for diplomatic events and international conferences during the first 100 days post-conflict, helping to rebuild the MICE pipeline. | Government/ Authority |

# D. Manufacturing Sector

**7.6%**
of the real GDP in Q32025

**70.5 bn**
increasing the added value of the manufacturing sector to QAR 70.5 billion

**49.1 bn**
increase the nonhydrocarbon exports to QAR 49.1 billion by 2030



# Manufacturing Sector

## 1. Introduction

**Qatar's manufacturing sector is a key component of the country's economy contributing approximately 7.6%[1] of the real GDP in Q32025 and has more than 3,200 establishments operating across multiple industry verticals.**

To further accelerate the diversification of the economy, the government launched Qatar's National Manufacturing Strategy (QNMS) 2024-2030 focusing on six priority industry verticals: pharmaceuticals, chemicals and petrochemicals, plastics, food and beverage, metals and fabricated metals, and construction materials that are critical for the manufacturing sector in the country. The strategy aims at increasing the added value of the manufacturing sector to QAR 70.5 billion and increase the nonhydrocarbon exports to QAR 49.1 billion by 2030[2]. Nevertheless, Qatar's manufacturing sector still relies heavily on imports, particularly raw materials, which makes it highly vulnerable to the trade disruptions triggered by the conflict that began on February 28. With the closure of the Strait of Hormuz, Qatar's primary gateway for imports and exports, the Qatar's manufacturing industry is currently facing the following business and economic impacts:

## 2. Challenges and impact

### Immediate and short-term concerns:

1. **Closure of Strait of Hormuz:** On 2 March 2026, Iran closed the Strait of Hormuz and threatened to attack any vessel attempting to transit it. [2]As Qatar's main maritime gateway, handling most seaborne trade, its closure immediately disrupted both import-dependent and export-oriented manufacturing sectors. On the import side, the impact spanned multiple industries, as the simultaneous End of Voyage Declaration for exports from the Arabian and Persian Gulf, [4]along with the closure of the strait, both severed access to critical materials through the country's main maritime channel. The closure was equally damaging to Qatar's export revenues. Qatar Aluminum (QATALUM), which exports approximately 95% of its output to markets in Asia, Europe and North America, lost access to its primary shipping route overnight. [3]Qatar's position as the world's leading nitrogen fertilizer producer, supplying approximately 11% of global urea[3] , was similarly compromised, with export shipments unable to depart through the strait.

## Immediate and short-term concerns:

2. **Closure or reduction of production:** The ongoing situation caused several manufacturing industries to either halt production for a while or to reduce operational capacity mainly due to lack of raw materials or sudden loss of demand since access to the export market is lost, which in both cases are a loss of Qatar's manufacturing sector. For example, Qatalum initiated a controlled shutdown of aluminum production on March 3rd due to the natural gas supply disruption in Qatar, then resumed aluminum production at around 60% on March 12th, with full restoration subject to ongoing supply chain conditions.[5]

3. **Disruption in steel imports:** China halted the exporting of steel to the GCC countries due to the instability of the region and the closure of the Strait of Hormuz. [6]The GCC countries were responsible for 17% of Hot Rolled Coil (HRC) [7]imported from China. For Qatar, the consequences are particularly acute. The country is reliant on competitively priced Chinese steel as a core input for its construction and industrial sectors, both central to delivering the infrastructure ambitions of Qatar National Vision 2030.

   With Chinese steel shipments halted and no immediately available alternative supplier at comparable cost and volume, major projects risk material delays, cost overruns, and potential breaches of contractual delivery timelines.

4. **War-driven inflation:** The conflict has disrupted shipping through strategic chokepoints such as the Strait of Hormuz, leading to higher war-risk premiums, freight surcharges, and logistical rerouting. These disruptions have raised fuel and transportation costs globally and for Gulf economies, transmitting into higher input costs for energy-intensive industries including metals, food and beverage, and plastics. [8]As a result, Qatar's manufacturing sector is facing elevated production costs due to higher energy, shipping, and raw material expenses.

## Medium-to-long-term challenges and considerations:

1. **Delay in Foreign Investment trajectory:** In the past few years, Qatar Free Zones Authority (QFZA) and Invest Qatar have promoted multiple free zone locations in Qatar as destinations for setup manufacturing facilities for medical consumables, vaccines, advanced materials processing and industrial manufacturing[9] with planned investments in 2026 and 2027. The ongoing war has not led to any public announcements for project cancellation; however, the political environment, elevated security concerns, supply chain disruption and cost escalations threaten this investment trajectory. Investors might fear losses resulting from this war, especially since these industries are prone to attack as they are the backbone of the economy. Risk averse investors might seek alternative destinations with less geopolitical risk.

2. **Delay in completion of major projects:** Qatar had ambitious industrial milestones scheduled for 2026, including the commissioning of the world's largest blue ammonia plant (Project Ammonia 7, producing 1.2 million tons annually), a new ethane cracker complex with 1.9 million tonnes of ethylene capacity per year which is set to increase Qatar's polyethylene production by 64%. Beyond these flagship projects, the QNMS 2024–2030 set broad expectations for accelerated growth across all six priority manufacturing sectors. [10]However, due to the war and disruption of raw materials reaching the country, damage of certain industrial facilities, the diversion of cargo through alternative ports such as Salalah and Jeddah adds more time to already strained delivery schedules. Collectively, these pressures mean Qatar faces not only project delays but a compounding cost burden, paying more, for longer, to achieve milestones that were already fully financed and on track before the war began.

**source:**
[1] National Planning Statistics Q32025 Estimates. Link
[2] MOCI Manufacturing Sector Strategy 2024-2030. Link
[3] The Strait of Hormuz: A Timeline of Tensions. Link
[4] MSC: End of Voyage. Link
[5] Qatalum maintaining scaled down aluminum production. Link
[6] Steel Silk Road Severed. Link
[7] Chinese HRC exporters face growing disruptions as war halts Gulf trade. Link
[8] Energy shock to food prices. Link
[9] Invest Qatar opportunities in Manufacturing. Link
[10] MOCI Manufacturing Sector Strategy 2024-2030. Link

# 3. Opportunities and priorities

## Short-term opportunities

1. **Post war reconstruction:** Post-war reconstruction across Iran and the broader region represents the single most significant demand opportunity available to Qatar's manufacturing sector, building on Qatar's competitive advantage. More than 40 Middle East energy assets 'severely damaged', says IEA. [11]This might create demand for Qatar's raw material, energy sources or even support for the repair. This situation is likely to create strong demand for Qatar's raw materials, energy products, and industrial support services. With a robust industrial base in aluminum and petrochemicals, Qatar is well-positioned to supply the critical inputs needed for rebuilding energy and industrial infrastructure.

2. **Resilience in Pharma supply chain:** Within the GCC, Saudi Arabia dominates the pharmaceutical market with 46.5% regional market share, supported by 56 licensed pharmaceutical plants[12], while the UAE holds the second largest share with over 35 operational factories[13]. With both land borders remaining open, Qatar has an immediate opportunity to deepen pharmaceutical trade ties with Saudi Arabia via the Abu Samra crossing and with the UAE, reducing its dependence on Hormuz sea-freight and suspended air cargo routes. Strengthening these intra-GCC supply relationships provides Qatar with a more resilient near-term pharmaceutical supply chain while domestic manufacturing capacity is scaled up under QNMS 2024–2030.

**46.5%**

Saudi Arabia dominates the pharmaceutical market with 46.5% regional market share

**56**

supported by 56 licensed pharmaceutical plants

## Medium to long term opportunities

1. **Unlocking agritech potential to drive food security**: Qatar is a strong candidate for agritech transformation, ranking 2nd in the GCC on the Global Food Security Index, achieving 100% self-sufficiency in poultry and dairy, holding 53,000 hectares of cultivable land capacity. Qatar also hosts 50+ establishments & partnerships with leading technology companies & R&D centers through Qatar Science & Technology Park (QSTP). Government investment in ensuring food security and agricultural sustainability projects provides substantial opportunities for potential investments in Qatar's agritech sector. [14]Some of the ongoing projects being launched in Qatar are within the domains of vertical farming technologies, water efficiency & reuse technologies, advanced hydroponics, and controlled environment agriculture (CEA). The global agritech market, valued at USD 26 billion in 2023 and projected to reach USD 67 billion by 2031 at 13% CAGR,19 presents a timely opportunity for unlocking agritech potential in Qatar to drive food security. Regional precedents, Saudi Arabia's RedSea Farms and UAE's Pure Harvest Smart Farms, demonstrate that tech-enabled, climate-controlled agriculture is commercially viable in Gulf conditions.[15]

2. **Building construction sector resilience through modular manufacturing:** By 2035, it is expected that most buildings will be constructed using manufactured structures. [16]The government and private sector stakeholders could focus on this emerging market to develop local factories to produce: building modules, steel structures, precast components. The global modular construction market size was USD 94.84 billion in 2025 and is projected to grow from USD 100.77 billion in 2026 to USD 175.64 billion by 2034, exhibiting a CAGR of 7.20% during the forecast period, [17]indicating strong and sustained growth with room for new entrants. Leveraging its strong industrial base and large-scale infrastructure experience, Qatar can strategically integrate into this market and establish itself as a regional hub for modular construction. Adopting modular construction would enhance domestic resilience, enabling rapid rebuilding and recovery in the event of future disruptions.

3. **Accelerate attraction of foreign investment:** Qatar has set an ambitious target of attracting USD 100 billion in foreign investment by 2030, underpinned by over 188 planned projects spanning free zones, trade infrastructure and strategic geographic positioning. [18]The post-war period presents an accelerated opportunity to advance this agenda and also helps the country in building resilience by focusing on non-hydrocarbon industries, achieving economic diversification aligned with QNV 2030 as well as attracting investment in the manufacturing sector. Foreign manufacturers establishing operations in Qatar's free zones contributing their own supply networks, technology and expertise will help in diversifying Qatar's industrial base beyond its current petrochemical concentration. Qatar has several advantages to attract foreign investors providing up to 100% foreign ownership and 0% personal income tax to attract investments in the sector. Qatar has also ranked 1st in Entrepreneurship in the Arab World, 2nd in Global Competitiveness in the Arab World.[19]

# 4. Conclusion

**The same geographic position at the heart of the Gulf that makes Qatar vulnerable to the current war is also the key enabler for post war recovery.**

Several manufacturing industries will continue to benefit from structural competitive advantages and numerous projects nearing completion are expected to partially offset current disruptions. Historically, Qatar has demonstrated strong resilience from the 2017 blockade to the COVID-19 pandemic successfully adopting to external shocks. By leveraging these experiences and drawing on regional precedents, Qatar is well-positioned to accelerate recovery across key manufacturing sectors. These foundations not only support recovery but also create a pathway for Qatar to emerge as a more resilient, diversified and a globally competitive industrial economy.

source:
[11] Over 40 Middle East energy assets severely damaged. Link
[12] GCC Pharmaceuticals Market. Link
[13] UAE Pharmaceutical Market. Link
[14] Agritech in Qatar. Link
[15] Pure Harvest, Link; Red Sea Global launches The Red Sea Farm Cooperative, Link.
[16] MOCI Manufacturing Sector Strategy 2024-2030. Link
[17] Modular Construction Market Size, Share & Industry Analysis, Link.
[18] Qatar plans over 188 projects to boost trade, targets $100 billion in foreign investment. Link
[19] Invest Qatar Deal Book. Link

# E. Financial Services

# Top Sectoral Issues, Challenges and Impact

## Issues, challenges and impact :

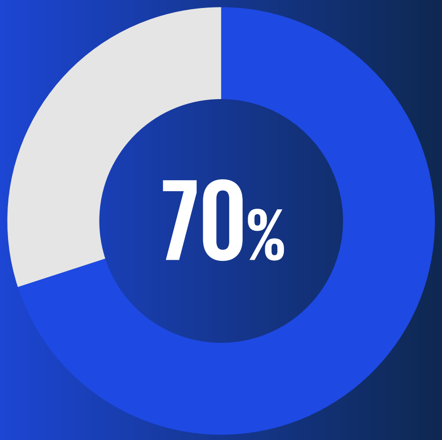
### 1) Liquidity risk:

1. Corporates face liquidity stress and refinancing risk due to tightening of funding markets, rising refinancing costs which may be accentuated due to withdrawal of funds by foreign investors
2. Banks reliance on GRE and corporate deposits as a capital source could be impacted as these entities may explore withdrawal to manage their own liquidity, given public sector and private sector deposits [1] together contributed over 70% of total deposits of banking sector as of FY25
3. A prolonged conflict may also witness a widening ALM gap with limited short-term liquidity sources / wholesale funding. Further, there could be crystallization of off-balance sheet (LC/LG/BG) as issued by banks.
4. Prior to the conflict, Qatar's public debt had improved to 40% of GDP (end-2025) from 45% (end-2023) [2]. A prolonged production halt with added government spending in key sectors (defense, ports etc.) could impact public debt to GDP ratio and the government will have to manage liquidity to prevent deterioration in credit conditions.

### 2) Financial market risk:

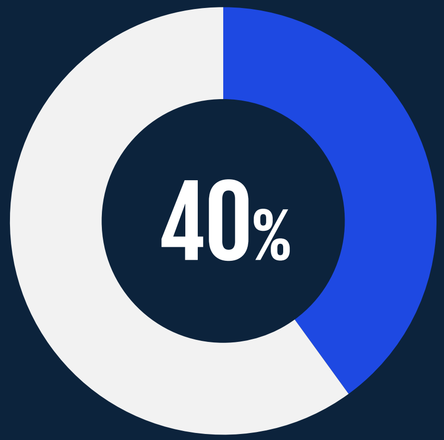
1. Recession risk leads to fall in equity prices and rise in corporate credit spreads, as well as flight-to-safety flows into perceived safe assets (high-rated sovereign bonds, gold). Uncertainty around energy prices and real economy impact creates heightened market volatility. Further, there would be liquidity pressure as investor will try to take money to safe heavens and to different asset classes
2. Swings in financial markets create risk of losses in securities portfolios, depending on exposures and hedging strategies

**Public sector & private sector deposits**




Public sector and private sector deposits [1] together contributed over 70% of total deposits of banking sector as of FY25

**Qatar's public debt had improved to**




Qatar's public debt had improved to 40% of GDP (end-2025) from 45% (end-2023) [2]

[1]https://m.thepeninsulaqatar.com/article/19/02/2026/qatar-banking-sector-loans-expand-by-66-in-december

[2] Allianz Trade, Qatar Country Risk Report, January 2026

## 3) Credit & Default Risk:

- Sectors that could be potentially be impacted by the ongoing conflict would be tourism, hospitality, retail trade, aviation, logistics, construction and energy-dependent industries etc. These sector carry loan exposures in Qatar's banking system, and a sustained disruption may increase non-performing loan (NPL) risk in these portfolios. The sector NPL ratio was slightly below 4% pre-conflict; monitoring and early intervention will be essential. Further, borrowers may be unable to deliver goods, services and meet their commitments, which could not only impact their revenues but their ability to meet fixed cost obligations including debt service obligations as a result leading to higher default risk especially in impacted sectors. Also, supply chain disruptions resulting in higher input costs could lead to stress on profitability and cash flows of the borrower thereby increasing the default risk.
- Liquidity pressures, potentially rising NPLs, deterioration in asset quality and increased market and operational volatility could ultimately impact the lending capacity of the banks and financial institutions.

## 4) Funding risk:

- Financial market volatility and geopolitical uncertainty may lead to higher funding costs and wider credit spreads, as investors become more cautious and reassess regional risk, affecting funding pricing for banks.
- Market uncertainty may lead investors to prefer short-term funding, limiting banks' ability to raise long-term funds and requiring more frequent refinancing.
- Banks may face tighter funding conditions, including lower investor demand, higher pricing, and stricter terms, particularly for unsecured or international funding. [3]

## Other risks:

- Elevated geopolitical risk premiums may affect investor confidence, equity valuations, and the attractiveness of Qatar as a destination for foreign direct investment in the near term. Further, refinancing of Qatar's net foreign liabilities (~40-44% of total funding FY24 as per Fitch report) could become costly due to war premiums and increased uncertainty.
- Prolonged loss of state's revenue may also post a challenge from a FX currency perspective.

[3] - external deposits accounted for about ~18.8% of its total deposits as of FY25 - Qatar banking sector loans expand by 6.6% in December | The Peninsula Qatar

# Emerging opportunities :

**While such conflicts present clear risks, they may also give rise to emerging opportunities, particularly when supported by proactive government interventions and support.**

## 1) Liquidity :

- Enhanced liquidity through potential resilience and stimulus package, some of which based on recent local and regional precedents [4] may include favorable repo rates, enhanced access to reserves, regulatory reliefs on liquidity ratios. Further, special lending window facilities, FX swap lines could also boost overall liquidity
- Persistent higher energy gas prices may increase fiscal revenues, which may enhance liquidity of Qatari energy and GRE companies. Parking such enhanced liquidity in the local banking system may improve liquidity for banking sector over a period.

## 2) Financial market risk :

- Despite increase in general risk perception, within the GCC, Qatar has been relatively more resilient and stable, which could infact witness capital reallocation from riskier GCC equity and bond markets to Qatar government bonds. The medium to long term could see revival of IPOs / listing in the energy sectors.
- Further, there could be opportunities for potential sovereign sukuk issuance, acceleration of green & sustainable finance issuance. Also, SWFs and related investment companies could support local equity and bond markets through active participations, especially during sell offs. There could also be higher activity in commodity & derivate markets to hedge oil price volatility, manage FX, commodity hedging, structured derivate products etc.

## 3) Credit & Default risk :

1. Banks could launch specific products and financing solutions (takaful and non takaful) designed to cover war-risk and supply chain related disruptions. Further, banks can also offer structured emergency credit lines for SMEs and corporates affected indirectly by conflict
2. Government schemes such as state backed credit guarantee, targeted subsidies to certain impacted sectors, moratoriums, capital buffer relief to facilitate credit lending activity have had successful precedents both regionally [5] and globally [6] to mitigate such risks.

## 4) Other opportunities :

- **Infrastructure financing :** Increased revenues of government due to persistent high energy prices could see investment in specialized sectors such defense and technology,
- ports, pipelines, food safety and storage and data infrastructure etc. which may also open financing opportunities (project financing, syndicate loans for giga projects and PPP financing solutions to name a few).
- Digital Finance & Fintech – in line with QCB's FSS3 and QFC Digital asset framework vision to establish Qatar as a leading regional fintech and digital finance hub, post conflict could see potential to expand digital payments, cross-border settlements and digital trade financing solutions. Accordingly, fintech regulatory sandbox to support digital trade finance solutions should be accelerated.

[4] CBUAE resilience package announced 17 March 2026 and 26 March, 2026 CBK Stimulus package [5] NRGP Buyout program initiated in 2020 during COVID – 19 [6] * For example, in the GFC the UK deployed the Special Liquidity Scheme, Bank Recapitalisation Scheme, Credit Guarantee Scheme, Asset Protection Scheme, Asset Purchase Facility. Qatar also issued a similar package on 30 March 2026. QCB Pre-emptive Support Measures announced 30 March 2026

# F.

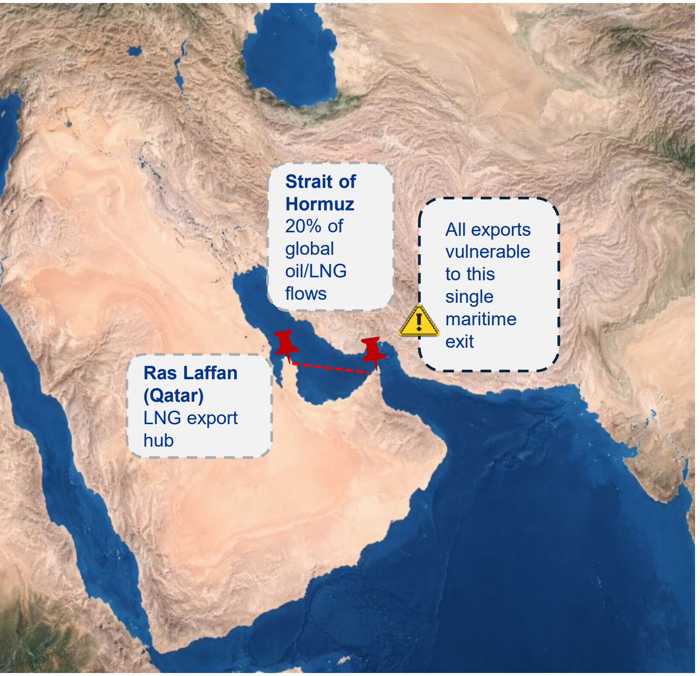
# Construction, Infrastructure, Real Estate Sector

# Sector Challenges and Impacts

## 1. Introduction

Geopolitical escalation related to the conflict is creating concentrated energy export and shipping risks for Qatar, particularly due to reliance on LNG exports through the Strait of Hormuz from Ras Laffan. Disruptions to LNG exports and shipping routes are expected to create energy price volatility, fiscal pressures, and supply chain disruptions. These impacts are expected to increase construction material, logistics, and financing costs, creating CAPEX pressures and potentially leading to government reprioritization of infrastructure and real estate development towards more strategic and resilient projects.

### Geopolitical and Energy Supply Risk Exposure




## 2. Implications of Iran Conflict on Construction, Infrastructure and Real Estate in Qatar

### Construction: Cost escalation and execution (delay) risk

- Input costs rising due to imported steel, cement, equipment, and construction materials affected by supply chain disruption
- Strait of Hormuz closure, Hamad Port restrictions, and shipping delays increasing logistics costs, insurance costs, and EPC contract premiums
- Import dependence on materials and equipment increasing supply risk and exposure to delivery delays and cost escalation
- Potential labor constraints, force majeure risks, and reliance on international contractors increasing project execution and delay risk

### Infrastructure: Resilience shift and delivery constraints

- North Field East LNG expansion USD 30 billion and related Ras Laffan infrastructure timelines at risk, affecting over combined USD 50 billion capex
- Logistics disruption and equipment import delays expected to delay infrastructure delivery timelines
- Traditional and PPP (~ QAR 10 billion) projects pipeline may become more expensive due to higher risk premiums and reduced bidder participation
- Increased government focus on strategic, critical, and resilient infrastructure including energy, logistics, and security related assets

### Real Estate: Demand slowdown and capital tightening

- Geopolitical risk perception may affect expatriate population stability, impacting short term residential rentals, sales velocity and office demand
- Tighter lending, escrow requirements, and higher interest rates affecting buyer demand and developer liquidity
- Higher cost of capital leading to breach of LTV covenants; mortgage financing becoming insufficient amid asset value stress
- Investor sentiment weakening and capital becoming more cautious

**Material, logistics & financing costs increase** → **Elevated CAPEX pressures, widening fiscal deficits** → **Government reprioritizes spending** → **Focus towards cautious, resilient and strategic projects**

Source: KPMG Research & Analysis; Aljazeera, Reuters, Arab Reform Initiative, Middle East Council on Global Affairs, RBC Capital Markets, Mordor Intelligence, Qatar Construction 2026; Global Cold Chain Alliance, IMF 2025/47; IMF Article IV 2026, Supply Chain Magazine

# Structural Shift and Strategic Response Post-Conflict

## 3. Post-Conflict Reset: Opportunities and Actions

**While the geopolitical disruption may be short-term, the disruption may catalyze a structural shift towards more resilient, diversified and secure infrastructure, supply chain and development ecosystem in near to mid-term**

**Before conflict:**
Everything depends on:
- Ras Laffan (primary LNG hub)
- Strait of Hormuz (existing route)

**Efficient but vulnerable**

**After conflict:**
Ecosystem must evolve into:
- Multiple routes with backup infrastructure
- Necessary redundancy planning

**Diversified and resilient network**

**Before the conflict, Qatar's infrastructure and energy system was efficient but highly centralized and vulnerable to single point disruptions. The conflict has highlighted the need for necessary diversification, redundancy, and resilience through multiple routes, backup infrastructure and supply chain.**

Source: KPMG Research & Analysis, World Bank MENA Economic Update, Qatar Construction Market Analysis Report 2026-2031, Mordor Intelligence, GlobalData, Qatar Construction Market Q4 2025, OMFIF, GlobeNewsWire, Qatar Commercial Construction 2025

| Potential Structural Shift | Implications | Strategic Actions |
|---|---|---|
| **Investment and Financing** | Higher geopolitical risks results in an increase in cost of capital and tightening of project financing (especially non-recourse and limited recourse financing) terms. | **Government:** Expand PPP frameworks and fast track PPP project tendering for infrastructure such as national housing, public parks and beaches, warehousing and logistics, renewable energy and digital infrastructure.<br>**Private:** Increase participation in infrastructure investment including PPP and Traditional route. |
| **Logistics and Regional Connectivity Diversification** | Disruptions to sea and air transport highlight the need for diversified logistics routes, alternative procurement routes and stronger regional land connectivity. Supply disruptions also highlight importance of strategic storage and logistics redundancy. | **Government:** Improve land connectivity with neighboring countries such as Saudi Arabia, use alternative routes and regional ports, develop logistics centers and land transport corridors.<br>**Private:** Active participation in developing regional warehousing, logistics and sourcing capabilities. |
| **Demand Risk** | Geopolitical risk perception may affect expatriate population stability, workforce availability and thereby real estate demand, particularly residential sales velocity, absorption of new office space, and household retail spends. Additionally, development activity may become more phased or being delayed in near term. | **Government:** Strengthen economic stability in order to support core real estate sector.<br>**Private:** Adopt flexible workforce planning and demand driven development strategies. |
| **Infrastructure Resilience & Redundancy** | Conflict highlights vulnerability of centralized infrastructure and need for resilient infrastructure including strengthened energy facilities, distributed power generation, strategic storage facilities and transport redundancy under national infrastructure planning. | **Government:** Invest in infrastructure redundancy, backup infrastructure for critical assets such as energy, logistics, storage and utilities.<br>**Private:** Incorporate resilient design, contingency planning and risk buffers in infrastructure and development projects. |
| **Supply Chain Localization** | Global supply chain disruption increases material costs, project delays and development risk, increasing importance of local material ecosystems and domestic sourcing of construction materials. | **Government:** Develop local material ecosystems, strategic material reserves and support industrial clusters.<br>**Private:** Diversify supplier base, increase domestic sourcing and build regional sourcing partnerships. |
| **Digital and Smart Infrastructure** | Infrastructure vulnerability and asset management risks increase need for digital infrastructure, digital twins, smart building systems, BIM and predictive maintenance technologies. Post World Cup asset renovation and digital adoption already growing at approximately 6.08 percent CAGR. | **Government:** Promote smart infrastructure standards and digital infrastructure investment.<br>**Private:** Invest in BIM, digital twins, predictive maintenance and smart building technologies for asset management and cost control. |
| **Renewable Energy and Green Infrastructure** | Renewable energy and green building infrastructure becoming strategic priority including distributed solar and energy efficient buildings, creating construction and infrastructure investment opportunities. | **Government:** Support renewable energy infrastructure and green building development through incentives and policy support.<br>**Private:** Invest in solar, energy efficiency retrofits and green building certifications. |
| **Regional Reconstruction Opportunities** | Post conflict regional reconstruction across Middle East regions may create demand for construction expertise, EPC contracting, project management and building materials. | **Government:** Support international contracting and regional project participation.<br>**Private:** Position construction companies and developers to participate in regional reconstruction and international EPC opportunities. |

Source: KPMG Research & Analysis, World Bank MENA Economic Update, Qatar Construction Market Analysis Report 2026-2031, Mordor Intelligence, GlobalData, Qatar Construction Market Q4 2025, OMFIF, GlobeNewsWire, Qatar Commercial Construction 2025

# 4. Conclusion

**The conflict highlights Qatar's structural reliance to concentrated export and logistics routes, resulting in short term sector pressures while accelerating a long-term shift towards more resilient, diversified and strategic infrastructure, supply chain and development planning.**

In the short term, construction, infrastructure and real estate sectors are expected to face cost escalation, financing tightening, logistics disruptions and project delivery delays, which may increase CAPEX pressures and lead to government reprioritization of spending. However, the disruption also creates an opportunity for transformation through logistics diversification, infrastructure redundancy, supply chain localization, digital infrastructure adoption and renewable and green infrastructure development, shaping a more resilient and strategic development ecosystem in the medium to long term.

Source: KPMG Research & Analysis

# G. Transport and Logistics

(Air, Land, Rail, Sea)

# Transport and logistics issues and challenges

**Qatar is currently facing a real transport and logistics shock from the current US-Iran war: maritime flows are under pressure from the Strait of Hormuz crisis and higher war risk costs, aviation remains disrupted by airspace restrictions and limited flight schedules, and land logistics have become an active and strained fallback corridor.**

**USD 1.5k – 3k+[5]**
War risk surcharges per container

**25-50%[6]**
Increase in Freight costs

**18%[3]**
Reduction in air-cargo global capacity

**80%[4]**
Increase in air freight costs on impacted corridors

## Maritime transport – Higher costs and disrupted trade flows

- The disruption in the Strait of Hormuz has reduced maritime traffic, leading to significant vessel backlog and operational delays[1]. This is material for Qatar since its trade model depends heavily on maritime continuity, including LNG exports and imported goods through Hamad Port.
- Freight costs have increased substantially, with war-risk insurance premiums rising by ~25–50%[6] and additional surcharges applied on high-risk routes.
- Carriers have shifted contingency routing through viable alternative gateways (e.g., Sohar and Khor Fakkan, and where relevant west-coast KSA ports like Jeddah), increasing lead times, cost and planning complexity.

## Air transport – Immediate pressure on Doha as a regional hub

**Air cargo**

- Regional airspace closures have disrupted approximately 18%[3] of global air cargo routes, significantly constraining capacity.
- Cargo operations have been suspended or reduced, leading to lower flight frequencies and reduced network connectivity.
- Consequently, air freight rates have increased significantly, by up to 80%[4] on impacted corridors.

**Air passengers**

- Flight cancellations and schedule instability have increased significantly due to regional airspace restrictions.
- The closure of key corridors has reduced available flight paths across the region.
- Higher fuel, crew and passenger reaccommodation costs.

*Sources: Gulf News[1], Air Cargo Week[3], Metro Global[4], TFG Global[5], Reinsurance News[6],*

**75+ Countries[2]**

Land cargo connectivity via TIR network

# Land transport – Critical contingency corridor under hard constraints

- As maritime and air routes remain constrained, land transport has become the primary contingency route for Qatar-bound cargo, notably via GCC corridors and the Abu Samra border crossing.
- However, land capacity cannot be scaled linearly. Abu Samra functions as a single-channel corridor, with limited simultaneous processing capacity and rapid congestion during peak inflows.
- Alternative routing via regional ports significantly increases haulage distances versus normal port-to-warehouse flows, reducing effective trucking capacity and increasing costs.
- Higher reliance on port–land–final destination routing has materially increased operational complexity, requiring additional coordination, drivers and turnaround time. Border congestion and corridor bottlenecks can lead to multi-hour delays, making prioritisation and sequencing more critical than volume growth alone.

# Building Proactive Transport Resilience (1/2)

## From Disruption Response to Business Continuity Governance

- Recent geopolitical conflicts have reinforced a lesson already evident during the Russia–Ukraine war: transportation disruption is no longer episodic, but structural. As highlighted in the preceding analysis, the current situation has already placed material strain across air, maritime, and land transport networks. This is reflected in constrained capacity, elevated costs, route instability, and increasing pressure on fallback corridors.
- For companies operating in Qatar, this marks a fundamental shift. Resilience can no longer rely on ad-hoc rerouting, mode-specific workarounds, or isolated crisis responses. Transportation systems are deeply interconnected, and disruption in one mode rapidly cascades across others, amplifying operational and commercial risk.
- To remain operational under sustained volatility, organizations must move beyond reactive transport management and adopt a live, enterprise-wide business continuity capability. One that continuously monitors, evaluates, and stress-tests transportation dependencies across air, land, and maritime networks, while enabling early, coordinated decision-making before constraints become binding.

## A shift in mindset: from contingency plans to continuous readiness

- Traditional business continuity plans are often static, activated only after disruption has materialized. Today's environment demands continuous readiness, supported by a standing governance structure that anticipates disruption rather than reacts to it.
- Companies are therefore encouraged to establish a cross-functional transportation resilience task force, a permanent group of proactive problem-solvers that meets regularly to assess emerging risks, challenge assumptions, and evaluate response options across all transportation modes. The objective is not to manage daily operations, but to ensure that when disruption occurs, decisions are informed, coordinated, and taken early.

## Composition of a transportation-focused continuity task force

- Transportation resilience cuts across far more than logistics teams. To be effective, this group should include representatives from:
  - Supply chain and logistics
  - Finance and treasury
  - Sales and marketing
  - Procurement
  - Compliance and legal
  - IT and data
  - Human resources
- This structure ensures transportation disruption is assessed holistically, as a business risk that affects revenue, cost, reputation, and compliance and not merely a routing challenge.
- Operating alongside business-as-usual teams, the task force's mandate is preparedness rather than execution, focusing on:
  - Scenario planning across air, maritime, and land disruptions
  - Stress-testing assumptions around lead times, costs, inventory, and customer tolerance
  - Early warning and escalation through monitoring freight rates, insurance, congestion, and regulatory signals
  - Trade-off governance, enabling leadership to balance cost, speed, reliability, and continuity under constraint.
- This discipline allows organizations to stay ahead of disruption while core teams continue managing day-to-day operations.

# Building Proactive Transport Resilience (2/2)

## Why transportation resilience requires enterprise level governance

- Because transportation networks are interconnected, resilience cannot be solved within silos. Organizations that rely solely on operational improvisation risk delayed decisions, inconsistent prioritization, and escalating exposure to cost and service failure.
- A live, cross-functional continuity capability enables leadership to anticipate where stress will migrate next, coordinate responses across modes, and preserve operational continuity even under prolonged disruption.

## Learning from recent crises — and preparing for what comes next

- Experience from the Russia–Ukraine war demonstrated that geopolitical disruption does not follow predictable timelines or contained pathways. The same is true today. The current situation remains fluid and may yet escalate further, with the potential to extend disruption beyond existing pressure points and into additional global transportation chokepoints, including Bab al Mandab, a critical artery linking Asia, Europe, and Africa.
- Such escalation would not affect a single mode in isolation. It would compound pressure across air, maritime, and land networks simultaneously, accelerating congestion, cost volatility, and operational uncertainty. In this context, reliance on reactive transport adjustments or one off contingency measures is unlikely to be sufficient.
- The critical question for corporate leaders is therefore whether their organization has:
    - A standing transportation resilience capability already in place
    - Clear ownership and governance for cross modal decisions under stress
    - The ability to act early, rather than absorb disruption reactively
- Embedding a live, cross functional transportation continuity framework transforms disruption from an operational emergency into a managed business risk. It enables organizations to anticipate where stress will migrate next, make informed trade offs before capacity becomes scarce, and preserve continuity even as uncertainty persists.
- This direction also mirrors the broader evolution of Qatar's transportation ecosystem. The national focus on resilience, integration, digital coordination, and secure transport systems underscores that preparedness is no longer a temporary response to crisis, but a structural priority. For companies operating in Qatar, proactive transportation governance is therefore not only prudent risk management but it is aligned with the country's long term trajectory.
- In an environment where transport disruption can emerge rapidly and cascade across regions and modes, vigilance, preparedness, and institutionalized coordination are no longer optional. They are the foundations of sustained resilience, operational continuity, and competitive advantage.

# 04

# Strategic Enablers and Associated Imperatives

A. Digital
B. Cybersecurity
C. Tax

# A.

# Digital and Innovation

# Qatar Digital Transformation: from Ambition to Tangible Impact

**776** Data Usage (GB) per Fixed Broadband Subscription per Month- 2025 Q11

**11** Data Usage (GB) per Mobile Subscription per Month-2025 Q11

## Advanced Connectivity & Digital Competitiveness

Exceptional mobile internet performance places Qatar the 10th worldwide in mobile internet speed[5]. In 2025 Qatar has been recognized by IMD as world's top 20 most digitally competitive nations[7]. The strong connectivity and advanced digital infrastructure have driven growth in both fixed and mobile subscriptions — reaching 0.4 million and 4.7 million respectively[1]

**1,653** No. of e-Services by the government10

## Digital Government Services

Qatar made significant progress, securing "high" ranking in the Local Online Services Index (LOSI) in UN e-Government Survey 2024 , this index indicates the quality of government portals; accessibility, transparency, and service efficiency[3]. The government operations have been enhanced significantly by implementing scalable digital services, resulting in over 10 million calls through the Government Contact Center in 2025, alongside achieving an impressive 82% customer satisfaction rate[4]. This underscores the government's investment in enabling the digital transformation in government automating 81% of the government services[10]

**10th** Globally
No. of Employee's Training in Governmental sector[8]

## Digital Skills & Capability Development

Qatar is investing in the development of digital skills and improving digital adoption, results in recognizing Qatar's government as the "Best Government Competencies Building" in GCC, e-Government Award 2025[11], and international recognition for Qatar Digital Academy in building the digital capabilities for the State of Qatar[8]

**59.96 M** No. Payment System Transactions – Oct 2025[9]

## Growth in Digital Payments & Adoption

In October 2025, the payment systems recorded 59.597 million transactions, with 50% attributed to e-commerce and 25% to POS. The total transaction value reached QAR 18.474 billion, reflecting a significant level of digital adoption and maturity[9].

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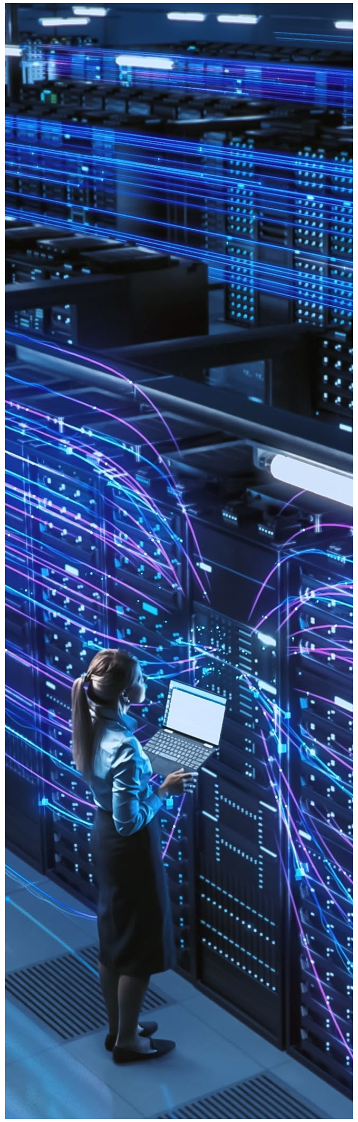
# Digital Challenges in Times of Conflict



## Key digital challenges

**Qatar has achieved significant progress in digital initiatives and data sovereignty over the last decade. A key challenge for Qatar is to sustain this growth and to continue to advance on the planned digital initiatives. While digital impacts all the sectors, it is worth mentioning certain core foundations across digital initiatives**

- Connectivity
- Digital infrastructure
- Data availability and interoperability

### Connectivity

- Connectivity is the backbone of the digital services and digital infrastructure. Qatar relies heavily on this connectivity which is primarily fulfilled by optical fibers that run across the country. This links some of the critical digital infrastructure within the country. This becomes a challenge for the state of Qatar as it becomes a key risk in case of disruption of cables and signal jamming in case of extreme scenarios. This impacts all the sectors in the country at a large scale.
- Qatar's economy also depends heavily upon the telecom sector where there is a risk of disruption of cables and jamming of the signals in extreme scenarios.

### Digital Infrastructure

- The threat to digital infrastructure is a key challenge Qatar faces in this situation. There is a reliance on centralized infrastructure models and high inter-connectivity across sectors that increases the vulnerability on smart grids, aviation systems, Oil & Gas SCADA systems, among others.
- In a risk or a conflict scenario a single disruption can cascade across multiple sectors like energy, telecom, banking and government services. There is also a likelihood of supply chain halt given that most retail/wholesale/e-commerce operations are reliant on digital processes and digital infrastructure.

### Data availability and interoperability

- With heavy reliance on digital, the exposure towards data availability and interoperability is a challenge. Any threat on the data centers in Qatar poses a threat of data loss, data availability and interoperability between organizations.
- All financial operations like payments etc. can be severely impacted, and a challenge would be to recover lost data in case of extreme scenarios. This impacts all sectors in the country at a large scale. There is also a reliance upon global cloud providers and international data routing which pose the risk of restricted data flows.

# Digital Opportunities in Times of Conflict

## Sector-Specific opportunities

Not all sectors are equally equipped to achieve resilience through digital transformation. In critical industries such as Energy, Finance, Manufacturing, Wholesale & Retail trade, and logistics, the adoption of digital solutions can greatly accelerate the recovery process and strengthen resilience, enabling organizations to respond more effectively to disruptions and adapt rapidly to changing environments. In contrast, sectors like Tourism, Hospitality, Transport, Construction, and Infrastructure derive incremental benefits from digital solutions, which serve primarily as enablers. In these fields, the impact of digital technologies is focused on enhancing existing capabilities rather than fundamentally redefining approaches to resilience.

### Energy

Qatar's energy sector is the backbone of the economy which makes it vulnerable and essential, making digital investments there potentially yield significant systemic benefits. To maintain operations during disruptions, it is important to minimize dependency on on-site personnel and speed up recovery processes; this is where digital enablement can play a vital role. The following are the key opportunities to focus on:

- Promote an AI-powered energy management system with real-time infrastructure monitoring to detect the unplanned downtime before disruption which can improve the productivity and support infrastructure resilience.
- Promote the simulation technology to help explore the interdependencies and damage scenarios and model recoveries to optimize the 'back to normal' secnarios..

### Financial Service

Banking system continuity is foundational to every other sector's recovery. Qatar's financial system has so far remained stable, but digital acceleration is essential to maintain that stability and resilience. The QCB's Financial Sector Strategy (FSS3) and the QFC Digital Asset Framework provide the regulatory foundation for expanding digital finance capabilities. The key shift required is to ensure the financial systems remain operational even under physical limitations. The following are the key opportunities to focus on:

- Accelerate the implementation of digital payment infrastructure and cross-border settlement systems to maintain financial flows in case physical banking operations are disrupted.
- Expand digital trade finance solutions to support SMEs and corporates when the traditional financing is inaccessible .

### Manufacturing

Qatar's manufacturing sector, heavily dependent on imported inputs, can significantly reduce its vulnerability through digital supply chain management which can mitigate risks and improve visibility, flexibility, and responsiveness across supply chains. The following are the key opportunities to focus on:

- Extend the adoption of AI- powered digital platform for inventory management and demand forecast across the manufacturing facilities to mitigate the out-of-stock risk.
- Large scale adoption of a digital supplier diversification platform that automatically identify and qualify alternative suppliers when primary sources are disrupted.

### Wholesale and retail logistics

- Promote digital national infrastructure that integrate the various parties involved in the end-to-end SCM process for B2B sector.
- Adopt advanced AI technology to predict the logistic and custom disruption and offer what if scenarios to reduce the impact and promote resilience.
- Large scale adoption of B2B procurement platform across wholesales, retail and manufacturing, with embedded emerging technology predictive analytics, what if analysis and scenarios simulation. support end to end procurement provide real-time multi-modal intelligence from routing, automated contingency switching into Qatar's logistics governance architecture

# Digital Opportunities in Times of Conflict

## Cross-sector perspective

KPMG recommends the following strategic opportunity to strengthen resilience and bolster Qatar's economy.

### Digital Business Continuity

- Large scale adoption of unified national crisis communications platform integrating government, private sector, and civil society channels to ensure timely, accurate, and seamless information flow which leads to other disruption
- Adopt national business continuity registry platform allowing organizations to declare operational status, access government support programs.
- Promote AI-powered public information systems capable of detecting and countering misinformation during conflict periods, protecting public confidence in institutions and supply chains.
- Large scale adoption of digital continuity protocols for critical financial system operations, ensuring that core banking, payments, and settlement functions can operate under degraded physical infrastructure conditions.

### Building digital resilience

The accomplishments of digital transformation and advancing further require building resilience This is crucial to avoid interruptions, as the effects will extend to other sectors where digital is integral to their operating models. The following are the key opportunities to focus on:

- Connectivity Resilience: Strengthening the availability and resilience of internet connectivity by expanding the adoption of multiple satellite-based internet providers. By diversifying service sources, the digital infrastructure can maintain continuity even in the event of disruptions affecting one provider. This approach enhances robustness, supports uninterrupted access, and reinforces the resilience of the digital economy.

  Infrastructure Resilience: Establish a comprehensive data sovereignty framework that includes disaster recovery and backup solutions, ensuring compliance with Qatar’s data protection and privacy regulations. This framework should safeguard sensitive data and backups against any disruptions to avoid interruption in digital operations.
- Data Availability and Interoperability: Promote broader use of the national database that provides real-time data to facilitate data-driven decision-making and generate valuable insights

## Conclusion

**Qatar has the potential to enter the post-conflict period with stronger digital foundations as compared to its regional peers. The challenge is not to start from zero, but to accelerate, integrate, and prioritize. Digital transformation investment is the need of the hour – as it reduces reliance on physical systems, speeds recovery, and positions Qatar as a more advanced and resilient economy.**

Sectors that embrace digital integration fastest will rebound fastest; those that delay will see their vulnerabilities deepen. This conflict has highlighted the urgency of building resilience through transformation.

Beyond recovery lies a Qatar where digital resilience is not just a plan on paper, but a lived operating reality. With Qatar ranking 10th globally in government employee training programs, the propensity to change is higher than most countries with similar size and scale. Qatar is ready to embrace the digital change and with a bit of a push in the right direction, the state and its people will be better prepared for future disruptions.

# B. Cybersecurity

# Cybersecurity Challenges and Opportunities in Times of Conflict Cross-sector perspective

## Facts & Figures

**800%** growth

Maritime OT cyberattacks surged 150% in 2025. **GPS spoofing affected 40,000 vessels daily**. Attacks targeting edge devices like routers, VPNs, and firewalls grew 800%. [Cyble's Annual Threat Landscape Report 2025]

**3,300** industrial organizations

Ransomware continued to hit industrial organizations hard. Dragos tracked 119 ransomware groups impacting over 3,300 industrial organizations in 2025, compared to 1693 attacks in 2024

**5%** initial

Third-party compromise represented 5% of identified initial infection vectors in 2025

**266%** increase

Cloud-conscious intrusions rose 37% in 2025, including **a 266% increase** among state-nexus threat actors. [CrowdStrike 2026 Global Threat Report]

Ransomware operators **have shifted their primary objective from data theft to deliberate recovery denial**, systematically targeting backup infrastructure, identity services, and virtualization management planes

**65%** increase

**29 minutes** was the average e-Crime breakout time, **a 65% increase** in speed year-over-year

**60%** Remained same

**Human involvement** in cybersecurity breaches remained about the same as the previous year **- 60% [Verizon DBIR 2025]**

# Introduction: The three-lenses of Cybersecurity

In today's interconnected world, Cybersecurity plays a pivotal and enabling role in national defense and organizational resilience of the cross-sector digital landscape. As conflicts escalate, the frequency and sophistication of cyber-physical on IoT, OT attacks increase, it poses significant challenges for governments, critical infrastructure, and cross-sector organizations alike.

The following three lenses offer valuable insights for addressing major cybersecurity issues during periods of conflict and afterwards.

## The Cyber Intelligence Lens:

Collecting sector-relevant indicators, monitoring malicious activity, and issuing timely alerts are essential for early detection and coordinated response. This becomes even more important in periods of tension, when state-sponsored actors, affiliated groups, and misinformation campaigns may act in parallel to disrupt services, influence public perception, and weaken confidence in institutions. Threat intelligence supports prioritization, sector-level warning, and analysis of relevant tactics, techniques, and procedures (TTPs), enabling faster and better-informed action.

## Risk-based Prioritization Lens:

Clearly Identifying and Prioritizing protection and resilience of crown-jewels like critical infrastructure and top-secret data crown-jewels like critical infrastructure and top-secret data (State-level secrets) lays a solid foundation for identifying potential threats against such assets. It allows for appropriate and proportionate investment in People, Process and Technologies to support such critical systems and active oversight of cyber supply chain risks to organizations and sectors.

## Enterprise & National Governance Lens:

Sector-wide attacks can affect multiple organizations at the same time, so governance, escalation paths, and coordinated response arrangements must be defined in advance. Where relevant, organizations should align with the applicable national and sector-specific frameworks, such as the National Incident Management Framework (NIMF), the National Cyber Crisis Management Framework (NCCMF), the Enterprise Cyber Crisis Management Framework (ECCMF), or sector regulations—for example, the QCB Technology Risks Regulation or the QFCRA Operational Resilience and Miscellaneous Amendments Rules 2024.

Given the context that conflicts extend beyond the digital realm into a cyber-physical arena, awareness, tested governance and preparedness are critical factors for nations that are resilient to conflicts.

# Key Cybersecurity Challenges:

During conflicts, cyber threat actors, mainly state-nexus threat actors and motivated cyber-crime syndicates with deep resources (financial and expertise) become more aggressive and targeted with a clear agenda. Adversaries exploit vulnerabilities in critical infrastructure networks, software, and hardware to disrupt operations, steal sensitive information, or undermine public trust within a country.

Threat-actors exploit people, process and technologies and leverage supply chain compromise, agentic AI and emerging technologies at their disposal to deliver malware, ransomware, distributed denial-of-service (DDoS) attacks, and advanced persistent threats (APTs) at scale that overwhelms defenses and Incident response teams.

One of the foremost challenges is the rapid evolution of tactics. Attackers adapt quickly, employing sophisticated methods to disguise their footprint to cause lack of clear attribution in cyberspace which further complicates defensive efforts, making it difficult to identify perpetrators and respond appropriately.

Furthermore, during conflicts, Internal threat actors play a significant role in staging and delivering access to state-sponsored threat actors, leading to significant harm to organizations.

## Economic & Resourcing Challenges During and After Conflicts:

- Cybersecurity budgets often face cuts or reallocation during conflicts, as organizations prioritize immediate operational needs or national defense spending. This reduction in funding can delay critical vulnerable legacy upgrades and known weaknesses, dependency reviews are deferred, limit investment in advanced detection and response tools, and hinder long-term resilience strategies.
- Talent shortages are exacerbated in conflict zones due to evacuation, attrition, and reluctance of skilled professionals to work in unstable environments. This results in diminished incident response capabilities, slower recovery, and increased reliance on external consultants, often at higher cost.
- Supply chain disruptions during conflicts can lead to delays in procuring essential cybersecurity hardware, software, and services. This impacts the ability to patch vulnerabilities and maintain robust security controls, increasing exposure to threats.
- Post-conflict recovery often requires substantial financial investment to restore compromised systems, retrain personnel, and rebuild trust with stakeholders. Organizations may struggle to secure adequate funding or insurance coverage, especially if the economic impact of the conflict is prolonged or severe.
- In the aftermath of conflict, increased regulatory requirements and scrutiny can add to compliance costs and resource demands, as governments and sectors seek to strengthen national resilience and prevent recurrence of cyber incidents.

# Post-conflict Cybersecurity Opportunities

What distinguishes a resilient nation, sector, or organization is not only its ability to respond during a crisis, but also its ability to sustain critical operations, coordinate decisions, and learn quickly before, during, and after disruption.

## National-level Opportunities:

Foster local cyber innovation, investment in R&D, and reduce the concentration risk (critical people, supply chain platforms/providers, technologies and geographies) to avoid failure-demand. Invest in cyber local talent development to drive resilience.

## Cross-sector Opportunities:

Establish coordinated governance for cyber incidents, crisis management, business continuity, and disaster recovery, with clear ownership from executive management and defined escalation to board or crisis committees. The approach should use applicable national and sector frameworks and be tested through tabletop, simulation, technical recovery, and disaster recovery exercises based on severe but plausible scenarios. This should include validating the organization's ability to fail over and sustain critical operations from the disaster recovery site, followed by structured lessons learned and remediation tracking.

## Supply Chain Trust and Dependency Management:

Effective cyber resilience requires more than a generic third-party risk management program. Organizations should identify critical dependencies, especially cloud, telecom, identity, managed service, and OT support providers; assess concentration risk; require security and continuity obligations in contracts; monitor supplier control effectiveness; define incident-notification and cooperation clauses; and maintain alternate recovery options for high-impact services. Insider risk should be addressed as a separate governance and control area, not merged into third-party risk.

## Organizational Readiness:

Senior leadership involvement is necessary, but it should be formalized through crisis governance, approved response and recovery plans, defined communication responsibilities, and periodic executive exercises. Organizations should know who declares a crisis, who owns recovery priorities, how internal and external stakeholders are informed, and how lessons learned are captured and translated into remediation actions. In such situations, access to on-demand advice and subject matter expertise can provide practical value by helping leadership teams interpret evolving risks, validate priorities, strengthen decision-making, and respond with greater confidence and speed.

# Conclusion:

Building cyber resilience in the face of conflict requires proactive investment in talent, robust supply chains, and coordinated governance before, during, and after crises. Organizations and nations that prioritize strategic planning, cross-sector collaboration, and continuous learning are best positioned to withstand disruptions, recover quickly to sustain critical operations, protect public trust, and adapt to a fast-changing threat landscape leading them to strengthen their long-term security posture.

By fostering innovation and emerging technology adoption (i.e. AI, Quantum, etc.), developing local expertise, and addressing both technical and organizational readiness, stakeholders can transform challenges into opportunities for a more secure and resilient digital future.

Cross-sector and national resilience start long time before conflicts occur and require strong strategic planning, investment and effective collaboration amongst various stakeholders, so that it becomes a practical operating discipline rather than a reactive response.

# C. Tax

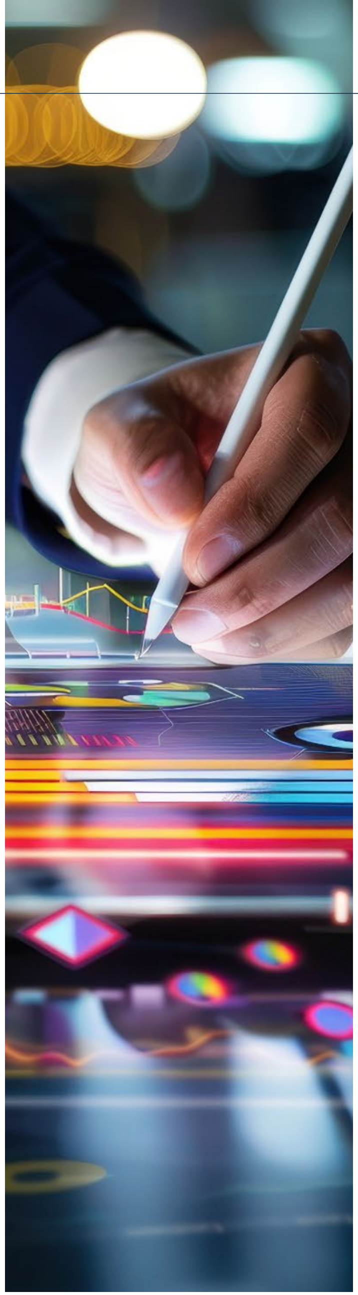
# 1. Introduction

The US Israel war with Iran is expected to have a profound effect on the Qatari economy. The energy sector has already borne the brunt of attacks from drones and missiles and there are risks surrounding other key strategic industries within Qatar.

Given the above, it is anticipated that, in the post-conflict scenario, there will be a slowdown in the overall economic growth rate, at least in the short term. This premise is based on the following factors:

- The energy sector contributed an average of 37.2% to Qatar's nominal GDP across 2023–2025. This sector has a significant multiplier effect on economic activity and employment generation in other sectors such as construction, manufacturing, and financial services. The structural damage to the Ras Laffan Facility is expected to curtail Qatar's LNG export capacity for the next few years.
- It is pertinent to note that a significant portion of investment in Qatar is directed towards the energy and related sectors. Therefore, it is imperative that any recovery policy addresses how to rebuild the confidence of foreign investors to encourage further investment in Qatar.

The expected economic slowdown means that the government will be required to provide a stimulus package to ensure that Qatar maintains its progress and keeps the economy stable. This paper will analyse how tax policy can support Qatar in achieving its goal of economic recovery.



# 2. Potential tax measures

## 1. Measure that can accelerate recovery:

Overall, it is expected that in the short term, at the very least, certain industries may suffer losses. A well-drafted tax policy and measures can help alleviate some of the challenges that may be faced by industry. In the paragraph below, we have outlined some of the measures that can help the industry post-conflict:

- **Extension of the filing deadline:** The current filing timeline of four months following the end of the financial year provides companies with a limited window to complete their audits and ensure timely filing. In recent years, the GTA has granted extensions to facilitate taxpayers. It would be beneficial if the filing deadline were extended to six months following the end of the financial year. This extension would provide companies with adequate time to complete their audits and ensure compliance with filing requirements in a timely manner.
- **Extending the number of years for which taxable losses can be carried forward:** Currently, Qatar Tax Law provides for tax losses to be carried forward for five years. Post-conflict recovery may be slow for some companies; therefore, increasing the period during which losses can be carried forward would enable companies to reduce their tax outflows. The cash savings resulting from this measure could then be redirected towards supporting the company's growth and recovery initiatives. One possible solution could be that losses for the years 2026 and two more years can be carried forward until these are fully utilized.
- **Providing exemptions and tax credits to attract foreign investment:** Qatar can offer tax exemptions and credits to foreign investors seeking to make substantial investment in the State of Qatar. However, it should be noted that, in the post-Pillar II environment, the benefit for income led incentive is limited. Under Pillar II regulations, multinational groups within scope must ensure that the effective tax paid in each jurisdiction is

not less than 15 percent of the net Global Anti-Base Erosion (GloBE) profit. Therefore, when devising tax credits and incentive, the State of Qatar must take the GloBE rules into account and ensure that tax incentives for in-scope groups are carefully structured. In particular, such tax incentive should be linked to expenditure and should be designed to qualify as Qualified Tax Incentive, thereby ensuring compliance with international tax standards and preserving the intended investment incentives.

# 15%

the effective tax paid in each jurisdiction is not less than 15% of the net Global Anti-Base Erosion (GloBE) profit.

- **Simplified filing:**
  An effort should be made to simplify the tax filing process for small entities. The tax authorities can establish a quantitative threshold to define small entities. Entities meeting this threshold could then be provided with the option to file tax returns based on a predetermined percentage of revenue, thereby reducing administrative burdens and facilitating compliance.

- **Sector specific incentives:**
  One key lesson highlighted by the conflict is the need for states to beself-reliant in certain sectors. AgTech is one such sector that could enable Qatar to increase its yield of agricultural produce and enhance food security.

- **Simplification of administration of key tax matters:**
  Qatar does not automatically apply a treaty benefit and consequently the withholding tax become a cost to either the payer, if it is being borne by the payer or the payee is Qatar does not have the right to tax the payment. Simplification in the administration of WHT may encourage cross border trade.

  - Qatar has recently introduced the concept of a "Trusted Entity" for withholding tax (WHT) purposes. Entities with more than 1,200 WHT transactions per year, or those with annual WHT payments exceeding QAR 10 million, may qualify for Trusted Entity status. Trusted Entities are permitted to apply treaty benefits upfront. However, the responsibility rests with these entities to accurately assess and apply the appropriate WHT benefit under the relevant tax treaty. Failure to do so may result in substantial penalties.

  - While this development is a positive step towards facilitating certain entities in claiming treaty benefits, it is important to note that the scope of this measure may be limited, as only a small number of entities are likely to meet the qualifying criteria for Trusted Entity status. Furthermore, given the significant penalties associated with incorrect assessments, some entities may be reluctant to apply for Trusted Entity status.
  - As an alternative, it is recommended that the State of Qatar consider granting exemptions from withholding tax on a transaction-by-transaction basis, similar to practices adopted in other jurisdictions. This approach could provide greater flexibility and accessibility for a broader range of taxpayers.
  - Similarly, a change in shareholding should not be denied solely on the basis of outstanding liabilities on Dhareeba or ongoing tax litigation against the company. A mechanism could be introduced whereby a company may provide a bank guarantee to cover any potential liabilities. In the event that the company fails to satisfy such liabilities, the bank would be obligated to make the payment.

- **Tax Certainty:**
  Introducing advance ruling provisions would significantly enhance transparency and provide greater certainty in tax matters. These provisions enable taxpayers to obtain authoritative guidance on the interpretation and application of tax laws in specific situations, thereby reducing ambiguity and the risk of future disputes.

- **Advance taxes:**
  Implementing a mechanism for the advance collection of corporate tax liabilities can assist both taxpayers and the State of Qatar in managing their cash flows more effectively.

# 2. VAT introduction and implementation:

Qatar is a signatory to the Unified Agreement for Value Added Tax (VAT) of the Gulf Cooperation Council (GCC), under which it has committed to implement VAT in the State of Qatar. However, the recent conflict has raised questions regarding the appropriateness of introducing VAT at this time. Given that businesses are likely to be in a recovery phase and income levels may not rise for some time, the implementation of VAT could increase the cost of goods and place additional financial pressure on both businesses and consumers. However, on the other hand, it can be argued that VAT could serve as a stabilization tool, providing the government with an additional revenue stream. This revenue could then be reinvested in sectors most impacted by the conflict, thereby supporting economic recovery and resilience.

**In the below sections, we have outlined few key aspects that the State of Qatar needs to evaluation before the promulgation of VAT regulations:**

- **Exempt and zero-rated goods:** Essential food items and other necessary items could be zero rated (the list could be more extensive for the first 3 years).
- **Expedited refund process:** The GTA should ensure that tax refunds are issued within minimum period and maximum of 3 months.
- **Implementation time:** A preparation period of at least 8 to 12 months should be provided to businesses prior to the promulgation of VAT regulations. This timeframe will allow businesses sufficient opportunity to adapt their systems, processes, and compliance measures to meet the requirements of the new VAT framework.

Essential food items and other necessary items **1st 3 years**

The GTA should ensure that tax refunds are issued within a minimum period but a maximum of **3 months**

A preparation period of at least 8 to 12 months should be provided to businesses prior to the promulgation of VAT regulations. **least 8 to 12 months**

# Contacts

**Venkat Krishnaswamy**
Partner,
Head of Advisory
KPMG in Qatar
kvenkatesh@kpmg.com
M: +974 5554 1024

**Imad Dakik**
Partner, Advisory
KPMG in Qatar
idakik@kpmg.com
M: +974 77747844

**Amer Bazerbachi**
Partner, Advisory
KPMG in Qatar
E: abazerbachi@kpmg.com
M: +974 44576444

**Anurag Gupta**
Associate Partner,
Head of Strategy Advisory
KPMG in Qatar
aagupta@kpmg.com
M: +974 3354 4317

**Barbara Henzen**
Partner, Head of Tax &
Corporate Services
KPMG in Qatar
E: bhenzen@kpmg.com
M: +974 44576444

**Haythem Zayed**
Partner, Tax & Corporate
Services
KPMG in Qatar
haythemz@kpmg.com
M: + 974 44576444

**Sayantan Pande**
Associate Partner
Head - Infrastructure & Real
Estate Advisory
KPMG in Qatar
sayantanpande@kpmg.com
M: +974 3330 9793

**Imran Ayub**
Associate Partner
Tax and Corporate services
KPMG in Qatar
iayub@kpmg.com
M: +974 44576444

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