



Decide with Confidence

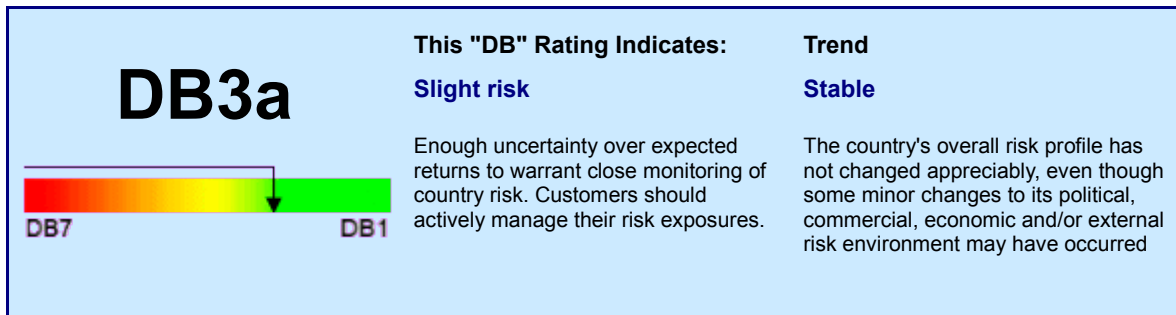
D&B Country RiskLine Report

QATAR

Region : Middle East

Edition : December 2011

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	1.8m
Surface area (sq km):	11,000
Capital:	Doha
Timezone:	GMT +03:00
Official language:	Arabic
Head of state:	Emir HAMAD bin Khalifa al-Thani
GDP (USD):	128.1bn
GDP per capita (USD):	72,816
Life expectancy (years):	74
Literacy (% of adult pop.):	89.0

Country Overview:

Qatar lies halfway down the Persian Gulf on the Arabian Peninsula bordering Saudi Arabia. It gained independence in 1971 and is a member of the Gulf Co-operation Council.

The economy is heavily dependent on hydrocarbons and has the third largest gas reserves in the world, which it has aggressively developed. The recent high hydrocarbon revenues have encouraged the government to adopt an expansive policy of infrastructural development and export-oriented industrialisation, based on cheap energy, to reduce hydrocarbon dependency. The projects have also been aimed at boosting the role of the private sector through a series of private-public partnerships. The authorities are building-up a considerable portfolio of foreign assets.

The recycling of the hydrocarbon revenues have allowed the royal family to rule with benign authoritarianism without the emergence of any political opposition. The slow political liberalisation process instituted in 2003 has halted without any grassroots criticism.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	OA
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The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:	SD
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D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:	30-60 days
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Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	0-1 month
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The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays:	0-1 month
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The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

Although a lack of basic credit information makes it difficult to assess the business viability of Qatari firms, D&B believes that credit risk has increased in the wake of the global financial crisis. The social stigma attached to bankruptcy proceedings means that few companies fail, but there is also a culture of late payment, exacerbated by the economic downturn and businesses' more restricted access to new finance. Liquidity constraints and fragile business confidence will continue to impinge on corporate investment plans. Commercial risks are also heightened by an inefficient judicial system and a general lack of financial transparency, although not corruption as such (which has been dealt with forcefully by the state in recent years).

Export Credit Agencies

US Eximbank	Full cover available
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

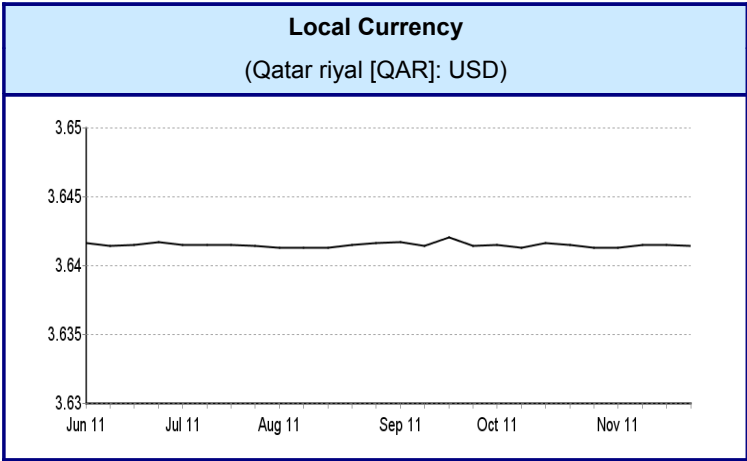
Economic Indicators

	2009	2010	2011	2012f	2013f
Real GDP growth, %	8.6	17.4	18.7	12.4	10.1
Inflation, annual ave, %	-4.9	-2.4	4.7	6.2	5.9
Govt balance, % GDP	15.2	2.9	16.6	17.1	15.9
Oil price, USD/b	61.8	79.6	111.6	115.6	120.1
C/A balance, % GDP	5.1	12.3	26.9	27.6	22.7

Economic Indicators: Data for government balance are for fiscal years (April-March).

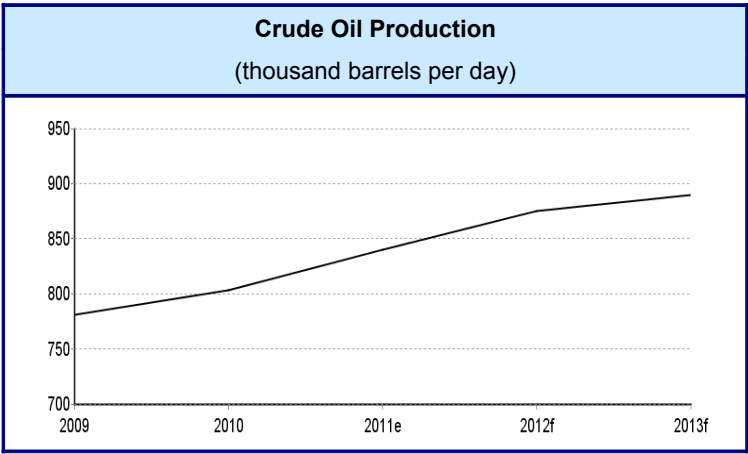
Currency Information

Exchange Rates	
(London, 28 Nov 11)	
EUR	4.8318
GBP	5.6384
JPY*	4.6877
USD	3.6414
*(x 100)	



Local Currency (Qatar riyal [QAR]: USD)						
	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11
Week 1	3.642	3.642	3.641	3.642	3.642	3.641
Week 2	3.641	3.642	3.641	3.641	3.641	3.642
Week 3	3.642	3.642	3.641	3.642	3.642	3.642
Week 4	3.642	3.641	3.642	3.641	3.642	3.641
Week 5			3.642		3.641	

Crude Oil Production



Data Table				
2009	2010	2011e	2012f	2013f
781.0	803.0	840.0	875.0	890.0

Risk Factor

Liquefied natural gas (LNG) exports continue to support economic growth in Qatar, particularly owing to demand from Asia. Earlier in the year, following the earthquake in Japan that destroyed much of the country's nuclear industry, Japan turned to Qatar for gas. In addition to a pre-existing agreement to sell 6m tonnes per year (t/y) of gas to Japan, Qatar has since taken orders for a further 10m t/y. More recently, RasGas has agreed to supply the Korean Gas Corporation (Kogas) an additional 1.3m tonnes of LNG in 2011, on top of the 7m t/y it already delivers to Korea. The extra purchase boosts Qatar's LNG sales to around 70m t/y, out of a total production capacity of 77m t/y. Meanwhile, Qatargas, the other state-owned gas company, delivered its first super-tanker shipment of LNG to PetroChina in November, after commencing LNG supply earlier in the year. Under the deal, Qatargas will sell 3m t/y to China for 25 years. And it is not just LNG which is driving exports; Pearl GTL (gas-to-liquids) was officially inaugurated in mid-November, after commencing exports a month earlier. By mid-2012, Pearl will be converting up to 260,000 b/d of condensates and other liquids, significantly boosting hydrocarbons earnings. Otherwise, LPG (liquid petroleum gas) exports are also rising, with expectations that exports will rise to 12m t/y in 2013, up from 10m t/y today.

Given this strong growth, it is unsurprising that gas continues to underpin Qatar's growth story. During the second quarter of in 2011, nominal GDP increased by 41.8% year on year, to QR153.7bn. Expansion in the LNG sector was the primary cause of this growth, although the data showed that this was also supported by manufacturing, which grew by 39%; transport and communications, which returned growth of 22%; financial services, which expanded by 10.2%; and hotels, restaurants and trade, which increased by 6.1%. The only major sector which showed a contraction was the construction sector, which declined by 3.4%. The industry has suffered from over-supply since the downturn of 2009, but we anticipate that it will start to rebound from 2012, as project development ramps up ahead of the FIFA World Cup in 2022.

Qatar's strong gas earnings will also support a significant widening of the fiscal surplus in 2011, to 16.6% of GDP, up from just 2.9% in 2010. This level of surplus is expected to be maintained into 2012 and beyond, underpinning robust consumption and wider domestic demand. But rising liquidity also inevitably raises inflationary fears. Nevertheless, despite the gradual rise in consumer prices, we expect inflation to remain well below the highs witnessed during the boom period prior to 2008. We anticipate that consumer price inflation will reach 4.7% in 2011, picking up further to 6.2% in 2012.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

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Recommended Terms:

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Usual Terms:

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Local Delays:

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F/X Bank Delays:

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C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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