



Qatar's Travel & Tourism Industry

Industry Update
Sept 2023

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1. Global Travel & Tourism Industry Overview

The Travel and Tourism (T&T) industry is one of the world's largest industries, accounting for 7.6% of global GDP and 9.1% of total employment in 2022. The global recovery has been significantly affected by both the ongoing conflict in Ukraine and extended travel restrictions imposed by various countries, including China. However, the announcement by the Chinese government to reopen its borders starting in January is expected to boost the travel sector and facilitate its return to pre-pandemic levels next year. The World Travel & Tourism Council (WTCC) is forecasting that the industry will grow its GDP contribution to \$15.5 Trillion by 2033, representing 11.6% of the global economy and will employ 430 million people around the world, with almost 12% of the working population employed in the sector (WTCC, 2023).

The travel and tourism industry's direct contribution to the global economy includes the spending of tourists on goods and services, such as accommodation, food and beverage, transportation, and attractions. The indirect contribution of the travel and tourism industry includes the spending of businesses that supply the tourism industry, such as airlines, hotels, and restaurants. The travel and tourism industry also has a significant impact on other sectors of the economy, such as construction, retail, and finance. The sector also helps to create jobs and boost incomes in developing countries, where it is often a major source of foreign exchange earnings.

2. Qatar Travel & Tourism Industry

Qatar's Travel & Tourism industry directly impacts its economy, employment, and exports. The contribution of the T&T industry to the GDP of Qatar was 10.3% of GDP in 2021. The majority of travel and tourism spending in Qatar was in the leisure segment (\$12.3bn), which constituted 75% of total travel and tourism spending (Gulf Times, 2022).

Qatar's T&T industry is affected by numerous factors, which can be divided into two broad categories. The first set of factors are those which can be influenced by the actions of the Qatari government— budget allocations, development projects, visa procedures, etc. The second set of factors are outside the control of the government and are dependent upon regional or global developments.

2.1.Key Growth Drivers

This report identifies key growth factors that will accelerate the development of Qatar's T&T industry. The primary objective of these growth drivers is to increase tourist arrivals and promote Qatar as a key tourist destination. Key growth factors are as follows:

- a. Government Support.
- b. Development Projects.
- c. FIFA 2022 Football World Cup.
- d. Cruise Tourism.

2.1.1. Government Support

The Qatari government has recognized the importance of the tourism industry as a primary catalyst for economic expansion and diversification. The government has made substantial investments to foster the growth of this sector, which encompasses constructing fresh hotels and resorts, enhancing transportation infrastructure, and creating novel tourist destinations.

Government interest and support are an advantage for any sector of the economy. In the case of the T&T industry of Qatar, visible government interest can be found. One of the primary reasons for this is the value of the T&T sector as a hedge against oil price fluctuations. Therefore, the government has prioritised the T&T Industry in its economic diversification efforts. Government interest can be judged from numerous initiatives taken in the past few years to promote Qatar as a tourist destination and these include the following:

- a. **Infrastructure investment:** The government has invested heavily in developing its transportation infrastructure, including building new roads, bridges, and airports. The government has also invested in developing new tourist attractions, such as the National Museum of Qatar and the Lusail City Development Project.
- b. **Relaxing visa requirements:** The government has relaxed visa requirements for citizens of many countries—making it easier for tourists to visit Qatar.
- c. **Developing new tourism products:** The Qatari government is working to develop new tourism products, such as ecotourism and cultural tourism. This will help to attract a wider range of tourists to Qatar.
- d. **Supporting the private sector:** The government is providing support to the private sector to invest in the tourism industry. This includes providing tax breaks and other financial incentives.

The Qatari government is dedicated to transforming the travel and tourism sector into a significant cornerstone of the nation's economy. These endeavors are anticipated to yield positive results in the near future, as Qatar increasingly attracts a larger number of tourists and solidifies its position as a sought-after travel destination.

2.1.2. Development projects

The Qatari Government has initiated several significant tourist ventures, such as the expansive Lusail City complex, characterised by islands and a variety of tourist offerings. Another recent project is the Msheireb development located in downtown Doha, which encompasses retail, cultural, and business amenities, along with outdoor climate control systems and walkways. Additionally, developers have tailored specific areas to cater to diverse tourist interests, including cultural experiences, historical sites, marine biology, natural environments, and sports activities. The introduction of public transportation is also a notable development. Doha now boasts a newly inaugurated metro system as of 2019, complemented by an extensive network of public buses (Ebrahim, 2023).

Sports plays a significant role in the country's tourism strategy, demonstrated by the milestone 2022 World Cup. Doha is actively working to host additional international events, including the 2023 Asia Cup, featuring 24 football teams and with Qatar as the defending champion, as well as the Grand Prix, a Formula One spectacle that premiered in 2021 (Ebrahim, 2023).

The Ministry of Tourism predicts a substantial rise in annual visitor numbers, projecting eventual arrivals of 6 million to 7 million visitors annually, a significant increase from the 2.6 million foreign arrivals recorded in 2022 (Ebrahim, 2023).

2.1.3. The FIFA World Cup 2022

After the conclusion of the FIFA World Cup Qatar 2022, Qatar is advancing steadily toward its National Vision 2030. Within this broader goal, the tourism sector stands out as a key driver, with plans to increase its contribution to the GDP and to double job opportunities. These efforts are part of a broader strategy to further elevate Qatar's status as a leading global tourist destination. As the host of the FIFA World Cup Qatar 2022, Qatar welcomed 1.4 million visitors from across the globe. The financial gains stemming from hosting the tournament totalled approximately \$17 billion. FIFA has estimated that around 5 billion individuals worldwide tuned in to watch the Qatar 2022 matches has significantly elevated Qatar's reputation and global standing (Gulf Times, 2023).

2.1.4. Development of cruise tourism

Cruise tourism is a growing sector in Qatar, and it is making a significant contribution to the country's overall tourism industry. A total of 162,403 cruise tourists visited Qatar during the 2022/23 cruise season, which runs between December and March, an increase of 184% compared to the previous season (Cruise-Arabia, 2023). The contribution of cruise tourism to the overall tourism in Qatar is expected to grow in the coming years. The growth of the cruise tourism sector is expected to be driven by several factors, including—the development of new cruise itineraries that include Qatar, promotion of Qatar as a cruise destination and investment in the country's ports.

2.2.Key Challenges

Some of the key challenges to Qatar's T&T industry include a downturn in oil prices, an oversupplied hospitality sector and a shortage of entertainment venues. The Qatari government should devise a strategy to overcome these critical challenges as they will adversely affect the T&T Industry and achievement of goals outlined in Qatar's National Vision 2030.

2.2.1. Oversupplied Hospitality Sector

The growing number of hotels and restricted business travel post-COVID have contributed to an oversupplied hospitality segment. This is putting downward pressure on hotel occupancy and average daily rates. The impact of reduced corporate demand on the sector is compounded by the new supply that has come online in Doha. Although the government has plans to boost tourism activity, a concern is that the quantity of stock in the pipeline will lead to oversupply. In order to counter oversupply in the hospitality segment, the Qatari government is working to develop new tourism products, improve transportation infrastructure and focus on cruise tourism.

2.2.2. A Downturn in Oil Prices

A potential downturn in oil prices would adversely affect the Qatar tourism industry as lower oil prices translate into lower revenues for the government, lower funds availability for mega tourist projects and will put a strain on the government's budget. The weakening of oil prices might also force the government to review their spending commitments and curtail infrastructure projects. Revenue from oil has enabled economic prosperity in the country through large spending on infrastructure and the provision of a wide range of social services. Given the scale of infrastructure development required to promote and sustain the tourism industry, government support becomes crucial, and any scale-down in tourism-related projects resulting from lower oil prices would impact the T&T sector.

A potential decline in oil prices can have a negative impact on the Qatar tourism industry, but the severity of the impact will depend on a few factors. The Qatari government has taken several steps to diversify its economy and reduce its reliance on oil revenue, which means that the Qatari tourism industry is less vulnerable to fluctuations in oil prices than it was in the past.

3. Outlook:

In the future, Qatar's tourism industry is poised to tap into emerging global trends that open up various new service possibilities. Anticipated is a growing number of affluent travellers who are once again eager to explore international destinations in pursuit of unique and exotic vacation experiences. This trend is further reinforced by the expanding upper-middle class and increased luxury spending. Moreover, the heightened focus on personal well-being in the post-COVID-19 era is likely to lead to more health and wellness-oriented travel options and tailored trips for smaller groups. Additionally, as technology continues to disrupt the tourism landscape, Qatar must closely monitor and harness innovations in this field to remain on par with leading economies.

The outlook for Qatar's Travel & Tourism industry is promising. The country is becoming a more popular travel destination, and a wide range of tourism products, services and infrastructure are scheduled to come online to drive growth in the next five years. Expanding and diversifying the industry will be the key areas of focus going forward, aided by important steps taken to synchronise policy at the government level. With the country investing heavily in tourism as a hedge against possible future oil price fluctuations, the industry is well-positioned to meet its targets.

Qatar's T&T industry is expected to grow at an annual rate of 5.5% over the next five years, according to the World Travel & Tourism Council (WTTC). This growth will be driven by several factors, including the 2023 Asian Cup, the development of new tourist attractions, such as the National Museum of Qatar and the Lusail City Development Project, and the improvement of transportation infrastructure, such as the Hamad International Airport and the Doha Metro and promotion of Qatar as a global tourist destination.

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