# QATAR
# INVESTMENT CLIMATE STATEMENT
# 2015

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## Executive Summary

Qatar, as the world's leading supplier of liquefied natural gas (LNG), and has one of the fastest growing economies with the highest per capita income in the world. Qatar’s economic growth rate is projected to increase to 7.1 percent in 2015 after slowing down to 6.1 percent in 2014, according to IMF estimates. Qatar’s economy remained strong despite the fall of global oil prices in late 2014 in part due to conservative budgetary fiscal policies and large investment spending.

Qatar is currently undergoing massive transformation under the rubric of the 2030 National Vision, which aims to modernize infrastructure, establish an advanced, knowledge-based, and diversified economy, no longer reliant on the hydrocarbon sector. The government is heavily involved in Qatar's economy, although it encourages Qatari private investment in many sectors. As Qatar plans to spend USD 200 billion in the lead up to the 2022 FIFA World Cup and in implementation of the 2030 National Vision, there are enormous opportunities for foreign investment in various sectors including infrastructure, health care, education, tourism and financial services, among others.

## 1. Openness To, and Restrictions Upon, Foreign Investment

### Attitude toward Foreign Direct Investment

Qatar has won the right to host the 2022 FIFA World Cup. Preparations will have a lasting impact on Qatar’s real estate, construction, and finance markets as companies scramble to obtain a portion of the more than USD 200 billion in infrastructure development needed before 2022, including USD 11 billion on the newly opened Hamad International Airport, USD 5.5 billion on a deep-water seaport, and over USD 12 billion on improving and creating road networks. Qatar will also invest between USD 20 billion to USD 25 billion in tourism infrastructure development. The largest planned development is the USD 29 billion metro and rail project which will be implemented in three phases with completion scheduled for 2022. Other focal areas include roads, industrial zones, and information and communication technology. These developments will stimulate the domestic economy and create substantial export opportunities for foreign businesses. In addition to energy and infrastructure development, significant opportunities exist for foreign investment in medical, safety and security, education, and franchising.

The main economic stimuli in Qatar are oil, gas, and related industries, in particular the development of the North Field, the largest non-associated natural gas field in the world. Qatar's liquefied natural gas (LNG) industry has attracted tens of billions of dollars in foreign investment and made Qatar the world’s largest exporter of LNG. Qatar has imposed a moratorium on increasing natural gas production from the North Field that took effect in 2012 and will last until 2015. However, the Energy Ministry has indicated that it may increase its LNG production by 10 million tons if it can improve efficiency in its production units. Significant investment in the downstream sector is likely to continue.

In May 2014 Morgan Stanley Capital International (MSCI) Inc. announced that Qatar was elevated to emerging markets status. Qatar first sought entry to the emerging-markets tier in

2008. The decision by the index compiler MSCI to upgrade Qatar to emerging market status from frontier market was well received by investors and bankers. In September 2014, Standard & Poor's (S&P) and Dow Jones also upgraded Qatar from frontier market status to emerging market status. The upgrade is expected to further open the country's exchange to increased global investment flows, most specifically from investors focused on emerging markets, and attract considerably more foreign portfolio investment, in addition to increasing the depth and liquidity of the market, with more listings expected.

A new Public Finance Law (Law No. 2/2015) was enacted in early 2015 it aims to optimize the use of the public funds and institute international best practices and standards in Qatar's financial regulatory framework. The legislation is trying to help Qatar develop a long term investment strategy by setting up a macroeconomic unit within the Ministry of Finance to monitor overall economic management and planning, including a public investment program established to identify the State's major projects and ways in which to prioritize them. The law also amended Qatar's fiscal period from April-April to January-January to fall in line with international standards and extended the 2014/2015 fiscal year until the first of January 2016. The budget estimates of revenue and expenditure for the fiscal 2014/15 budget have thus been extended until the end of 2015 on a pro rata basis.

Qatar's investment liberalization policies are proceeding on a gradual basis, based on a desire to protect local companies from rapid competition. Qatar gives preferential treatment to suppliers that use local content in bids for government procurement. When competing for government contracts, goods with Qatari content are discounted by 10 percent and goods from other GCC countries receive a 5 percent discount. As a rule, participation in tenders with a value of QR 1,000,000 or less is confined to local contractors, suppliers and merchants registered by the Qatar Chamber of Commerce, and tenders with a value of more than this amount do not require any local commercial registration to participate, but in practice certain exceptions exist. Tender and bid details are available at the Central Tender Committee website: http://www.ctc.gov.qa/tender-en-aspx.

### Other Investment Policy Reviews

In June 2014, the government concluded a trade policy review through the WTO. The link to the report may be found here:

https://www.wto.org/english/tratop_e/tpr_e/tp396_e.htm

### Laws/Regulations of Foreign Direct Investment

Investment Law No. 13/2000 is the primary legislation governing foreign investment. Foreign investment is generally limited to 49 percent of the capital for most business activities, with a Qatari partner(s) holding at least 51 percent. However, the law allows, upon obtaining special government approval, up to 100 percent ownership by foreign investors in certain sectors, including: agriculture, industry, health, education, tourism, development and exploitation of natural resources, energy, or mining. Qatar amended the law in 2004 to allow foreign investment in the banking and insurance sectors upon obtaining approval of the Cabinet of Ministers. Moreover, foreign financial services firms are allowed 100 percent ownership at the Qatar

Financial Center (QFC). On October 31, 2009, the Council of Ministers agreed on the amendments proposed by the Ministry of Economy and Commerce to allow foreign investors to hold 100 percent ownership in certain activities, including: business consultancy and technical services; information and communication services; cultural services; sports services; entertainment services; and distribution services.

International law firms with 15 years of continuous experience in their countries of origin are allowed to set up operations in Qatar, but the license will be granted only if authorities in Qatar are convinced that the field in which the applying firm specializes is of use to Qatar. On the recommendation of the Ministry of Justice, the Cabinet may reduce the number of required years' experience or fully waive the condition. Cabinet Decision Number 57/2010 states that the Doha office of an international law firm is allowed to practice in Qatar only if their main office in the country of origin remains open for business. In April 2015 the QFC stopped issuing new licenses to foreign law firms in response to complaints made by local Qatari firms of unfair competition.

Foreign firms are required to use a local agent for matters related to sponsorship and residence of employees. Certain sectors are not open for domestic or foreign competition, including public transportation, electricity and water, steel, cement, and fuel distribution and marketing. In these sectors, a single semi-public company has complete or predominant control.

Qatar has begun to liberalize its telecommunications sector to permit outside private investment, starting with the issuance in December 2007 of a second mobile license to a consortium including Vodafone and the Qatar Foundation. The same consortium was awarded the country's second fixed-line license in September 2008. However, there is a minimum requirement of QR 200,000 in initial capital for any telecommunication business, which creates a barrier to entry for small entrepreneurs.

When approving majority foreign ownership in a project, the law states that the project should fit into the country's development plans. It adds that preference should be given to projects that use raw materials available in the local market, manufacture products for export, produce a new product or use advanced technology, facilitate the transfer of technology and know-how to the Qataris, and promotes the development of national human resources.

Non-Qataris may also have the right of land use over real estate for a term of 99 years renewable upon government approval in Cabinet-designated "investment areas." Foreigners can own residential property in select high-end projects, including the Pearl, the West Bay Lagoon, Lusail, and the Al-Khor resort project. Law No. 23/2006 provides for foreigners being issued residency permits without local sponsors if they own residential or business property in Cabinet-designated "investment areas."
Import licenses are issued only to individuals with Qatari nationality, or companies owned or controlled by Qataris. In practice, exceptions are sometimes made for foreign companies, such as those with government contracts.

Qatar is rated the easiest country in which to pay tax globally, according to Paying Taxes 2015, an annual report issued by Price Waterhouse Coopers, the World Bank, and the International

Finance Corporation. Qatari nationals are not subject to any kind of corporate or income tax, although nationals are obliged to pay Zakat, which usually amounts to around 2.5 percent of profits. Although there is no income tax on salaries in Qatar, foreign investors are subject to taxation on their investment income. In January 2015, Qatar became the first country in the Gulf Cooperation Council to sign a Foreign Account Tax Compliance Act intergovernmental agreement with the United States.

On January 1, 2010, a tax law went into effect imposing a 10 percent (corporate) flat rate on all non-Qatari companies and foreign partners in Qatari companies. The only exception is in the energy sector where there is a 35 percent tax rate on all oil and gas operations, unless exempted by Emiri Decree. Companies currently benefiting from tax holidays or those with government tax exemptions will not be taxed until the contractual end of these agreements. If these agreements were entered into by the Government (ministry, agency, body, or public institution) prior to enforcement of the new law and no tax rate was specified, the 35 percent tax rate will be imposed, unless exempted by Emiri Decree. The tax rate and all other tax requirements set forth in agreements related to oil operations will continue to be defined by Law No. 3/2007 on the exploitation of natural wealth and resources.

The tax law applies to revenues from business activities, contracts - which are partly or wholly implemented in Qatar - properties, including sales of stakes in the shareholding companies or privately-owned companies whose assets are mainly comprised of properties. Revenue from exploration and natural resource extraction in the state and loan interest received within the state are also taxable. Gifts, luxury items, and entertainment expenses are not deductible. Qatari-owned companies; small handicraft companies with a maximum of three workers and not exceeding 100,000 Qatari Riyals profit (USD 27,473); individual income from sources such as bank interest, stock dividends, salaries, wages and allowances; and foreign charitable and other non-profit organizations and associations and societies are all exempted from taxation. Under Law No. 13/2000, the Ministry of Finance may grant a tax holiday of up to 10 years for new foreign investments in key sectors. Other exemptions may be granted under Law No. 21/2009 on a case-by-case basis for a period up to 6 years.

According to Article 11-2 of Law No. 21/2009, payments made to non-residents for activities not connected with a permanent establishment in Qatar shall be subject to a final withholding tax, as follows: 5 percent of gross royalties and technical fees; 7 percent of the gross interest, commissions, brokerage fees, director's fees, attendance fees and any other payments for services carried out wholly or partly in Qatar. The enforcement of this decree is currently suspended while the government reviews a written petition submitted by Qatari banks.
Companies established in the Qatar Financial Centre (QFC) enjoyed a tax exemption status since the start of operations in 2005 through 2009. QFC’s new tax regime, levying a flat 10 percent on profits, came into force in 2010, but captive insurance, reinsurance and asset management businesses are exempted.

There are two types of penalties for failing to pay corporate taxes: penalties associated with delays in filing, and delays in payment. Companies, local or foreign, that fail to file their tax return will be fined QR 100 per day up to a maximum of QR 36,000. Those convicted of making false statements on their taxes, or trying to evade taxes face up to three months’ imprisonment and a maximum fine of QR 15,000. A further fine of 20 percent of the tax due will be levied on companies shown to be in violation of the tax law. Penalties may be doubled for repeat offenders. Delayed payment may result in a financial penalty equal to the amount of unpaid tax, in addition to the payment of the tax due.

Judicial decisions in commercial disputes are primarily based on contractual agreements, provided these agreements are not in conflict with applicable Qatari laws. U.S. firms are strongly encouraged to consult a local attorney before concluding any commercial agreement with a local entity.

**Industrial Promotion**

Qatar announced plans to spend USD 200 billion in the lead up to the 2022 FIFA World Cup and in implementation of the 2030 National Vision. There are in turn enormous opportunities for foreign investment in various sectors associated with this boom, including in the infrastructure, health care, education, tourism and financial services sectors. Tender and bid details are available at the Central Tender Committee website: http://www.ctc.gov.qa/tender-en-aspx

**Limits on Foreign Control**

On August 5, 2014, Law No. 9/2014 was issued amending some provisions of Law No. 13/2000 regulating investment of non-Qatari capital in economic activity. The effect of this change is to raise the limit of permissible foreign ownership levels in the listed companies to 49 percent, which previously was limited to 25 percent in most listed companies. The newly approved law stipulates that non-Qatari investors are allowed to own up to 49 percent of the shares of a Qatari shareholding company listed on the Qatar Exchange (QE). The 49 percent ownership must be contained within the company's memorandum of association or articles of incorporation after they gain the approval of the Ministry of Economy and Commerce. Under the amended law, these investors can also own more than the 49 percent, provided they attain cabinet approval. Gulf Cooperation Council nationals will be treated as Qatari citizens in the ownership of companies listed on Qatar Exchange. The effects of these amendments are retroactive. Non-Qatari GCC nationals previously treated as foreigners for the purpose of trading in Qatari stock exchange, will now receive equal treatment to that of a Qatari citizens. Their ownership of Qatari stocks is no longer viewed as foreign ownership; instead their participation is equal to that of a Qatari national.

Foreign investors are generally not allowed to participate in initial public offerings (IPO), though exceptions are occasionally made on a case-by-case basis (primarily for other GCC nationals). Rules of foreign ownership percentage restrictions can be waived with approval from the Cabinet. In 2009, NYSE Euronext purchased a 20 percent stake in the QE for USD 200 million. The Qatar Investment Authority (QIA) owned the remaining 80 percent of the QE. At the end of 2012, the two companies signed another agreement giving QIA 88 percent of QE and 12 percent to NYSE. In October 2013, the investment arm of QIA, Qatar Holding (QH), became the full owner of the QE. QE has 43 listed companies and its market capitalization was valued at QR 676.8 billion at the end of December 2014. The Qatari Government began trading short-term Treasury bills on December 29, 2011. The Qatar Exchange allowed government bonds issued by the Qatar Central Bank to be traded on the exchange beginning June 20, 2013.

Doha is home to the Qatar Financial Centre (QFC) which allows major international financial institutions and corporations to set up offices with 100 percent foreign ownership, and all profits to be remitted outside of Qatar. The QFC is not an offshore center nor a free zone nor a property development. Companies licensed by the QFC are free to operate in both the local as well as other international currencies. Financial firms investing in Qatar enjoy an attractive tax regime; all QFC registered companies are subject to a 10 percent corporate tax on locally sourced profits. The QFC legal framework allows buildings in Doha to be designated as QFC sites so licensed firms do not have to be physically based in QFC premises, provided there is no objection from the Ministry of Economy and Commerce, and that they pay local market rents.

There are currently 196 licensed firms at the QFC, representing a spectrum of banks, investment companies, insurance houses, and related professional services. Approximately 70 QFC licensed firms are regulated by Qatar Financial Center Regulatory Authority (QFCRA), the QFC's independent regulatory body. QFC firms are generally limited to providing services to wholesale clients. However, insurance companies can provide services to both wholesale and retail clients, and retail asset management is allowed.

The Qatar Financial Centre Authority (QFC Authority) issued regulations governing special purpose companies, holding companies and single family offices operating in or from the QFC. The Special Company Regulations and Single Family Office Regulations (the 'Regulations') were issued on 27 September 2012. The Regulations provide for a more attractive legal, regulatory and business environment. They will expand the range of services the QFC firms will offer and the structures they may adopt, notably single family offices and special purpose companies.

QFC Authority has also recently broadened its regulations to allow foreign companies offering services in Qatar that support the developments required for the FIFA World Cup in 2022 and Qatar National Vision 2030 to obtain a QFC license. Several companies offering services in design, engineering, medical consulting, and management services have successfully obtained a license, and have advised that the process was relatively straightforward and took about 10 weeks to finalize.

On December 9, 2013, Qatar's financial sector regulatory authorities the Qatar Central Bank, Qatar Financial Center Regulatory Authority, and Qatar Financial Markets Authority launched a joint strategic plan for the "future of financial sector regulation in Qatar." The plan established a framework for financial regulation, setting out a road map of strategic priorities for the next three years (2014-2016). The goals of the plan are to enhance regulation by developing a consistent risk-based micro prudential framework; expanding macro prudential oversight; strengthening financial market infrastructure; enhancing consumer and investor protection; promoting regulatory cooperation; and building human capital.

Qatar's economic freedom score is 70.8, and ranks 32nd in the 2015 Index of Economic Freedom. Its score has declined by 0.4 point since last year, with declines in 5 of the 10 economic freedoms including freedom from corruption, monetary freedom, and business freedom, according to the Heritage Foundation. Qatar is ranked 3rd out of 15 countries in the

Middle East/North Africa region, and its overall score is above the world average.

**Privatization Program**

There is no ongoing official privatization program of state-owned enterprises, although the State of Qatar promotes and encourages a robust private sector, while offering IPOs for some government owned enterprises. The new law increasing the limit on foreign shareholdings on the Qatar Exchange enables increased foreign investment in this regard.

**Screening of FDI**

The government of Qatar does not have an official or formal screening of FDI process.

**Competition Law**

Ministry of Economy and Commerce reviews the applications for 100 percent ownership licenses (agriculture, manufacturing, health, education, and tourism) where the license is permitted as long as it does not directly compete with existing Qatari companies locally.

**Investment Trends**

The government is making investment liberalization efforts, such as increasing the limit on foreign ownership for shares listed on the Qatar Exchange. The Ministry of Economy and Commerce also aimed to update the Commercial Companies Law by putting a "one stop shop" mechanism within the Ministry for interested investors. This has, however, reportedly received resistance from the local Qatari private sector and remains in legislative limbo. The government is however making a concerted effort to modernize much of its financial legislation in an attempt to bring it in line with international best practices and facilitate business.

*Table 1*

| Measure | Year | Index or Rank | Website Address |
|---|---|---|---|
| **TI Corruption Perceptions index** | 2014 | 26 of 175 | transparency.org/cpi2014/results |
| **World Bank's Doing Business Report "Ease of Doing Business"** | 2015 | 50 of 189 | doingbusiness.org/rankings |
| **Global Innovation Index** | 2014 | 47 of 143 | globalinnovationindex.org/content.aspx?page=data-analysis |
| **World Bank GNI per capita** | 2013 | 86,790 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

## 2. Conversion and Transfer Policies

### Foreign Exchange

Due to minimal demand for the Qatari riyal outside Qatar and the national economy's dependence on oil and gas revenues, which are priced in dollars, the government has pegged the riyal to the U.S. currency. The official peg is QR 1.00 per USD 0.27 or USD 1.00 per QR 3.64, as set by the government in June 1980 and reaffirmed by an Amiri decree issued July 9, 2001. GCC states have officially discussed harmonizing their monetary policies although they have not established a timeline for the implementation of a common currency. Despite a number of recent private sector analyses suggesting Qatar may reassess its dollar peg policy, the government has maintained the exchange rate.

Law No. 15/1990 does not allow foreign investors to engage in a joint stock company with Qatari partners. However, foreign investors can hold up to a combined total of 25 percent of the shares of Qatari companies listed on the Qatari Exchange. In addition, to this date, at least three foreign companies have been allowed to exceed this 25 percent. Exceptions are based on a per case-by-case basis and require a ministerial decree. Foreign investors may own up to 49 percent, while Qatari partners cannot own less than 51 percent, of a limited liability partnership. Foreign partners in ventures organized as limited liability partnerships must pay the full amount of their contribution to capital in cash, or in kind, prior to the start of operations. Usually, such firms are required to set aside 10 percent of profits each year in a statutory reserve until it equals 50 percent of the venture's authorized capital. The legal reserve shall not be distributed among the shareholders; however the excess of the half of the paid-in capital may be used in distributing the profits among the shareholders (up to 5 percent of profits). This requirement is the only legal restriction to a foreign company desiring to repatriate all of its annual profit after tax deduction.

*Remittance Policies*

Qatar neither delays remittance of foreign investment returns nor restricts transfer of funds associated with an investment, such as return on dividends, return of capital, interest and principal payments on private foreign debt, lease payments, royalties and management fees, amounts generated from sale or liquidation, amounts garnered from settlements and disputes, and compensation from expropriation to financial institutions outside Qatar without undue delay. Qatar Central Bank (QCB) authorized mobile phone service providers Ooredoo and Vodafone to add payment services and money transfers via mobile phones in direct collaboration with banks and licensed money exchangers in Qatar.

The Government of Qatar enabled an Anti-Money Laundering/Counter-Terrorism Finance Law (AML/CFT) in 2010. The law addressed many of the deficiencies identified by the Financial Action Task Force (FATF) and makes money laundering and terrorist financing offences in line with international standards. It also introduces a suspicious transaction reporting regime and requirements for consumer due diligence and record-keeping. In 2014 Qatar introduced a law governing charitable donations which mandated all donations be regulated by the Government. Law No. 15/2014 established an independent Charities Commission comprised of an interagency board (headed by the Minister of Labor and Social Affairs, including officials from the Ministry of Foreign Affairs, Ministry of Interior, the Central Bank, and Qatar State Security). This amends Law No. 4/2010 which previously charged the Ministry of Labor and Social Affairs with the sole responsibility for regulating charities.

According to the new law, local charities must obtain authorization from the Commission prior to any dealings with foreign entities. In addition, revised regulations have been issued by all three of the main financial regulators in Qatar: the Qatar Central Bank (QCB), the Qatar Financial Markets Authority (QFMA), and the Qatar Financial Center Regulatory Authority (QFCRA). All three regulators do on-site inspections to check compliance with the new law and regulations. However, significant work remains to implement the new financial regulations and there remain some deficiencies with regards to terrorism financing. The Charity Commission continues to hire staff and develop capacity.

In accordance with the QCB instructions on AML/CFT, the financial institutions must apply due diligence prior to establishing business relationships. Certain originator information should be secured where a wire transfer exceeds QR 4,000. Similarly, due diligence should be made when a customer is carrying out occasional transactions in a single or several linked operations of an amount exceeding QR 55,000 or equivalent in foreign currencies per the provisions of Article 23 of Law No. 4/2010.

## 3. Expropriation and Compensation

Law No. 13/2000, Article 8 states: 1) Foreign investment shall neither directly nor indirectly be subject to expropriation unless such measures are for the public welfare and implemented in a non-discriminatory way, against a prompt and reasonable compensation; 2) Compensation shall be equal to the market value of the investment at the time of expropriation, and shall be paid without undue delay. There have been no cases of expropriation or sequestration of foreign investment in Qatar since nationalization in the mid-1970s of Shell and Dukhan Services (the latter was a combination of six international oil companies handling Qatar's onshore operations on the country's west coast). The foreign interests were compensated promptly.

## 4. Dispute Settlement

### Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Qatar is a signatory to the 1958 New York Convention and a member of the International Center for the Settlement of Investment Disputes (ICSID). If investment disputes occur, Qatar accepts binding international arbitration. However, Qatari courts will not enforce judgments or awards from other courts in disputes emanating from investment agreements made under the jurisdiction of other nations.

The civil and commercial court and the regulatory tribunal for Qatar Financial Centre (QFC) form the QFC Judiciary and the legal infrastructure behind the QFC. In addition, the court also features an Alternative Dispute Resolution (ADR) center. Although primarily concerned with hearing commercial matters arising from within the QFC itself, the QFC intends to expand the courts’ jurisdiction to enable it to accept other disputes at its discretion.

**Bankruptcy**

In Qatar there are two concurrent bankruptcy regimes. The first is the local regime, the provisions of which are set out in the Commercial Law No. 27/2006. However, the bankruptcy law is largely untested. The bankruptcy of a Qatari citizen or a Qatari-owned company is rarely announced and the government sometimes plays the role of guarantor to keep a bankrupt business running and safeguard creditors' rights.

The second bankruptcy regime is found in the QFC Insolvency Regulations of 2005 and applies to corporate bodies and branches registered in the QFC. There are currently two firms in the U.K. offering full dissolution bankruptcy services to QFC-registered companies.
In order to protect their interests, U.S. firms are advised to consult with a Qatari or foreign-based law firm when executing contracts with local parties.

**Investment Disputes**

The civil and commercial court and the regulatory tribunal for Qatar Financial Centre (QFC) form the QFC Judiciary and the legal infrastructure behind the QFC. In addition, the court also features an Alternative Dispute Resolution (ADR) center. Although primarily concerned with hearing commercial matters arising from within the QFC itself, the QFC intends to expand the courts' jurisdiction to enable it to accept other disputes at its discretion.

In order to protect their interests, U.S. firms are advised to consult with a Qatari or foreign-based law firm when executing contracts with local parties.

**International Arbitration**

If investment disputes occur, Qatar accepts binding international arbitration. However, Qatari courts will not enforce judgments or awards from other courts in relation to disputes emanating from investment agreements made under the jurisdiction of other nations. The Qatar International Court and Dispute Resolution Centre adjudicates disputes of firms associated with the Qatar Financial Center based on the British common law system.

*ICSID Convention and New York Convention*

Qatar is a signatory to the 1958 New York Convention and a member of the International Center for the Settlement of Investment Disputes (ICSID).

**Duration of Dispute Resolution**

There is no set duration for dispute resolution and the time to obtain a resolution depends on the case. The Qatar International Court and Dispute Resolution Centre publishes past judgments on its website, which may be used as a reference: http://www.qfccourt.com/Judgement.html

## 5. Performance Requirements and Investment Incentives

### WTO/TRIMS

Qatar does not maintain measures inconsistent with the agreement on Trade-Related Investment Measures (TRIMs), though in practice they provide preferential treatment for those who use local content in investments or government procurements.

### Investment Incentives

The government offers a variety of incentives to foreign investors which may include tax exemptions, property grants, energy subsidies, and low-cost financing. The following is a list of incentives sometimes offered to foreign investors:

• Natural gas priced at 60-75 U.S. cents per MBTU (Million British Thermal Units)
• Electricity offered at less than two U.S. cents per KWH (Kilowatt Hour)
• Industrial land offered at 27 U.S. cents per square meter per year for a period of 50 years, including options for renewing the lease
• Exemption from customs duties on imports of machinery, equipment and spare parts;
• Exemption on export duties
• Exemption from corporate taxes for up to ten years
• Exemption from income taxes
• Absence of quotas on imports
• Low cost financing through Qatar Development Bank (QDB)
• Flexible immigration and employment rules to enable the import of foreign labor

The same incentives are offered to Qatari investors.

The Ministry of Energy and Industry determines the amount of foreign equity and the extent of incentives for industrial projects. Industrial projects can be established only in designated industrial zones. Necessary investment approvals may be required from the Ministry of Health, Qatar Tourism Authority, Ministry of Municipality and Urban Planning, Ministry of Economy and Commerce, Supreme Education Council, and Ministry of Environment.

*Research and Development*

Qatar Science & Technology Park (QSTP) is the national agency charged with executing applied research and delivering commercialized technologies in four themed areas: Energy, Environment, Health Sciences and Information & Communication Technologies. QSTP is located in Qatar Foundation's Education City and has access to the resources of its cluster of universities. In addition to QSTP’s four centers, members include small companies, international corporations, and research institutions. QSTP seeks to attract U.S. and other foreign investors to start up research and development facilities in the Park, and provide opportunities for companies to engage in commercializing the technology they develop. Participating companies are allowed 100 percent foreign ownership, and exemption from payment of income tax. Microsoft, ExxonMobil, GE, Shell, Tata, Total, and ConocoPhillips are among QSTP member companies.

**Performance Requirements**

Performance requirements for foreign investment in Qatar do not exist. There is no counter-trade offset program. While screening investment proposals, the government may indicate preferences for locating facilities, capital investments and other matters. Disclosure of financial and employment data is required, but proprietary information is not.

**Data Storage**

Qatar does not follow a "forced localization" policy in which foreign investors must use domestic content in goods or technology, however, as previously outlined, the government does give preferential treatment to suppliers that use local content in bids for government procurement.

When competing for government contracts, goods with Qatari content are discounted by 10 percent and goods from other GCC countries receive a 5 percent discount. As a rule, participation in tenders with a value of QR 1,000,000 or less is confined to local contractors, suppliers and merchants registered by the Qatar Chamber of Commerce, and tenders with a value of more than this amount do not require any local commercial registration to participate, but in practice certain exceptions exist.

There are no known formalized requirements for foreign IT providers to turn over source code and/or provide access to surveillance.

Information and communications technology (ICT) is regulated by the ICT Ministry, organized through Emiri Decree No. 27/2014. Qatar's Communications Regulatory Authority was established as an independent body by Emiri Decree No. 42/2014.

## 6. Right to Private Ownership and Establishment

The Commercial Companies Law, Law No. 5/2002, controls the establishment of all private business concerns in Qatar. The law provides for corporate mergers, corporate bonds, and the conversion of corporate partnerships into joint stock companies.

Joint ventures involving foreign partners usually take the form of limited liability partnerships. Law No. 15/1990 does not allow foreign investors to enter into a joint stock company with Qatari partners. However there are exceptions.

Citizens of member states of the Gulf Co-operation Council (Bahrain, Kuwait, Qatar, Oman, Kingdom of Saudi Arabia and the United Arab Emirates) also have some exemptions from the application of the foreign investment laws of Qatar, including the ability to own 50 percent of businesses, as opposed to 49 percent for other foreigners, and the ability to own freehold land in three designated zones – Lusail, Al Khuraj, and Thayleeb Mountain. In August 2014, changes were made to the foreign investment law which provides that GCC citizen investors will now be treated like Qatari nationals in owning shares of companies listed on the Qatar Exchange (QE).

## 7. Protection of Property Rights

### Real Property

With the government's announced plans to spend USD 200 billion in infrastructure development in the next ten years, legislation regulating the real estate sector was amended in April 2014 under Law No. 6/2014 (Real Estate Development Law). This aims to facilitate investment in the real estate sector while strengthening regulation. Qatar was ranked 36th globally and 5th in the region in 2014 for ease of registering property by the Doing Business Report, found here: http://www.doingbusiness.org/data/exploreeconomies/qatar/#registering-property

### Intellectual Property Rights

Analyze the quality of IP protections and level of enforcement within the country/economy. Address issues such as; legal structure (weak/strong), enforcement (good/bad), infringement on rights, and theft (common/uncommon).

Qatar has made progress in streamlining its intellectual property laws and towards enacting legislation and implementing practices to enable rights holders to protect their IP, but capacity constraints continue to hamper Qatar's IP regime.

Within Qatar, owners of trademarks, copyrights and patents depend on Qatari laws and regulations for protection. Intellectual property rights in Qatar are protected by Law No. 7/2002 (Copyright and Neighboring Rights Law), Law No. 30/2006 (Patent's Law), Law No. 9/2002 (Trademarks and Geographical Indicators Law), Law No. 5/2005 (Protection of Trade Secrets), and Law No. 6/2005 (Protection of Layout Design of Integrated Circuits).

Existing laws stipulate hefty fines on those dealing in counterfeit products, and fines and imprisonment for habitual offenders, a person found guilty of counterfeiting, imitating, fraudulently affixing/ selling products/ offering services of a registered trademark, and other IPR violations. However; the level of awareness about IP rights and enforcements is low among the general public but the IPR Department under the Ministry of Economy and Commerce has taken the lead in promoting awareness through workshops and seminars.

Qatar adopted the GCC Patent Law and has assigned the Industrial Property Section in the Ministry of Economy and Commerce to handle issues related to trademarks, commercial indications, trade names, geographical indications and industrial design. An Intellectual Property Centre was also established by Emiri decision No. 53/2009 and was affiliated with the Ministry of Justice at its inception. This center oversees implementation of Qatari law on patents, copyright protection, and protection of trade secrets. In February 2014, the Emir of Qatar issued several decisions on the organizational structure and function of ministries, establishing and reorganizing some authorities, public institutions and governmental entities. The Office of Intellectual Property Rights was transferred to a department within the Ministry of Economy and Commerce in 2014.

According to Law No. 30/2006, patents are valid for twenty years from the date of submission. The Ministry of Health requires registration of all pharmaceutical products imported into the country and will not register unauthorized copies of products patented in other countries. The 2002 copyright law does not explicitly provide for national treatment or coverage of unpublished works and does not criminalize end-user piracy. However, Qatar is party to the Berne and Paris Conventions and abides by their mandates concerning unpublished works.

As for end-users, some Qatari companies have already complied with the law and others are making provisions to do so. The Copyright Office works with law enforcement authorities to prosecute resellers of unlicensed video and software. The General Directorate of Customs, the Consumer Protection Department at the Ministry of Economy and Commerce, in cooperation with the IPR Department conduct surveys, raid shops and seize and destroy counterfeit products. In 2014, 30 raids were carried out including 10 cases; the total value of the confiscated material was USD 274,730.

Qatar uses the GCC patent law with derogations as needed to comply with its obligations under the TRIPS Agreement. A joint committee between the Ministry of Economy and Commerce and Ministry of Health has yet to be established to coordinate their efforts and ensure that only patented products or authorized copies of pharmaceutical products are registered for sale.

In 2006, an Emiri Decree on patents was issued stipulating that: (1) only inventions of industrial use can be registered as a patent; (2) an industrial product or means or process of production must have something innovative about it to merit patent registration; (3) inventions in health, agriculture, plants and software development are not eligible for patent; (4) only Qatari citizens or foreigners of WTO signatory countries will be allowed to register a patent; (5) the Ministry of Economy and Commerce will frame and implement executive regulations to help enforce the law; and (6) the Ministry of Economy and Commerce will set up a patent registration office. This office has been established and named the Patents Unit and falls under the Ministry of Economy and Commerce.

As part of the GCC Customs Union, the six member states are working toward unifying their intellectual property regimes. In this respect, the GCC has recently approved a common trademark law. All six member states are expected to adopt this law as national legislation in order to implement it. However, the new law raises questions about consistency with GCC member state obligations under the TRIPS Agreement and U.S. free trade agreements with Bahrain and Oman.

Qatar is a member of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO), and is a signatory to the following WIPO Treaties:

- WIPO Convention, since September 1976
- Paris Convention (Industrial Property), since July 2000
- Berne Convention (Literary and Artistic Works), since July 2000
- Nairobi Treaty (Olympic Symbol), since July 1983
- WCT (WIPO Copyright Treaty), since October 2005
- WPPT (WIPO Performances and Phonograms Treaty), since October 2005
- Qatar has also been a member and signatory to the TRIPS Agreement since January 1996

*Resources for Rights Holders*

Embassy point of contact: Hala Rharrit, RharritH@state.gov

Local lawyers list: http://qatar.usembassy.gov/legal_information.html

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/

## 8. Transparency of the Regulatory System

There are three regulatory bodies in Qatar. Law No. 13/2012 enacted by the Emir on December 2, 2012, set the Qatar Central Bank as the primary regulator of financial institutions. It also transferred the regulation of the insurance sector from the Ministry of Economy and Commerce to the Qatar Central Bank and the regulation of the Qatar Financial Center from the Qatar Financial Center Regulatory Authority to the Qatar Central Bank. The law, which unifies Qatar's three regulators, the Qatar Central Bank, the Qatar Financial Markets Authority, and the Qatar Financial Center Regulatory Authority, aims to promote financial stability and enhance regulation coordination through the Financial Stability and Risk Committee, which is headed by the Central Bank Governor.

The government is the major buyer and end-user of a wide range of products and services. Government procurement regulations provide a ten-percent preference for Qatari products and five-percent for GCC products.

The Central Tenders Committee (CTC) of the Ministry of Finance is responsible for processing the majority of public sector tenders. The CTC applies standard tendering procedures and adheres to established performance norms. It also sets the standards for rules and regulations for bidding procedures.

In tenders valued in excess of QR 100 million (USD 27 million), the CTC may invite and pre-qualify international firms to bid for a specific product or service. Technical bids submitted to the CTC are referred to the appropriate government end-user for short-listing. The CTC then opens the commercial bids and recommends the lowest priced, technically qualified bidder to the entity concerned, which will make the final award decision. Inquiries about specific award decisions should be directed to the CTC.

Some governmental entities have established internal tender committees. The Ministry of Energy and Industry, Qatar Petroleum and Ministry of Municipality and Urban Planning process all tenders independently. Qatar Armed Forces and the Ministry of Interior are responsible for issuing tenders for classified materials and services.

Foreign firms wishing to participate in government procurement programs may be required to have a local agent and provide bid and performance bonds. International bidders should contact end-users directly for information on local agent requirements.

Other regulatory policies do not significantly affect foreign investment decisions. Some U.S. companies have expressed concerns about the lack of transparency in government procurement.

## 9. Efficient Capital Markets and Portfolio Investment

There is no restriction on the flow of capital. The Qatar Central Bank (QCB) adheres to conservative policies aimed at maintaining steady economic growth and a stable banking sector. Loans are allocated on market terms, and foreign companies are essentially treated the same as local companies.

Almost all import transactions are controlled by standard letters of credit processed by local banks and their correspondent banks in the exporting countries. Credit facilities are provided to local and foreign investors within the framework of standard international banking practices. Foreign investors are usually required to have a guarantee from their local sponsor/local equity partner.

However, in accordance with QCB guidelines, banks operating in Qatar give priority to Qataris and to public development projects in their financing operations. Additionally, single customers may not be extended credit facilities by a bank exceeding 20 percent of the bank's capital and reserves. In addition, QCB does not allow cross-sharing and stable shareholder arrangements among banks and other business concerns that result in fewer shares of some corporations actually trading freely in the market. QCB requires banks to maintain a maximum credit ratio of 90 percent.

Law No. 13/2012 regulates the QCB and its financial institutions. It mandates the QCB to act as a supreme authority for framing the policies for the regulation and supervision of all financial services and markets in the country. It lays the foundation for increased cooperation between the regulatory bodies in Qatar to develop and apply regulatory policies and implement international standards to deliver the objectives of Qatar’s 2030 National Vision and Qatar’s National Development Strategy (2011-2016). The most significant aspects of the law are that QCB shall be deemed an autonomous corporate body with its own budget under the direct control of the Emir. Its capital is QR 50 billion, equivalent to USD 13.7 billion, and it is fully owned by the government.

QCB acquired responsibility for the licensing and supervision of insurance companies, reinsurance companies and insurance intermediaries that were previously licensed by the Ministry of Economy and Commerce. The Law repealed Decree Law No. 1/1966 on the Supervision and Control of Insurance Firms and Agents. The Qatar Financial Markets Authority and the Regulatory Authority remain independent regulators under the management and direction of their respective boards of directors in accordance with the Law regarding the Qatar Financial Market Authority (Law No. 8/2012) (" QFMA Law") and the Qatar Financial Centre Law (Law No.7/2005) ("QFC Law").

### Money and Banking System, Hostile Takeovers

There are 18 licensed banks in Qatar, 11 of which are Qatari institutions including four Islamic banks (Qatar Islamic Bank “QIB,” Qatar International Islamic Bank “QIIB,” Masraf Al Rayan and Barwa Bank) and 7 commercial banks (Qatar National Bank "QNB", The Commercial Bank of Qatar "Commercial bank," Doha Bank, Ahli Bank, International Bank of Qatar "IBQ," Qatar Development Bank "QDB," Al Khalij Commercial Bank "al khaliji"). The Qatar Central Bank reports that Qatar also has 20 exchange houses, three investment companies and three commercial finance companies.

Qatari regulations for local and foreign banks are the same. New licenses for new banks are available through application to the Qatar Central Bank (QCB). License requirements can be found at the following link:
http://www.qcb.gov.qa/English/SupervisionApproach/LicensingAndRegistration/Pages/Licensing.aspx

Qatar National Bank (QNB), 50 percent state-owned via the Qatar Investment Authority (QIA), is the largest bank in the country, with total assets equal to approximately 50 percent of the total assets of all Qatari Banks (local). QNB's total assets grew to QR 486 billion as of December 2014, representing an increase of 22 percent compared to December 2013. According to QNB, the Qatar banking sector's overall assets grew 10.5% in 2014 based on higher lending to the private sector which offset the decline in loans to the public sector.

**10. Competition from State-Owned Enterprises**

Several state-owned companies still operate under monopoly, or exclusive rights in some economic sectors, with no plans toward privatization. SOEs are the driving force of the Qatari economy. The government has affirmed support for Qatar's local private sector and encourages SME development as part of its 2030 National Vision. The Qatari private sector is favored in bids for local contracts and generally receives favorable terms for financing at local banks. The following are Qatar's major state-owned enterprises:

• In February 2013 Ooredoo was introduced by Qatar Telecom, Q.S.C, to replace Qtel, the former operating name. Ooredoo is a dominant player in the Qatari telecoms market and is 76 percent owned by Qataris. Its revenues from outside Qatar currently constitute more than 75 percent of its total revenue. In 2007, the mobile products and services sector was opened to competition. In 2008, the fixed line telecoms market was also liberalized. Vodafone was selected to compete in both mobile and fixed line against Ooredoo, and is 96 percent-owned by Qatari shareholders. Both companies are listed in the Qatar Exchange (QE). Prior to 2007, both the mobile and fixed line telecoms markets in Qatar were dominated by Ooredoo.

• Kahramaa (Qatar General Electricity & Water Corporation) operates all water and electricity activities and is 90 percent owned by Qatari shareholders. The government owns 43 percent of the capital. The government has indicated that it may privatize segments of the water and electricity sectors. A first step in this direction occurred when the Ras Laffan Power Company, which is 55 percent owned by a U.S. company, was established in 2001.

• Qatar Petroleum (QP) operates all oil and gas activities and is wholly owned by the government. QP's oil and gas fields fall into three categories - the North Gas Field, onshore oil, and offshore oil. In addition, QP carries out activities through the following subsidiaries, joint ventures and other investments.

• Q-Post (Qatar General Postal Corporation) is the state-owned postal company. Several other delivery companies are allowed to compete in the courier market: Aramex, DHL Express, and FedEx Express.

• Qatar Airways is the country's designated National Carrier and is now wholly owned by the state
• The subsidiaries of Qatar Investment Authority (QIA), the State of Qatar's sovereign wealth fund, also play a prominent role in the local economy.
• Qatar Holding LLC (QH), the direct strategic investment arm of QIA.
• Qatari Diar, a property investment vehicle.
• Hassad Food Company (HDC), a vehicle for investment in agriculture and livestock

**OECD Guidelines on Corporate Governance of SOEs**

Qatar SOEs may adhere to their own corporate governance codes, but are not required to follow the OECD Guidelines on Corporate Governance. Some SOEs publish online corporate governance reports to encourage transparency, but there is not a general framework for corporate governance across all Qatari SOEs. When an SOE is involved in an investment dispute, the case is generally reviewed by the appropriate sector regulator. In 2010, the Supreme Council for Information and Communications Technology, for example, famously ruled against SOE Q-Tel (now Ooredoo) when Vodaphone Qatar lodged a complaint against the former for misleading advertising.

**Sovereign Wealth Funds**

The Qatar Investment Authority (QIA), Qatar's sovereign wealth fund, was established by Emiri Decree 22/2005. QIA is the driving force of Qatar's economic diversification strategy. QIA is not required by law to publish an annual report or submit its books to an independent audit. QIA, in November 2014, hosted the International Forum of Sovereign Wealth Funds (IFSWF) 6th annual meeting, which resulted in the Doha Agreement, adopting a three-year strategic plan to ensure free flow of long-term global capital and strong real returns for the progeny; with great emphasis on transparency.

**11. Corporate Social Responsibility**

There is a general awareness of corporate social responsibility principles. Those firms that pursue CSR are viewed favorably. The Ministry of Economy and Commerce announced plans to introduce a corporate social responsibility index for companies listed on Qatar Exchange in order to measure their "social commitment." Many companies in Qatar, however, have begun to publicize their policies regarding corporate social responsibility, and are interested in publishing sustainability reports, including their CSR initiatives, in conjunction with their annual reports.

**OECD Guidelines for Multinational Enterprises**

Qatar is not a signatory to the OECD Guidelines for Multinational Enterprises.

**12. Political Violence**

Qatar is politically stable. The crime rate is low. There are no political parties or labor unions. There is no known organized domestic political opposition. The U.S. government believes the potential exists for acts of transnational terrorism to occur in Qatar. Potential investors and U.S.

citizens are encouraged to stay in close contact with the Embassy for up-to-date threat information.

## 13. Corruption

Bribery is a crime in Qatar and the law imposes penalties for public officials convicted of taking action in return for monetary or personal gain, or for other parties who take actions to influence or attempt to influence a public official through monetary or personal gain. The current Penal Code (Law No. 11/2004) governs corruption law and stipulates that individuals convicted of bribery may receive up to ten years imprisonment and a fine not greater than the amount of the bribes but not less than QR 5,000 (USD 1,374).

Those convicted of embezzlement and damage to the public treasury are subject to terms of imprisonment of no less than five and no more than ten years. The penalty is enhanced to a minimum term of seven and a maximum term of fifteen years if the perpetrator is a public official in charge of collecting taxes or exercising fiduciary responsibilities over public monies.

Investigations into allegations of corruption are handled by the Qatar State Security Bureau (QSS) and Public Prosecution. Final judgments are made by the criminal court.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

By Emiri Decree No. 17/2007, Qatar ratified the UN Convention for Combating Corruption, and Emiri Decree No. 84/2007 established a National Committee for Integrity and Transparency. The permanent committee is headed by the chairman of the Audit Bureau and is tasked with combating corruption in Qatar and reports directly to him. Qatar is not a party to the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials. Qatar opened the Anti-Corruption and Rule of Law Center on November 25, 2012 in Doha in partnership with the United Nations.

Qatar has retained its position as the least corrupt country in the Middle East and North Africa in the Transparency International’s 2014 Corruption Perceptions Index (CPI). Qatar was ranked 26 of 175 globally with a score of 69.

*Resources to Report Corruption*

On March 11, 2015, the Emir issued a decree reorganizing the Administrative Control and Transparency Authority (ACTA) and Saad bin Ibrahim Al Mahmoud was appointed as its Chairman. The Authority will have juridical responsibility and its own budget and will be directly affiliated to the office of the Emir. The objectives of the Authority are to help prevent official corruption and ensure that the various ministries, state agencies and their arms as well as their officials operate with transparency. The authority is charged with investigating alleged crimes against public property or finances perpetrated by public officials.

U.S. investors and Qatari nationals, if they are agents of U.S. firms, are subject to the provisions of the U.S. Foreign Corrupt Practices Act.

## 14. Bilateral Investment Agreements

Qatar has 49 bilateral international investment agreements (listed below). Seventeen have been ratified including those signed with Belarus, Bosnia & Herzegovina, China, Egypt, Finland, France, Germany, India, Iran, Italy, Republic of Korea, Macedonia, Morocco, Romania, Russian Federation, Switzerland and Turkey:

- 1996 (Algeria, France, Germany, Romania, and Tunisia)
- 1998 (Bosnia & Herzegovina, Senegal, and Sudan)
- 1999 (Chad, China, Egypt, India, Iran, Morocco, Pakistan, and South Korea)
- 2000 (Eritrea, Indonesia, Italy, and Yemen)
- 2001 (Belarus, Croatia, Cuba, Finland, Switzerland, and Turkey)
- 2002 (Armenia, Gambia, and Mali)
- 2003 (Mauritania, South Africa, and Syria)
- 2004 (Libya)
- 2007 (Azerbaijan, Belgium & Luxembourg, Mongolia, Russian Federation, and Tajikistan)
- 2008 (Cyprus and Kazakhstan)
- 2009 (Jordan, Montenegro, and Portugal)
- 2010 (Lebanon, Panama, and Costa Rica)
- 2011 (Macedonia, Albania)
- 2012 (Timor-Leste)

On the trade and economic side, Qatar signed several Technical, Trade and Economic Cooperation Agreement with the following countries:

- 2000 (Cuba, Lebanon, Yemen, and Eretria)
- 2001 (Belarus)
- 2002 (Finland, Ukraine, Mali, South Africa, Gambia, Armenia, Ivory Coast, Guinea, and Niger)
- 2003 (Mauritania)
- 2004 (Libya, and Azerbaijan)
- 2005 (Germany and Nepal)
- 2007 (Mongolia, Greece, Vietnam, Singapore, and Tajikistan)
- 2008 (Cyprus and Philippine)
- 2009 (Albania (ratified), Croatia, Bulgaria, Montenegro, and Belarus)
- 2010 (Congo, Costa Rica, Venezuela, Brazil, Argentina, and Slovenia)
- 2011 (Chad)
- 2012 (Ethiopia)

### Bilateral Taxation Treaties

Qatar has 46 Agreements for the Avoidance of Double Taxation.

Qatar has not entered into a bilateral investment or trade treaty with the U.S. However, Qatar and the U.S. signed a Trade and Investment Framework Agreement (TIFA) in April 2004. In January 2015, Qatar became the first country in the Gulf Cooperation Council to sign a Foreign Account Tax Compliance Act intergovernmental agreement with the United States.

**15. OPIC and Other Investment Insurance Programs**

Due to concerns about labor practices in Qatar, OPIC suspended its operations in Qatar in 1995. However, Qatar is working to improve its labor standards in order to reinstate OPIC coverage.

Qatar is not a member of the Multilateral Investment Guarantee Agency (MIGA).

**16. Labor**

According to the World Bank Migration & Remittances Fact Book 2011, Qatar has the world's highest level of migrant workers, relative to population, with non-Qataris making up 87 percent of the country's population. Qatar's labor force consists primarily of expatriate workers. Qatar's current population is estimated at around 2.3 million as of February 2015, doubling in the last four years. Qatari citizens are estimated to number approximately 250,000 - less than one-eighth of the total population. The largest group of foreign workers comes from the Indian sub-continent. The Ministry of Interior and the Ministry of Labor regulate recruitment of expatriate labor.

Little data exist on Qataris' attitudes towards the labor sponsorship system, which binds workers to a single employer for the duration of their work visa. One 2010 survey found almost half of Qataris wanted the system to be made stricter. Some Qatari business groups have defended the exit visa requirement, which requires workers to obtain their employers' consent before being allowed to leave the country, saying that non-Qatari partners or employees could suddenly depart the country without repaying loans or business expenses. Yet some Qatari employers have called for reforms, saying some employers "take advantage of the system", and that it's unfair to prevent workers from leaving for better-paid jobs.

In February 2015, the Emir approved an amendment to the national labor law involving the payment of workers through direct bank deposits. Under the new provisions, companies will be required to pay their employees through direct bank transfers, making it easier for expats and the government to scrutinize and document any late or non-existing payments. Employees should be paid in Qatari currency once a month, or for some category of workers, every two weeks. According to the full text of the amendments, firms will be given a six-month grace period to follow the new rules, which could be extended further by Qatar's Minister for Labor and Social Affairs. Once that period is over, employers in violation of the amendment could face jail time of up to one month and fines of QR 2,000 to QR 6,000.

Not being paid on time or at all by their employers are among the top complaints of workers in Qatar. Electronic salary transfers are one way the nation can tackle these abuses, and human rights' organizations have been urging Qatar to adopt it.

The 2004 labor law and subsequent regulations provide for the right of Qatari citizens to form workers' committees in private enterprises with more than 100 Qatari citizen workers. Non-citizens are not eligible to form worker committees. Those working in the government sector, Qatari and non-Qatari, are prohibited from joining unions. Further, the law and regulations permit only a single national trade union structure and forbid affiliation with groups outside the country.

These restrictions mean that, in practice, no labor unions currently exist. Under the labor law, workers are granted the right to bargain collectively and to sign joint agreements, i.e., agreements reached between employer and worker regarding a work-related issue.

This right, however, is circumscribed by the government's control over the rules and procedures of the bargaining and agreement processes. Collective bargaining is not freely practiced, and there are no workers employed under collective bargaining contracts. The law also grants workers the right to strike, but the restrictive conditions imposed by the statute make the likelihood of an approved strike extremely remote.

Unapproved and spontaneous strikes occasionally occur, though they are typically confined to industrial areas, and resolved with intervention by the embassies or communities of the involved workers and/or shows of force by Qatari security forces. Leaders of such disturbances are routinely deported.

Employers set wages without government involvement. Local courts handle disputes between workers and employers; however, the majority of foreign workers avoid drawing attention to problems with their employers for fear of reprisals, particularly repatriation. According to source country embassies and migrant community leaders, the Labor Department was widely perceived to be objective within its mandate to enforce the labor law. The Labor Department claimed that it resolves the vast majority of worker complaints amicably, with a very small percentage referred to the labor courts for judgment.

In 2014, the Labor Inspection Department doubled its trained inspector corps from 150 to 300. Some labor camps have been closed and forced to comply with minimum standards by the labor inspectors. All expatriate labor must have a Qatari sponsor. Therefore, foreign investors are urged to negotiate labor visa issues with their sponsors/local agents/partners in the early stages of contract negotiation.

In order to bring an expatriate employee into the country, sponsors must submit a request to the Ministry of Labor specifying the employee's nationality and the job he will perform in Qatar. The Ministry of Labor maintains a quota system that restricts the number of workers that may come to Qatar from any particular country.

The Ministry of Interior and the current sponsor must approve all transfers of sponsorship of an expatriate from one individual or firm to another. With the approval of the Ministry of Interior, sponsorship of employees who filed valid complaints of abuse by employers can be transferred without the current employer's agreement. The Ministry of Interior may reject the transfer due to public safety.

If the residence permit is canceled, the expatriate is not allowed to return to Qatar on a work visa for a period of two years unless he obtains a no objection certificate from his previous employer. If an employee has been terminated under article 61 of the law, he is barred from reentering the country for four years from the date of his exit.

It is common practice in Qatar for expatriate workers to be provided accommodation, end of service benefits specified in their contract, and homeward passage allowance, in addition to salaries. Qatar does not have a minimum wage regulation, though Qatar's labor agreements with some countries stipulate a minimum wage for certain types of work. The Labor Law does not apply to household staff to include domestic workers, drivers, and gardeners.

Qatar is a member of the International Labor Organization (ILO) and Qatar claims that its labor law meets ILO minimum requirements. However, labor experts continue to criticize Qatar's implementation of the labor law, as enforcement is inconsistent. Under the ‘kafala’ sponsorship system, employers continue to have the unilateral power to cancel residency permits, deny workers the ability to change employers, and deny them permission to leave the country.

**17. Foreign Trade Zones/Free Ports/Trade Facilitation**

Companies operating at the Qatar Science and Technology Park (QSTP) can import goods and services duty free. Foreign entities wishing to invest in the QSTP apply for a license with the Park's managing board. No other licensing rules prevalent in the country will apply to the above businesses, although individuals, contracts and agreements are subject to the criminal and civil laws of the state. Licensed foreign companies can enjoy 100 percent ownership and full capital and income repatriation benefits.

Businesses in the QSTP are exempt from all taxes, including income tax. The property of such a business is not to be seized under any circumstance, but capital and other cash can be seized on the orders of a local court. Equipment, machinery, or any other goods being imported for use by an entity doing business in QSTP are exempt from customs duty, and goods produced in the Park are not subject to export tax.

Goods being sold within Qatar, but outside the QSTP, are subject to the normal customs duty applicable to imported products. Flammable and radioactive materials, drugs, weapons, and explosives are banned from import by any of the licensed entities, unless the licensed entity obtains the necessary permit from the competent governmental authority and a written approval from the QSTP Board.

In addition to the QSTP, Qatar established Manateq (formerly known as the Economic Zones Company), affiliated with the Ministry of Economy and Commerce, to manage and develop economic zones, although the primary focus is Qatari SMEs. Manateq has started work on three economic zones in and around Doha, and anticipates the first phase of the first zone to be operational by 2016. Priority at the zones will be given to Qatari SMEs and nationals.

**18. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

| | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|---|---|---|---|---|---|
| **Economic Data** | **Year** | **Amount** | **Year** | **Amount** | |
| **Host Country Gross Domestic Product (GDP) ($M USD)** | 2013 | 189,900 | 2014 | 202,500 | www.worldbank.org/en/country |

| **Foreign Direct Investment** | **Host Country Statistical source*** | **USG or international statistical source** | **USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other** |
|---|---|---|---|
| **U.S. FDI in partner country ($M USD, stock positions)** | | | BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| **Host country's FDI in the United States ($M USD, stock positions)** | | | BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm |
| **Total inbound stock of FDI as % host GDP** | | | |

*Host country data not available.

*Table 3: Sources and Destination of FDI*

IMF Coordinated Direct Investment Survey data are not available for Qatar.

*Table 4: Sources of Portfolio Investment*

IMF Coordinated Portfolio Investment Survey data are not available for Qatar.

**19. Contact for More Information**

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