QATAR

TRADE SUMMARY

The U.S. goods trade surplus with Qatar was $1.1 billion in 2006, an increase of $530 million from $539 million in 2005. U.S. goods exports in 2006 were $1.3 billion, up 34.9 percent from the previous year. Corresponding U.S. imports from Qatar were $262 million, down 41.6 percent. Qatar is currently the 62nd largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Qatar in 2005 was $5.4 billion (latest data available), up from $4.4 billion in 2004.

The United States and Qatar signed a Trade and Investment Framework Agreement (TIFA) in March 2004, providing a forum to address U.S. concerns.

IMPORT POLICIES

Tariffs

As a member of the Gulf Cooperation Council (GCC), Qatar applies the GCC common external tariff of 5 percent for most products, with a limited number of country-specific exceptions. Qatar's exceptions to the common external tariff include duty exemptions for basic food products such as wheat, flour, rice, feed grains and powdered milk. The tariff on alcoholic beverages and tobacco products is 100 percent. Qatar also has a 20 percent tariff on iron bars and rods, non-alloy hot-rolled steel and 12 millimeter steel bars. Projects funded by the Qatar Industrial Development Bank (QIDB) can be granted a customs duty waiver for the import of machinery, raw materials and other industrial inputs. Qatar is not a signatory to the WTO Information Technology Agreement.

Import Licensing

Qatar requires importers to have a license for most products, and only issues import licenses to Qatari nationals. Only authorized local agents are allowed to import goods produced by the foreign firms they represent in the local market. However, this requirement may be waived if the local agent fails to provide the necessary spare parts and backup services for the product. Pork and pork derivatives may not be imported.

Documentation Requirements

In Qatar, a letter of credit is the most common instrument for controlling exports and imports. When a letter of credit is opened, the supplier is required to provide a certificate of origin. The Qatari embassy, consulate or chamber of commerce should notarize the certificate of origin in the United States.

To clear goods from customs zones at ports or land boundaries in Qatar, importers must submit a variety of documents, including a bill of lading, certificate of origin, *pro forma* invoice and an import license.

All imported beef and poultry products require a health certificate from the United States and a *halal* slaughter certificate issued by an approved Islamic center in the United States. The Qatari embassy, consulate or chamber of commerce in the United States must approve all shipping documents.

STANDARDS, TESTING, LABELING AND CERTIFICATION

In October 2002, Qatar established a General Authority for Standards and Specification. However, most Qatari standards are derived from standards developed by the GCC. The National Health Authority (NHA) provides input on standards related to public health issues. Qatar enforces government-mandated shelf-life standards for about 75 food products, and although never officially endorsed, requires importers to comply with shelf-life standards defined in Gulf Standard 150/1993, Part II. Food products must arrive at the destination with at least half the shelf-life remaining, and the shelf-life validity of all food products should not be less than six months at the time of entry of the products into Qatar. All food products are examined at government central laboratories before they are distributed to consumers.

Qatar still imposes a ban on imports of U.S. beef in response to the discovery of Bovine Spongiform Encephalopathy (BSE) in a single dairy cow in Washington State. However, NHA officials now indicate that they have agreed to lift the BSE ban in principle, but are still working out the details of what their requirements will be. The latest information indicates that the NHA will adopt International Animal Health Organization (OIE) guidelines.

In February 2004, Qatar also banned imports of all U.S. poultry due to the discovery of low pathogenic avian influenza in a flock of chickens in Delaware and high pathogenic avian influenza in a flock of chickens in Texas. In May 2004, Qatar modified its policy to only ban fresh poultry from Delaware and Texas.

GOVERNMENT PROCUREMENT

Qatar gives preferential treatment to contractors that include high local content in bids for government tenders. As a rule, Qatar requires that suppliers be 51 percent Qatari-owned or that foreign firms have a local agent when submitting tenders, though in practice certain exceptions exist. Qatar gives a 10 percent price preference to local firms and a 5 percent price preference to GCC firms in all government procurement. Qatar is not a signatory to the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Qatar was removed from the Special 301 "Watch List" in 2003 in recognition of the passage of the 2002 Copyright Law and the government's improved, sustained enforcement actions against copyright infringement. The copyright law provides a series of important changes to Qatar's legal framework. However, the law does not provide explicitly for national treatment or coverage of unpublished works and does not criminalize end-user piracy. In 2003, Qatar authorized government officials responsible for IPR enforcement to independently conduct raids and seize pirated material without Ministry of Interior officials, and the Copyright Office continues to prosecute resellers of unlicensed video and software. Successful raids, seizures and prosecutions of IPR violators have increased substantially in recent years and these efforts have significantly helped to reduce piracy in Qatar.

In recent years, the government of Qatar has committed to enforcing IPR pursuant to its WIPO and WTO obligations. Before 2006, the Ministry of Economy and Commerce submitted many cases to the Attorney General, but most were dismissed or never made it to court. However, that has now changed. Since January 2006, the Copyright Office has conducted approximately 60 raids on suspected IPR violators and forwarded 20 of these cases for prosecution.

Qatar joined the WIPO Copyright Treaty and Performances and Phonograms Treaty in April 2005 and is drafting the necessary implementing legislation and regulations.

Qatar uses the GCC patent law with derogations as needed to comply with its obligations under the TRIPS Agreement. It also established a joint committee between the Ministry of Economy and Commerce and the National Health Authority 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 requiring 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.

SERVICES BARRIERS

Agent and Distributor Rules

With the exception of 100 percent foreign-owned firms in the agriculture, industry, tourism, education and health sectors, all foreign firms operating in Qatar are required to engage local agents. Qatari laws state that only Qatari nationals can act as local agents, distributors or sponsors. Although the 2002 Commercial Agents Law grants agents and distributors exclusive rights to import, market and distribute particular goods and services, it allows individuals other than exclusive agents to import products provided they pay up to a 5 percent commission to the registered agent or distributor. In practice, some Qatari ministries waive the local agent requirement for foreign companies that have contracts directly with the government of Qatar. The Qatar Distribution Company (QDC) has the exclusive right to import and distribute alcohol.

Banking

In 2003, the Qatar Central Bank allowed foreign banks to establish representational offices and the existing foreign banks in Qatar to open new branches through a case-by-case waiver by Emiri Decree. In 2004, Law No. 31/2004 amended the Organization of Foreign Capital Investment Law to allow foreign investment in the banking sector with approval by decree from the Cabinet of Ministers. Qatari regulations for local and foreign bank practices are the same, with new licenses available through the Qatar Central Bank application process. In 2005, Qatar authorized foreign banks to open branches in the Qatar Financial Center (QFC), a virtual free zone for financial services. Foreign banks are authorized to conduct all types of business out of the QFC, but are informally “advised” to stay out of the retail banking business. Laws and regulations applied to foreign banks registered in the QFC are different and more progressive than the ones adopted by the Qatar Central Bank.

Insurance

In 2004, Law No. 31 amended the Organization of Foreign Capital Investment Law to allow foreign investment in the insurance sector with approval by decree from the Cabinet of Ministers. Foreign insurance companies wishing to operate in Qatar are subject to the same laws that apply to foreign firms in all other sectors. The QFC can also accommodate insurance companies, but not retail insurance.

Telecommunications

Although the Organization of Foreign Capital Investment Law (Law No. 13/2000) prohibits foreign direct investment in the telecommunications sector, foreign nationals are allowed to buy a limited quantity of stock in Qatar Telecommunications (Q-Tel) Company, which is majority-owned (55 percent) by the government of Qatar. Q-Tel had been granted a license to operate as the monopoly telecommunications provider in Qatar until 2013. However, Law No. 34 issued by Amiri decree in November 2006 eliminates Q-Tel's monopoly status and will allow foreign telecommunications companies to enter the local market as Internet Service Providers, mobile phone networks and cable television providers. The law further restructures the telecommunications industry by providing authority to the Supreme Council for Communications and Information Technology (ictQatar) to issue, amend, cancel, or renew all individual licenses in this sector. ictQatar is also responsible for adopting and implementing a comprehensive national plan for the telecommunications sector.

INVESTMENT BARRIERS

The Organization of Foreign Capital Investment Law (Law No. 13/2000) allows foreign investors, upon advance government approval, to own up to 100 percent of projects in the agriculture, tourism, education, industry, health and energy sectors. Foreign equity is limited to 49 percent in other sectors. Qatar amended the law in 2004 to allow foreign investment in the banking and insurance sectors upon approval by a decree from the Cabinet of Ministers. The investment law permits foreign investors to lease land for up to 50 years, renewable upon government approval. A law enacted in 2004 allows foreigners to own residential property in select projects in the Pearl of the Gulf Real Estate Development Project. In 2006, foreigners were also given rights to full ownership of property in the Pearl of the Gulf, Qatar Island, West Bay Lagoon, and Al Khor. Properties in high-rise buildings in residential areas and in government designated "Investment Districts" are covered by 99-year leases.

OTHER BARRIERS

Corporate Tax Policies

Qatar levies corporate income taxes on foreign firms at rates from 5 percent to 35 percent of net profits, including profits from majority-owned Qatari joint ventures exceeding 100,000 Qatari riyals ($27,000). All Qatari owned firms and joint ventures are exempt from corporate income taxes. Under Law No. 13 of 2002, the Ministry of Finance may grant a tax holiday of up to 10 years for new foreign investments in key sectors. Other foreign companies may be granted tax exemptions on a case-by-case basis by Emiri Decree.