QATAR

TRADE SUMMARY

The U.S. goods trade surplus with Qatar was $2.3 billion in 2007, an increase of $1.3 billion from $1 billion in 2006. U.S. goods exports in 2007 were $2.8 billion, up 116 percent from the previous year. Corresponding U.S. imports from Qatar were $479 million, up 82.9 percent. Qatar is currently the 51st largest export market for U.S. goods.

The stock of U.S. foreign direct investment in Qatar was $5.1 billion in 2006 (latest data available), down from $5.3 billion in 2005.

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 GCC approved country-specific exceptions. Qatar's exceptions include 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, nonalloy 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.

The government has on occasion established special import procedures via government-owned companies to help ease demand pressures. For example, in 2006, the government established the Qatar Raw Materials Company which imports construction materials and sells them to companies in Qatar at a marginal markup (to cover its operating expenses). The company is seeking partnerships with other governments to obtain dedicated sources for building materials.

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 for the product. The Qatari embassy, consulate, or chamber of commerce in the United States should notarize the certificate of origin. To clear goods from customs zones at ports or land borders 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 authenticate all shipping documents.

The Ministry of Economy and Commerce is planning a reorganization for 2008 which will include the establishment of a new department as a “one-stop shop” to handle all services and required documentation for foreign investors and importers present in Qatar. This office will reportedly assign a case manager to each businessperson who can then review, sign, and process all required health and labor regulations, residency permits, *etc.* The reorganization was agreed upon by the Council of Ministers and will reportedly be formally announced by the Minister of Economy and Commerce after the Ministry has signed memoranda of understanding with the relevant ministries.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Standards

As part of the GCC Customs Union, the six Member States are working toward unifying their standards and conformity assessment systems. However, each member state currently continues to apply either its own standard or a GCC standard, causing confusion among some U.S. businesses. GCC Member States do not consistently notify measures to WTO Members and the WTO Committee on Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) or allow WTO Members an opportunity to provide comments.

The GCC Standards Committee has recently approved two new standards that will replace existing standards for the labeling and expiration periods of food products. While the new standards appear to incorporate international guidelines and address some longstanding issues, particularly in relation to expiration periods, some requirements that have previously complicated the import process remain. All Member States are expected to adopt these two standards as national standards in order to implement them.

The GCC shelf life standard establishes mandatory expiration periods for 22 perishable products or product categories such as chilled meats, chilled offal, fresh dairy products, baby foods, fruit juices, and table eggs. This standard also establishes voluntary expiration periods for a range of frozen and processed products. Manufacturers have the option of using the actual expiry period in lieu of the voluntary expiration periods established in the standard. The standard also exempts a number of products from expiration periods including salt, white sugar, dried legumes, dried vegetables, spices and certain condiments, tea, rice, vinegar, and fresh fruits and vegetables including potatoes that have not been peeled or cut.

The new standards eliminate the long standing requirement that at least one-half of a product’s shelf life be valid when a product reaches the port of entry. However, they would still require both a production date and an expiration date on nonperishable food items, forcing U.S. producers to re-label products exported to the GCC, thereby leading to increased costs. The new standards appear inconsistent with international standards and do not appear to have a clear scientific basis. Specifically, the standards do not appear to reflect Codex guidelines. The United States has outlined its specific concerns with these standards and has established a dialogue between U.S. and GCC technical experts to discuss a possible resolution of the concerns raised.

In May and October 2007, respectively, Bahrain and Oman notified WTO Members of recently proposed procedures meant to harmonize food safety import requirements for all GCC member states. The United States and other WTO Members provided comments outlining significant concerns with the procedures, which, as currently drafted, create unnecessary obstacles to trade and would substantially disrupt food exports to GCC Member States from its trading partners. The GCC Member States are reportedly developing a response to these comments, and the United States has established a dialogue between U.S. and GCC technical experts to discuss the procedures and potential amendments to address the concerns raised.

Qatar established a General Authority for Standards and Specification in October 2002. However, most Qatari standards are derived from standards developed by the GCC. The National Health Authority provides input on the development of standards related to public health issues. All imported food products are randomly sampled and tested at central government laboratories.

Qatar restricted the import of beef from the United States in response to the discovery of Bovine Spongiform Encephalopathy in a single dairy cow in Washington State in 2003. Qatar still maintains this restriction. Qatar's National Food Regulation Committee decided in November 2007 to lift a previous complete ban on U.S. beef imports, and permit imports of beef and beef products from cattle younger than 30 months of age. The U.S. Embassy continues to engage the Government of Qatar to secure a full lifting of the ban.

Conformity Assessment

The GCC Standards Committee is currently developing a conformity assessment scheme to be adopted ultimately by each of the six Member States. The United States is working to establish a dialogue between U.S. and GCC technical experts to discuss this proposed scheme with the goal of helping to ensure that it is developed, adopted, and applied in accordance with WTO rules.

GOVERNMENT PROCUREMENT

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

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In recent years, the government of Qatar has demonstrated renewed commitment to protecting and enforcing IPR pursuant to its WTO obligations. Qatar joined the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty in April 2005 and is drafting the necessary implementing legislation and regulations.

Qatar has implemented the GCC patent law, and derogates from it, when necessary, to ensure compliance with its obligations under the WTO Trade Related Aspects of Intellectual Property Rights Agreement (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.

As part of the GCC Customs Union, the six Member States are working toward unifying their IP 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. The United States has outlined specific concerns with the trademark law and has established a dialogue between U.S. and GCC technical experts to ensure that the law complies with the Member States' international obligations.

SERVICES BARRIERS

Agent and Distributor Rules

Qatari laws state that only Qatari nationals can act as local agents, distributors, or sponsors. However, there are exceptions granted for 100 percent foreign-owned firms in the agriculture, industry, tourism, education, and health sectors. One notable exception is the Qatar Science and Technology Park, which allows for the establishment of local companies or branches of foreign companies with 100 percent foreign ownership. There are no taxes, and trade can be conducted without a local agent or sponsor. Goods and services can be imported duty free, and there is unrestricted repatriation of profits. The other currently operating "free zone" is the Qatar Financial Center (QFC) which allows 100 percent ownership by foreign companies registered at the Center, and includes financial services such as banking, insurance, and securities businesses. Foreign firms are also allowed to establish marketing offices in Qatar without a local agent.

The 2002 Commercial Agents Law grants agents and distributors exclusive rights to import, market and distribute particular goods and services, though it also 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 has the exclusive right to import and distribute alcohol.

Banking

In 2003, the Qatar Central Bank allowed foreign banks to establish representational offices and allowed existing foreign banks in Qatar to open new branches through a case-by-case waiver by Amiri 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). Foreign banks are authorized to conduct all types of business out of the QFC, including provision of Islamic banking services, 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 from, and more closely resemble international standards than the ones adopted by the Qatar Central Bank. The QFC tribunal is completely independent of the existing Qatari legal system and has jurisdiction for any dispute involving a registered QFC business.

Insurance

In 2004, Law No. 31/2004 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, and firms registered in the QFC have begun to offer retail insurance services.

Telecommunications

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 Vodafaone and the Qatar Foundation. Currently, Qatar Telecommunications (Q-Tel), which is 55 percent government-owned, has a monopoly on land-line services, and until an Amiri decree in 2006, had a monopoly on mobile services as well. The 2006 decree allows foreign telecommunications companies to enter the local market as Internet service providers and cable television providers, as well as to establish mobile phone networks. The law also restructured 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, including furthering policies that promote competition. IctQatar plans to award a second fixed-line license in April 2008.

INVESTMENT BARRIERS

The Organization of Foreign Capital Investment Law (Law No. 13/2000) allows foreign investors, upon receiving 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. Moreover, foreign financial services firms are allowed 100 percent ownership at the QFC.

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, including the Pearl (the largest real estate development project in Qatar), the West Bay Lagoon, and the Al-Khor resort project. A 2006 law allows foreigners to be issued residency permits without a local sponsor if they own residential or business property in Cabinet-designated “investment areas.”

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 foreign 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. 13/2002, the Ministry of Finance may grant a tax holiday of up to 10 years for new foreign investments in key sectors. Companies established in the QFC are exempt from taxes until April 30, 2008 (in accordance with the law establishing the centre, which provided a 3 year tax free period after the start of operations). The future tax rate is still being finalized but will tax local business profits at no more than 10 percent. Other foreign companies may be granted tax exemptions on a case-by-case basis by Amiri Decree.