QATAR

TRADE SUMMARY

The U.S. goods trade surplus with Qatar was $ 2.6 billion in 2008, an increase of $313 million from $2.3 billion in 2007. U.S. goods exports in 2008 were $3.1 billion, up 11.6 percent from the previous year. Corresponding U.S. imports from Qatar were $484 million, up 1.5 percent. Qatar is currently the 48th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Qatar was $7.1 billion in 2007 (latest data available), up from $5.4 billion in 2006.

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 has exempted some construction materials from tariffs until the end of 2009 including iron, building materials, and cement.

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).

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. 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, including the certificate of origin.

In 2008, the Ministry of Business and Trade established a "one-stop shop" to handle all services and required documentation for foreign investors and importers present in Qatar. This office assigns a case manager to each businessperson to review, sign, and process required materials for health and labor regulations, residency permits, and other documents.

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, resulting in a complicated situation for some U.S. businesses. GCC Member States do not consistently send notification of new measures to WTO Members and the WTO Committees on Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) or allow WTO Members an opportunity to provide comments.

In May 2008, the GCC Standards Committee approved two new standards for the labeling and expiration periods of food products. The new GCC standards eliminate the long standing requirement that at least one-half of a product's shelf life be valid when a product reaches a port of entry in GCC Member States. Officials from the Gulf Standards Organization (GSO) have stated that GCC Member States will accept use of the terms "best by" and "best before" as meeting the date labeling requirement for shelf-stable products. The United States has requested written confirmation of this situation.

SPS MEASURES

In May and October 2007, respectively, Bahrain and Oman notified WTO Members of 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, do not appear to have a clear scientific basis and would substantially disrupt food exports to GCC Member States from their trading partners. The GCC Member States indicate that they are 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.

In mid-2008, Qatar adopted World Animal Health Organization (OIE) guidelines for the importation of U.S. beef, effectively lifting import restrictions which had been in place since 2003. Additionally, in mid-2008, Qatar rejected several shipments of U.S. poultry due to concerns over packaging procedures. U.S. officials are working with Qatari food inspection officials to clarify import procedures.

Conformity Assessment

The GCC Standards Committee is currently developing a conformity assessment scheme to be adopted ultimately by each of the six Member States and has set 2010 as a deadline for full implementation by each Member State. 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 suppliers that include high local content in bids for government procurement. 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

Qatar has established a joint committee between the Ministry of Business and Trade 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 is preparing a draft 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 and bilateral 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.

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 not to offer services related to retail banking business. Laws and regulations applied to foreign banks registered in the QFC are different from, and more closely resemble international standards, 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.

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 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 have enjoyed a tax exemption since the start of operations in 2005, though a 10 percent rate may be imposed in the future. Other foreign companies may be granted tax exemptions on a case-by-case basis by Amiri Decree.