# QATAR

## TRADE SUMMARY

The U.S. goods trade surplus with Qatar was $538 million in 2005, an increase of $471 million from $67 million in 2004. U.S. goods exports in 2005 were $986 million, up $117 percent from the previous year. Corresponding U.S. imports from Qatar were $448 million, up 16 percent. Qatar is currently the 65th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Qatar in 2004 was $4.4 billion, up from $3.2 billion in 2003.

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 five 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. The importation and distribution of alcohol is the exclusive right of the Qatar Distribution Company (QDC). 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 legalize 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 Ministry of Public Health provides input on standards related to public health issues. Qatar enforces government-mandated shelf-life standards for about seventy-five 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 shelf-life validity of all foodstuffs should not be less than six months at the time of entry of the products into Qatar. All foodstuffs 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. In February 2004, Qatar also banned imports of 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 the import ban against U.S. poultry to exclude all 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 five 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 its improved, sustained enforcement actions against copyright infringement. The new copyright law provides a series of important changes to Qatar’s legal framework, addressing many of the deficiencies and improving the degree of consistency with the WTO TRIPS Agreement. The copyright law also requires that an “Office for the Protection of Copyright and Neighboring Rights” be established under the Ministry of Economy and Trade. However, the law does not provide explicitly for national treatment or coverage of unpublished

works, does not criminalize end-user piracy, and does not clearly treat computer programs as literary works. 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. These efforts have significantly helped reduce piracy in Qatar over the last several years.

In September 2003, the government of Qatar and Microsoft signed a three-year software licensing agreement that covers all Qatari government ministries and agencies. 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 Ministry of Public Health to coordinate their efforts and ensure that only patented products or authorized copies of pharmaceutical products are registered for sale.

Qatar provides protection for trademarks registered with the Office of Commercial Registration. In June 2002, Qatar promulgated Law No. 9 for Trademarks and Geographic Indications. However, the implementing regulations for the law have yet to be issued.

## SERVICES BARRIERS

### Agent and Distributor Rules

The vast majority of foreign firms operating in Qatar are required to engage local agents. Only firms granted 100 percent foreign-ownership by the government in five sectors – agriculture, industry, tourism, education, and health – are excluded from the local agent requirement. Qatari laws state that only Qatari nationals can act as local agents, distributors, or sponsors. The 2002 Commercial Agents Law grants agents and distributors exclusive rights to import, market, and distribute particular goods and services. The Commercial Agents Law allows individuals other than exclusive agents to import products provided they pay up to five percent commission to the registered agent/distributor. In practice, some Qatari ministries may waive the local agent requirement for foreign companies that have contracts directly with the government of Qatar.

### Banking

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 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.

## 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.

## Telecommunications

The Organization of Foreign Capital Investment Law (Law No. 13/2000) prohibits foreign investment in the telecommunications sector, but 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 has a license to operate as the monopoly telecommunications provider in Qatar until 2013.

# INVESTMENT BARRIERS

The Organization of Foreign Capital Investment Law (Law No. 13/2000) allows foreign investors to own up to 100 percent of projects in the agriculture, tourism, education, industry, health and energy sectors with approval by the government. Foreign equity is limited to 49 percent in other sectors. Although the law does not allow foreign investment in the banking and insurance sectors, in 2004 Qatar amended the law to allow foreign investment in these sectors with approval by decree from the Cabinet of Ministers. The investment law permits foreign investors to lease land for up to 50 years, renewable with government approval. Qatar passed a law in 2004 allowing foreigners to own some residential property in select projects of the Pearl of the Gulf Real Estate Development Project.

# 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 (US $30,000). 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 ten 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.