

# **QATAR**

## **TRADE SUMMARY**

The U.S. trade surplus with Qatar was \$67 million in 2004, a decrease of \$9 million from \$76 million in 2003. U.S. goods exports in 2004 were \$455 million, up 12 percent from the previous year. Corresponding U.S. imports from Qatar were \$387 million, up 17 percent. Qatar is currently the 76<sup>th</sup> largest export market for U.S. goods. The stock of U.S. foreign direct investment (FDI) in Qatar in 2003 was \$3.1 billion, up from \$2.4 billion in 2002.

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. Qatar maintains a five percent tariff on all textile imports. 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.

### **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 specific 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,

## **FOREIGN TRADE BARRIERS**

importers must submit a variety of documents, including a bill of lading, certificate of origin, *pro forma* invoice, and 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, though most Qatari standards are derived from standards developed by the Gulf Cooperation Council (GCC). The Ministry of Public Health provides input on standards related to public health issues, and Qatar enforces government-mandated shelf-life standards for about seventy-five food products. Qatar also requires importers to comply with shelf-life standards defined in Gulf Standard 150/1993, Part II, although this standard was never officially endorsed. 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 has not fully implemented the WTO TBT Agreement.

Like most countries in the Gulf Cooperation Council (GCC), Qatar still imposes a ban on imports of U.S. beef in response to the discovery of bovine encephalopathy spongiform syndrome (BSE) in a single dairy cow in Washington State. In February 2004, Qatar also banned imports of U.S. poultry meat due to the discoveries 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, bids must be submitted through local Qatari agents, but 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.

## **EXPORT SUBSIDIES**

Qatar does not maintain export subsidies but allows duty-free importation for raw materials, machinery, and production inputs for select government tenders and projects established under the Qatar Industrial Development Bank.

## **FOREIGN TRADE BARRIERS**

## **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 (Law No. 7/2002) 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 moving the country towards TRIPS compliance. The 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 copyright law does not provide explicitly for national treatment or coverage of unpublished works, does not appear to criminalize end-user piracy, and does not clearly treat computer programs as literary works.

An agreement between the UAE and U.S. pharmaceutical companies provides de facto patent protection for a number of U.S. patent-protected medicines. In 2004, the UAE resolved a number of IPR complaints with U.S. pharmaceutical manufacturers. However, concerns over the lack of effective border enforcement remain because the UAE continues to be a transshipment point for pirated and counterfeit goods to neighboring markets.

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 helped significantly reduce piracy in Qatar over the last several years.

In July 2001, the Emir approved Qatar's accession to the Paris Convention for the Protection of Industrial Property. Qatar is also a party to the Berne Convention for the Protection of Literary and Artistic Works. 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 is considering joining the WIPO Copyright and Performances & Phonograms Treaties.

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 Indicators. However, the implementing regulations to the new law have yet to be issued so it is unclear if the new law complies with obligations under the TRIPs Agreement.

## **FOREIGN TRADE BARRIERS**

## **SERVICES BARRIERS**

### **Insurance**

In 2004, Law No. 31/2004 amended the Organization of Foreign Capital Investment Law (Law No. 13/2000) to allow foreign investment in the insurance sector pending 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.

### **Banking**

In 2004, Law No. 31/2004 amended the Organization of Foreign Capital Investment Law (Law No. 13/2000) to allow foreign investment in the banking sector pending 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.

### **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.

## **INVESTMENT BARRIERS**

Qatar's 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, and health sectors, pending approval by decree from the government. In the energy sector, foreign companies may own 100 percent of projects subject to approval from the government. The law also gives foreign investors the right to lease land for up to fifty years, which is renewable (also subject to government approval). The new law annuls provisions of Law No. 25 (1990) that restricted foreign-ownership of limited liability business concerns to a maximum of 49 percent. Foreign equity is limited to 49 percent in other sectors. Law No. 13/2000 does not allow foreign investment in the banking, insurance, and telecommunication sectors. In 2004, Qatar amended the Organization of Foreign Capital Investment Law (Law No. 31/2004) to allow foreign investment in the banking and insurance sectors pending approval by decree from the

## **FOREIGN TRADE BARRIERS**

Cabinet of Ministers. Qatar also passed a law allowing foreigners to own some residential property in select projects of the Pearl of the Gulf Real Estate Development Project (Law No. 17/2004).

Law No. 13/2000 does not allow 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 by the government of Qatar and has a fifteen-year license to operate as a monopoly.

## **ELECTRONIC COMMERCE**

Qatar has established national committees to explore the possibilities of enhancing electronic commerce and E-Government. Some government services, including immigration services, driver license renewals, and donations to the Zakat Fund are now available online. Some Qatari banks have recently established online electronic banking facilities.

## **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 (approximately 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.

## **FOREIGN TRADE BARRIERS**