

CONSIDER QATAR

**** Is your company aware of the opportunities in the world's most exciting market? ****

Qatar may look small, but in commercial terms it is a rising giant. This Persian Gulf Emirate is just larger than Connecticut and its population is less than 1 million. But its reform-minded government has ambitious plans to transform this peninsula into an international hub for tourism, finance, and education. U.S. companies interested in international opportunities should consider current trends and future projects in Qatar.

CONSIDER THIS –

- Q** ~ Qatar has the third largest reserves of natural gas in the world.
- Q** ~ Qatar's per capita GDP is one the highest in the world at around \$30,000.
- Q** ~ Multi-billion dollar projects in numerous sectors in the coming years.
- Q** ~ Pro-American business climate and strengthening U.S.-Qatar relations.
- Q** ~ Business-friendly commercial procedures and political stability.

This guide offers your company the advice, insight, and lessons learned from over 50 U.S. and Qatari business leaders throughout Qatar's vibrant business community.

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This report is a supplement to the 2005 Country Commercial Guide and offers U.S. companies an inside look into Qatar's promising commercial climate.

Political & Economic Snapshot

Let's begin by considering Qatar's political and economic landscape. While Qatar is a conservative society, the country has embarked on a path towards economic modernization and political stability. The Emir, Sheikh Hamad bin Khalifa Al-Thani, took power in 1995 and has been the driving force behind Qatar's openness to global markets. The Emir is a supporter of strong relations with the United States based on regional peace and stability, trade and investment, and educational and cultural exchanges.

U.S.-Qatari relations are strong and growing. Qatar is a member of OPEC and the Gulf Cooperation Council (GCC), whose other members are Bahrain, Kuwait, Oman, Saudi Arabia, and the United Arab Emirates. Only one-fifth of Qatar's population of nearly 800,000 are actually Qatari citizens; foreign workers - mostly from South Asia, Egypt, Palestine, Jordan, and Iran - make up the other four-fifths of the population.

The country's economic growth potential is stunning. Qatar's economy grew by 8.8% in 2003 and 7.5% in 2004, and Qatar's per capita GDP is around \$30,000, one of the highest in the world. Even more important is the Qatari Government's strategy to utilize its wealth to generate more wealth, by diversifying the economic base of the country beyond hydrocarbons.

Qatar's economy is driven by revenues from natural gas and oil resources. Qatar possesses the third largest natural gas reserves in the world as well as the world's largest single non-associated field, the North Field. Qatar's proven reserves are estimated to be more than 900,000 billion cubic feet (6% of the world's total), enough to last over 200 years at current production levels. Qatar currently exports 14 million metric tons of natural gas, and it expects to triple its exports by 2010, thus becoming the largest natural gas exporter in the world. In five years, Qatar could very likely supply one-third of the world's liquefied natural gas (LNG) needs.

Though Qatar's growing revenue from LNG is impressive, it is important to recognize that Qatar still earns more revenue from oil production. The country has a current oil production capacity of around 800,000 barrels per day (bpd), which will increase to 1 million bpd by 2008. With oil reserves estimated at around 14 billion barrels, Qatar is expected to continue producing oil at current levels for over 50 years.

In competition with its pro-business neighbor, the United Arab Emirates, Qatar is striving to make the country attractive for trade and investment through economic reform, transparency, and business-friendly policies. Qatar may find itself in a complex

neighborhood politically, but its economic fundamentals are sound and U.S. companies would be wise to investigate opportunities here in more depth.

Business Conditions in Qatar

There is great optimism and excitement among the business community in Qatar. By transforming hydrocarbon wealth into modern health facilities, tourism infrastructure, and western-style education institutions, the Qatari Government aims to engender a forward-looking and highly-skilled population.

The Qatari Government has established credibility among the population and the business community. When plans and projects are announced, they are usually realized, and contracts are awarded in a generally efficient and transparent manner. Qatar is very amenable to western visitors, and security experts consider Qatar to have one of the lowest crime countries on earth. The threat for 'transnational terrorism' in Qatar is rated 'high' (on a scale from 'low' to 'critical'), though this is due to the nature of the region in general, and security experts here admire the capabilities of Qatar's internal security forces. Americans who have lived here for 10 years report little or no anti-American sentiment from locals. A car bomb attack in March 2005 of a British theatre has been the only incident of terrorism against Westerners that has taken place in Doha.

In the last five years, Qatar has improved its trade and investment climate in line with its WTO obligations by reducing tariffs, removing unnecessary restrictions and barriers to trade, and providing foreign investors more opportunities. As Qatar's largest trading partner, the United States is in discussions with the Qatari Government to explore the possibility of a Free Trade Agreement.

There are many positive aspects to Qatar's business framework. U.S. companies report that the customs clearing process is generally problem-free. Qatari companies and customers are highly interested in working with Americans and buying U.S. products and services. Companies do not complain here about overly burdensome bureaucratic procedures. Doing business with Qatar Petroleum and the public sector is in general transparent and efficient. U.S. firms report that hiring labor is not overly problematic, though there are currently restrictions on hiring South Asian labor. It is possible to resolve commercial disputes in Qatari courts, though the process is more time-consuming than in the United States.

U.S. firms also report that industrial standards that are applied in Qatar are favorable to U.S. exports. Also, Qatar has a stable currency and the country imposes no foreign exchange controls. There are well-capitalized financial institutions in Qatar, most notably Qatar National Bank. Furthermore, Qatar allows up to 100% of foreign ownership in agriculture, manufacturing, health, education, tourism, power, and projects involved in the development and exploitation of natural resources, pending approval from the Qatari Government.

Some Growing Pains...

An emerging market like Qatar naturally has some growing pains. For example, in some cases the country's economy is growing faster than the evolution of necessary laws and procedures which business requires. Sometimes regulations are not widely published and are at times enforced with little or no consultation with the private sector. In addition, rent is increasing rapidly given the growth of the economy and the influx of foreign workers into Qatar.

U.S. firms have expressed some concern about the lack of clarity in the tendering process, specifically the criteria and conditions necessary for firms to qualify. The Qatari Government sometimes does not properly notify companies to explain to them award decisions. It is also difficult at times to challenge award decisions. Some firms have expressed frustration over burdensome tender bonds requirements. Probably the most important obstacle for U.S. firms wanting to establish a business in Qatar is the requirement that foreign firms establish a joint venture with Qatari partners, and that the foreign ownership in the joint venture not exceed 49%. (See below in '*Rules of Business in Qatar*' and Chapter 3 of the 2005 *Country Commercial Guide* for Qatar.)

But U.S. firms should know that due to the close relations between the United States and Qatar several options exist for companies who need U.S. Government assistance in addressing market barriers and problems in Qatar. The Trade and Investment Framework Agreement between the United States and Qatar aims to resolve specific business-related problems through ongoing high-level bilateral discussions. You may also contact the Department of Commerce's Office of the Middle East at (202) 482-3752 to get advice and learn about available avenues to resolve market access-related problems. Finally, the American Embassy can intervene on behalf of U.S. firms to resolve problems, but only after all legal channels have been exhausted.

Nature of U.S.-Qatar Trade

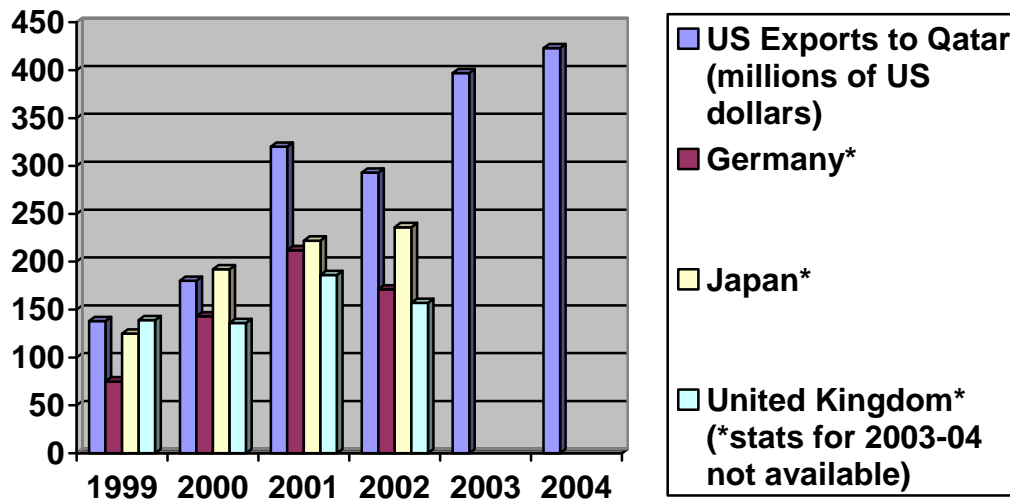
U.S. exports to Qatar in 2004 totaled \$423 million. Within the span of five years, U.S. exports to Qatar have increased by over 200%. All indicators – the growing strength of the U.S.-Qatar geopolitical relationship, growth in the world demand for natural gas, and Qatar's successful economic reform and diversification strategy among others – strongly suggest significant growth in future U.S. exports to this market.

The largest components of U.S. exports to Qatar include (in descending order) oil and gas field drilling and support machinery; construction equipment; gas turbines and parts; cars and vehicles; television and radio communication equipment; and electronics. The Commercial Service believes that particularly strong opportunities for U.S. exporters lie in Qatar's **oil & gas** sector, **health & medical** sector, **construction** sector, **safety & security** sector, and **education & training** sector.

These sectors are described in detail in the following pages. But given Qatar's impressive economic growth and diversification, U.S. firms in many other sectors will also find attractive opportunities in Qatar. For example:

- High quality American **furniture** will be needed for Qatar's growth in hotel and residential compound construction, hospital construction, education expansion, and the 2006 Asian Games.
- U.S. **IT and telecommunications equipment** is in high demand given Qatar's modernization, Qatar Telecom's perpetual upgrades and improvements, education projects, and e-government initiatives.
- Qatar's growth in population, tourism, and industry coupled with its huge energy resources drive high demand for U.S. **power systems, equipment, and parts**.
- American automobiles and vehicles are popular in Qatar and constitute one of the largest components of U.S. exports to Qatar. Opportunities, therefore, will grow for U.S. manufacturers of **auto aftermarket parts**.

The Commercial Service in Doha can provide you with detailed information about specific industrial sectors in Qatar through the *Industry Sector Analysis*, one of several services available to American companies interested in Qatar.



Qatar: Oil & Gas Equipment Opportunities and Trends

Qatar's wealth of hydrocarbon resources is the driving force behind the country's tremendous economic growth in recent years. About \$115 billion has been invested in Qatar's energy sector in the last 10 years. There are currently 19 oil and natural gas rigs operating in Qatari waters.

Natural Gas: Qatar is clearly determined to develop this key resource. State-owned Qatar Petroleum is the majority shareholder in Qatar's two LNG companies, Qatargas and Rasgas. ExxonMobil has stakes in both companies, while Total and ConocoPhillips have shares in Qatargas. About \$70 billion – mostly in natural gas – will be invested in Qatar's hydrocarbon sector over the next seven years.

Qatar is building the largest LNG trains and is ordering the world's largest LNG tankers. Qatar Gas Transportation Company (Q-Gas) expects to procure around 57 LNG vessels altogether. The country is investing \$20 billion in new gas-to-liquids (GTL) projects in Ras Laffan Industrial City. It is expected that Qatar will become a 400,000 barrel-per-day (bpd) producer of GTL in six years.

Oil: Qatar's largest oil reserves are found in the offshore Dukhan field. Maydan Mahzam and Bul Hanine are other significant fields. Over 120 new wells will be drilled in these two fields to help boost Qatar's oil production. With two refineries, the country also aims to increase its oil refining capacity to 280,000 bpd by 2006.

Exxon Mobil, Royal Dutch/Shell, Total, Conoco-Philips, Chevron Texaco, Sasol, Anadarko, Occidental, Talisman, and Maersk Oil are among the major players here. They are supported by many oil field services and drilling companies, many of which are American. International energy experts predict that high oil prices, America's unmatched thirst for fuel and potential for increased consumption of gas, and Qatar's vast natural gas wealth will combine to bind the U.S.-Qatari energy relationship closer together in the coming years.

Petrochemicals: Qatar also aims to increase production of petrochemicals. Qatar Petrochemical Company (QAPCO), one of the largest low-density polyethylene (LDPE) producers in the Middle East, plans to increase its ethylene production capacity to 720,000 tons per year by 2006. QAPCO also produces LDPE and sulfur from ethane feedstock. The QATOFIN project encompasses a plant that would produce 450,000 tons of low-density polyethylene.

Qatar's numerous energy projects listed below will generate a huge demand over the next five years in hundreds of millions of dollars for top of the line products and supplies. These products will include: drilling equipment; casing; pipes; pipe fittings; valves; power generation equipment; drilling chemicals; pumps; heat exchangers; gas compressors; tower coolers; instruments and controls; anti-corrosion systems; laboratory equipment; marine equipment and services; offshore platforms; filtration systems; pressure vessels; storage systems; treatment systems; injection equipment and services;

production equipment and services; well control systems; packing; seals; gaskets; bearings; rope; wire rope and chain; safety and environmental protection services; pollution and spill control services; tools; flexible pipe; valves & actuators; wellhead valves; and thousands of other items related to the oil and gas industry.

Below are the current oil and gas sector projects in Qatar with capacity, scope, value and end-users. The Commercial Service is closely monitoring these projects and can provide your company with the latest details upon request.

1. Liquefied Natural Gas (LNG):
 - Train 4 and 5: 7.8 million tons/year; \$1.1 billion; Qatar Gas II
 - Sulfur Handling Facility: 11,000 tons/day; \$150 million, Qatar Gas II
 - Train 6 & 7: 7.8 million tons/year each; \$2.2 billion; Qatar Gas II

2. Gas To Liquid (GTL):
 - Integrated GTL Plant: 140,000 barrels/day; \$5 billion; Pearl GTL (Shell)
 - Integrated GTL Plant: 154,000 barrels/day; \$7 billion; ExxonMobil
 - Integrated GTL Plant: 240,000 barrels/day; Value TDB; ConocoPhillips
 - Integrated GTL Plant: 90 to 120,000 barrels/day; Value TBD; Marathon
 - Phase 2 plant expansion: 66,000 barrels/day, Value TBD; Oryx GTL
 - Integrated GTL Project: 130,000 barrels/day; Value TBD; SASOL/Chevron

3. Gas Pipeline:
 - Qatar/Bahrain/Kuwait pipeline (Al-Khaleej): 1,000 million cubic feet/day of gas; Value TBD; Qatar Petroleum/ExxonMobil/Kuwait Petroleum Company
 - Ras Laffan Messaieed ethylene pipeline: 130 km of 16 inch pipeline; \$120 million; Qatar Chemical Company (Q-Chem II)
 - Doha urban relocation pipeline: decommissioning of existing and construction of new pipelines; \$70 million; Qatar Petroleum

4. Refining:
 - Ras Laffan Condensate Refinery: 140,000 barrels/day, \$400 million; Qatar Petroleum/ExxonMobil/Total

5. Petrochemicals:
 - Ras Laffan Ethylene Cracker: 1.3 million ton/ year, \$500 million; Ras Laffan Ethylene Company
 - Messaieed downstream units: 350,000 tons/year of HDPE and 350,000 tons/year of Alpha Olefins; \$600 million, Q-Chem II
 - Messaieed downstream units: 450,000 tons/yr of LLDPE; \$550 million; Qatofin
 - New Methanol Train: 6,750 tons/day; \$500 million, QAFAC
 - Ras Laffan Methanol: 12-15,000 tons/day; Value TBD; Qatar Petroleum
 - Olefins complex: On-going feasibility study; Qatar Petroleum/ ExxonMobil
 - QAFCO V: On-going feasibility study.

Qatar: Medical & Health Equipment Opportunities and Trends

The United States is one of the leading exporters of medical equipment, medical supplies, medicines and pharmaceuticals to Qatar. There is particularly strong interest in U.S. medical equipment and supplies in Qatar, since the country's medical professionals are frequently trained in the United States. The recent establishment of the Weill-Cornell Medical School in Qatar is also helping to engender stronger appreciation for U.S. medical equipment and procedures. Cornell is working with the Qatari Government to build a cutting-edge teaching hospital that will focus on women's and children's health.

Qatar has incorporated the most advanced medical equipment and training into the country's healthcare sector. In Qatar, there are four government hospitals, 23 primary health care centers, and at least 12 private medical and dental facilities. One of the Gulf's most respected medical institutions, the Hamad Medical Corporation provides modern diagnostic and disease treatment care and is the country's leading non-profit healthcare provider. It has a nationwide network of primary health care centers and four specialized hospitals in Doha. Qatar is also developing the region's largest medical facility called the Hamad Medical City Complex, which will include three specialized hospitals.

The private sector is playing a stronger role in the healthcare sector in Qatar, and private medical service now represents around two-thirds of the country's health service providers. While U.S. firms can explore Ministry of Public Health tenders on the www.ctc.gov.qa website, there have been reports that working with the Ministry is difficult, particularly in obtaining information. Therefore, the Commercial Service recommends that U.S. firms focus their efforts on pairing with private medical establishments and using local agents to work on potential Ministry tenders. Working with the Qatari Government may improve with the upcoming appointment of a new Minister and structural changes within the Ministry. There are also reports that the Ministry of Public Health will soon be replaced by a new National Health Authority, which will oversee all public healthcare services in Qatar.

The Commercial Service believes there is particular potential for sales of U.S. products in the following goods and services:

- sports equipment and sports-related medical supplies and equipment,
- workplace safety equipment,
- diagnosis and disease treatment equipment particularly for diabetes (1 in 5 Qataris develop diabetes), rheumatology, dermatology, smoking-related disorders and diseases, cardiology, plastic surgery, gynecology, and child diseases,
- services and equipment that provide care for mentally ill patients, geriatrics, the physically and mentally handicapped, and patients requiring long term care,
- nutrition products and awareness given the growing problem of obesity.

U.S. firms wishing to invest in the health sector in Qatar should note that Qatari law allows for 100% foreign investment in the health sector, pending approval from the government.

Qatar: Construction Services & Equipment Opportunities and Trends

Construction opportunities in Qatar are emerging at a staggering rate. In the 2004-05 budget, the Government of Qatar increased infrastructure spending by 45% and the Government expects to spend more than \$50 billion over the next 10 years on roads, sewerage, power, and basic infrastructure development. Qatar relies heavily on international expertise in the area of architectural, construction, and engineering services. U.S. architectural and construction firms are well placed for business opportunities in this area and garner considerable respect in country. Local contractors in Qatar recognize the superior quality and performance of U.S. construction equipment. Given the high temperatures reaching 46 degrees Centigrade and humidity in the Gulf, U.S. air condition manufacturers and equipment suppliers will also find good opportunities in Qatar.

Roads: There are at least four major projects designed to upgrade major roadways in Qatar. These projects total \$3.5 billion and include the North Highway Upgrade (\$350 million; 150km), the Dukhan Highway Upgrade (\$330 million; 78km), the Doha Expressway (\$800 million; highway and 24 interchanges), and the Qatar-Bahrain Causeway (\$2 billion; 22km). The Public Works Authority administers these projects.

Buildings: There are 140 residential and office towers under construction now in Qatar. Qatar's Tourism Authority announced the construction of nine luxury hotels and residential properties, including resorts and spas, to be built between 2005 and 2007. Major plans are also underway to build a number of residential/commercial "lifestyle cities". Most notably, the \$2.5 billion Pearl of the Gulf project will house 30,000 residents in 7,500 units, making it the country's largest real estate venture. In addition, the adjacent 30 square km North Bay Development will include the building of a residential-commercial community featuring among other things a theme park. The West Bay Lagoon and Al Khor Resort are other high-profile land projects planned in Qatar. \$700 million on sporting facilities and housing will be spent on the 2006 Asian Games.

Airport: The new Doha Airport is expected to become one of largest airports in the world. With 52 contact gates, an Emiri Terminal, shops, hotel, and restaurants, the airport will cost \$5.5 billion with the first phase set to be completed by 2009.

Port: Doha's new \$2.5 billion port will be built on a 500-hectare area reclaimed from the sea, four kilometers east of Doha International Airport. The new port, designed to U.S. military specifications, will have the capacity to handle three million container ships a year. The new port design concurs with environmental and security standards set by international maritime organizations.

Other significant construction projects in Qatar include Education City (\$1 billion; Qatar Foundation + Qatar Petroleum), Hamad Medical City (\$600 million; Public Works Authority), Qatar Broadcasting Complex (\$65 million; Public Works Authority), Qatar National Bank Headquarters (\$55 million; Qatar National Bank), Qatar Petroleum Headquarters Complex (\$150 million; Qatar Petroleum), and the Qatar Library (\$125 million, Qatar Petroleum). Please contact CS Doha for more information.

Qatar: Safety & Security Equipment Opportunities and Trends

Qatar is undoubtedly situated in a very high-profile area for safety and security equipment. The Qatari Government is keenly aware that one major attack could have a devastating impact on the country's overall economic growth and ability to attract investment.

The U.S. Government ranks Qatar's risk of 'transnational terrorism' – i.e. threats from outside groups as opposed to groups within Qatar – as 'high', on a scale of 'low' to 'critical'. Qataris recognize the need to secure vulnerable offshore assets, and other high-profile facilities including the new airport, port, aluminum smelter, hospitals, power plants, pipelines, steel plants, and ministries. Furthermore, high-tech, integrated security systems are required for the 2006 Asian Games in Doha next December, in which some 100,000 people from around the world will participate.

Local firms and government entities hold U.S. expertise in the safety and security sector in high regard. The Commercial Service believes that U.S. manufacturers of the following safety and security sector products and services could find good opportunities in Qatar:

- security cameras and sensors
- access control and identification equipment
- physical entry barriers
- encryption software
- explosives and metal detection equipment
- integrated communications solutions
- oil and gas field-related safety and security equipment
- fire detection and prevention equipment particularly for oil and gas facilities

Since September 11th and the ensuing deterioration in neighboring Saudi Arabia's security situation, the Qatari Government began to focus on the need for high-quality safety and security equipment. However, U.S. companies will find that while the will and certainly the money exist in Qatar to invest in better security systems and equipment, the country lacks a clear vision or plan about how to bring this about. According to local companies, little integration exists between Qatari security end users, which include the Ministry of Interior, Qatar Petroleum, the General Security Division, police forces, the Civil Aviation Authority, and Qatar Electricity & Water Company, among others.

The Emir generally oversees high-profile security projects, whereas smaller projects are directly handled by the purchasing entity. U.S. firms should program time in their marketing plans to fully inform Qataris about the technical capabilities of the safety and security solutions they manufacture. U.S. firms with appropriate security solutions and a convincing justification will succeed in Qatar.

Qatar: Education & Training Opportunities and Trends

Qatar is committed to educational reform and recognizes the need for a vibrant educational system to ensure Qatar's future prosperity. The Rand Corporation was contracted in 2003 to revise the curriculum, textbooks, and training for teachers in Qatar's public schools to establish a model charter school system by 2008.

K-12: Commitment to education reform originates from the highest levels of the Qatari Government. Sheikha Mozah, wife of the Emir, founded and actively leads the Supreme Education Council. The Supreme Education Council is the country's leading authority on education policy and is responsible for setting broad and comprehensive goals to Qatar's school system.

The Education Institute and the Evaluation Institute fall under the umbrella of the Supreme Education Council. The Education Institute oversees and supports Qatari schools by drafting curriculum standards and providing training for teachers. The Evaluation Institute develops and conducts standardized tests, monitors student progress, and evaluated school performance. Please visit <http://www.education.gov.qa> for details.

- Qatar is seeking U.S. school **management firms** that provide training and consulting to teachers and school administrators. Next year year, 22 schools will begin major reforms and training under the guidance of U.S., German, British, and New Zealander education consulting firms hired by the Education Institute. In 2006, 40 schools will begin the process. Please provide your company's credentials to Dr. Nafez Alyan (tel: 974-467-4614, fax: 974-465-9444, nalyan@sec.gov.qa), Director of the Education Institute.

- U.S. **textbook and software** manufacturers are encouraged to display their products at the Doha International Book Fair held every December. The Commercial Service's *Technical Sales Seminar* service is also a proven method to gain exposure. Please contact CS Doha and Mr. Adel Al-Sayed (tel: 974-455-9555, fax: 974-465-9444, educationinstitute@sec.gov.qa), of the Evaluation Institute for details.

- Tenders for school **computers, furniture**, and other **school-related equipment** appear in Qatari Arabic and English newspapers. Please contact CS Doha and visit www.education.gov.qa for more information.

Higher Education: In an effort to improve university education, the Qatar Foundation for Education (QF), also founded by Sheikha Mozah, established "Education City" as a center for Weill Cornell Medical College, Carnegie Mellon, Virginia Commonwealth University, and Texas A&M. QF is seeking mainly U.S. universities to open branches in Qatar. Typically, QF is most interested in attracting successful schools or departments within well-known western universities. Visit www.qf.edu.qa for details.

- U.S. **universities and institutions** interested in exploring branch opportunities in Qatar should contact Dr. Mohammed Fathy Saoud (tel: 974-492-7008, fax: 974-480-2956, fathysaoud@qf.org.qa), higher education advisor at the Qatar Foundation.

Rules of Business in Qatar

Just like any market, Qatar has its own specific guidelines and requirements concerning foreign companies operating in this country. The following summarizes the major issues. U.S. firms should note that adequate services exist in Qatar for legal, financial, and tax matters, business counseling, company background checks, and feasibility studies. Consult an expert for professional advice in these matters. Many notable business service providers in Qatar are represented on www.buyusa.gov/qatar.

1. **Taxes.** Some companies come to Qatar thinking it is a tax-free zone – it's not! While there is no personal income tax in Qatar, foreign-owned firms must pay a tax on corporate income. The rate is a sliding scale ranging from 0% on less than 100,000 QR to 35% on more than 5 million QR. (Since U.S. firms also pay U.S. taxes on corporate income, companies considering the Qatari market should be aware that this requirement essentially results in 'double taxation'.) Certain tax exemptions are allowed in Qatar depending on whether the activities of the foreign firm are directly benefiting Qatar; incorporating modern technology; and/or fulfilling a strategic goal of the government.

2. **Documentation.** Original copies of documentation on goods shipped into Qatar are required. Commercial invoices, shipping document, packing lists, and certificates of origin must accompany goods entering Qatar. You must legalize commercial invoices at the Qatari Embassy.

3. **Exporting.** The customs duty for general cargo entering Qatar is 5%. Temporary imports into Qatar require permission from the General Director of Qatari Customs, as well as a check or bank guarantee to the Customs Department for the amount of the duty to permanently ship the goods to Qatar. This is refunded upon proof of export from Qatar. Normal customs clearance by air is 1-2 days and by sea is 2-4 days.

4. **Banking.** There are 15 banks in Qatar. There are no exchange control regulations. There is great confidence in Qatar's banking system. (Foreign investors need permission from the Qatari Government to invest in the banking and insurance sectors.)

5. **Labor.** Non-Qataris must possess a valid work permit issued by the Department of Labor to work in Qatar. The new Labor Law of Qatar (Law 14 of 2004) aims to balance the rights of employer and employee, institutes hiring priority to Qatari nationals, and specifies a number of obligations for firms vis-à-vis their employees. These obligations include the requirement that the employment contract must be in writing, the recognition of the concept of end-of-service benefits, and limitations on the maximum number of hours worked per week. More details are available in the Country Commercial Guide. U.S. firms seeking to hire non-Qataris should note that Qatari visa regulations and procedures frequently change without warning.

6. **Driving.** You can get a six-month temporary drivers license in Qatar from the Driving License Section at Madinat Khalifa Traffic Department. It is open Sun-Thurs from

6:30AM to 12 noon, 1:30 - 7PM, and it can be reached by phone in Qatar at 489-0666. Bring photocopies of your US drivers license and passport as well as your original license and passport, and 2 passport-sized photos. The license costs QR150 - about \$40. Ideally you should bring your Qatari sponsor to the Department. If that is not possible, a letter signed by your sponsor giving you the permission to drive will suffice. You have to take an eye exam at the department.

7. Ways to do business.

In this part of the world, foreign companies are generally required to appoint a service agent/sponsor in order to be able to do business. Experts believe that the requirement for a service agent/sponsor in Qatar is getting more and more lenient, and may be abolished outright in the years to come. (As this is a rather complex topic, please refer to the Country Commercial Guide for more details.)

U.S. companies wishing to *do business with* Qatar need to appoint a representative agent. It is very important to distinguish between two types of agents:

- (a) *Commercial Agent*: If you simply want to export your products to Qatar, you will need a commercial agent to act as your distributor or sales representative - note that commercial agency agreements in Qatar are exclusive.
- (b) *Service Agent*: If you intend to execute a project for Qatari private entities and leave the country upon completion, a service agent or sponsor is required to take care of all of your administrative paperwork with the Qatari Government (visas, permits etc.). However, if your company intends to fulfill a government contract or provide a public service or utility, the Qatari Government waives the service agent/sponsor requirement.

If you want to *do business in* Qatar, the most common practice is for U.S. firms to establish a Limited Liability Company. In this case U.S. ownership cannot exceed 49% of the capital with a Qatari partner owning 51%. New Qatari law allows foreigners to earn up to 80% or more of the company's profits if the foreign entity is the main player in the joint venture. The joint venture company does not require a service agent/sponsor in order to conduct business.

US companies wishing to *invest in* agriculture; manufacturing; health; education; tourism; power; and mining sectors are allowed to establish up to a 100% U.S.-owned branch office or new company and, pending approval from the government, are not required to have a sponsor.

8. Land. Foreigners cannot own land in Qatar outside of certain real estate development projects such as the Pearl of the Gulf. But U.S. firms may rent land long-term up to 50 years in order to complete specific projects.

So, you think you'd like to do business in Qatar...

*** The Commercial Section at the American Embassy in Qatar interviewed over 50 U.S. and Qatari business professionals in the public and private sector. Here's the advice they give you about doing business in Qatar. ***

- Be careful not to broad-brush the Middle East – this is a diverse region economically, politically, and commercially, and images from the news do not apply to every market. Savvy businesses understand this diversity and gravitate towards markets like Qatar, which are modern, stable, and growing.
- If you are a new-to-exporting company, first contact your local Export Assistance Center for free counseling on exporting at www.buyusa.gov/home/export.html
- Read the latest 2005 Country Commercial Guide for Qatar available at www.export.gov. (Click 'market research', click 'country and industry market reports', and select 'Qatar' and 'Country Commercial Guide'.)
- Focus on those products and services offered by your company that you believe could successfully sell in the Qatari market.
- Look at the Central Tenders Committee website to understand current and upcoming needs of the Qatari Government at www.ctc.gov.qa.
- Bounce ideas off of our Commercial Section team at the American Embassy. They are there to help you, and give you a down-to-earth assessment of your company's chances for success in Qatar.

You've done your homework and now you want to do business in Qatar.

(a) **Come visit!** Qatar is like many Middle Eastern countries in that face-time with potential agents and partners is key. A U.S. citizen is eligible for a 10 year multiple entry visa to Qatar. Visas cost \$15 and you can apply for a visa at either the Embassy of Qatar (202-274-1603) in Washington, or the Consulate General of Qatar (713-355-8184) in Houston. American citizens can also purchase their visas at Doha International Airport upon arrival. For more information, visit: www.qatarembassy.net/consular.asp

(b) **Get a lawyer.** Many U.S. companies advise that acquiring good legal representation from the beginning is a very important first step. This helps you to establish and maintain good business relationships with Qatari partners. Hiring a lawyer is especially important before concluding commercial agreements. Firms occasionally report legal problems with Qatari sponsors and business partners once the company begins earning profits. A good lawyer will protect you from this. The U.S. Embassy can provide you with a list of law firms currently operating in Qatar.

(c) **Contact the ABCQ.** The American Business Council in Qatar provides valuable mentoring to new U.S. companies in Qatar. You can reach the ABCQ at:
Tel: 974-836-389 Fax: 974-836-389 P.O. Box 10861, Doha, Qatar
www.abcgc.org/regmem/qatar.htm

(d) **Your approach.** Determine what your best approach should be in the Qatari market. Trading? Establishing a business presence in country? Fulfilling a Government contract?

(e) **Feasibility study.** U.S. firms we interviewed recommend that you carefully conduct a feasibility study about your product or service's chances for success in the Qatari market. This study should be based on such factors as pre-existing competition, market channels, and local tastes. The Commercial Service offers several services such as the *Industry Sector Analysis* that can form a strong basis for a viable feasibility study.

(f) **Vet partners.** The Commercial Section at the U.S. Embassy also offers several services to help you thoroughly vet prospective Qatari business partners and determine which Qatari companies would be best to work with. These services include the *International Company Profile*, the *International Partner Search*, and the *Gold Key Service*. These services are described in more detail by visiting: www.buyusa.gov/qatar

(g) **Maintain independence.** Having a reliable local partner can spell the difference between success and failure in Qatar. However, firms advise not to rely on your local partner too much for all contacts and market information affecting your business. We advise U.S. companies to negotiate expatriate labor visa issues with their sponsors, agents, and partners in the early stages of contract negotiation.

(e) **Look alive!** Be aware that tender announcements frequently come out in the Arabic newspapers 4-5 days before they come out in English. Become familiar with Qatar's laws and regulations governing business. Don't engage in "unofficial" arrangements with business partners – insist that important agreements be put down on paper! Local firms that are not willing to comply to this request are not worth doing business with.

(f) **Adapt.** Successful U.S. firms in Qatar understand that inconsistencies, change, and obfuscation are a fact of life both in Qatar and throughout the Middle East. Learn to live with new procedures and laws by injecting a healthy dose of flexibility into your business plan. The Commercial Service suggests U.S. firms insist on payment by letter of credit to avoid costly payment delays.

(g) **Drink tea.** Business and pleasure in the Middle East go hand in hand. Having strong relationships is often more important than having a good product or service in this region. Successful business people understand that drinking tea and attending late night meals with Qataris is an essential step in earning the credibility and trust needed for successful business relationships in the Middle East. Making an effort to learn some Arabic expressions works wonders in nurturing positive and profitable business relationships in the Middle East.

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The process of determining which export markets to consider is in many ways like a mathematical equation, complete with variables. These variables often include such considerations as political stability, economic growth, consumer tastes, business climate, and pre-existing competition. Qatar has a very strong, attractive market based on sound fundamentals. American firms have exceptional opportunities in this progressive country.

We encourage you to contact the Commercial Service and the American Embassy in Doha for further details. ***Consider Qatar***, and watch your export sales grow along with one of the most dynamic and quickly expanding emerging markets in the world!

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