SUMMARY

1. Since the last review of Qatar, its economy has exhibited significant economic growth and development. GDP growth remained in double-digits, in real terms, ranging from 12% to 26% during most of the period. Qatar ranks second in the world in terms of GDP per capita. With emphasis on diversification of its economy, Qatar has invested in a knowledge-based infrastructure including improvements in education, infrastructure, and healthcare.

2. A strong and growing trade surplus in goods during the review period drove the current account increasingly upward, to a peak of QR 224 billion in 2012. The services trade balance remained slightly negative. The capital and financial account were generally large and negative in recent years owing to Qatar's growing investments abroad, but the balance of payments remained positive during the period except for 2011.

3. Developments in trade have been dominated by significant export growth, reaching their highest level on record at QR 484,065 million in 2012. Exports have nearly tripled since 2007 due to strong oil and gas exports, including relatively strong energy prices. Non-energy exports also expanded during the period, reaching 12% of exports in 2012. Imports have grown, albeit at a slower pace than exports, and are generally more diversified. Imports of machinery and transportation equipment dominate, reflecting capital investments and supporting infrastructure development.

4. A new government was formed in 2013 when the new Emir took over, however no major policy shifts or changes have occurred. Qatar continues to encourage an open trade and investment climate. It also plans to create a more competitive economy by reducing entry barriers and strengthening competition. As part of its National Development Strategy it plans to further liberalize trade in services under the GATS.

5. Since the 2001 GCC Economic Agreement, Qatar and other GCC members have been working towards a level of higher integration, most notably through the establishment of a customs union, which commenced in 2003. At present, there is a common external tariff (CET) among GCC members but internal border posts are still in operation, and each GCC member maintains autonomy through its individual customs administration. While MFN trade still dominates for Qatari imports and exports, GCC trade increased during the period and now accounts for approximately 15% of Qatar's imports and 7% of exports. Main trading partners among the GCC are the UAE and the Kingdom of Saudi Arabia.

6. Pursuant to Qatar's foreign investment laws, foreign investors are generally limited to a minority ownership of 49%, although 100% foreign ownership is allowed in certain sectors after authorization (agriculture; industry; health; education; tourism; developing and exploitation of natural resources, energy and mining; consulting services; technical services; IT services; cultural services; sport services; leisure services; and distribution services). Certain rights are also guaranteed to foreign investors such as unrestricted transfer of funds and assurances against expropriation. Qatar uses bilateral investment agreements to encourage investment; currently there are 22 such agreements.

7. Developments in customs during the period of review were concentrated on the establishment of the customs clearance single window project, *Al Nadeeb*. Since gradual introduction began in 2011, the single window has reduced customs clearance to 15 minutes, lowered the inspection rate to 5%, and provided high-quality value-added services to traders. More than 90% of registered importers and exporters use the system to facilitate trade. It is expected to be integrated into a wider GCC level single window system in the future.

8. In terms of import protection, tariffs remain low and Qatar maintains few non-tariff barriers. As of 2013, the simple average applied tariff rate was 4.7% with few peaks; most tariffs are at 5% under the GCC CET. Peak tariffs occur on 20 tariff lines of tobacco products and 6 tariff lines of steel products; the steel tariffs currently exceed the WTO bindings. There are also 27 tariff lines of prohibited goods and 50 tariff lines requiring special import procedures. Qatar does not maintain any legislation on import licensing, pre-shipment inspection, or contingency measures (anti-dumping, countervailing measures, and safeguards).

9. During the review period, Qatar created its first export development agency in order to promote and diversify its export base. An export development strategy was created under its stewardship in 2012; it includes provisions to evaluate companies' export readiness and setting target goals for Qatari exports. There are few rules or measures imposed on exports; Qatar does not impose taxes, levies, or licensing upon exportation. Further, there are few restrictions or prohibitions, but the prohibitions imposed on imports are also imposed on exports.

10. The Qatari economy is still heavily reliant on state-owned enterprises despite significant efforts to encourage private sector investment and business establishment. According to a 2009 study, the public and mixed sector accounted for approximately 60% of GDP. The establishment of businesses in Qatar is regulated by several laws, including investment laws, which determine the type of business entity and the share of foreign ownership, thus many businesses must be established with a Qatari partner. Changes to the laws in 2010 relaxed certain provisions for sole proprietorships and LLCs. The establishment of an industrial project requires submission of a proposal and issuing of a licence by the respective authorities.

11. In terms of intellectual property protection, Qatar enacted several laws during 2002-06 to put in place the necessary rules for, *inter alia,* patents, trade marks, geographical indications, and integrated circuits, but many of these laws remain non-operational as the necessary implementing regulations have not been issued.

12. The energy sector, in particular natural gas, remains the backbone of Qatari industrial output and trade. With the world's third largest reserves, Qatar increased production output consistently during the review period, and exports reached their highest level in 2012. As the majority of natural gas is exported as LNG, there are capacity limitations and investment in infrastructure necessary to keep export levels rising. Furthermore a 2005 moratorium on further development of Qatar's largest gas field, which has been continually extended, has the potential to limit future production growth.

13. Qatar's banking and insurance sector underwent some growth and development during the review period, especially with respect to the establishment of the Qatar Financial Centre (QFC), commencing in 2005, and the development of the Islamic finance subsector. The QFC operates under free-trade-zone provisions in order to attract international banking companies, insurance business, and related financial services to Qatar. Reforms were initiated in 2012 to create one regulatory authority for financial services in Qatar, but there are still several authorities, and separate rules and regulations for those operating in the QFC.

14. Diversification and investment in several service sectors such as transportation, construction, and tourism has helped boost the economy in recent years and is expected to continue in the lead-up to the 2022 FIFA World Cup, as Qatar is expected to expand hotel capacity, develop a rail network, and invest in large-scale construction infrastructure projects. Investment in education and healthcare sectors, as part of the Qatar National Vision 2030, is expected to develop Qatar's knowledge-based economy.