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QATAR'S MEMBERSHIP OF THE WORLD TRADE ORGANIZATION: WHAT ARE THE ECONOMIC BENEFITS?

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THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY DEGREE IN INTERNATIONAL COMMERCIAL LAW

by
Mohammed Al-Qahtani
(Durham University, School of Government and International Affairs)

July 2009

1 2 AUG 2009

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Abstract

In 1993 Qatar became a contracting party to the General Agreement on Tariffs and Trade (GATT) and in 1996 became an official member of the World Trade Organization (WTO). By being a member of the GATT/WTO, Qatar must abide by the rules and the regulations of this organization. The aim of the research is to determine the extent to which Qatar's economic policies and its trading activities have been influenced by the WTO regulations. The research assesses the economic performance of WTO membership for Qatar, with a specific focus on the energy sector with its three components of oil, gas, and petrochemicals that constitute the bulk of Qatar's exports. Qatar's imports come from diverse sources, and its WTO membership implies there is no discrimination in favour of particular suppliers, apart from those based in its GCC trading partners.

The research has adopted two different methods of data collection; questionnaires and semi-structured interviews. Different, and sometimes conflicting, data were received. However, the analysis of this data, as well as other supportive evidence from the background chapters on Qatar's economy and trade activities, has demonstrated that Qatar has been noticeably influenced by developments in international markets. Qatar's membership of the WTO has helped both directly and indirectly -- and will continue to help -- Qatar achieve its economic planning and diversification objectives. WTO membership has made Qatar a more stable and predictable market for foreign investors, particularly in the energy sectors. Qatar is advised to further utilize its membership of the WTO to take advantage of the opportunities available and overcome the possible challenges in order to achieve its overall economic objectives.

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DEDICATION

This work is dedicated to my parents, wife, children and all the children in the hands of whom the future economic prosperity of Qatar depends.

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CHAPTER ONE: INTRODUCTION

The main aim of this study is to examine Qatar's trade policy in light of its international trade commitments under the World Trade Organization (WTO). A key issue is the extent to which trade policy contributes to its economic diversification. This chapter elaborates on the research aim and objectives, and provides a discussion of the methodology used as well as explaining how the thesis is organised.

The implications of WTO membership on the economy of an oil and gas rich state are especially interesting, as one of the main intentions of policy makers is to ensure and promote diversification of the economy through trade and other related requirements as stipulated by the WTO. In this thesis the techniques adopted in generating data and other information are empirical and involves the drawing of inference from observed phenomena.

The objectives of the research have been stated to act as a map in directing the work to a logical conclusion. The country's production and export of crude oil and gas determines much of its GDP. A decline in the level of GDP may be taken as a measure of diversification. However, in reality, changes in the share of external trade activity reflect oil and gas prices, which make the measurement of the effects of WTO membership on diversification extremely difficult. Nevertheless, it is important to ascertain the extent and benefits of diversification.

The economic and commercial policies and their objectives have been shaped by the expectations of WTO membership. The collaboration between government and the private sector and their contribution towards sustainable economic development will be among the central themes of the project.

The Government needs to comply with the WTO Agreement due to the scrutiny that occurs on a regular basis as a result of it being a member. Hence there is a need to emphasise adherence, and enhance policies which promote liberalisation and diversifications of trade by the Government and private sectors alike. Any trade disputes that occur as a result of mal practice is usually brought to an independent review panel within the WTO in order to settle disputes and promote collaboration. It is imperative to establish collaboration between both Government and the private sector, in order to promote sustainable development. This should

additionally include equal and fair treatment of all trading partners, foreigners and locals alike, reducing the barriers to boost free trade. Transparency is obviously important for this process to be a success.

However, one must bear in mind that free trade promotes sustainable development in the form of employment. Another form of sustainable development, as far as the Government is concerned, would be through custom and excise duties as a means of generating revenue as an alternative to taxing foreign companies. As locally owned companies are not taxed, the existing tax system could be regarded as discriminatory. It may be increasingly difficult to defend, and tax law may not be sustainable.

1.1. AIM OF THE STUDY

The purpose of conducting this study is to investigate the extent to which the economy of Qatar has benefited from becoming a member of the WTO. In order to satisfy this objective, the researcher analysed and considered three main points: Qatar's economic position prior to its WTO membership; the results of the economic reforms which Qatar subsequently embarked upon after becoming a member of the WTO; and the role the oil and gas polices played in these reforms. Each of these considerations will be taken into account in order to identify the strengths and weaknesses associated with Qatar's WTO membership.

Therefore, the primary aim of this thesis is to explore the implications of Qatar's membership within the WTO, while its secondary aim is to ascertain whether Qatar's goal of satisfying the legal norms for creating trade liberalization and multilateral economic cooperation as imposed by the WTO have been fulfilled. In addition, the thesis will also consider the extent to which WTO membership has benefited Qatar, and how it has been helpful to its diversification policy.

1.2. OBJECTIVES OF THE STUDY

With its unprecedented growth and persistent need for infrastructure, Qatar is increasingly attractive for foreign investors. Foreign entry into Qatar is only possible through partnerships with local nationals unless approved otherwise. These partnerships have been subject to local laws and regulations. However, Qatar's membership of the WTO is expected to create new

opportunities for foreign multinationals, and further deregulation is anticipated in the coming years. For a foreign multinational investor in Qatar, the future business opportunities which arise from the implementation of the WTO principles will be of substantive relevance to this research, and it is therefore necessary to take the scope for future progression into account when trade strategies are formed. Hence, this empirical research will specifically investigate the legal norms in the area of economic liberalization and multilateral economic cooperation, as implied by WTO membership.

The research has four main specific objectives:

1. To investigate the extent to which Qatar's WTO membership is helpful to its diversification policy.

Qatar's WTO membership and the subsequent changes it causes within the economic environment can be viewed from several different perspectives. With this as a consideration, we attempt to assure that the most realistic conclusion can be drawn from the investigations.

The actual role of the regulatory framework must also be investigated in light of the complexities of Qatar's market. The regulatory changes are considered with respect to their enforcement in business practice. Thereby, the legalities concerning the regulatory framework can also be identified. This discussion raises the question of the extent to which Qatar's WTO membership limits its diversification policy.

2. How would Qatar benefit if the remit of the WTO is extended to the international oil and gas market, including consideration of pricing issues?

When examining the impact of Qatar's WTO accession with regards to the opportunities that could further be explored, it is necessary to consider the specific implications for the international oil and gas market with respect to pricing issues. This discussion raises the questions as to how the WTO agreement affects the industry, in what form, and how the changes will take place. The consideration and reasoning required to address this question then leads us to the third research objective.

3. Do the GATS (The General Agreement on Trade in Services) provisions have implications for Qatar's plans for its services sector?

The GATS is one of the three international trade treaties as administered by the World Trade Organization (WTO). It puts into place a framework of rules which govern international services trade, allowing for a more open and transparent trading system. It also provides a forum for settling trade disputes and for eliminating trade barriers progressively through negotiations.

Under the ongoing investigations, it is imperative to seek and understand the effects of GATS provisions on Qatar, both generally and, in particular, on Qatar's plans for further developing its service sector.

4. To what extent do Qatar's international agreement obligations limit its ability to pursue an independent foreign direct investment policy?

As a final research area, this thesis seeks to investigate the extent to which Qatar's international agreement obligations limit its freedom of manoeuvre with respect to foreign direct investment policy.

The main problem statement, and the following research problems, provides the context for the major research work of the thesis. In the following section, the purpose of the thesis will clarify the overall aim in order to give the reader a clear view of which direction the thesis will follow before finally reaching the conclusions and recommendations.

1.3. COSTS AND BENEFITS OF WTO MEMBERSHIP

When considering the impact of WTO membership on the economy of Qatar it is appropriate to adopt a cost benefit approach. It can be argued that as oil and gas account for most of Qatar's exports, the benefits from WTO membership are limited as oil and gas are not subject to tariffs or customs duties. However, Qatar is attempting to diversify into activities such as petrochemicals which have been subject to trade restrictions. Therefore WTO should not simply be evaluated in terms of the current composition of exports, but of their future composition when more diversification is achieved.

Most of Qatar's imports, apart from chemicals as shown in Appendix 5, are not subject to tariffs or customs duties, and hence WTO membership did not imply a need to liberalise. Even in the case of chemicals the tariffs were only 5.5 percent, which was much lower than that of most WTO members, and the same as that of the other five GCC countries which are members of the WTO. Therefore, as far as historical and current imports are concerned, it could also be argued that WTO membership made little difference. However, WTO membership helps ensure that future tariffs will not be introduced on goods that Qatar imports. There could be future pressures from Qatar's neighbours with large industrial sectors, such as Saudi Arabia, that would force it to adopt more protectionist policies towards countries outside the GCC while importing from the GCC tariff free. The WTO framework helps ensure the GCC remains liberal in its trading policies and open in its outlook rather than protectionist and inward looking.

Qatar's membership of the WTO is of course not only about tariffs, but also about trade-related issues. The General Agreement on Trade in Services (GATS) requires Qatar to pursue open market policies with respect to its service sectors such as telecommunications and banking. It obliges Qatar to deal equally with foreign investors without any discrimination (Most-Favoured Nation Principle) and to provide them with the same treatment that it applies to its domestic services suppliers (National Treatment Principle). These commitments are in line with Qatar's open economic policies that seek to introduce competition in its market to achieve a higher quality of services for the benefit of customers. Hence, Qatar's aim to open its economy and attract foreign investment is supported by the WTO/GATS regulations. In other words, the open economy and free trade policies that characterise Qatar's political economy for the last decade have been locked-in by the regulations of the multilateral trading system.

Perhaps, a good example of such a policy is the telecommunication sector. Until very recently, this sector was monopolised by Qatar Telecom (Qtel), which was the sole provider of telecom services in the country. Although such a monopoly meant secured revenue for the Government budget, without any competition, it also meant that consumers in Qatar were not having enough choices. They had to deal with the sole telecom provider, Qtel. Nevertheless, with the provision of the second mobile license to the very well-known international telecom provider, Vodafone, the monopoly of Qtel has been ended. Qatar's telecom market will be governed by competition. If Qtel wants to survive in the market, it has to compete with

Vodafone and reduce call charges which will benefit consumers in Qatar. However, Qtel and its employees have not welcomed the ending of the company's monopoly status, as competition has potential adverse implications for employee remuneration and security. There will be pressure for efficiency gains which means more evaluation of the combination of individual employees to the company, both Qatari and non-Qatari. Costs can be reduced by employing foreign workers rather than Qataris, but this is not likely to be welcome as far as local citizens are concerned. The Director of GSM at Qtel was one of the interviewees.

Membership in the WTO gives Qatar a voice in international trade issues which it would not otherwise have. This can be regarded as a membership benefit. Qatar hosted the WTO meetings in 2001 at which the Doha Development Agenda was agreed. This represented a re-alignment of WTO priorities to take into account of the interests of developing countries. Although Qatar is not a typical developing country because of its oil and gas revenues, it shares common economic interests with developing countries in the Middle East and Asia. Specifically trade liberalisation by developed countries with respect to agriculture can help the growth of these economies. This enhanced growth means they are likely to import more oil and gas from Qatar, increasing its revenues from energy. In addition, greater agricultural production in countries such as India increases the market for Qatar fertilizers as the country produces both ammonic and urea for export to the sub-continent. The chairman of the Qatar fertilizer company (QAFCO) was one of the interviewees.

1.4. THE IMPLICATIONS OF THE STUDY

The aim of this research, as already mentioned, is to focus on whether Qatar has economically benefited from its membership of the WTO.

Qatar became a member of the WTO in order to benefit in several economic areas, notably the free flow of trade, access to trade negotiations, the settling of trade related disputes the administration of trade agreements and co-operation with other nations and organizations. In addition, an advantage is that the WTO was able to provide assistance to developing countries such as Qatar on trade policy issues.

The researcher has an interest in this issue as, since Qatar became a member of the WTO, it has opened up to international corporations and organizations which are all seeking to conduct business in the country. This is an important issue because it can have a significant

impact on the country's economy and people. Therefore, understanding what Qatar did to achieve its particular outcome can shed light on the strengths and weaknesses of the relevant theories in this field of international trade.

A thorough study of Qatar's approach to development can also illuminate specific policies which emerging states should or should not emulate in the course of their own development schemes.

These shall be explored in light of the following:

- Qatar's oil production and exports;
- Qatar's gas production and exports;
- The share of oil in Qatar's GDP;
- The share of gas in Qatar's GDP;

1.5. RESARCH METHODS AND DESIGN

The study was carried out using two methods. Firstly, a survey was conducted with major companies and secondly, interviews were carried out with a WTO representative, the Minister of Economy and Commerce, the Minister of Energy and Industry, and the heads of public companies.

Both quantitative and qualitative data collection approaches were utilized within this research. The reason for adopting the quantitative technique was that such an approach focuses on the measuring of things which can be counted "using standardized measures that fit diverse various opinions and experiences into predetermined response categories. The advantage of the quantitative approach is that it measures the reactions of a great many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data" (Patton, 1987, p.9). The main purpose of quantitative research is to isolate causes and effects, while precisely defining categories before the study is undertaken (McCracken, 1988). The phenomena can then be measured and quantified in order to determine the relationship between them (Flick, 1998). This research method requires researchers to create research designs and to construct a 'sample' of the necessary size and type in order to allow the generalization of findings applying to a larger population. The advantage of quantitative research is that it is able to give objective results, so that the subjective views of the researcher and participant's influence can be eliminated. This method is best for closed

questions, which allows the participant to respond readily and unambiguously (McCracken, 1990).

On the other hand, a qualitative research design is used in order to collect data in the form of words and observations. Such data can take the shape of detailed descriptions of situations, events, people, interactions and observed behaviours, beliefs and thoughts (Vittles, 1991). As such, qualitative research focuses on open-ended questions or statements; this approach is adopted in this study.

Despite this approach allowing participants freedom and more detailed answers, Denscombe (1999) nevertheless identifies some aspects of qualitative research as a cause for concern with regards to meaning and the way people understand things; he says human activity is seen as a product of symbols and meanings which are used by members of the social group as a way of making sense of things. Furthermore, as Densecombe (1999) states, qualitative methods focus on naturally occurring, ordinary events in natural settings, allowing a strong handle on what 'real life' is like.

According to Blackman (1993), research on organizations largely requires qualitative participatory methods as its techniques involve close and sustainable encounters with people, such as participant observation and in-depth interviews from different categories of workers from different walks of life. Also, while qualitative techniques generate rich data concerning people's level of knowledge, attitudes and preferences, the same can be used in combination with some quantitative methods in order to generate questions for structured questionnaires, to add depth to generalizations from survey research, and to develop hypotheses for further studies.

However, selecting a sample for research is crucially important. Black (2002) preferred randomization when considering sample selection. This was the approach adopted within this research.

The research was based on data collected via questionnaires and semi-structured interviews. The questionnaires targeted business people within the business community in Qatar. The semi-structured interviews targeted Government officials involved in the trade and economic policy and decision making process in Qatar such as the Minister of Economy and

Commerce, the Minister of Energy and Industry, and other government officials from different Government institutions including Qatar's representative in the WTO.

The questionnaires were distributed to 100 private businesses, but only 61 of these businesses were completed, representing 61% of those questioned. The researcher also planned to interview 22 people; however, only 17 of these individuals were willing to participate in the research program. Seven questions were posed to each of the participants, yielding various responses. Chapters six and seven of the thesis analyse the findings of both the questionnaires and the semi-structured interviews respectively. The sample in the two research methods (questionnaires and interviews) was selected randomly.

1.6. STRUCTURE OF THE THESIS

This thesis is divided into eight chapters. Chapter One addresses the research context, methodology, Qatari Government and economy, as well as relevant trade issues; Chapter Two emphasizes the remit and the working of the WTO; Chapter Three seeks to explore Qatar's internal policy for economic relationships; Chapter Four considers Qatar's oil and gas policy; Chapter Five discusses the methodology; Chapter Six focuses on the surveys of the opinions of the private businesses in Qatar, Chapter Seven explores the data collected from the semi-structured interviews conducted with Government officials in Qatar; while Chapter Eight presents the conclusions and recommendations.

In the writing the above-mentioned chapters of this thesis, the researcher has endeavoured to use both primary and secondary data. The interviews were the source for the primary data. The secondary data has been derived from sources such as research reports of credible agencies, seminar papers, journals (including e-journals), bulletins and newspapers, books, annual reports of corporations, agreements and contracts, speeches made by the Royal Family, and ministerial decisions as passed by various ministerial bodies, trade commissions and statistical year-books.

Publications of international organizations such as the World Trade Organization (WTO), various United Nations (UN) bodies, and regional trade regulation schemes have also been used to further the research involved in the writing of this thesis. The domestic law of Qatar also acts as a major component of the research sources, and the researcher further

endeavoured to explore several statutes and by-laws of the domestic law in order to strengthen the understanding of the legislative background and origin of trade talks, including the negotiations between Qatar and the WTO.

Statistical data has also been relied upon in making a comprehensive analysis of Qatar's entry into the World Trade Organization (WTO), and its effects on development of the legal environment in the country. The legal measures put in place and their effects and degree of success were also addressed within the relevant chapters of the thesis.

In writing this thesis, the use of Arabic language has been kept to a minimum. Personal and place names relating to Qatar are reproduced using the locally used spellings. The spelling of names, old cities, villages and neighbourhoods etc. are taken from Qatar Area Referencing System as developed by Qatar's Ministry of Municipal Affairs and Agriculture, and used on their maps in the country.

The method adopted in the gathering of data was given consideration and was deemed to be practical and suitable. As is explained above, this method involves the use of questionnaire and interviews, which enabled the gathering of data to be carried out in a logical and more careful and systematic order. This approach developed both qualitative and quantitative data utilized in later chapters in order to arrive at the appropriate conclusion.

CHAPTER TWO: THE WORLD TRADE ORGANIZATION (WTO)

Because Qatar is now a member of the World Trade Organization and as the main aim of this research is to assess Qatar's economic policies and performance in light of this membership, it is important to first study what this Organization looks like and how it has evolved. It is also important to explore the main principles and agreements of the WTO that Qatar's economy is now subject to and must abide by. Hence, this chapter is concerned with the various attempts made in order to reach a commons, international consensus for the forming of multilateral economic cooperation, which would both eliminate tariffs and boost trade. From Breton Woods to the founding of the WTO, the objective is to assist trade to flow smoothly, freely, fairly and predictably. The task is to analyse how this important organisation has developed and how it functions.

Therefore, the scope and objectives of the WTO are also examined in this chapter. The provisions of the WTO — pertaining to energy and the benefits of the treaty to Arab countries, together with the framework put in place by the treaty — will contribute to the explanation of the importance of a collective agreement for boosting trade through the elimination of discriminatory practices, which are principally restrictive. The researcher shall indicate the implications of the multilateral trading system on Qatar, as an Arab developing country, involved in the production of energy products.

2.1. A BRIEF HISTORICAL OULTINE OF THE WTO

Before analyzing the historical background of the WTO, one must first look to address the question of what developments eventually gave birth to the WTO.

With a view to improving international economic relations, the international community made its first concerted attempt at reaching a multilateral accord. After World War II, the Bretton Woods system was designed as an integrated effort by the international community in order to encourage trade liberalization and multilateral economic cooperation. Implementing the Bretton Woods system meant adherence of rules and obligations so as to avoid economic conflict (Krueger, 1998).

The Bretton Woods System was introduced to consist of three main international institutions which were designed to regulate and harmonize the world trade, namely the International Monetary Fund (the 'IMF'); the International Bank for Reconstruction and Development (the 'World Bank' or the 'IBRD'); and the International Trade Organization (The 'ITO'). These three individual organizations when complimentarily combined were seen as the foundation to the new multilateral economic system. The IMF and the World Bank were to regulate and oversee the financial side internationally, while the ITO — the executive organ provided for in the Havana Charter — would have administered the Charter's agreements. Unfortunately, however, the Havana Charter was never ratified by the member countries on account of a lack of political will and, as such, the entire proposal was abandoned (Bretton Woods, 2007).

2.2. THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

As the ITO project failed, the GATT then became the primary international agreement regulating trade between nations. The main objective of the GATT was to reduce tariff rates. When the ITO failed, the entire responsibility to administer trade and trade-relating matters between the nations was left in the hands of the GATT. GATT negotiations in the first four rounds dealt mainly with tariffs on goods (Narlikar, 2005, p.19), with the first round of negotiations resulting in a tariff concession of about one fifth of the world's total trade. The rounds continued to concentrate on further reducing tariffs, until the 1960s when the Kennedy Round brought about a GATT Anti-Dumping Agreement, and a section dedicated to development.

It is worth mentioning that before 1995, the GATT stood as a pioneer arrangement in regulating tariffs and trade. However, although the GATT was remarkably successful, it also suffered from several obstacles, some of which related to weak application of the GATT regulations in national laws and others to protectionist attitudes of some contracting parties, thus resulting in slow impetus for multilateral trade cooperation particularly in the 1970s, and also affecting the GATT regime. Furthermore, the procedure for provisional application to the GATT was complex and cumbersome, and the GATT did not plainly define the powers of the contracting parties in regards to decisions and authority on waivers. The gloomy legal status of the GATT and the lack of constitutional problems made it even more awkward. It was for these reasons that the need for a global trade regulator was considered to be

necessary, and the WTO then came into existence as a result in 1995. A large part of the WTO's current work has been brought about by the 1986-1994 negotiations of the Uruguay Round, and earlier negotiations under the GATT. New negotiations are now in process under the Doha Development Agenda, which was launched in 2001 (WTO, 2001).

The World Trade Organization (WTO) is the sole international institution that deals with global regulations of trade between its member countries. Furthermore, it is a forum in which member governments are able to come together to negotiate trade agreements and settle trade disputes (WTO, 2003, pp.8-9). Since its creation in January 1995, it has expanded the reach of trade rules deep into the regulatory structure of almost 140 sovereign states, affecting the daily lives of all citizens. It may be stated that the World Trade Organization is a creature of the 1995 WTO Agreement, formed in order to provide a "common institutional framework" for the covered agreements of the final act of the Uruguay Round.[1]

The WTO was established upon the organizational structure of the GATT and, to a greater extent, its Secretariat; it formalizes and extends the structure which has gradually evolved over the past 50 years. It is interesting to note that the Punta Del Este Ministerial Declaration launching the Uruguay Round did not call nor recommend the creation of the WTO. Canada initiated the idea of establishing a Multilateral Trade Organization (MTO) in 1990 (English et el, 2002). The idea was contentedly accepted and, in fact, was later supported by the European Union. The idea as a whole was motivated by a desire to create a single institutional framework which would regulate and oversee the world trade. This would mean the GATT, its sister body and Trade in Intellectual Properties (TRIPs) would need to undergo modifications (Croome, 1999). The United States had initially objected to the idea of the creation of a new organization. Finally, with the proposal to create a new organization, the concept and idea of a single undertaking was redefined to mean that all GATT contracting parties had to become a member of the WTO (Croome, 1999; WTO, 2007b).

The Uruguay Round Final Act offers a new GATT 1994 which absorbs the original GATT 1947, its subsequent side agreements, the results of previous rounds and many of its decision

[1] The covered agreements of the Final Act of the Uruguay Round include the Multilateral Trade Agreements, which are: the GATT (1994), which includes with certain exceptions the GATT (1947), its subsequent agreements and many of its decision and waivers; the GATS Agreement; the TRIPS Agreement; the Dispute Settlement Understanding; and the Trade Policy Review Mechanism [hereinafter occasionally referred to as the "Multilateral Agreements"].

and waivers. The administration of the trade agreements in goods in the GATT 1994 and the new multilateral obligations beyond the scope of trade in goods, embodied in the GATS and TRIPS Agreements, are now the main function of the WTO (Daz, 1998).

2.3. THE OBJETIVE OF THE WTO

The issues surrounding the institutional framework of the WTO are the accomplishment of its objectives and the various modus operandi (modes of operation) being adopted, which will be addressed in this section. What are these frameworks, and how does the organization go about achieving these objectives?

The main objective of the WTO is to "help trade flow smoothly, freely, fairly and predictably" (WTO, 2005c, p.7). The goal is thereby to assist the producers and suppliers of goods and services, exporters and importers, to conduct their business while allowing governments to meet social and environmental objectives (Bhagwati, 1991; Blackhurst, 1998). The organization acts as a forum for trade negotiations and for settling any trade disputes (WTO, 2005c). Trade relations can involve conflicting interests, the purpose of dispute settlement is to resolve these differences through a procedure based on an agreed legal foundation (WTO, 2003d, p.12). Generally, the WTO reviews national trade policies, assists developing countries in trade policy issues, administers trade agreements, and cooperates with other international organizations.

The central question underlying the WTO's main objectives is how policy makers should respond to the pressures now falling on the WTO system, while simultaneously ensuring the preservation of a trading system which has led to unprecedented growth in the world economy and contributed to the peaceful coexistence of nations. Today, the WTO comprises 153 members (WTO, 2008b) and accounts for over 90% of global trade. The member countries of the WTO are unified in decision-making by ratifying the WTO agreements (WTO, 2007b).

2.4. SCOPE AND FUNCTIONS OF THE WTO

The WTO is responsible for administering world trade relations, negotiations, and dispute resolution which have all been embodied within the GATT for the last fifty-seven years. It

provides the 'common institutional framework' for the conduct of trade relations between its members, as contemplated by the Covered Agreements and any further trade agreements that its members may choose to execute (see Hoekman and Kostecki, 2001).

2.4.1. Administrating Trade Agreements Article III of the WTO Agreement states that;

'the WTO shall facilitate the implementation, administration, and operation (WTO, 1995b). Furthermore, the objectives of this Agreement and of the Multilateral Trade Agreements should also be to provide the appropriate framework for the implementation, administration and operation of the Plurilateral Trade Agreements' (WTO, 1995b). It is one of the primary functions of the WTO to administer, implement and regulate the working of trade agreements (Daz, 1998).

2.4.2. Acting as a Forum for Trade Negotiations

The WTO needs to be able to provide a place for the members to negotiate multi-lateral trade issues (Starbird et el, 2004, p.46).

2.4.3. Settling Trade Disputes

The WTO's procedures for resolving trade disputes are vital for enforcing the rules and ensuring trade flows smoothly. Countries bring disputes to the WTO if they consider that their rights are being infringed under the agreements. Judgment is based on interpretations of the agreements and individual countries' commitments by specially appointed, independent experts (Sampson and Ginkel, 2001, p.30).

2.4.4. Reviewing National Trade Policies

The purpose of the Trade Policy Review Mechanism is to improve transparency and create a greater and clearer understanding of the policies which countries are adopting, and to assess the impact of each. Many members also consider the reviews as constructive feedback on their policies. All WTO members must undergo periodic scrutiny and report to the WTO Secretariat (WTO, 2008c).

2.4.5. Co-operating with Other International Organizations

The WTO actively works to be consistent with the economic decisions by other international economic organisations due to the relation ship between the different economic variables, such as exchange rates and trade growth. Therefore, the WTO reached agreement with the IMF and the World Bank in December 1996 and April 1997 respectively, with a view to strengthening the consistency of world economic decisions and ensuring international economic policy was more coherent (WTO, 2005c).

2.4.6. Assisting Developing Countries in Trade Policy Issues through Technical Assistance and Training Programs

The WTO organizes around 100 technical cooperation missions to developing countries annually. Regional seminars are regularly held in all regions of the world with a special emphasis on African countries. Training courses are also organized in Geneva for officials from transition countries which are making the change from command economies to market economies (see Michalopoulos, 2001).

2.5. TRADE WITHOUTH DISCRIMINATION

2.5.1. Most Favoured Nation (MFN): Equal Treatment to all Foreign Goods and Services

Under the WTO agreements, WTO members are normally not allowed to discriminate between their trading partners; grant someone a special favour — such as a lower customs duty rate for one of their products — and the same must be applied to all other WTO members. This principle is known as the Most Favoured Nation (MFN) treatment. It is a very important principle in international trade. This importance is reflected by the fact that the MFN principle is clearly stipulated in the first article of the General Agreement on Tariffs and Trade (GATT), which governs trade in goods. In addition, the MFN is a priority in the General Agreement on Trade in Services (GATS) (Article 2) and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) (Article 4), although the principle is handled somewhat differently in each agreement. These three fundamental agreements collectively cover all three key areas of trade handled by the WTO (WTO, 2007b).

Some exceptions are, however, allowed. For instance, WTO members are able to establish free trade agreements that apply only to goods or services traded within the particular group — discriminating against goods or services from the outside. Or they can choose to give developing countries special access to their markets. A country could also raise barriers against products which are considered to be traded unfairly from specific countries. And when considering services, countries are allowed, in limited circumstances, to discriminate. However, the agreements only permit such exceptions under strict conditions. In general, the MFN means that each time a country lowers a trade barrier or opens up a market; it has to do so for the same goods or services from each one of its trading partners — whether rich or poor, weak or strong. Equality is an essentially important principle of the WTO (Hoekman and Kostecki, 2001).

2.5.2. National Treatment: Treating Foreigners and Locals Equally

The principle of national treatment means that imported and domestically made goods should be treated equally, particularly after the foreign goods have entered the market. Hence, imported goods are subject to the same regulations that apply to domestic products. The same should also apply to foreign and domestic services, and to foreign and local trademarks, copyrights and patents. This principle of national treatment is also found in all the three main WTO agreements (Article 3 of GATT, Article 17 of GATS and Article 3 of TRIPS), although, once again, the principle is handled somewhat in a different way in each of these agreements (WTO, 2007b). The national treatment principle only applies once a product, service or item of intellectual property has entered the market. But, it is important to emphasise that charging customs duty on a particular imported product is not a breach of the national treatment principle even if locally-produced goods are not charged an equivalent tax.

2.5.3. Free Trade: A Gradual Process Carried Out Through Negotiations

Reducing obstacles against trade is one of the most evident and successful means of encouraging trade between nations. The barriers concerned include customs duties (or tariffs) and measures, such as import bans or quotas which selectively restrict quantities. Since GATT's creation in 1947–1948, there have been eight rounds of trade negotiations and the ninth round — under the Doha Development Agenda — is still on-going. In the earlier

rounds, such negotiations focused on lowering tariffs (customs duties) on imported goods. And, as a result of the negotiations, by the mid 1990s, industrial countries' tariff rates on industrial goods had steadily fallen to less than 4% but, by the 1980's, the negotiations had been extended to entail non-tariff barriers on goods and became to cover new areas such as services and intellectual property (WTO, 2007b).

Opening markets can be helpful and advantageous for member countries but it also requires adjustment and restructuring of domestic legal and economic systems, which can be costly for some countries. Understanding such difficulties, the WTO agreements allow countries to introduce changes gradually through 'progressive liberalization'. Developing countries are normally allowed a longer time to accomplish their commitments (WTO, 2007b).

2.5.4. Transparency and predictability

The WTO provides a clearly predictable and transparent system where businesses and investors can work without being concerned about the sudden possibility of changing rules and regulations. In other words, as WTO members all agreed not to raise trade barriers, businesses and investors are assured that they can establish their operations in a stable and clearly predictable environment. They have a clear vision about the opportunities available to them in a particular country according the obligations and rights of that country under the WTO. With stability and predictability, investment is encouraged, jobs are created, and consumers can fully enjoy the benefits of competition by being offered a range of choices and lower prices. The multilateral trading system is therefore an attempt by various governments to create a business environment which is both stable and predictable (WTO, 2007b).

When countries agree to open their markets for goods or services in the WTO, they 'bind' their commitments. This means that they cannot exceed the bound levels stated in their schedules of commitments. With regards to goods, these bindings amount to ceilings on customs tariff rates. Sometimes, countries choose to tax imports at rates which are lower than the bound rates, which is frequently the case in developing countries. In developed countries, both the bound rates and the rates actually charged tend to be the same. And, while a country can change its bindings, it can only do so after negotiating with its trading partners, which could mean compensating them for the loss of trade. One of the achievements of the Uruguay Round of multilateral trade talks was to increase the amount of trade under binding

commitments. In agriculture, 100 percent of products now have bound tariffs. The outcome of all of this is a significantly higher degree of market security for traders as well as investors (WTO, 2007b).

The system also endeavours to improve predictability and stability by discouraging the use of quotas and other measures used to set limits on quantities of imports, as administering quotas can lead to more red-tape and accusations of unfair play. Another option is to make countries' trade rules as clear and public ('transparent') as possible. Many of the WTO agreements require governments to publicly disclose their policies and practices within the country or by notifying the WTO (see Hoekman and Mavroidis, 2001).

Furthermore, the regular surveillance of national trade policies through the Trade Policy Review Mechanism provides another additional means of encouraging transparency, both domestically and at the multilateral level (see Panagariya, 1999; Tharakan, 1999).

2.5.5. Promoting Fair Competition

It is a misconception to describe the WTO as a 'free trade' institution as such description does not match the actual nature and work of the WTO. It is rather a rules-based system that works towards the objective of opening trade and fair and undistorted competition. The rules are built on a foundation of non-discrimination — such as the MFN and national treatment — and are designed to secure fair conditions of trade. The same applies to the issues of dumping (exporting at below-cost in order to gain market share) and subsidies. These issues are complex, and the rules attempt to establish what is fair or unfair, and how governments can respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade. Many of the other WTO agreements aim to support fair competition, for example, in agriculture, intellectual property, and services (WTO, 2007b).

2.6. ENCOURAGING DEVELOPMENT AND ECONOMIC REFORM

The WTO system seeks to help development in member countries. This is reflected in recognising and appreciating that developing countries need more time to implement the system's agreements and special assistance. These recognitions are clearly found in the GATT and GATS as well as other WTO Agreements (WTO, 2007b).

2.6.1. The Uruguay Round

At the end of the Uruguay Round, developing countries were prepared to take on most of the obligations which were required of developed countries. However, they needed a longer time to carry out such obligations. The WTO Agreements permitted transition periods in order to assist developing and least-developed countries in adjusting their economies to the WTO provisions (WTO, 2007b).

At the end of the round, a ministerial decision adopted stated that countries which were considered to be 'better off' should accelerate implementing market access commitments on goods exported by the lesser developed countries, while seeking increased technical assistance for them (Hoekman and Kostecki, 2001). More recently, developed countries have started to allow duty-free and quota-free imports for almost all products from such least-developed countries. With regards to all of this, the WTO and its members are still going through a learning process. The current Doha Development Agenda includes developing countries' concerns surrounding the difficulties they face in implementing the Uruguay Round agreements (WTO, 2001).

2.6.2. The WTO Agreements

All agreements relating or pertaining to the Uruguay Round and the 1994 GATT form part of, and now come under the auspices of, the WTO. "The administration of the agreements on trade in goods in GATT 1994 and the new multilateral obligations beyond the scope of trade in goods embodied in the GATS and TRIPS Agreements will be the main function of the WTO, a role the GATT could fulfil only with great difficulty considering its competence extended only to tariffs and trade in goods" (WTO, 2007b). In the WTO, a unified administrative organ is created for all of the Uruguay Round Agreements. First, the difficulty of incorporating the 'non-trade in goods' obligations of protection relating to intellectual property rights and trade in services in the GATT is resolved by the WTO, which 'separates the institutional concepts from the substantive rules'. Second, the establishment of the WTO settles the question of institutional status which has hindered the GATT throughout (WTO, 2007b).

Among the other responsibilities of the WTO, it is also charged with the responsibility of implementing, administering, operating, and dealing with any further objectives of the

agreements[2], as well as providing for future negotiation concerning the Agreements, resolving disputes, reviewing trade policies, and 'with a view to achieving greater coherence in global policy-making, the WTO shall cooperate, as appropriate, with the International Monetary Fund and with the International Bank for Reconstruction and Development....' (WTO, 1995a).

2.6.3. Application for WTO Membership

As the WTO has progressed to its present position of controlling and regulating a substantial proportion of world trade, mechanisms have been put into place in order to encourage free flow of trade. What are the organizational structures in place?

Applications for WTO memberships are overseen by individual Working Parties which examine, comment and decide to accept or reject the reports (often voluminous) that prospective member's supply, detailing their commercial policies. The applicant provides a memorandum on its foreign trade regime, which details and describes all aspects of its trade policy that could possibly have any bearing on the various WTO Agreements. In addition, prospective members must also negotiate with their most important trading partners among the existing WTO members on the terms and conditions of bound market access rights for goods and services which are exchanged at the time of the WTO membership (WTO, 2007, pp.48-78). These bilateral negotiations may take over a year to complete. Despite the formidable challenges, the demand for accession to the WTO was strong from the outset. Many of the candidates for appointment in the mid-1990s had recently begun a difficult transition from centrally-planned to market economies.

Article VIII of the WTO Agreement makes it clear that its members are under the legal obligation to accord legal personality to the Organization. The same article explains that the WTO has the legal capacity to sign a Headquarters Agreement. The WTO has such an

[2] Article III of the WTO Agreement, the GATT (1994), the Multilateral and Plurilateral Agreements, and the GATT (1947). "1. The WTO shall facilitate the implementation, administration and operation, and further the objectives, of this Agreement and of the Multilateral Trade Agreements, and shall also provide the framework for the implementation, administration and operation of the Plurilateral Trade Agreements.
The WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to this Agreement. The WTO may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference"

Agreement now in place with Switzerland. The officials of the WTO (the WTO Secretariat) as well as the accredited (to the WTO) national delegates enjoy diplomatic privileges similar to those embedded in the Vienna Convention on Consular Relations (WTO, 1995b).

2.6.4. The WTO Structure

Art. IV WTO Agreement lays out the institutional structure of the WTO. The Ministerial Conference (MC) is the highest authority, meeting at an interval of at least every two years and is composing of representatives of all member states. In the two year interim, its tasks are carried out by the General Council (GC) which meets on an approximate monthly basis. Under the GC's guidance, the Council for Trade in Goods, the Council for Trade in Services, and the Council for Trade-Related Intellectual Property Rights, deal with trade in goods, services and trade-related intellectual property rights, respectively. Various Committees and sub-Committees deal with more specific issues, such as, for example, antidumping, safeguards, etc (Gallagher et el, 2005).

The WTO is financed through contributions of its members (WTO, 2007b). It should be noted that since the WTO is a formal institution, the entities which adhere to it are now called 'members', as opposed to contracting parties, the term used for the participants in the GATT (WTO, 2007b).

2.7. THREE LAYERS OF WTO OBLIGATIONS

Accession to the WTO entails the assumption of specific legal obligations. WTO Members will accept disciplines on instruments affecting trade. The extent of the obligations assumed may vary across countries: some countries, for example, might be prepared to completely eliminate tariff protection; others might wish to simply impose a ceiling on their tariff protection to be re-negotiated downwards in the course of subsequent trade rounds (WTO, 2007b). The obligations assumed are of a contractual nature, that is, dispositive in private-law parlance. As Jackson (1969) first pointed out, not even the most favoured nation (MFN) obligation has acquired the status of customary international law.

There are three layers of legal obligations that can be assumed when adhering to the WTO, which could be classified as follows (WTO, 2005c, pp.113-137): an inflexible, multilateral

set of obligations which are the legal obligations which will bind all WTO members upon accession. A country joining the WTO has no option but to abide by this set of obligations. These obligations are reflected in the WTO Agreement and all its annexes (the so-called multilateral agreements); a flexible, multilateral set of obligations, that is, the legal obligations which will bind only those WTO Members which have acceded to the corresponding WTO legal instruments. Such obligations exist as the WTO law, besides the multilateral agreements, also knows the so-called plurilateral agreements, that is, optional participation agreements; a bilateral set of obligations (Yi-Chong, 2004, pp.15-43). These are sui generis obligations which are assumed by the acceding WTO member, and regulate in a specific manner its legal relations with the incumbent WTO members.

Category (c) is distinctive, and its subject matter depends on the negotiation between the acceding country and the incumbent WTO Members. For example, during the negotiations that led to the accession of the People's Republic of China (PRC) to the WTO, a special safeguard was concluded which, contrary to what is the case under the WTO Safeguards Agreement, allows WTO Members the possibility to impose discriminatory (i.e., country specific) safeguards against PRC.13 At this point, we should state that so far there has been no dispute before the WTO adjudicating bodies concerning issues included in the bilateral set of obligations.

2.7.1. Multilateral and Plurilateral Agreements

Almost all the Uruguay Round Agreements were concluded following the so-called single undertaking-approach: membership in the WTO would be contingent upon accepting all of the treaties as a package; thus, for example, it would not be open for a state to accept the rights and obligations of the GATT, whilst refusing the Agreement on Trade Related Intellectual Property Rights (TRIPs). This approach was in sharp contradiction with the GATT 'a la carte', approach followed during the Tokyo Round (1973–1979): the participation in a series of side agreements, such as the Antidumping, the Subsidies, the Government Procurement etc., was optional, and a GATT contracting party could retain its status as such without adhering to any of the side agreements negotiated and concluded during the Tokyo round (Hoekman and Kostecki, 2001).

In the Uruguay Round, only four agreements were excluded from the 'single undertaking' approach. These are the so-called plurilateral or Annex 4 Agreements. Art. II.3 of the WTO Agreement defines the legal status of these Agreements: 'The agreements and associated legal instruments included in Annex 4 (hereinafter referred to as "Plurilateral Trade Agreements") are also part of this Agreement for those Members that have accepted them, and are binding on those members. The Plurilateral Trade Agreements do not create either obligations or rights for members that have not accepted them (WTO, 2008d).

Participation in the Annex 4 Agreements is regulated in each and every Agreement (Article XII.3 of the WTO Agreement). However, these four Agreements are only open for accession to WTO members, i.e. to states which have accepted all the multilateral agreements. Article II.3 of the WTO Agreement reads to this effect: 'The agreements ... (hereinafter referred to as "Plurilateral Trade Agreements") are also parts of this Agreement for those Members that have accepted them...' (WTO, 1995b).

WTO Members can, by consensus (Article X.9 of the WTO Agreement), add to the existing list of plurilateral agreements. The four plurilateral agreements are the Agreement on Civil Aircraft, the Agreement on Government Procurement, the International Dairy Agreement, and the International Bovine Agreement (WTO, 1995b).

Article XXIV of the Agreement on Government Procurement (GPA) regulates accession to the GPA in the following terms:

1. 'This Agreement shall enter into force on 1 January 1996 for those governments [8] whose agreed coverage is contained in Annexes 1 through 5 of Appendix I of this Agreement and which have, by signature, accepted the Agreement on 15 April 1994 or have, by that date, signed the Agreement subject to ratification and subsequently ratified the Agreement before 1 January 1996.'

2. Any Government which is a Member of the WTO, or prior to the date of entry into force of the WTO Agreement which is a contracting party to GATT 1947, and which is not a Party to this Agreement may accede to this Agreement on terms to be agreed between that government and the Parties. Accession shall take place by deposit with the Director-General of the WTO of an instrument of accession which states the terms so agreed. The Agreement

shall enter into force on the 30th day following the date of its accession into the agreement, for an acceding government.' (WTO, 1995t)

2.8. WTO PROVISIONS PERTAINING TO ENERGY

After discussing the development of the multilateral trading system, its historical evolvement from the GATT 1947 to the establishment of the WTO in 1995, its main principles, functions, and agreements, this section shifts now to focus on the WTO provisions that are relevant to "energy", both as goods and services. This is because "energy" is the most important aspect of Qatar's economy and its driving force. The objective is to prepare the foundation for discussions of the subsequent chapters, which will concentrate on analysing various aspects of Qatar's economy in relation to its membership to the WTO.

2.8.1. General Principles of the GATT as Applied to the Energy Sector

2.8.1.1. Non-discrimination (the MFN principle in relation to energy)

The non-discriminatory principles apply to "energy", either as goods or services. The first of these principles is the MFN principle that can be found in the GATT, GATS, and the TRIPS. As is already explained, the MFN principle applies that all member countries of the WTO must treat all foreign products or services that enter into its territory equally and non-discriminatorily. Any favour or advantage of immunity provided to a particular foreign product must be extended to all other WTO members. Hence, the MFN, as was previously discussed, applies to any tariffs or any charges related to importation or exportation and the way of calculating these charges or customs duties. Hence, for energy producing countries, this means that if a WTO Member decides to impose customs duties, charges or any import or export regulations such as taxes -- which confer any advantage to energy products from a certain country -- it has to extend such an advantage to like products from any other WTO members without discrimination (Selivanova, 2007). The underlying essence of the MFN treatment defines that all members of the WTO should treat, and must be treated, equally and fairly, and be eligible to receive all of any advantages.

2.8.1.2. National Treatment in relation to energy

As is discussed above, national treatment is the second non-discriminatory principle of the multilateral trading system. It relates to both goods and services and the objective is to provide equal treatment to all products and services in the market either foreign or national. Hence, as any other types of products and services, national treatment also applies to "energy". Therefore, any internal taxation, domestic regulations, and requirements must all be applied equally to foreign as well as domestic energy products and services (Pauwelyn, 2001). Hence, the national treatment principle requires that all energy products and services (foreign or domestic) are subject to the same internal taxes and charges, laws and regulations. In practice this means that internal taxes for imported energy material and products must not to be higher than for like energy material and products of domestic origin (Selivanova, 2007).

It is important to emphasise that the obligation to accord national treatment is applicable not only to taxation but to all laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of energy materials or products. With respect to transportation and distribution, Article III: 4 of the GATT provides justification to impose different charges as long as the difference is "based exclusively on the economic operation of the means of transport and not on the nationality of the product concerned". For instance, different charges may be due to different distances and parameters of pipelines used for oil and gas productions (Pauwelyn, 2001).

2.8.1.3. Quantitative Restrictions

Article XI forbids quantitative restrictions, which means that any protection should be carried out through tariffs and not through actions which directly affect volumes, such as quotas, import or export licenses, to cite a few examples. The reason behind this prohibition is that tariff measures are less distortional compared to quantitative measures. Prohibition of export or import restrictions is applicable also for prohibitions to the import or export of energy materials or products below a certain price (EEC, Programme of Minimum Import Prices, Licenses and Surety Deposits for Certain Processed Fruits and Vegetables, 1978). According to ECS, requirements of minimum export or import price would limit the quantity of imports or exports. For example, if imports are cheaper than domestic products, such restrictions would not allow them to compete effectively on the domestic market. Measures for minimum

export prices — which used to be imposed in order to maintain a certain level of supply in the domestic market — would mean that the exports would not be provided at a competitive price in the foreign markets, which is not allowed (Pauwelyn, 2001). 'Article XI.2.a foresees several exceptions to the prohibition of quantitative restrictions; the most relevant for the energy sector is the provision that allows countries to temporarily invoke export prohibitions in order to relieve critical shortages of products essential to the exporting country.'

2.8.1.4. Exceptions

WTO Members can use Article XX exceptions in order to introduce measures in pursuit of certain policy objectives which otherwise would have been inconsistent with the WTO, but such measures cannot constitute 'arbitrary or unjustifiable discrimination' and cannot amount to disguised restrictions on international trade. Article XX(g) allows measures 'relating to the conservation of exhaustible natural resources as long as such measures are made effective in conjunction with restrictions on domestic production or consumption'. This provision was invoked by the United States in the case involving gasoline against Venezuela and Brazil (WTO, 1995v).

Article XXI provides another important exception provision. A WTO member is not prevented from taking any action which it considers necessary for the protection of its essential security interests relating to fissionable materials or the materials from which they are derived. Under this provision, it rests with the WTO member invoking the exception to determine what constitutes such 'essential security interests'. Due to the importance attached to energy, it is likely that the application of the exception under Article XXI would be reasonable in order to enforce trade restrictions related to energy (Selivanova, 2007).

2.8.1.5. Market Access

According to UNCTAD (2000), energy products and materials don't often encounter market access issues within their export markets. During the Uruguay Round, tariff peaks for hydrocarbons were eliminated, and the duties were generally reduced. Tariffs were reduced more for processed than for unprocessed products. Energy tariffs mirror the goals of energy policy more than those of trade policy as the main objective is to secure energy supply (UNCTAD, 2000). In theory, export duties are subject to the same disciplines as import

duties; which can be applied but are subject to MFN requirements. Export duties have been less of a concern for WTO members as it is normally not in the interest of exporting countries to impose high export duties as This would leave exported products at an inconsistent and uncompetitive level within the exports markets.

In the energy sector, the importing countries are interested in receiving energy products and materials at a low price. For exporting countries, export duties comprise a very large source of state revenue. Export duties are allowed but must be applied on a basis which conforms to, and is consistent with, the principles of MFN treatment. After the Uruguay Round, these are still unbound. In the accession negotiations, WTO members currently request energy producing countries to bind export duties, sometimes at zero (WTO, 2009a). 'Energy exporters traditionally considered that high internal taxes, including excise taxes, imposed by importing countries on petroleum products including gasoline undermine their ability to derive income from their own natural resources' (OPEC, 2008).[3] As long as these taxes are applied on a non-discriminatory basis, they are considered to be in line with the WTO (OPEC, 2008).

2.8.1.6. Transit

Energy transportation in the form of gas and electricity often takes place via pipelines or transmission network. Sometimes, transportation networks cross third countries in transit. Article V of the GATT provides for freedom of transit: 'There shall be freedom of transit through the territory of each member, via the routes most convenient for international transit, for traffic in transit to or from the territory of other members.' (WTO, 1995c). Traffic in transit cannot be subject to any unnecessary delays or restrictions. It is to be exempt from customs duties and from all transit duties or other charges, except those for transportation or commensurate with administrative expenses entailed by transit or the cost of services rendered. This means that the energy materials and products in transit through a territory of a WTO member cannot be subject to customs duties or any other duties or charges. In order to be in line with Article V of the GATT, any such fees have to be commensurate with the expenses involved.

[3] OPEC is concerned that factors outside of its control may disrupt this stability. This includes taxation, which now constitutes the largest part of the price of oil products in some countries.

The non-discrimination obligation in Article V of the GATT means that transited goods from any WTO member have to be given the most favourable treatment consistent with that which transited goods from any other country receives. No distinction in treatment should be based on the flags of vessels, the place of origin, departure, entry, exit or destination, or on any other circumstances relating to the ownership of goods, vessels or other means of transport.

Article V of the GATT does not effectively provide members with an effective obligation to ensure that companies controlling pipelines in the energy sector comply with the transit obligation of Article V (Selivanova, 2007).

2.8.1.7. State Trading Enterprises (STEs)

The energy sector has been traditionally dominated by state enterprises, be it government owned, government controlled, or linked to the government in any other way. Governments sometime entrust some regulatory powers to large energy corporations (Selivanova, 2004a, pp.559-602). For instance, such companies can administer transportation, transmission and distribution systems, storage capacities, etc. Such enterprises are not necessarily led by market principles in making policy decisions as to pricing and other matters. Considering their dominance with regards to imports or exports, their policies might therefore potentially distort trade. The WTO rules designed to address practices by such enterprises is Article XVII of the GATT. Members act to ensure that state trading enterprises act in a manner consistent with the general principles of non-discrimination prescribed in the GATT for governmental measures which affect imports or exports by private traders.[4] The main issue related to the obligations of WTO members with respect to STEs in the energy sector, lies in the conditions of energy transportation and, in particular, with third-party access to pipelines.

The coverage of Article XVII is, however, not limited to state enterprises, and state ownership is not the major criteria. Most importantly, Article XVII.1 applies to any enterprises which possess exclusive or special privileges granted by the state, 'including

[4] Article XVII.1(a) of GATT states: "Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders."

statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports' (WTO, 1995c).

Through Article XVII.1.b, state trading enterprises are obliged to make their purchases or sales on the basis of commercial considerations, including price, quality, availability, marketability, transport and other conditions of purchase or sale. They are also obliged to afford the enterprises of the other contracting parties' adequate opportunity in accordance with customary business practice, to compete for participation in such purchases or sales (WTO, 1995c).

The requirement to act in accordance with commercial considerations is not a separate obligation, but is, rather, an express clarification of the obligations contained in the preceding paragraph (a) of Article XVII.1 to 'act in a manner consistent with the general principles of non-discriminatory treatment' (Selivanova, 2007).

2.8.1.8. Energy Services

One needs to examine the contribution of the energy sector towards the attainment of the goals of the WTO.

The functioning of oil and gas projects is focused around the management of the project by the operator, i.e. the company executing the project for the partners of the venture. For geological surveys, drilling, protecting the environment, designing and building the production facilities and operating production, the operator normally contracts separate specialised technical and consulting firms for different services, and buys equipment from several different suppliers.

Throughout the period of the energy sector's development, the reliance of the operator on contracted services increased (Anez, 2003). Energy services thus directly affect the costs of energy production they constitute an integral part of the energy chain from discovery of an energy field to the distribution of the final product.

WTO members have undertaken limited commitments in the area of energy services (Zarilli, 2003). This could potentially be due to several reasons. Firstly, the energy sector being a

strategic sector for national security has traditionally been dominated by state companies. These companies are unwilling to give up the market power provided by their monopoly position and resist any liberalization efforts. Secondly, there is no single definition or clear notion of what is understood under 'energy services'. This lack of definition additionally contributed to the delay in energy service liberalization, as some governments made development of classification a precondition to undertaking any further commitments in the sector. The energy services encompass services related to all stages of the energy production chain, such as exploration, development, drilling, extraction, construction, engineering, production, processing, refining, generation, transportation, transmission, distribution, storage, marketing, etc (Zarilli, 2003).

The WTO services classification (W/120) does not include a special section for energy services but there are, instead, three separate sub-sectors which are each related to energy activities: 'Services incidental to mining, rendered on a fee or contract basis at oil and gas fields' and 'Services incidental to energy distribution' with are both detailed within the 'Business Services' section, and 'Transportation via pipeline of crude or refined petroleum and petroleum products and of natural gas' as detailed within the 'Transport Services' section (WTO, Services Sectoral Classification List, 2008).

There are some parts of the energy production processes which are closely associated with service activities, for instance, the refining of oil, or liquefaction and gasification. As these manufacturing activities are closely related to the production of energy, they are not covered by the GATS.

The GATS contains limited provisions which deal with the conduct of private entities, such as monopolies and exclusive service suppliers. Restrictive business practices by incumbent operators are subject to Article VIII[5] and Article IX. Article VIII is especially relevant to gas transportation and distribution services. Article VIII requires members to ensure that the incumbent natural monopolist in the transportation and distribution market does not act in a manner inconsistent with the MFN principles, and with the member's specific commitments. In addition, if such a monopoly supplier competes in the supply of a service outside the scope of its monopoly rights, the member has to ensure that the incumbent monopoly does not

[5] Article VIII applies also to cases of exclusive service suppliers, when a Member authorizes or establishes a small number of service suppliers and substantially prevents competition among those suppliers.

abuse its position subject to the member's specific commitments. The problem is, however, that most of the WTO members have each undertaken relatively limited commitments with regards to energy services (WTO, 1995d).

The United States and Norway both proposed to devise a reference paper for energy services, modelled on the reference paper of the GATS Agreement on Basic Telecommunications Services, with a view to developing a set of rules for cross-border energy trade.[6] The purpose of this reference paper would be to ensure transparency in the formulation and implementation of rules, as well as non-discriminatory third-party access to, and interconnection with, energy networks and grids, non-discriminatory objectives and timely procedures for the transportation and transmission of energy, and requirements preventing certain anti-competitive practices for energy services in general. The energy sector requires more sophisticated regulations due to the possible impacts on the environment or issues related to energy efficiency and security of supply.

2.8.1.9. Subsidies

Studies have shown that subsidies to energy production and consumption amount to hundreds of billions of USD. Discussion of subsidies within the energy context is of a twofold character. First, traditional types of energy subsidies are subsidies granted to energy producers and downstream industries. This category comprises direct payments which support production (deficiency payments and operating subsidies to producers as well as consumer subsidies); tax-related subsidies, exemptions from taxation, tax credits, etc.); policies that reduce costs of inputs (budgetary subsidies to energy inputs, price controls for inputs, etc.); investment subsidies (equity participation, loans at preferential rates, loan guarantees, debt forgiveness, liability funding); and policies that create transfers through market prices (OECD, 1997, p.18). The latter category is the most common in the energy sectors of developing countries and countries with economies in transition. In the developed countries, such subsidies were common in the past, where prices were controlled for social or political reasons. Secondly, in order to achieve environmental policy objectives, most importantly climate change policies, some measures have been introduced by governments

[6] Communication from the United States, Energy Services, S/CSS/W/27, 18 May (2000); Communication from Norway, S/CSS/W/59, 21 March (2001).

which allegedly could be inconsistent with the WTO subsidies rules (Article 19 of the Agreement on Subsidies and Countervailing Measures) (WTO, 1995p).

Export contingent subsidies and subsidies contingent upon the use of domestic products over imported products are deemed to be specific according to Article 2.3 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement) (WTO, 1995p). The SCM Agreement prohibits, in Part III, such as export subsidies (WTO, 1995p). If the government provides support only to industries which export, the programme would constitute a prohibited subsidy.

Domestic subsidies, although not prohibited, can be actionable. If subsidised imports are causing injury to the domestic industry of a member, the member may impose a countervailing duty to offset the subsidy. Also, if a member believes that a subsidy results in adverse effects, it can also, as per Article 7 of the SCM Agreement, also bring a dispute settlement complaint before the WTO which requests the withdrawal of a subsidy or removal of adverse effects.

Subsidies have been traditionally used by governments in order to develop the domestic energy sector as well as downstream industries. Some practices of energy-endowed states — such as pricing policies, have been contested on the basis of subsidy disciplines. Currently, some climate change programmes are claimed to constitute a specific subsidy.

2.8.1.10. Investment

The energy sector is a capital-intensive industry which requires significant investments in infrastructure. The energy and power sectors — especially gas pipelines and oil fields — are among lead sectors in foreign direct investment (FDI). The TRIMs Agreement does not deal with investment policy per se, and only elaborates on the national treatment obligation and prohibition of quantitative restrictions with respect to certain investment measures, such as local content and foreign exchange-related requirements (Sterlini, 2005). Member countries may not impose investment measures that require companies to buy a certain amount of goods of national origin, or place conditions on certain imports that relate to the amount of exports. In this sense, the TRIMs Agreement did not create new obligations that went beyond GATT disciplines (Sterlini, 2005). Many performance-related and technology transfer

measures that some countries proposed to include in the Agreement, remained outside its scope. Another important limitation is that the TRIMs Agreement covers only those investment measures which are related to goods. The Agreement does not cover investment measures related to services. Instead, TRIMs are related only to measures with respect to treatment of imports and exports carried out by investors, and not their activities. Performance requirements, which are not covered by the Agreement, include export performance requirements, manufacturing requirements, product mandating requirements, technology transfer requirements, and local equity requirements, etc (Sterlini, 2005).

2.8.1.11. Technology Transfer

The WTO provisions relating to technology transfer are concentrated in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the GATS. Under TRIPS Article 7, one of the main objectives of the TRIPS Agreement is the promotion of technological innovation and transfer and dissemination of technology. This policy is further developed in Article 66(2) of the TRIPS Agreement, which requires developed countries' governments to provide incentives for their companies to transfer technology to lesser developed countries in order to enable them to create a sound and viable technological base. A similar approach can also be found in Article IV(1)(a) of the GATS, which refers to 'access to technology on a commercial basis' as one of the means of increasing the participation of developing countries in world trade. Furthermore, developed country members should establish contact points with both developing and least developed country members in order to supply information concerning, among other things, the availability of service technology (Article, IV.2.c).

Developing country members can make the liberalisation of market access to Foreign Service providers subject to conditions that aim to achieve objectives set out in Article IV of the GATS. Thus, in the case of developing countries, a degree of host country regulation over entry conditions is accepted where this is likely to enhance a given country's access to technology (WTO, 1995d).

2.9. SPECIAL TREATMENT PROVIDED FOR DEVELOPING AND LEAST DEVELOPED COUNTRIES UNDER THE WTO

2.9.1 Developing Countries and the Implications for Qatar

Being a developing country, Qatar is subject to special and flexible measures under the WTO that are designed to help developing countries meet their obligations under the WTO and assist them to integrate into the global economy. This section looks into the position of developing countries, in general, and elaborates the main multilateral regulations that affect them. It is important for Qatar's authorities to be aware of these provisions and benefit from their flexibilities.

Around two third of the WTO's 153 members are considered to be 'developing countries', including Qatar (WTO, 2008b). These countries play an increasingly important and active role in the WTO due to their numbers as they are becoming more and more important in the global economy, and because they look to trade as a vital and primary tool in their development efforts. Hence, developing countries are a highly diverse group of members, often with very different views and concerns (WTO, 2008b). Qatar should associate its trade policies and negotiating stance under the WTO with other developing countries of similar interests such as those of the GCC. It is important for Qatar to be aware of the opportunities available to it, under the WTO, as an energy producing country as well as a small developing country.

The WTO agreements contain special provisions on developing countries. The Committee on Trade and Development (CTD) is the most important body that Qatar could utilise and take an advantage of. The Committee focuses on development issues and seeks to help developing countries meet their obligations towards the WTO. The CTD has an inclusive mandate to help developing countries implement WTO commitments. This mandate covers very wide areas and issues but the CTD has managed to prioritize them and carry out the most important ones first. The first important task is how the WTO provisions favouring developing countries are being carried out. The CTD also sets out guidelines for technical cooperation between member countries and between the WTO and its members. The CTD is also concerned about how developing countries increase their participation in the global trading system, and how to improve the position of least-developed countries.

Furthermore, Qatar, like any other WTO member, is obliged to inform the WTO regarding any special programmes involving trade concessions products from developing countries, and about regional arrangements among developing countries. Qatar should be aware that any of the following special arrangements must be informed to the Trade and Development Committee. If Qatar is involved in one of these arrangements, it must inform them to the CTD:

- Generalized System of Preferences programmes, where developed countries provide a favourable and discriminatory treatment for some developing countries by lowering their trade barriers and exempting their products from tariffs; a special treatment that is not extended to other countries;
- Preferential trade arrangements among developing countries such as the Common Market for Eastern and Southern Africa (COMESA), MERCOSUR (the Southern Common Market in Latin America), and the ASEAN Free Trade Area (AFTA);

In November 2001, the Doha Ministerial Conference added new tasks and some new working groups. The Trade and Development Committee now meets in 'special sessions' in order to handle work under the Doha Development Agenda. The ministers have also set up working groups on Trade, Debt and Finance, and on Trade and Technology Transfer (WTO, 2001). It is important for Qatar to effectively participate in the meetings of the TDC to make sure that its interests are well-addressed.

Another important element under the WTO Doha negotiations relates to "technical cooperation" whereby member countries continue to receive the necessary help to function under the multilateral trading system. The aim is to help create the necessary institutions and to train officials from the different countries (WTO, 2007b). The WTO regularly holds training sessions on trade policy in Geneva. In addition, the WTO arranges around 500 technical cooperation activities every year, which include seminars and workshops in different countries and different training courses in the head-quarters of the WTO in Geneva.

Qatar can also benefit from the services provided by other Committees dealing with specific issues such as trade and debt, and technology transfer. Technical assistance such as training

can also be provided to developing countries by the WTO Secretariat and Qatar is advised to seek such assistance as a means of developing its human resources in the field of international trade. Also, WTO agreements contain many different provisions which provide developing and least developed countries' special rights and treatment (see Michalopoulos, 2001).

Furthermore, part four of the GATT contains special provisions on trade and development which includes provisions on "non-reciprocity" in trade negotiations between developed and developing countries. To elaborate, part four stipulates that when developed countries grant trade concessions to developing countries they should not expect the developing countries to make similar treatment in return (WTO, 1995c).

In addition, WTO agreements contain provisions that allow developing countries a longer time to meet their obligations and adhere to the WTO regulations in comparison with the time allowed for developed countries. Other provisions in the Agreement on Textiles and Clothing and the GATS are designed to increase trading opportunities for developing countries to access the markets of developing countries. Also, there are special flexible provisions in regards to technical barriers to trade that require WTO members to safeguard the interests of developing countries when adopting some domestic or international measures, as is the case in anti-dumping, safeguards, technical barriers to trade. Other provisions call for providing special assistance to developing countries to deal with commitments on animal and plant health standards, technical standards, and in strengthening their domestic telecommunications sectors and abiding by the GATS obligations (WTO, 2007b).

Another element of the special treatment that is provided to developing countries under the multilateral trading system relates to the WTO Secretariat. The latter has special legal advisers whose main task is to assist developing countries in their trade disputes against other members and provide them with the necessary and useful advice on how they can best handle the dispute. This advisory service is provided to developing countries via the WTO's Training and Technical Cooperation Institute. Qatar, as any other developing country, can utilise this service and benefit from it (WTO, 2009b).

Not only that, but Qatar can benefit from the technical assistance and the advisory services provided by the Advisory Centre on WTO law. The latter was established in 2001 by the

cooperation of 32 WTO Governments. Members of the Advisory Centre are those which contribute to its funding and benefit from its legal support and advice. It is worth-mentioning that all least-developed countries are automatically eligible to benefit from the Advisory Centre. Other developing countries are obliged to pay the fees for being members of the Centre In order to be able to benefit from its consultative services (Advisory Centre on WTO Law, 2009). Qatar could participate in this important Centre and seek its assistance on any matter related to WTO issues; as such, participation will help Qatar further integrate itself into the global economy.

In 1997 a WTO Reference Centre programme was initiated with the primary objective of creating a network of computerized information centres in lesser developed and developing countries. The Centres provide access to WTO information and documents through various means, such as a print library, a CD-ROM collection and through the Internet by way of access to the WTO websites and databases. The Centres are located mainly in trade ministries and in the headquarters of regional coordination organizations. There are currently 140 Reference Centres (WTO, 2007e).

2.9.2. Least-developed countries: A very special treatment

It is worth noting that the least developed countries are given even more attention and help under the regulations of the multilateral trading system. WTO agreements in different sectors and issues call members to provide very special and flexible help and to make every effort to assist the least developed countries to continue to be part and parcel of the multilateral trading system. WTO agreements call members to make all the necessary efforts to lower trade barriers against imports from least-developed countries and help them to improve their economies.

Many Ministerial Decisions have been made in favour of least-developed countries since the Uruguay Round agreements were signed in 1994 (UNESCAP[7], 2009). For instance, during the Singapore Ministerial in 1996, Ministers reached an agreement on a 'Plan of Action for Least-Developed Countries'. The plan required WTO members and institutions to provide technical assistance to enable the least-developed countries to improve their participation in

[7] UNESCAP stands for the United Nations Economic and Social Commission for Asia and the Pacific.

the multilateral system. The plan also entailed a pledge from developed countries to seek improving market access for the products of least-developed countries (WTO, 1996).

Another element of the special treatment provided for the least developed countries is the so-called the "Integrated Framework" programme, which was established in October 1997, one year after the Singapore Ministerial. The Integrated Framework is a technical assistance programme exclusively set up to help the least developed countries. It is a joint programme between six important international organizations, namely, the IMF, the International Trade Centre, the United Nations Conference for Trade and Development, the United Nations Development Programme, the World Bank and the WTO. Hence the Integrated Framework programme is a good example for the cooperation between the WTO and other international organisations (WTO, 2007c).

As a result, many WTO members (developed and developing) have unilaterally helped the products of the least developed countries enter their markets. They exempted them from any import duties and import quotas on all exports from lesser developed countries.

In the same retrospect, all of the WTO's official work is held mainly in Geneva as well as all the other unofficial contacts between representatives of different counties particularly which can be regarded as equally important. However, due to their financial constraints and economic difficulties, the least-developed countries have major difficulties in setting up offices in Geneva. Thus, there is only around one third of the 30 or so lesser developed countries in the WTO which have permanent offices in Geneva. These offices they cover all United Nations activities besides the WTO (WTO, 2007b).
This particular problem was addressed during the negotiations between the WTO and the Swiss Government to allocate the WTO headquarters in Geneva. As a result of these negotiations, the Swiss Government agreed to provide special subsidized office space for delegations from least-developed countries. Moreover, some other WTO members offer financial support for Ministers and accompanying officials from least-developed countries so that they can be able to continue to help WTO ministerial conferences.

The Subcommittee on Least-Developed Countries (SLDC) was established under the WTO to carry out two main tasks. The first is to integrate the least-developed countries in the multilateral trading system. The second is to provide them with the necessary technical

assistance. The SLDC also carry out periodical assessment on how the special provisions favouring least-developed countries within the WTO agreements are being implemented and what is needed to further consolidate the integration of the least-developed countries. It is important to mention that the SLDC reports to the Committee on Trade and Development.

2.9.3. Important considerations for developing countries and Qatar and their negotiating position under the DDA

As a small developing economy, it can be said that it is in the direct interests of Qatar that the common position of developing countries continues to strengthen. The special technical and training assistance works for the benefit of Qatar. However, as is indicated above, developing countries are a very wide group with diverse interests and different economic and trade policies. For Qatar to benefit from its WTO membership and utilise the special provisions provided for the developing countries, it must identify the most suitable members with which Qatar has important trading interests and unite its negotiating position in the on-going Doha Round with them. Qatar should focus on sectors in which it has economic interests. In other words, not all the agenda of developing countries can serve Qatar's interests and Qatar must identify its own sub-group with whom it shares similar interests.

The multilateral trading system through the different WTO Agreements provides many opportunities for developing countries to improve their economies. The DDA came to even provide further opportunities to liberalise trade on many issues and sectors such as agriculture and services (telecom, insurance, and finance). In addition, liberalization under the WTO improves global GDP and encourages world demand for developing countries exports. As a general view, these liberalisation initiatives would work for the benefit of Qatar. Obstacles against Qatar's gas, oil, and petrochemical exports would be reduced and domestic market would be further liberalised, thus creating more incentives for business opportunities and foreign investment. All of this would result into improving the living standards and providing Qataris with job opportunities.

However, the Doha Round is facing major obstacles and has taken a very long time to negotiate. The conflicting interests between developed and developing countries on issues such as agriculture have made the negotiations very difficult to move any forward. Developing countries are complaining that they are facing great difficulties to implement the

WTO agreements reached under the Uruguay Round because the developed countries have deliberately made matters very complex for them.

Developing countries complain that they still face very high tariffs on selected products — 'tariff peaks'— in important markets particularly in agriculture, and the protective measures of the developed countries continues to obstruct their important exports. Examples include tariff peaks on textiles, clothing, fish and fish products. In the Uruguay Round industrial countries made, on average, only slightly smaller reductions in their tariffs on products which are mainly exported by developing countries (37%), than on imports from all countries (40%) (WTO, 2007b). At the same time, the potential for developing countries to trade with each other was also obstructed by the fact that the highest tariffs are sometimes in developing countries themselves. Nevertheless, it must be stated the increased proportion of the international trade amongst WTO members covered by 'bindings' (committed ceilings which are difficult to remove) has added security to developing country exports (WTO, 2007b).

Another related issue is 'tariff escalation', where an importing country seeks to safeguard its domestic industry and factories by applying lower duties on imports of raw materials and components, but higher duties on finished products. However, the post Uruguay Round period has witnessed much improvement in this respect as many developed countries have eliminated escalation on many selected products, and thus more transparent and less discriminatory competitiveness is achieved in their markets. The DDA has addressed the issues and calls for further substantial reductions on escalations (WTO, 2001).

Moreover, another issue of some concern to developing countries is the erosion of preferences. The special tariff concessions that were granted by developed countries on imports from certain developing countries become less meaningful if the normal tariff rates are cut as the difference between the normal and preferential rates is reduced.

The question of how valuable and important of these preferences for the economies and trade of developing countries is a subject of controversy in the field of international trade. But, it is important to emphasise that unlike the regular WTO tariff commitments, preferential tariffs treatment is not 'bound' under the WTO agreements and such preferences can, thus, be easily changed. They are often given unilaterally at the initiative of the importing country. This makes trade under the preferential tariffs treatment less predictable and transparent than

under regular bound rates, which cannot be increased easily. Eventually, countries stand to gain more from regular bound tariff rates. The latter provide transparent information for importers and exporters whose trading activities are based and directed according to the bound rates.

However, this does not mean that preferences did not benefit developing countries. But, some countries and companies could have already benefited from such preferences. But the gains vary from one product to another. Also, such benefits depend much on whether producers have been able to take an advantage of the preferences to continue remain competitive and secure their market shares even after the preferences have been withdrawn (Hoekman and Kostecki, 2001).

Thus, the question now is whether developing countries can really benefit from the changes; i.e. from the preferential tariff treatment to the non-preferential tariff treatment. The researcher argues for a positive answer but the whole issue depends much on the extent to which the developing countries are capable to respond to such changes and adopt their trade policies to function under the non-preferential system. Hence, Qatar's economic and trade policies on different sectors should be directed to respond to the requirements of the WTO, if the benefits of the multilateral trading system are wanted to be realised. Qatar has both the administrative and the financial capacity to do so. But, the situation for the least developed countries to respond to such changes and make the necessary adjustment is more difficult due to the lack of human and financial resources. The institutional and political instability makes matters more complex for these countries.

Qatar should also realise the importance of the "negotiations" in the multilateral trading system. The decision making process of the WTO is based on consensus and reciprocity. The WTO is governed by its members and Qatar is one of these members and thus has the right to participate in such governance. In this respect, the WTO is different from other international organizations such as the World Bank and International Monetary Fund. In the WTO, power is not delegated to a board of directors or the head of the organization.

Therefore, rules and decisions of the WTO are reached through negotiations. These rules affect the trade policies of member countries because they are enforced by them. Violating these rules entail important consequences including the possibility of entering into disputes

(WTO, 2007b). Hence, Qatar is advised to prepare well for these negotiations and unite its position with other countries so that its negotiating stance is directed to serve its trade and economic objectives (Ehlermann, Claus-Dieter (2005). This would require Qatar to invest in human resources as having Qatari nationals that are capable of negotiating on complex trade issues is a vital key factor for a successful participation in the current Doha Round.

2.10. BENEFIT OF THE WTO FOR QATAR AND THE ARAB WORLD

As a major supplier of energy and as an important trade block, what special attention and benefits have derived from the Arab world from the WTO and its membership? In other words, how can Qatar and other Arab countries benefit from the multilateral trading system? This section discusses the answers to these questions.

Qatar is the first country within the Arab world to host a WTO ministerial conference, bringing the WTO closer than ever before to the Arab region (Moore c, 2001c). Membership was primarily focused with offering the region a unique window of opportunity into the workings of the multilateral trading system. This was seen as an opportunity for the Arab region to raise awareness about the WTO and the importance of international trade, and also acted as an opening for the region to join hands with the rest of the international community in dismantling trade barriers which have so far kept nations apart.

There are twelve countries in the Arab world — Bahrain, Djibouti, Egypt, Jordan, Kuwait, Mauritania, Morocco, Oman, Qatar, Tunisia, Saudi Arabia, and the United Arab Emirates — that are members of the WTO. An additional six countries are observers - Algeria, Lebanon, Iraq, Libya, Sudan and Yemen (WTO, 2008b).

It is known that trade is important for Arab countries. For a long time, trade has been of paramount importance to the Arab world and their share of world trade is rising. According to Moore (2001), the merchandise exports of the Arab WTO members and observers, at that time, amounted to approximately US$ 220 billion in 2000, which was considered as an important rise in comparison with the their exports in 1999. Imports of the Arab WTO members, as of 2001, reached a total of US$ 146 billion. Furthermore, commercial services, as explored by Moore (2001), have increasingly become very important for Arab countries with exports at approximately US$ 31 billion in the year 2000, and imports at US$37 billion (Moore, 2001).

The multilateral trading system provides Qatar, and Arab counties, with a rules-based system whereby trade is liberalised, markets are opened, and jobs are created. Because of these advantages Qatar and the Arab countries ought to pursue more effectively liberal trade policies, not merely by joining the WTO but also by adopting domestic laws that support trade activities and facilitate imports and exports on non-discriminatory basis. Liberalisation of trade, via the WTO, facilitates the entry of imports and ensures that markets are opened. Hence, Qatar and Arab countries can gain access to new markets for their exports and help them achieve their diversification objectives. In addition to being obliged to keep their markets open via the WTO, Qatar and its Arab partners can also attract substantial foreign investment and benefit form the new technologies of other investors.

Qatar as well as other Arab countries should realise that it is only through the multilateral trading system that their rights are protected via the dispute settlement system. No matters how big or small the other country against which the dispute is raised, the multilateral dispute settlement system guarantees Qatar and its fellow Arab countries that their rights can be restored. In turn, Arab countries must abide by the WTO regulations. They have to establish the necessary mechanisms in their domestic laws to ensure that WTO obligations are met and its regulations are implemented.

Therefore, another benefit of the multilateral trading system for Qatar and its Arab partners relates to the transparency aspects guaranteed by the WTO regulations. Arab countries can adjust their trading policies and direct their trading activities according to the obligations of other WTO members. The MFN and national treatment principles of the WTO assure Qatar that its trade with other members will not be affected by protective policies that may seek to subjectively promote national industries as the expenses of Qatar's products and services. In other words, Qatar ensures that its trade and investment are protected by the WTO transparent and non-discriminatory regulations.

It is known that the multilateral trading system has played a direct and important role in improving the living the standards and conditions of people on earth. As Mike Moore (2001c) puts it; "freeing trade boosts economic growth, and so helps to alleviate poverty. Thus, it helps pay for the things we value most: jobs, health, education, a cleaner environment. In addition, it promotes freedom and buttresses our security and peace".

2.11. THE FUTURE OF THE DOHA AGENDA NEGOTIATIONS IN RELATIONS TO QATAR AND OTHER ARAB COUNTRIES

2009 is an important time for the multilateral trading system. The international economy is looking breakable. In addition, in spite of many years of high growth, the economy number one (the U.S. economy) is contracting. Similarly, the European economy has also suffered from the current financial crisis that has been confronting the world financial services and Japan's economy is in the doldrums. Developing countries are very vulnerable to a global recession. Thus, the Doha Round with its Development Agenda would help to stabilise the situation and send a powerful message that governments do not intend to let the huge gains from freer trade slip away (WTO, 2008e).

The danger is that an increase in trade protectionism will turn a global downturn into a global bust. Even during the good times in the 1990s, there has been a distressing increase in anti-dumping and anti-subsidy investigations — in developed as well as developing countries. According to Mike Moore (2001b), over 400 investigations were launched in 1999, up from only 166 in 1995. And the OECD has noted that producer support estimates for agriculture are rising again.

The situation could become very complex if businesses and companies which are now facing substantial financial pressures manage to induce their governments to pursue more protectionists' policies as a means of survival. If such lobbies became successful and governments started to adopt protective measures that would affect foreign companies and work against the non-discriminatory principles of the WTO. Hence, the benefit of trade liberalization and economic growth could all too easily become badly damaged, which would lead to the stagnations of the world trade.

This could ultimately jeopardize the multilateral trading system itself. A global rules-based system based on non-discrimination could disintegrate as a result of the pervasiveness of the discriminatory protective trade policies adopted by governments as well as regional trading blocks. This would make the whole world suffer from economic recession and would likely lead to high levels of unemployment.

Therefore, it is important that all WTO members work in the opposite direction to trade protectionism if they want to overcome the current financial crisis. The concerns and feelings

that have begun to dominate many developed as well as developing countries about their economies and the fear of being submerged in long-term recession should be utilised to act as incentives for collective efforts to overcome the consequences of the financial crisis. Only via free trade and open market policies can such consequences be overcome. All WTO members ought to realise this issue. Hence, the concerns of being affected by the consequences of financial crisis could potentially encourage greater co-operation among governments and lead to a greater belief in the multilateral trading system as the best system governing international trade and the most suitable means for overcoming the consequences of the financial crisis. History has taught us that the resort to protectionism, as happened in the 1930s when trade protectionism prevailed and became the tool for governing international trade, led the whole world into recession and caused substantial harm to the world economy. Such bad experiences must be learnt from and must not be repeated.

Therefore, Qatar and Arab counties, as the rest of the world, should have strong incentives to overcome the consequences of the financial crisis by focusing on trade and identifying the best negotiating positions in the on-going Doha Development Agenda (DDA). Qatar should organise its negotiating position with other Arab countries to achieve their trade and economic ambitions.

The DDA is focused on many issues and sectors. Thus, Qatar and its Arab partners should thoroughly assess the impact of these issues on their economies and adopt a collective negotiating position. To elaborate, freer trade in agriculture is vitally important for all Arab countries, be they food exporters — such as Mauritania — or net food importers — such as the Gulf States. Further liberalisation of trade in services is also another important element of the DDA. Financial and telecom services are perhaps the most important sectors whereby Qatar and other Arab partners should seek to liberalise through the WTO regulations. This is because by opening these sectors, further development, as facilitated by the DDA, would attract foreign investment and help the diversification ambitions of Qatar and its Arab partners.

Nevertheless, it is important to emphasise that perhaps reaching a common negotiating stand amongst the Arab countries that are members of the WTO may not be an easy task. This is because of the differences between these countries on many issues and the diversity of their economies. If it is proven that reaching a collective negotiating stance amongst all Arab countries that are members of the WTO proves impossible due to the many differences in

their trade and economic objectives and policies, Qatar may find itself obliged to restrict its cooperation to the GCC countries. In other words, Qatar's negotiating stance on the DDA could perhaps be developed via the GCC umbrella rather than the wider Arab world. However, Qatar has to assess all of these possibilities and seek the best negotiating approach via which it could achieve its objectives.

During the Doha Conference, a strategy for the Arab Region was developed. Arab countries should resort to this strategy as guidance for their mutual cooperation in the DDA negotiations. The principal objectives of the strategy are:

- **To raise awareness in the Arab world of the WTO.** It is important to explain to the Arab world what the WTO is, what it does, and what to expect of its upcoming ministerial talks. Awareness must also be raised on the importance and significance of international trade for economic growth.

- **To facilitate the flow of information.** There is, of course, an undeniable language barrier confronting Arab members of WTO in the day-to-day work of the organization. Another barrier to information flow is the dearth of Arab authors, and Arabic language publications, on the WTO. These barriers must be overcome through improved information flow.

- **To assist the Geneva based missions of Arab delegations,** particularly small missions, in dealing with the very demanding work of the WTO. The WTO is an organization in which large numbers of meetings can run simultaneously, and whose meetings require careful preparation as well as follow-up. Missions must be assisted in confronting this workload.

- **To prepare Arab countries for a potential round.** If the Doha Round re-commences, much work will be needed to help Arab countries seize the opportunities it provides.

Qatar could play an important role in bringing Arab countries together. What Qatar and the Arab world need to consider is how best to tailor the DDA strategy to suit their needs and achieve their objectives. It is this ambitious objective that all Arab WTO members should work for.

2.12. CONCLUSION

It is obvious that the GATT/WTO has come to liberalize trade and remove trade barriers. From its inception to the present time, the WTO has attained some of its goals because firstly, the membership increased from 23 in 1947 to 153 in 2009 (WTO, 2008b) and succeeded in reducing tariffs substantially between member countries resulting in a $6.5 trillion per year increase in world trade (WTO, 2007b).

The WTO is fulfilling its role by having countries agree to reduce barriers to trade and to conduct their trade activities (exports, imports, trade in services) in line with agreed rules. The agreements laid the foundation of the multilateral trade system upon which the member countries are committed, which is to attain the overall social goals of improved standards of living, full employment, expended production and trade in goods and services, and to enhance the share of developing countries in world trade (Narlikar, 2005). The purpose of the agreements that were negotiated — i.e. to increase international trade which could create employment opportunities in developing countries by contributing to reduction in poverty and thus improving the standard of living for those people. In the same vein, developed countries can also have a wider outlet for their manufactured goods and even their companies can relocate to developing countries where they can take advantage of the availability of abundant, cheap labour. There is no question that the reduction in tariff levels or its total elimination will help facilitate and expedite the global trade in goods and services.

It can be argued that the principles of the trading system have enormous benefits for all the WTO member countries. The advantage of a reduced tariff level will certainly enable poor countries to fully participate in the export trade, particularly when these countries have standardization problems. At the same time, businesses in developed countries whose markets are saturated — particularly with agricultural by-products — can help ease prevailing food shortages by exporting these goods to countries that cannot produce enough. More importantly, it will also help reduce food prices. Allowing the export of raw materials would help both developed and developing countries alike; developed countries can access raw materials from developing countries at the world market price, while developing countries such as Qatar can also access raw materials that they do not have for their budding manufacturing industries. Exemptions from a tax burden may also be more beneficial to developing countries as that could help bring in industries, which would subsequently result

in the generating of employment. By acceding to these agreements, the only obligation on a member is to accord the same benefits, unconditionally, to provide similar products or services to all members once these have been given to any country (Das, 1999).

Furthermore, the idea of treating foreigners and locals equally — which is an agreement afore detailed as 'national treatment' — would help reduce the impact of globalization on developing countries by introducing fair competition. A foreign company that enters into a local economy will have to adhere to the norms of the local environment within which local companies operate. That means, like their local counterparts, they will also give priority to local job applicants, and also conform to gender equality legislations. Likewise, businesses from developed countries that relocate to developing countries in search of cheap labour will not be confronted with any hostility. Above all, with lower trade barriers, customs duties, import bans or duties that restrict quantities selectively being curtailed, trade is able to become freer and flow more smoothly.

Smooth-flowing trade also helps people all over the world become wealthier (WTO, 2003). Because of financial and resources constraints faced by developing countries, the WTO agreements make leeway for countries to introduce changes gradually. Developing countries in particular are usually given a longer time to fulfil their obligations. This is a good measure which can help resource strained nations, and the WTO can be sure of compliance on commitments. Countries that bind their commitments must stick to it, unless negotiations with its trading partners dictate otherwise. To ensure compliance and settle any disputes that may arise from countries wanting to circumvent their commitments, the WTO have a trade policy review mechanism and dispute settlement agreement in place to check and balance the trading system. The trade policy review mechanism (TPRM) and dispute settlement are not arbitrary agreements. Rather, the purpose of TPRM is to get members to adhere to rules, disciplines and commitments made under the trade agreements, and to serve as a basis for the enforcement of certain obligations under the agreements or dispute settlement procedures. This procedure is unique in that, as a means of settling disputes, the rules can be enforced and make the system become more effective, stabilizing the global economy as a result. The procedure is a fair, welcome approach as the rulings could only be adopted by consensus and could only be rejected by consensus.

The agreements of the WTO — sometimes called the WTO trade rules — are agreements negotiated by governments, and the negotiations are ongoing which is why the new agreements are now being negotiated under the DDA. The major issues, which concern developing countries — such as the implementation of agreements and some agricultural issues — will be negotiated at Doha. 'The agreements, if taken at their face value, show promise of reshaping trade relationships throughout the world' (Vernorn, 2003, p.106).

Finally it is a true assertion to state that the multilateral trade system has become a means to an end. The role of the WTO is to serve as a forum for negotiations, the settlement of trade disputes and the review of trade policies to check non-compliance. It is, in other words, a noble attempt by governments to liberalize the global trade to allow all of us to benefit.

This chapter has addressed the issue of the historical background of the WTO and the various developments which eventually led to its birth, from the final act of the Uruguay Round, which included the multilateral trade agreements, to the formation of the WTO. Issues concerning the institutional framework of the WTO and how the objectives listed in chapter one are achieved were also considered within this section of the work. Listed items include the issue of most favoured nations, promotion of fair competition etc. The study shows the organization has traded a tortuous path to attain its present status, which, at present has resulted in the organization controlling a significant proportion of international trade.

As petroleum and natural gas are the chief export products of Qatar, the organization helps to create markets for Qatar, as the major obstacles to trade were dismantled, which made Qatar's oil much more marketable. The MFN treatment considerably eased discrimination, and quantitative restrictions on Qatari products were removed. This, the later part of the study will reveal, has enabled Qatar to surpass Indonesia as the world's major supplier of natural gas, and most Eastern countries are importing from Qatar since the country has been able to access more markets. The contribution of the energy sector towards the attainment of WTO goals was addressed and it has shown how subsidies, investments and technology transfer are vital tools for the attainment of WTO objectives. The mechanisms in place designed to guarantee protection from unfair competition among the developing countries, proved to be of benefit to the Arab world through their WTO membership. WTO strategies for the Arab world, which the Arab countries need to consider, were also be addressed.

CHAPTER THREE: QATAR'S POLICY ON INTERNATIONAL ECONOMIC RELATIONS

3.1. INTRODUCTION

This chapter continues the analysis of the previous chapter by addressing the various policies being utilized by Qatar in order to maintain economic relationships with its trading partners. This will bring to light how the WTO membership has assisted Qatar in developing legal instruments to address issues which will enhance economic development through trade. An example of these instruments is the most favoured nation (MFN) concept, which aims to discourage discriminatory practices. The crux of the research is to ascertain whether, since becoming a WTO member, the economic activities of Qatar have been significantly influenced by the WTO rules and regulations or not. The chapter will also address the issues of success or failure of the policies.

The chapter begins with analysing how the main principles of the WTO help Qatar, followed by a discussion of how Qatar met the objectives of the WTO in its policy for international economic relations. The main objectives of the WTO are to help trade flow smoothly, freely, fairly and predictably. One aim of this investigation is to enquire whether or not Qatar's macroeconomic variables have been influenced by its WTO membership, and if they have been influenced, in what direction; positive or negative.

The economic relationships of a country centre on its international trade, foreign direct investments and capital flows. In this chapter, the researcher shall present and discuss the Qatar's regional trade, the production and the supply side of the Qatar's economy, aggregate expenditure analysis, international trade activities and foreign investments. The supply side of the economy here means Qatar's population, the real output and the capital formation, while the demand side refers to the aggregate expenditures of the economy.

In the regional and international trade analysis, the researcher will identify the trading partners of Qatar and analyze the trade distribution of Qatar. That is, we want to establish the pattern of Qatar's trade distribution. The study shall also discuss Qatar's tax policies in particular and the economic laws of Qatar in general. To analyze the Qatar's economy, the study investigates changes in some relevant macroeconomic variables in each of the aforementioned topics, following the steps explained in the next section. Hence, as already

indicated, the objective is to know whether or not the economic activities of Qatar have been influenced by its WTO membership, and if they have been influenced positively.

3.2. QATAR'S ECONOMY UNDER THE MFN PRINCIPLE

The MFN principle which is made the cornerstone of the WTO agreements, as was previously explained, implies that Qatar must treat all foreign products and services equally. Qatar is not allowed to discriminate or favour the products or services of a particular WTO member without extending this treatment to all other members. The idea is to make all imports subject to the same regulations. This provides important assurances for foreign products, businesses, and services that they are not discriminated against in the Qatari market. Thus, the WTO membership benefits Qatar in the sense that it makes the market of Qatar an attractive place for foreign investors in different fields and sectors as these investors are guaranteed that they will entertain similar treatment with other countries.

Also, the MFN principle could be looked at from the angle of Qatar being the exporting country. This implies that Qatar's exports and services to other countries are treated equally with other foreign products in external markets. If Qatar's exports suffer from any illegal discrimination and are placed at disadvantageous position or placed out of business in external markets due to unfair competition Qatar can resort to the multilateral dispute settlement system to regain its rights.

However, the MFN principle is not too rigid as the WTO agreements entail some exceptions where Qatar can favour imports and services of some members without extending such discriminatory treatment to other countries. These exceptions can be found in Article 24 of the GATT and Article 5 of the GATS, which both permit WTO members to establish trading blocks or enter into free trade agreements. Through these special arrangements countries which are members to the particular FTA or trading blocks are able to provide each other with special and favourable treatment but without extending such treatment to other WTO members. This is the case with the GCC where Qatar is allowed to discriminate in favour of the products and services provided by the UAE, Oman, Saudi Arabia, Bahrain, and Kuwait, but without extending such favourable treatment to other countries.

3.2.1. Qatar's Economy Under the National Treatment

There is, however, no concession with regards to the national treatment principle, which implies that Qatar is no longer able to provide its domestic products and services with special treatment. This is because doing so is against the obligations of national treatment. Thus, Qatar's domestic products and services must compete evenly against other imported products and foreign services. This is a big challenge for Qatar as a small developing country that seeks to promote its industries and products.

However, this challenge should not be regarded as a negative aspect of the WTO membership, but rather as an important opportunity for Qatar to be a free market where competition is the driving force for its economy. Rather than being spoilt by the Government protection and acting as burdens on the Government budget, Qatar's domestic products and services would be able to compete, on their own account, against other foreign products and services. When this takes place, Qatar's economy would be sustainable and would be able to function via the forces of the free markets. Domestic businesses and corporations would be competitive and can survive not only in the national market but in other international markets. Qatar seems to have managed to achieve some development in this direction and the examples of Qatar Airways and Qatar Gas Company demonstrate.

3.2.2. Reducing trade barriers and predictability

In order to benefit from trade, Qatar should continue with its current open economic policies and seek further trade liberalisation and encourage more trade with other countries. This is simply because lowering trade barriers (such as customs duties, imports restrictions or quota applications) is one of the most important means of supporting trade and increasing its activities (WTO, 2007b). Qatar has already moved in this direction as only a 5 percent tariff is applied on imports.

Under the WTO, reducing trade barriers is the main objectives of the GATT and the GATS and other agreements (see Chapter Two). This reduction is stipulated in the main bodies of these agreements as well as in the schedules of commitments. As is discussed earlier, the multilateral trading system seeks to make the business environment in the markets of WTO members stable and predictable. When countries agree to liberalise trade and reduce barriers

and open their markets for foreign goods and services, they 'bind' their commitments. For goods, these bindings mean that customs tariffs can not go beyond the bound level stipulated in the country's schedule. As a member of the WTO, Qatar is subject to such commitments as stipulated in its schedule. Qatar can only change these commitments through negotiating with other trading partners, a process that may oblige Qatar to compensate these countries for loss of trade. Qatar is obliged to make its schedules of commitments under WTO agreements in the public domain (see Victoria, 1991).

Hence, the schedules give foreign investors the necessary information about a particular market and help assess their market opportunities in that market. Also, as it is made very difficult to change the commitments stipulated in members' schedules, foreign investors can establish clear plans about their investment objectives in a particular country (Centre for Trade and Development, 2007). This is another benefit of WTO membership to Qatar.

3.3. ANANLYSING QATAR'S ECONOMY AND TRADE IN LIGHT OF ITS WTO MEMBERSHIP

The analysis of Qatar's economic and trade performance in relation to its WTO membership is carried out in nine steps. The first step is analysing Qatar's real GDP per capita before and after joining the WTO in 1996. The second step evaluates Qatar's trade activities, performance, components, and main trading partners. The third step focuses on the analysis of the supply side of the economy of Qatar. The fourth step looks into the demand side of the economy. The fifth step analyses the cost of living in Qatar as an important factor for investors and consumers. The sixth step looks into foreign investment issues. The seventh step focuses on Qatar's tax regulations. The eighth step describes the main legal provisions applied in Qatar that have direct effect on trade and investment in Qatar's economy. The ninth step analyses Qatar's economic and trade policy from the perspective of the WTO. In all of these aspects, the researcher attempts to link the performance of Qatar's economy to the WTO membership.

3.3.1 First step: Analysing Qatar's GDP

3.3.1.1. Qatar's GDP before joining the WTO (1980-1995)

Official statistics, as demonstrated in Table (3.1), show that the real GDP of Qatar per capita remained steady throughout most of the period from 1980 to 1995 at a level of around QR 30,000 (Qatar Business Directory, 2009). The only exception was in 1986 when this value declined noticeably to less than QR 20,000, perhaps mainly due to the sharp decline in oil prices in international markets during this period (Qatar Directory, 2009). However, the annual increase in the level of the GDP, as is shown in Table 3.1 below witnessed sharp declines from 31.4 percent in 1980 to as low as -17.9 percent in 1986. However, the increased level of the GDP started to witness some modest improvements after that, albeit with some exceptional declines as in 1991 and 1993 where this declined reached to -6.5 percent and -5.9 respectively.

Table 3.1: Qatar's real and annual GDP growth before WTO accession

Year	Real GDP per capita (QR)	Annual change in real GDP per capita (percent)
1980	28631	31.4
1981	31527	10.1
1982	27652	-12.3
1983	23542	-14.9
1984	25008	6.2
1985	22398	-10.4
1986	18393	-17.9
1987	19825	7.8
1988	21979	10.9
1989	23616	7.4
1990	26792	13.4
1991	25056	-6.5
1992	27832	11.1
1993	26183	-5.9
1994	26843	2.5
1995	29622	10.4

Source: Ministry of Business and Trade (2007).

3.3.1.2 Qatar's GDP after joining the WTO (1996-2006)

Unlike the period before 1995, there has been a more significant and rapid overall increase in the real GDP per capita since Qatar's membership in the WTO. Compared to 1995, total GDP increased by 547.8 percent in 2006 to almost QR 192,000. These results confirm that GDP has significantly increased since Qatar's membership to the WTO, and an overall positive influence of this global organisation to Qatar's economic activity (Trade Policy Review Report by Qatar, 2005). Hence, it can be argued that GDP has been influenced by Qatar's WTO membership to a great extent as a result of the trade policies enacted. These policies were framed to promote the economic growth of the private sector following membership. Objectives of the aforementioned policies range from economic resilience, competitiveness, and diversification, to forming improving the investment conditions in the market.

Contents of trade policies include free trade by reducing tariffs and reductions as mentioned earlier within the policies and also promoting multiple usages of free trade agreements (FTAs) (Trade Policy Review Report by Qatar, 2005). Per capita GDP growth as highlighted in table 3.2 below has been increasing over the years since Qatar's WTO membership in 1996 to 2006 on an average by 19.5 percent per year. GDP per capita increased by 21.6 percent in 2003 as opposed to a marginal increase of 9.2 percent in 2002, and additionally according to the Trade Policy Review Report in Qatar (2005), the oil and gas, and non-oil and gas sectors rose by 12.9 percent and 3.2 percent respectively.

Nevertheless, it may also be argued that the overall performance of the economy and the improvement of Qatar's GDP cannot be solely attributed to Qatar's membership to the WTO. Although the latter has played an important role in improving the economic and legal environment for businesses to effectively function in Qatar, the substantial improvement of exports of oil and gas was the most important direct factor for the overall improvement of Qatar's economy. In this respect, it is important to emphasise that oil and gas exports are not affected by WTO membership, as there are no import duties by consuming countries on energy. However, there are domestic taxes on oil and gas in the countries to which Qatar is exporting, but these are matters of domestic policy outside the remit of the WTO.

Also worth-noting is the volatility of oil prices in conjunction with reductions in oil reserves, prompting government to diversify investment into non-oil sectors of the economy and also

capitalise on the substantial reserves of Qatar's natural gas. To sum it up Qatar has been seeking to diversify its revenues by reducing its reliance on oil export revenues, although a significant portion of GDP still remains very dependent on oil revenues.

Tables 3.2: Qatar's real and annual GDP growth after WTO accession

Year	Real GDP per capita (QR)	Annual increase in real GDP per capita (percent)
1996	32976	11.3
1997	41124	24.7
1998	37330	-9.2
1999	45111	20.8
2000	64646	43.3
2001	64579	-0.1
2002	70500	9.2
2003	85700	21.6
2004	115500	34.8
2005	154600	33.9
2006	191900	24.1

Source: Ministry of Business and Trade in Qatar, 2007

3.3.1.3 Summary and Forecast of Qatar's GDP growth rate

Zawya (2008) forecasts GDP to grow by 14.3 percent and 13.5 percent in 2008 and 2009 respectively, and by 11.5 percent on average per annum, in article related to Qatar published on March 13, 2009. Qatar is also mentioned in the article as the most rapidly growing economy among the GCC, largely because of its LNG industry as increased capacity leads to increased exports. Regarding its output, as natural gas condensates rise, petrochemicals increase. The extension of the financial services and construction industries also led to increased demand which boosts economic growth as a result. Additionally, exports are predicted to rise as Qatar plans to invest over $90bn in its gas sector by 2012 raising its capacity to almost 1.1 million barrels per day. Hence, Qatar's over reliance on oil exports should reduce significantly once oil production reaches peak levels by 2010 in conjunction with the continuity in rising condensates' exports and the growing production of low-sulphur diesels. LNG and condensates are expected to account for 54 percent of Qatar's hydrogen exports, whilst crude oil will decline to 24 percent. Furthermore, it is suggested that the government is most likely to remove the obstacles on the current greenfield gas projects by 2010 (initialized in 2005), leaving much room for brand new projects.

Additionally, fiscal surpluses are likely to be registered in 2008 by the government; which will enable it to continue to increase expenditure. However, inflationary pressures have arisen with the rate reaching 11.5 percent as a result of restrictions on capacity, rising rents, amplified demand and increased wages. Inflation is expected to decrease in 2009 as supply-side pressures are reduced. The risk of a deterioration of geopolitical conditions in the region and/or lower oil and gas prices are highlighted as potential unfavourable factors. Geopolitical conditions have remained stable, but oil and gas prices should revive once global recovery comes.

Table 3.3: Qatar: Macro Data and Forecasts

Year	2003	2004	2005	2006	2007	2008	2009*
GDP							
Nominal GDP ($Bn)	23.2	32.1	42.4	52	63.8	74.1	89.4
Real GDP (percent)	6.5	6.5	9	9.6	13.8	14.3	13.5
Expenditure on GDP (percent Real Change)							
Private consumption	6.4	33.6	28.3	16.0	14.5	12.5	10.0
Government consumption	-1.1	-3.7	12.5	10.0	8.5	8.2	8.1
Gross fixed investment	84.3	3.1	51.0	12.5	12.7	10.1	8.8
Population and income							
Population (Mn)	0.7	0.7	0.8	0.85	0.9	0.95	1.2
GDP per capita (nominal $)	33,141	45,850	53,192	61,173	70,884	78,157	74,569
Recorded unemployment (av. percent)	2.5	2	1.5	0.9	0.7	0.6	0.5
Fiscal indicators (percent of GDP)							
Central Government Revenue	35.4	47.9	42.4	42.3	44.1	43.2	38.8
Central Government Expenditure	31.5	31.4	31.2	33.6	34	34.9	32.2
Central Government Balance	3.9	16.5	9.2	9.7	7.5	8.3	6.6
Net Public Debt	41.3	27.9	19.5	15	12.7	11.2	9.8
Prices and financial indicators							
Exchange rate QR/$ (end-period)	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Consumer prices (end-period percent)	2.5	7.1	8.9	12.8	12	11.5	9.8
Broad money supply M3	5	20.8	42.9	39.6	43.3	35.1	29.7
Lending Interstate Rate (av. 3 percent)	4.7	4.9	6.4	7.3	7.7	7.7	8.1
Current account ($Bn)							
Goods exports	14.7	20.7	27.4	38.8	50.3	65.6	79.3
Of which: crude oil	7.5	9.7	14.1	17.8	22.7	26.1	24.8
LNG and related exports	4.6	6.5	8.7	13.3	18.2	20.8	19.9
Goods imports	6.7	8.3	13.3	21.3	26.7	36.4	48.1
Current account balance	5.9	7.1	14.2	16.4	22.3	27.5	30.2
External debt ($Bn)							
Debt stock	13.4	15.6	22.4	28.6	33.1	39.5	44.6
Debt service paid	3.9	1.9	2.8	3.1	3.8	4.1	4.8
Principal repayments	3.4	1.6	1.8	1.8	1.9	2.1	2.6
Interest	0.4	0.4	0.8	1.3	1.7	1.6	1.7
International reserves ($Bn)							
Total international reserves	3.0	3.4	4.6	5.4	10.2	11.9	12.4
Net foreign assets ($Mn)							
Qatar Central Bank	2,873	3,359	4,555	5,410	6,496	7,398	8,102

Source: Qatar Central Bank (2008b).[8]
*forecast.

[8] Central Bank data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

3.3.2 Second step: Qatar's trading activities

Qatar is a high-income country. It had a GDP per capita of US$ 70,884 in 2007, and ranked 47th out of 177 countries on the UNDP Human Development indicators. The economy of Qatar, as already indicated, heavily relies on petroleum and gas, which, together, accounted for 56.1 percent of its GDP. Hence, trade is the backbone of Qatar's economy; it has to trade with the outside world in order to improve its wealth and subsequently raise the standard of living for its citizens. Exports form, on average, 54 percent of the GDP of Qatar, while imports form an average 32 percent of the GDP over the researcher's observation period of 1980–2007 (Qatar Statistics Authority, 2008). Table 3.4 below illustrates the development of Qatar's trade activities (exports and imports) for 27 years (1980-2007). In 1980 Qatar's exports as a percentage of GDP registered a high level of 75 percent, due to the unprecedented increasing boom in oil exports. However, this percentage steadily dropped in the following 10 years to 45 percent in 1995 (the same year when the WTO was established). However, Qatar's imports as a percentage of GDP increased progressively from 28 percent in 1980 to 45 percent in 1995, thus reflecting the increasing integration of Qatar's trade activities with the global economy. With the increasing level of exports, particularly of oil, gas, and petrochemicals sectors, Qatar's exports as a percentage of GDP increased substantially from 45 percent in 1995 to reach 71 percent in 2007. On the other hand, however, imports as a percentage of GDP decreased sharply from 45 percent in 1995 to 28 percent in 2002, but increased in 2007 to 36 percent.

Table 3.4: Trade activities (imports and exports) of Qatar (1980-2007).

Year	Exports as % of GDP	Imports as % of GDP
1980	75	28
1981	68	29
1982	60	37
1983	55	36
1984	56	30
1985	51	30
1986	40	32
1987	41	31
1988	39	29
1989	42	29
1990	52	31
1991	49	32
1992	50	35
1993	46	34
1994	45	33
1995	45	45
1996	45	40
1997	49	38
1998	51	40
1999	60	27
2000	68	22
2001	66	29
2002	60	28
2003	61	29
2004	64	29
2005	69	33
2006	70	34
2007	71	36

Source: Qatar Central Bank (2008a), Ministry of Business and Trade (2007).[9]

3.3.2.1 Qatar's main exports

Qatar's main exported products are:

- Petroleum and Related Products
- Gas- Natural and Manufactured
- Chemicals and Related Products: plastics, fertilizers and others
- Iron and Steel and Related Articles
- Others
- Re-Exports

[9] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

Therefore, Qatar's economy thrives on exporting the fuels that power the engines of world industries, with fuels constituting 89.3 percent of the total Qatar exports. This clearly shows that Qatar has demonstrated the main objective of the WTO, which is to 'help trade flow smoothly, freely, fairly and predictably' (WTO, 1995b).

Table 3.5: Qatar's oil exports

Year	2003	2004	2005	2006	2007
Oil exports (thousand, barrel/day)	602.2	607.6	754.1	701.4	689.0
Values petroleum exports (million $)	8,814	11,694	17,585	24,290	27,801
Total values of exports (million $)	13,193	18,426	25,339	30,595	37,962
Oil / total exports (%)	66.8	63.4	69.3	71.3	73.2

Source: OPEC (2008e), Annual Statistical Bulletin, 2008.

As Table 3.5 above shows, oil exports increased from 602.2 thousand barrel per day in 2003 to 607.6 thousand barrel per day in 2004, and further jumped to 754.1 thousand barrel per day in 2005. However, oil exports declined to 701.4 thousand barrel per day in 2006, with a further decline in 2007 to 689 thousand barrel per day. As a result, the values of petroleum exports increased from U.S. $ 8,814 million in 2003 to $11,964 million in 2004, and then to $17,585 million in 2005. Although the quantity of Qatar's daily oil exports declined in 2006 and 2007, the values of these exports increased to $24,290 million in 2006 and then to $27,801 million in 2007. This is attributed to the substantial increase in oil prices in international markets during this period. This ultimately meant that the crude oil production of Qatar constituted a high percentage of Qatar's total values of exports during these periods. In 2003, the crude oil production constituted 66.8 percent of the total values of exports, which reached to 73.2 percent in 2007 due to the high increase in oil prices internationally.

When looking at Qatar's total exports as a percentage of total GDP, as is demonstrated in Table 3.6 below, we find that these exports witnessed noticeable fluctuations during the period 1999-2004, registering the highest increase of around 66 percent in 2000 which

dropped dramatically to 56 percent in 2002. However, these exports, as a percentage of total GDP, witnessed almost steady performance for the period 2005-2007.

Table 3.6: Total Export (FOB) as % GDP

Total exports (fob)	2000	2001	2002	2003	2004	2005	2006	2007
as % of GDP	65.28	61.28	55.71	56.70	65.67	60.67	59.98	59.15

Source: Embassy of Qatar in Washington D.C., (2005) and IMF (2009)

Therefore, one can realise that the total exports as a percentage of total GDP has levelled at 60.5 percent on average over these periods, highlighting just how crucial Qatar's exports are, contributing over half of GDP on an annual basis. Even with WTO membership, export levels have fluctuated slightly, but still remained at significant levels.

Another way of analysing Qatar's exports is by looking at its total exports as a percentage of non-oil GDP. Table 3.7 below shows that Qatar's total exports -- as a percentage of non-oil GDP -- fluctuated during the period (1999-2007), registering its peak in 2004 of around 173 percent. However, this percentage declined in the subsequent years and reached around 136 percent in 2007. Total exports have always outweighed non-oil GDP, a testament of Qatar's rather low non-oil GDP, highlighting as mentioned earlier, that the bulk of Qatar's GDP is concentrated within Qatar's oil and gas sector.

Table 3.7: Total Export (FOB) as % of Non-Oil GDP

Total exports (fob) as	2000	2001	2002	2003	2004	2005	2006	2007
% of non-oil GDP	164.97	142.51	128.84	137.73	173.51	150.06	140.09	136.02

Source: Embassy of Qatar in Washington D.C., (2005) and IMF (2009)

As far as Qatar's destination markets are concerned, the US and Europe have only a limited share in Qatar's exports, with the majority of Qatar's exports going to Asia, with Japan and the Republic of Korea topping the list of the recipients of Qatar's exports (Qatar Central Bank, 2007d). Over-reliance on Asia increases the destination risk of the exports. From 1998 to 2003, its trade surplus with the world increased 4.64 fold. In 1998, Japan topped the countries with which Qatar maintained a trade surplus, followed by the Republic of South Korea and Singapore, and this ranking did not change in 2003 (Qatar Central Bank, 2005). This indicates that Qatar's trade activities are in accord with the Breton Woods Agreements,

which was designed as an integrated effort by the international community to encourage trade liberalization and multilateral economic cooperation.[10]

3.3.2.2 Qatar's imports

Qatar's main imported products:

- Base Metals and Mechanical Appliances
- Vehicles and other transport equipment
- Cement, Iron Ore, Earth and Stones
- Food Products
- Optical, Photographic and Measuring Equipment
- Textiles and Textile Articles
- Furniture
- Aircrafts and Parts
- Plastics and Related Articles and Others

Statistics, as demonstrated in Table 3.8 below, show that Qatar's total imports as a percentage of total GDP increased gradually over the years. This percentage was as only 16.5 percent in 2000, which then increased in the following year (2001) to around 19 percent. However, this percentage decreased slightly in 2002 and 2003 by around 0.5 percent. After that it increased significantly until it reached around 28 percent in 2007, which demonstrated the increasing interaction of Qatar's economy and its trading activities with external markets. As Qatar's exports have increased in recent years so have its imports, which reflects the increasing level of openness of Qatar towards international markets, mirrored in Qatar's WTO membership (see the section below on Qatar's economic openness).

Table 3.8: Total Imports (FOB) as % of GDP

Total imports (fob)	2000	2001	2002	2003	2004	2005	2006	2007
as percent of total GDP	16.50	19.08	18.52	18.69	19.01	21.35	26.09	27.90

Source: Embassy of Qatar in Washington D.C., (2005) and IMF (2009).

[10] See Bretton Woods Agreements Act, Amendments on Supplementary Financing Facility of the I.M.F. 8 Int'l Legal Materials 137 (1979).

As is the case in the exports analysis above, one way of analysing Qatar's imports is by examining its total imports as a percentage of non-oil sector GDP. It can be realised from Table 3.9 below that Qatar's total imports as a percentage of non-oil sectors GDP increased gradually from around 40.69 percent in 2000 to reach a high level of 64.17 percent in 2007. It is interesting to note that this percentage did not witness any decline during the analysis period (2000-2007), as it kept increasing from one year after another. This further supports the above-mentioned views that Qatar's economy and trade have become increasingly integrated in the international economy, not only in regards to its oil and gas exports, but also in relations to its imports, which further reflects the increasing level of the openness of Qatar's economy.

Table 3.9: Total Imports (FOB) as % of Non-Oil Sectors GDP

Total imports (fob) as percent of non-oil sector's GDP	2000	2001	2002	2003	2004	2005	2006	2007
	41.69	44.38	42.84	45.41	50.23	52.79	60.93	64.17

Source: Embassy of Qatar in Washington D.C., (2005) and IMF (2009).

It is also important to note that trade statistics for 2007 shows that the U.S. ranked number one in Qatar's import lists by (13.3 percent), followed by Italy (10.8 percent), Japan (8.9 percent), Germany (7.3 percent), the UK (5.7 percent), and South Korea (5.6 percent). Qatar's neighbour, UAE, ranked number five in Qatar's list of imports by 5.1 percent, while Saudi Arabia ranked sixth (4.3 percent) (see Table 3.10 below). All these figures provide important indications about Qatar's economy in relation to its trade activities. Firstly, the figures demonstrate the increasing integration of Qatar's economy in the international trade, as many of its imports come from internationally remote markets. Secondly, they also exhibit the diversification aspect of Qatar's imports, as they are not concentrated on one country but diversified amongst different powerful economies. Thirdly, the geographical proximity factor does not seem to be a determinant factor for Qatar's imports, as the regional economies of the UAE and Saudi Arabia are not major exporters to Qatar, despite being members of the GCC. In short, all these factors demonstrate the fact that Qatar's economy has become more internationally orientated in the last few years.

Table 3.10: Qatar's main imports partners for 2007.

Imports Partner	Imports (%)
United States	13.3
Italy	10.8
Japan	8.9
France	7.9
Germany	7.3
United Kingdom	5.7
South Korea	5.6
United Arab Emirates	5.1
Saudi Arabia	4.3

Source: Index Mundi, Qatar Imports – Partners, 2008.

3.3.2.3. Economic openness

The economic openness of Qatar's economy is driven by international trade as it averaged around 85 percent per annum of GDP over the observation period (1980-2007), which implies that only around 15 percent of the GDP is not related to international economic activities. Thus, it was not a matter of choice, but a must for Qatar to join the World Trade Organization. Table 3.11 below illustrates this point as it shows that Qatar addressed the central question underlying the WTO objectives by wisely responding to pressures falling on the WTO system, while ensuring the preservation of a trading system which has led to unprecedented growth. It is interesting to note that the level of openness of Qatar's economy reached its peak in 1980, thus reflecting Qatar's endeavour at that time to construct itself as a modern country and attract foreign investments from different parts of the world to help build its infrastructure; roads, schools, government buildings, and hospitals. Although this very high level of openness witnessed some declines in the following years, it continued to be substantially high as it kept fluctuating between 97 percent to around 72 percent during the period (1981-1999), which demonstrates very clearly the liberal aspect of Qatar's economy both before joining the WTO and after. The level of openness of Qatar's economy witnessed consistently steady increase from 2000-2007, registering the highest level of 107 percent in 2007. These figures clearly reflect the unswerving aspect of the openness of Qatar's economy from one year after another based on its adherence to free trade and WTO principles.

Table 3.11: Economic openness of Qatar

Year	Level of openness (% GDP*)
1980	103
1981	97
1982	97
1983	91
1984	86
1985	81
1986	72
1987	72
1988	68
1989	71
1990	83
1991	81
1992	85
1993	80
1994	78
1995	90
1996	85
1997	87
1998	91
1999	87
2000	90
2001	95
2002	88
2003	90
2004	93
2005	102
2006	104
2007	107

Source: Qatar Central Bank (2008a), Ministry of Business and Trade (2007)[11]
* Note: Exports + Imports / GDP

3.3.2.4. Qatar's trade in the last few years (2005-2007)

Table (3.12) below demonstrates the excellent performance of the economy of Qatar during the period (2005-2007). For example, GDP grew at a high rate of 33.8 percent and 33.7 percent in 2005 and 2006 respectively. But, this growth rate declined to 12.5 percent in 2007. The share of the oil sector grew at a rate of 46.3 percent in 2005 but then declined in 2006 to 28.6 percent and then to 9.3 percent in 2007. The Government's total revenues reached QR64,984 million in 2005 which further increased to QR84,998 million in 2006 due mainly to the sharp increase in the oil and gas prices in international markets during this period. As a

[11] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

result, the Government registered notable surplus of QR14,151 million in 2005 which increased to QR18,642 million in 2006. However, the data for 2007 indicate a deficit of QR727 million due to the increase in Government expenditure from QR50,833 million in 2005 to QR69,987 million in 2007.

A similar trend is witnessed in regards of trade balance which was in favour of Qatar throughout the three years (2005, 2006, and 2007). The total exports increased from QR93,773 million in 2005 to QR123,945 million in 2006 and further to QR135,760 million in 2007. As indicated above, this increase was mainly due to the increase of oil and gas prices in international markets. The increase of Qatar's exports was also accompanied by a noticeable increase in imports from 32,992 to 53,911 and then to 72,158 in 2005, 2006, and 2007 respectively, which demonstrates the increasing level of Qatar's economy interaction with the outside world.

Table 3.12: Main indicators of the economy of Qatar (2005-2007)

Year	**2005**	**2006**	**2007**
Population	888,451	1,041,733	1,226,211
GDP (QR million)	154,564	206,644	232,485
GDP Growth Rate (percent)	33.8	33.7	12.5
Oil Sector Share (percent)	59.6	57.3	55.7
Oil Growth Rate (percent)	46.3	28.6	9.3
Non-Oil Sector Share (percent)	40.4	42.7	44.3
Non-Oil Growth Rate (percent)	18.8	41.1	16.8
GDP per Capita (QR Thousand)	174.0	198.4	189.6
CPI – Inflation (percent)	8.81	11.84	13.76
Public Finance			
Total Revenues (QR million)	64,984	84,998	69,260
Total Expenditures (QR million)	50,833	66,356	69,987
Deficit or Surplus (QR million)	14,151	18,642	-727
Deficit or Surplus/ GDP (percent)	9.2	9.0	-0.3
Balance of Payments			
Trade Balance (QR million)	60,781	70,034	63,602
Exports (FOB) (QR million)	93,773	123,945	135,760
Imports (FOB) (QR million)	-32,992	-53,911	-72,158
Current Account (AC) (QR million)	27,234	34,430	20,831
CA/GDP (percent)	17.6	16.7	9.0
Capital & Financial Account (QR million)	- 4,321	- 20,339	19,171
Overall Balance (QR million)	16,319	19,800	20,831

Source: Qatar Central Bank, Periodical Statistical Bulletins (June, 2008a).[12]

[12] Central Bank data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

In light of the above analysis of Qatar's exports and imports, it can be realised that Qatar membership in the WTO has had significant impacts on its international activities such as imports and exports ranging from oil and gas products to services such as travel, transportation, finance, to real estate as mentioned further in section 3.10.6. International transport in the form of maritime, air, or land such as Qatar Airways and other forms of international activities exist within Qatar's distribution system. This system also includes telecommunications. The exports and the openness trends have become steeper after the WTO membership than before; while the imports have become flatter after the membership than before as highlighted in illustrations previously; probably due to the fact that the diversification of Qatar's revenue base, a feature of WTO policy, have been well adopted, which involves reducing a heavy reliance on oil. Diversifying into other sectors directly reduces imports because it would include producing more items that would normally have been imported. This shows that Qatar's membership in the WTO has improved and boosted its international trade activities. This is a good conclusion for the membership of Qatar in the WTO since Qatar's economy is on average 85 percent dominated by international trade activities.

3.3.3. Imports and non-oil GDP

The above-mentioned results are backed up by the regression analysis carried out by the researcher to determine the extent to which Qatar's economy has been influenced by WTO membership. This analysis is provided in Appendix C, which demonstrates that the performance of the economy of Qatar has improved following the integration of Qatar's trade activities with the global economy via WTO membership. Specifically of interest is the relationship between imports and non-oil GDP. Qatar's export sector contributes only marginally to employment creation, but imports result in business opportunities for Qatari's and significant employment creation. Qatar's domestic economy is consumer orientated and retail establishments are owned by local citizens, and although at present many of the employees are expatriates, in the longer term a thriving retail sector creates employment opportunities for local citizens. Import liberalization should therefore be viewed positively, and WTO membership has facilitated this liberalization.

A regression run with non-oil sector GDP as the dependent variable and imports as percentage of GDP as the independent variable shows a significant figure of 0.133. The analysis of variance with the degree of freedom of 1 on the regression shows that the non-oil sector and the imports as percentage of GDP has a high positive correlation, as the linear graph shows on page 2 of Appendix C.

The second regression, which is a normal p-p plot regression standardized residual, is the expected cumulative probability on the observed cumulative probability. The standard deviation is 0.949, similar to the previous result as the graphs are bell shaped, and not stewed. The regression line shows a high relationship between the two variables.

Although oil and gas GDP is not directly related to Qatar's membership to the WTO, there would appear to be on impact an non-oil and gas GDP. The regression shows that Qatar's WTO membership has been of immense benefit in promoting trade and therefore responsible largely for the improved economic performance the country has enjoyed. For further details, see the Tables 3.13 and 3.14 below and Appendix C.

Table 3.13: Imports and non-oil GDP

Model Description

Model Name		MOD_4
Department Variable	1	Non-oil sector GDP
Equation	1	Linear
	2	Growth[a]
Independent Variable		Imports as % of GDP
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

a. The model requires all non-missing values to be positive.

Table 3.14: Model Summary and Parameter Estimates

Dependent Variable: non-oil sector GDP

Equation	Model Summary					Partner Estimates	
	R Square	F	df1	Df2	Sig.	Constant	b1
Liner	.942	97.859	1	6	.000	7.619	2.043
Growth	.923	72.157	1	6	.000	3.095	.039

The independent variable is Imports as % of GDP

3.3.4. Third Step: Supply Side Analysis

In this section, we analyze the real output, population and capital formation of the Qatar. It is a supply side analysis in the sense that we have assumed real output is determined by capital and labour. Although employment data is not available, the population variable used here is to substitute for the labour variable.

As is explored in the analysis on trade activities (exports and imports), the economy of Qatar is dominated by crude and gas production, which are, in turn, driven by the demand for oil and gas. That is, the higher the demand for oil and gas products, the higher the investments into oil and gas production, and the higher the economic output of Qatar. The investments, which, in turn form the capital, could be more relevant for the determination of Qatar's real economic output than Qatar's labour force. Thus, investments alone which lead to oil and gas production will determine the aggregate supply of Qatar's economy. The real GDP of Qatar over the period 1980–2007 witnessed some fluctuating growth. Before 1994, the economy exhibited unstable situations of recession and substantial economic downturn; that were clearly reflected in the very low level of real GDP growth. However, from 1993 onwards this level started to improve registering the highest 18 percent rise in 1996. But, this percentage declined in the subsequent years due to the decline of oil prices in international markets. The level of real GDP growth witnessed noticeable but fluctuating improvement from 1997 onwards (Table 3.15 below).

Table 3.15: Real GDP growth rate

Year	Real GDP growth (%)
1980	7
1981	-4
1982	0
1983	3
1984	-1
1985	4
1986	1
1987	4,7
1988	5
1989	3
1990	-0,8
1991	10
1992	-0,9
1993	3
1994	4
1995	5
1996	18
1997	12
1998	5
1999	8
2000	3
2001	7
2002	4
2003	21
2004	6
2005	10
2006	12
2007	15

Source: Qatar Central Bank (2008a), Ministry of Business and Trade (2007).[13]

The growth rates before 1994 were negative of the time, while after 1994 the lowest growth rate was 3 percent. In 2007, the real GDP growth was 15 percent. As investment is a key determinant of GDP growth, Table 3.16 examines per capita GDP growth and per capita investment growth.

[13] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

Table 3.16: Real per capita GDP and per capita investment

Year	Per capita GDP growth rate	Per capita investment growth rate
1980	-0,8	--
1981	-11	2
1982	-13	27
1983	-5	-30
1984	-10	-31
1985	-7	-15
1986	-6	-20
1987	0	-18
1988	0.2	7
1989	-1	-1
1990	-3	30
1991	8	-3
1992	-3	17
1993	0	-4
1994	2	32
1995	4	31
1996	17	28
1997	9	21
1998	1	-21
1999	5	-32
2000	-3	45
2001	0	11
2002	-3	28
2003	12	18
2004	1	27
2005	7	42
2006	10	44
2007	13	43

Source: Qatar Central Bank (2008a), Ministry of Business and Trade (2007).[14]

The per capita capital formation has demonstrated high variations. The per capita investment growth had a lowest rate change in 1999 at negative 32 percent. It had an average rate of change of 7.35 percent and a standard deviation of 24.11 percent over the period of 1980–2007. Looking at Table 3.16 above, we can see that the capital formation were very unstable, and that substantial increases in the capital induce small changes in the real per capita GDP. In fact, the per capita GDP growth reached its highest level in 1996 when it registered 17 percent. However, it then sharply declined in the following six years to a negative 3 percent in 2000. This decline was due to a substantial decrease in the energy prices in international markets around that time which also coincided with the increase in Qatar's population. Nevertheless, as Qatar's energy exports (oil, gas, and petrochemicals) improved substantially

[14] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

and their prices became higher in international markets, the per capita GDP growth increased in the period 2001-2007 to register 13 percent in 2007. A similar fluctuating trend is witnessed in regard to the per capita investment growth in Qatar. The best result was achieved in 2000 when the per capita investment growth registered a high level of 45 percent. However, this percentage dropped sharply in the following year 2001 to 11 percent. But, a noticeable improvement is observed for 2003-2007.

To conclude the supply side analysis, it can be determined that the real GDP has been growing following the increases in investments. To induce even small changes in the real GDP, the capital formation has to increase substantially. The increases in the population have, in many instances, have eaten away the growth rates of the per capita GDP.

3.3.5. Fourth Step: Demand Side Analysis

In this section, we analyze the demand side of the economy of Qatar. This demand side constitutes the components of nominal GDP, and they are, from the national accounts, consumption expenditures, investments, Government purchases and net exports. From this analysis, we shall observe and derive insights from the behaviour of Qatar's aggregate demand.

Table 3.17: Nominal GDP and Consumption

Year	Nominal GDP growth rate	Consumption growth rate
1980	10	--
1981	-12	20
1982	-14	9
1983	7	-3
1984	-10	4
1985	-18	-4
1986	9	-2
1987	10,2	18
1988	8	0
1989	14	19
1990	-5	-3
1991	10,3	7
1992	-5	8
1993	3	0
1994	10	-5
1995	11	19
1996	25	-5
1997	-10	4
1998	21	1
1999	42	1
2000	-1	3
2001	10	0
2002	21	31
2003	35	9
2004	34	43
2005	36	42
2006	37	43
2007	38	45

Source: Qatar Central Bank (2008a), Ministry of Business and Trade (2007), Qatar Business Directory (2009).[15]

Consumption and nominal GDP have, on average, grown at an approximately similar rate of 8 percent per annum (Table 3.17). Both variables (consumption and nominal GDP) witnessed fluctuating ups and downs for the period 1980-2003. However, they both witnessed substantial and steady increase from 2003 onwards; thus reflecting a more stable relationship. While government purchases are the major driving force of the nominal GDP, it has only 40 percent of the time having growth rates higher than that of the nominal GDP. Again, we observe that the investments which contribute to capital formation to a great extent determine the economic output of Qatar. As is demonstrated in Table 3.18 below, Government consumption increased substantially from QR11,783 million in 2002 to QR33,614 million in 2007. This is due to the increase in Government's developmental projects which became

[15] Central Bank, Ministry of Business and Trade, and Qatar Business Directory data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

more feasibly to carry out as a result of substantially improved energy prices in international markets. The increase in Government consumption witnessed a parallel significant increase in the Government investments during the same period (2002-2007) from QR4,122 million in 2002 to QR29,703 million in 2007 (see Table 3.18).

Table 3.18: Government Consumption and Investment

In million Qatari Riyals	2002	2003	2004	2005	2006	2007
Government consumption	11,783	13,197	15,094	17,769	30,088	33,614
Government investment	4,122	4,475	6,995	15,468	17,550	29,703

Source: IMF (2009).

The net exports have been in surplus for the observation period (2002-2007). This surplus began to soar after 1998. That is, foreign exchanges generated by the exports have been contributing positively to the aggregate demand of Qatar; the net exports have shown an average annual percentage change of 38 percent; from QR24,320 million in 2002 to QR88,133 million in 2007 (see Table 3.19 below). This gives Qataris high purchasing power to finance their increasing demand for goods and services, which justifies the increasing Government consumption and investment as discussed above.

Table 3.19: Net Exports in million Qatari Riyals

Year	2002	2003	2004	2005	2006	2007
Net exports in million Qatari Riyals	24,320	29,225	44,925	58,728	63,732	88,133

Source: Qatar Economic Review (2008)

3.3.6. Fifth Step: Cost of Living

In this section, the researcher discusses and analyzes the issue of the cost of living in Qatar's economy by analysing the inflation rate from 2004 onwards. Table 3.20 below clearly demonstrates that the inflation rate in Qatar has increased from one year after another. In 2004 the inflation rate was 6.8 percent, which was already high. This percentage increased to 8.8 percent in 2005, and then to 11.8 percent. In 2006 and 2007, the inflation rate increased further to 13 percent and 15 percent respectively. These high rates were attributed to the high increase in the prices of international commodities and the unprecedented increase in oil

prices, which reached the highest of $150 per barrel. Hence, ironically, while Qatar earned high revenues from oil exports, as is demonstrated in table 3.5 above, during the period 2004-2007, this period witnessed an unprecedented increase in the prices of commodities, which has become at the expenses of those living in Qatar. This has ultimately meant that living in Qatar has become very costly. It also demonstrates the increasing interlinks between Qatar and international economy. 2009 and 2010 are projected by the IMF to witness a substantial decrease in the inflation rate in Qatar to 9 percent and 8.4 percent respectively. This is mainly due to the sharp decrease in oil prices in international markets which is expected to continue in the remaining months of 2009 and 2010. Nevertheless, whether such estimation will be realised in the immediate future remains to be seen.

Table 3.20: Inflation rate of Qatar

Year	Inflation (%)
2004	6.8
2005	8.8
2006	11.8
2007	13.8
2008	15.0
2009*	9.0
2010*	8.4

Source: IMF Regional Economic Outlook, Middle East and Central Asia, Washington, May 2009.

Note: * Projected.

The effect of oil and gas prices on inflation in Qatar is largely indirect however, rather than being through commodity price increases. When oil and gas revenue increases, government spending rises, generating demand driven inflation. The inflation results from supply constraints, especially in the real estate sector. However, in 2008 and 2009 as oil and gas prices fell, and government expenditure was constrained and real estate prices started to fall, reducing inflation.

3.3.7. Sixth Step: Foreign Investments

The annual inflow of foreign investments into Qatar was below $50 million for the period from 1970 to 1991. From 1992, the inflows began to peak, and also became highly fluctuating and erratic. They increased from $100 million in 1995 to $300 million in 1996.

They continued rising to over $400 million in 1997. This phenomenon with regards to increases and jumps in the FDI inflows were then followed by plummeting falls from $400 million in 1997 to just $110 million in 1999 (Qatar Central Bank, 2008a). The inflows then again began to rise, hitting $631 million in 2002, before again dropping down to $400 million in 2003. Over the period of 1991-2003, the FDI inflows averaged $240 million but with considerable fluctuations (see Table 3.21 below).

Table 3.21: FDI inflows into Qatar (1991-2003)

Year	FDI inflows into Qatar (U.S. $ million)
1991	30
1992	34
1993	70
1994	120
1995	100
1996	300
1997	410
1998	350
1999	110
2000	260
2001	300
2002	631
2003	400

Source: Ministry of Business and Trade (2007).

More recent data for the period (2004-2007) demonstrates that the FDI flow into Qatar jumped to much higher levels than the previous period, with the exception of 2006. To elaborate, in 2004 the FDI inflow into Qatar registered $1,199 million which then increased to $1,298 million in 2005 but dropped in 2006 to $159 million, before taking off again in 2007 to register $1,138 million. This proves that Qatar has managed to promote itself as an important destination for foreign investment (see Table 3.22 below).

Qatar has not only depended on the inward FDI flows into its territory, but sought to utilise its surplus revenues from oil and gas production to diversify its investment in international markets, which helps Qatar integrate itself in international economy. In 2004, Qatar's outward investment registered $438 million but this investment decreased to $352 million in 2005 and to $127 million in 2006. This was perhaps due to Qatar's policy to intensify its revenues in local projects and domestic infrastructure. However, Qatar's outward investment rocketed to an unprecedented level of $5,263 million in 2007, which reflects Qatar's determination of being an important key player in the international community. It can be noticed that the

outward investment of Qatar in 2007 was much higher than the inward FDI flows into Qatar's territory for the same year ($1,138 million) (see Table 3.22 below).

Table 3.22: FDI flows for Qatar (inward and outward) for 2004-2007

Detail	FDI flows (million US$)					As a percent of gross fixed capital formation			
Year	1999-2000 (anu/av)	2004	2005	2006	2007	1999-2000 (annu/av)	2005	2006	2007
Inward	169	1,199	1,298	159	1,138	6.2	9.1	1.0	5.4
Outward	11	438	352	127	5,263	n/a	2.5	0.8	24.8

Source: UNCTAD World Investment Report (2008)

Furthermore, Qatar's share in the FDI inflows into West Asia remained fairly stable, as Table 3.23 illustrates, and very low — below 2 percent of the total FDI inflows in West Asia — for the period of 1971-1993. After 1993, Qatar's share in the FDI inflows into West Asia started to soar, reaching 10 percent of the total FDI inflows in Western Asia in 1997. However, this percentage fell down in 1998 and 1999 to 8 percent and 6 percent respectively. This period coincides with the substantial decline in oil prices in international markets. But as the price of oil started to increase, the FDI into Qatar as a percentage of total FDI inflows into West Asia started to rise as well, with the latter period (2005-2007) witnessed the highest FDI inflows into Qatar of over 30 percent of the total FDI inflows into West Asia (see Table 3.23). This very high level of FDI during the 2005-2007 period reflects the increasing investment in liquefied natural gas (LNG) infrastructure, which has resulted in Qatar's becoming the world's largest LNG exporter.

Table 3.23: FDI inflows into Qatar as a % of the total FDI inflows into West Asia

Year	FDI inflows into Qatar as a % of the total FDI inflows into West Asia
1971	2
1972	4.2
1973	0
1974	1
1975	1
1976	0
1977	0
1978	0
1979	0
1980	0
1981	0
1982	0
1983	0
1984	0
1985	0
1986	0
1987	0
1988	0
1989	-2
1990	0
1991	0
1992	1
1993	1
1994	1
1995	8
1996	7.5
1997	10
1998	8
1999	6
2000	11
2001	17
2002	7
2003	17
2004	10
2005	30
2006	32
2007	34

Source: Qatar Central Bank (2008a); Ministry of Business and Trade (2008).[16]

The above analysis on foreign investment demonstrates that Qatar has become an important destination for foreign investment from different countries around the world. Also, Qatar's outwards investment has increased in recent years, which reflects the fact that Qatar has

[16] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

managed to establish itself as an important economic player in international context, not only as one of the major exporters of liquefied natural gas but also as a big investor. Hence, because of these realities, Qatar had great interests to be a member of the WTO. This is because of several important factors. Firstly, as an exporter of oil and gas products, Qatar has the interests that its exports gain market access to external markets without being harmed by discriminations or strict protective measures from importers. Members' Schedules of Commitments for goods and services under the GATT and the GATS respectively that are published in the WTO website, provide Qatari businesses with the necessary information and details about all WTO members' commitments. These include, as in the GATT, tariffs and non-tariff commitments. And, as in GATS, the types of services and level of market access that each member permits services suppliers from other WTO members to provide in its territory. Being aware about each member commitments under the WTO is important for Qatari businesses and their exports. It is this predictability aspect of the multilateral trading system is what should make Qatar supportive to the WTO.

Secondly, if it has been proven for Qatar that its exports have been affected as a result of discriminatory measures applied by importers, it has the rights to complain to the WTO and resort to the well-structured dispute settlement to safeguard its interests. It is important to note in this context that Qatar has never been involved in any disputes against any other WTO member, either as a complainant or as a respondent. This can be perceived both as a positive and a negative signal. As a positive signal, it implies that Qatar has been implementing its obligations and applying the non-discriminatory principles effectively. Thus, there is no complain has been made against Qatar since its accession to the WTO in 1996. As a negative indication, the non-involvement of Qatar in the dispute settlement of the WTO implies that Qatar perhaps has not fully understood and utilised the advantages of the multilateral dispute settlement. Given the increasing interactions with the world economy through trade activities (exports and imports), Qatar's exports may suffer from some discrimination in international markets. In other words, with the increasing interaction with the world economy, it becomes more likely that Qatar enters into trade disputes with other countries. Hence, it is important for Qatar to be aware of the details of the dispute settlement, its functionalities, and the technical and legal assistance that it is entitled to receive from the WTO as a developing country. With more interactions with the world economy, this awareness about the WTO dispute mechanism becomes even more important.

Thirdly, the Doha Round with its Development Agenda (DDA) provides Qatar with the opportunity to lobby for further opening of international markets towards investments coming from developing countries as well as encouraging developed countries to allow financial inflows into developing countries. This can be carried out by building coalitions with other developing countries and in particular those of the GCC, which share similar interests of Qatar. In its report to the WTO – prepared for the Trade Review in 2005 – Qatar made this point very clear, as paragraph 56 of the report states that: "Qatar has called on developed countries to liberalize trade at a faster rate by removing the various obstacles that have so far deprived the developing countries of their right to enjoy international trade relations on equal opportunities. Moreover, Qatar has indicated that there should be agreement on specific measures to ensure efficient financial flows to developing countries, especially FDI, to assist in building the production capacity they need to compete on the world market" (WTO, Trade Policy Review by Qatar, 2005a).

3.3.8. Seventh Step: External Economic Relations, Tax and Other Economic Laws of Qatar

Qatar policy for international external economic relationships centres around five objectives, which are liberalization of the economy and trade, reduction of tariffs, alignment of its standards with WTO commitments, export diversification and access to the world market. The country has taken various calculated steps towards achieving these five objectives.

Legal instruments that back up trade practices are already in place and working. What are these instruments? A legal framework has been created for the purpose of promoting trade and economic liberalization. There are ten laws which constitute the legal framework for trade activities in Qatar, laws which have been developed to be sustainable, pragmatic and transparent. Tariffs have also been dramatically reduced to 5 percent; a rate which applies to each of its trading partners indiscriminately except in relation to the members of the Gulf Co-operation Council. Qatar has realized its WTO commitments of removing restrictions which are not in line with WTO Agreements.

To access the world markets and promote economic cooperation and integration with different countries, Qatar has adopted several measures. Prominent among these measures is the establishment of a Custom Union with the members of the Gulf Co-operation Council in

2003, the establishment of the Greater Arab Free Trade Area in 2005, the preparation to institute a free trade agreement with the United States, and the preparation to institute similar arrangements within the European Union. Efforts are also underway to establish Free Trade Areas with Singapore, China, India, Pakistan and Australia and MERCOSUR.

The realization of these detailed measures will offer Qatar unlimited access to the world market and integrate Qatar's economy into the world economy. An example of Qatar's pragmatic economic laws is the Income Tax Laws, which are enshrined in the Decree-Law No. (11) of 1993. The law provides definitions in Chapter One, where a tax-payer is defined as 'any natural or judicial persons subject to taxation in accordance with the provision of this law, and the taxable year is defined as 'a period of twelve months starting from the first day of January and ending on the thirty-first of December of the same year'. Thus, the taxable year is not just any 12 months of activity. This chapter also defined the taxable income as 'the remaining income from the gross income after deducting all expenditures and costs, in compliance with the provisions of this law'.

Chapter Two of the law illustrates the sources of income, and eight different sources of income were identified. In Chapters Three, Four, and Five, computation of taxable income was explained and specified, and also specified tax deductible and non-tax deductible expenditures for the computation of taxable income. Qatar does not take any income tax from individuals either nationals or foreigners. This, in itself, makes Qatar a very attractive destination for foreign people to work in.

Chapter Six of the Income Tax Law of 1993 specifies tax exemptions. The tax exemption Committee receives and studies applications for exemption from income tax. There are tax laws offered to investments, particularly small and medium-scale industrial projects. These projects can have 5 years exemption from income tax, exemption from customs duties on equipment, machinery and spare parts, in addition to the remittance of profits and funds outside the country. These exemptions are provided for under the Law No. 19 of 1995 on the Industrial Organization. Chapter Seven sets the procedures for Appeal while Chapter Eight specifies the offences and penalties, and Chapter Nine finally presents the general provisions.

In addition, another law that deals with the tax legal aspects in Qatar is the Tax Law No. (9) of 1989. This law deals with the parity of citizens of the Arab States of the Gulf Cooperation

Council in taxation matters. It states in Article (1) of the Law No. (9) of 1989 that 'Citizens of the Arab states of the Gulf Co-operation Council shall receive reciprocal treatment as Qataris so as to realize parity between them in taxation dealings upon practicing their permissible economic activities including the free crafts and profession in compliance with the Unified Economic Agreement and the Resolutions of the Supreme Council of the Arab States of the Gulf Co-operation Council, and Laws issued in execution thereof'. That is, what Qataris receive in the Arab States of GCC is what the citizens of Arab States shall receive in Qatar as far as taxation is concerned. It is important to mention that Law No. (6) of 1991 exempts some foreign companies dealing with the ministries of Defence and Interior from the income tax. Tax policies of Qatar are clear and easy to interpret and implement, and the laws are friendly and conducive to promoting economic activities in Qatar.

The economic environment in Qatar is becoming freer and more conducive to trade. The Heritage Foundation ranked Qatar's economy as the world's 72nd freest economy in 2007; and the economy is on average 60.7 percent free. This provides a promising indication about Qatar's endeavour to take the necessary steps to open up its economy and liberalise trade which are the ultimate objectives of the WTO. Among the 10 indicators of economic freedom, the fiscal freedom topped the list, it was 99.9 percent. Qatar has no corporate tax on Qatari companies, which are 100 percent owned by Qatari nationals. Qatar does not levy wealth taxes or consumption taxes.

Qatar's monetary and fiscal policies have been perceived by different global institutions to be amongst the most liberalised in the world. However, investment freedom in Qatar has been perceived as quite protective. This is perhaps because foreign investments require local agent representation and some sectors -- apart from agriculture, industry, health, education, tourism and properties in natural resource development -- limit foreign ownership with prior approval to 49 percent. For investment, foreign holdings are restricted to 25 percent of the issued capital of almost all is listed companies on the Doha Securities Market. This is perhaps to allow Qatari investors the opportunity to remain in business and not to be superseded by foreign investors. However, such protective policy is not in line with the free trade and open economy principles. During the discussions of its Trade Policy Review Report on 21 and 23 February 2005 Qatar was urged by different WTO members to further open up its economy and increase foreign investment in Qatar's enterprises. For instance, Canada asked Qatar to continue its economic "reforms, including on tariffs and privatization, and further

improvement of Qatar's multilateral commitments on goods and services". Canada further added that:" services were crucial in Qatar's economic diversification, and showed particular potential given its efforts to become a regional centre for specific services like health, education, sports tourism, and air transport" (WTO, Trade Policy Review: Qatar, Minutes of Meeting, 2005e, paragraph 36).

Similar comments were made by Japan which expressed its hope that Qatar would continue to further liberalize its banking, insurance, and commercial sectors, in which foreign investment was excluded. Japan added that Qatar "had room for further commitment; for example, it had not tabled an initial offer on services, and was neither a signatory nor an observer to any of the WTO agreements". (WTO, Trade Policy Review: Qatar, Minutes of Meeting, 2005e, paragraph 40-41). Hence, Japan is urging Qatar to start negotiating membership to the Government Procurement Agreement (GPA), which is a plurilateral agreement that only applies to its signatories. If this took place it would mean that Qatar would have to open the procurement of its government entities to foreign suppliers and would no longer be able to favour its national suppliers. Thus, Qatar has to establish a clear strategy about all of these issues as pressures from other WTO members are expected to increase in the Doha Round negotiations.

Hence, it can be realised that although Qatar has enacted and implemented different economic laws to propel its economy into high gears of economic modernization and to be in tandem with its WTO membership, much work needs to be done as further liberalisation is required. The legal and institutional framework of Qatar have to be continuously shaped and refined so as to make Qatar as a committed member of WTO. As is explained above, Qatar's liberalisation efforts already seem to be paying its dividends in terms of increased foreign direct investments, the increased role of manufacturing sector in the economy of Qatar and reduced dependence on crude oil sales. More importantly, Qatar's economy has become increasingly open and free, making its economy a highly attractive and competitive business to employ a local agent. But, as is indicated before, more liberalisation in important services sectors such as banking, insurance, telecommunications is required. This should not be seen as discrediting the already achieved liberalisation, but it is a recommendation to further enhance the efforts made in this direction. In other words, Qatar's economy is already credited and complimented for its transparent financial regulatory system which complies

with international standards but further liberalisation is required (Arab Political Systems, 2005).

3.3.9. Eighth Step: Foreign Trade Control: Legal Analysis

How is international trade regulated in Qatar to ensure consistency with WTO obligations? This section seeks to discuss this important question by looking at the relevant regulations related to trade activities (imports and exports) in the legal system of Qatar's economy.

3.3.9.1. Imports Regulations

Pork and derived products are prohibited, while the imports of alcoholic beverages, firearms, ammunition and certain drugs are subject to licensing. Import licenses may be obtained from the Ministry of Business and Trade. But, what are the documents required of importers? These are discussed below.

Import Documentary Requirements are as Follows:

Commercial Invoice:

Two original commercial invoices and at least one copy must be submitted. The exporter should check with the customer for the specific number of copies required. The invoice should contain a full description of the contents along with the name of the supplier and the consignee, quantity, marks and numbers of goods, origin of goods, accurate description of the merchandise, value of the goods, CIF (Cost Insurance Freight) or otherwise itemizing all expenses and the name of the vessel and the date of departure. The commercial invoice should be signed by the exporter or an authorized representative, and certified by the appropriate chamber of commerce (Ministry of Foreign Affairs, 2008).

Certificate of Origin:

The original and one copy of the certificate of origin. The latter should indicate the name and address of the manufacturer or the producer of goods, as well as the name of the vessel, which is required for shipment to Qatar. Shippers must also include a notarized statement certifying the document to be true and correct. Exporters should contact their importers to ascertain the number of document copies required. The appropriate chamber of commerce must certify the certificate of origin, which must also be legalized by a consular service (Ministry of Foreign Affairs, 2008).

Bill of Lading:

There are no regulations specifying the form or number of bills of lading required for shipments. Bills of lading should show the name of the shipper, the name and address of the consignee, port of destination, description of the goods, the listing of freight and other charges, the number of the bills of lading in the full set, the date and signature of the carrier's official acknowledging receipt on board of the goods for shipment. The information should correspond with that shown on the invoices and the packages. Expenses are generally paid in advance. The airway bill replaces the bill of lading on an air cargo shipment (Ministry of Foreign Affairs, 2008).

Pro Forma Invoice:

If required, a pro forma invoice stamped and signed by the supplying company or the exporter must be submitted. The delivery period and validity of the quotations must be indicated. The serial numbers of the goods mentioned in the invoice must conform to the numbering system of the Qatari government order sheet.

Having explained the main regulations related to imports, the section now turns to look at the exports regulations requirements in Qatar's Commercial law.

3.3.9.2. Exports Regulations

Exports Documentary Requirements are as Follows:

Insurance Certificate:

The insurance companies supply the insurance certificate. When the exporter carries out the shipment, the insurance certificate must state that the insurance company is not included in the so-called 'black list'. This insurance must be certified by the appropriate chamber of commerce and presented to the consular section of the embassy for legalization. Qatari offices require the original and one copy, and then the original will be returned to the shipper.

Steamship Company Certificate:

The Steamship Company supplies the steamship certificate. It must state that the ship is not an Israeli vessel and will not call at any Israeli port. The appropriate chamber of commerce must certify this certificate, which must be presented to the embassy for legalization. Qatari offices require the original and one copy, and then the original will be returned to the shipper.

Health Certificate:

Shipments of frozen foods must be covered by an inspection certificate in duplicate which has been issued by the health authorities of the country of the origin. Imports of plants and plant materials must be coupled with an official health certificate stating that they are free from diseases. The legalization of the certificate is compulsory, and the original is returned to the shipper.

Phytosanitary Certificate:

Two phytosanitary certificates are required for the shipments of flour, rice, wheat seeds and other agricultural seeds. The legalization of the phytosanitary certificate is compulsory, and the original will be returned to the shipper

3.3.9.3. Other Formalities and Documents:

The legalization of the certificate of origin costs $42. When the value of a shipment exceeds $274,725, the legalization fee is 0.4 percent of the merchandise value while the legalization of the commercial contract costs $28 (Ministry of Business and Trade, 2007).

Labelling:

Labelling in Arabic and English is recommended for products entering Qatar. Food containers must show the country of origin, the name and address of the exporter, the name and kind of commodity, the net weight of contents, the date of packaging (day, month and year), and the name and address of the consignee.

Marking:

All identifying marks — including the consignee's marks and port's marks — must be clearly inscribed on the packages in order to facilitate the arrival of the shipment. Packages should be marked legibly.

Packing:

Goods should be packed securely to withstand rough handling and pilfering.

Having explained the relevant regulations of Qatar's trade activities (imports and exports) in Qatar's legal system, the discussion now turns to focus on the financial sector and the regulations that affect this sector in Qatar.

3.3.9.4. Financial Regulations of Foreign Trade Operations:

Exchange System

The Central Bank of Qatar is the exchange authority. The value of Qatari Riyal has been pegged to the U.S. dollar at a fixed rate of US$1= 3.6415 QR since the mid-1980s (Qatar Central Bank, 2009). This has provided Qatar's economy and trade with the necessary stability and security that are required for Qatar's economic development. Being pegged to the most important currency in the world (U.S.$), the Qatari Riyal has enjoyed a strong reputation in international markets and helped Qatar gain strong confidence of foreign companies to invest in Qatar and use the Qatari Riyal as the means for their financial transactions and exchange rates. This trust and confidence are what helped Qatar move forward in implementing its ambitious projects in different sectors. Also, the strong linkage with the U.S. dollar has helped Qatar market its exports of oil, gas, and petrochemicals effectively and helped the Qatari Riyal to become a strong currency in international trade.

Methods and Means for International Settlement

There are no payment restrictions in place for authorized imports, and foreign exchange may be freely obtained from authorized banks. There are no maximum or minimum credit terms on import payments.

3.3.9.5. Customs Taxation:

Applicable Duties and Taxes

Customs Duties:

The Government maintains lists of goods which are subject to higher taxes to protect local industries and of goods exempt from duties. Steel imports are dutiable at twenty per cent; those of alcohol and tobacco vary between thirty and fifty per cent.

Fifteen products are exempted from customs duties: live animals, poultry and birds, fresh fruit and vegetables, trees and roots, sowing seeds, food for cattle, natural fertilizers, Portland

cement, raw sand, stones and clay, basic food products (rice, wheat, sugar, milk, flour, oil), printed matters, school books, marketing and advertising articles, unrefined gold and silver, and natural pearls not originating from the Gulf.

Preferential Duties:

Qatar is member of the Arab League Trade and Payments Agreement, which apply preferential tariffs among member states. Preferential tariffs are also applied between Qatar and the GCC countries. This is in line with the second foundation stone of the GATT, 'national treatment'. This is stipulated in Article III that, internal taxation and domestic laws, regulations and requirements, imported products shall be accorded treatment 'no less favourably' than that accorded to domestic products. While the MFN applies to all policies, national treatment is applicable only to non-discrimination of imports, and not exports. In other words, a state can also impose higher taxes on products for export than for domestic consumption (see Pauwelyn, 2001). An example of this is that exporting countries could exempt oil and gas surpluses in accordance with Article VI: 4.

3.3.9.6. Special Provisions

Samples of no commercial value are imported duty-free. Customs inspectors are not required to accept the value of merchandise as declared on documents presented by the importer for assessing customs duties.

Foreign Trade Logistic:

What auxiliary role does transport plays in the economy of Qatar?

International Transport:

Maritime Transport:

The main ports of Qatar are the following: Doha port (General Cargo), Umm Said port (industrial and oil products) and Ras Laffan port. Most of them are deepwater ports and are provided with berths. Besides, most containers enter from Dubai.

Air Transport:

The international airport is located in Doha, 6km from the city. The national airline company is Qatar Airways, which has expanded rapidly in the last few years and become an

internationally competitive airline. Qatar Airways operates a hub and spoke network linking over 80 international destinations; thus playing an important role in Qatar's outwards economic and trade openness and helping integrate Qatar into the global economy. Qatar Airways has expanded average of 35 percent annual growth for the last ten years and has orders for more than 200 aircraft worth over US$30 billion. Qatar Airways will operate a fleet of 110 aircraft by 2013, i.e. almost double the existing size (Qatar Airways, 2009). It has become one of the only five airlines worldwide to have been awarded a 5-star rating by Skytrax, an independent aviation industry monitor, besides Kingfisher Airlines, Cathay Pacific, Asian Airlines, Malaysia Airlines, and Singapore Airlines (Qatar Airways, 2009). Other airlines serving Doha International Airport include Air France, Air India, Alyemda, Balkan, Binan, Bangladesh, British Airways, Egyptian Airlines, Iran Air, KLM, Kuwait Airways, MEA, PIA, Royal Jordanian, Saudi, Sudan Airways, Syrian Arab, TWA and Yemeni, as well as budget airlines based in the GCC.

However, it is useful to highlight that the airline market in Qatar is still strongly monopolised by Qatar Airways. Much of the government businesses are conducted via Qatar Airways, even though the latter's services are more expensive than other regional airlines. Not only that, but Qatar Airways has for long enjoyed strong encouragement and financial support from the government. Increasingly substantial amount of government investments have been put into Qatar Airways to develop it and qualify its operations as a competitive international airline that is capable of surviving in very competitive international airline markets and being able to secure substantial profits. Such government investments, as is indicated above, are in line with the government diversification objectives. Nevertheless, the monopoly of Qatar Airways of the airline market in Qatar and the very supportive aid programmes of the government do not go along with Qatar's WTO obligations and its liberalisation objectives. In fact, they seem to contradict the free trade and open economy principles that Qatar claims to be adhering to.

Therefore, the researcher argues that the Government of Qatar should endeavour to make a more liberalisation effort in the airline market by reducing its shareholding in Qatar Airways, decreasing its financial help and other aid programmes. There are many advantages that can be achieved from doing that. Firstly, such liberalisation will bring new competitive players in the market which will work for the benefit of consumers and will go in tandem with the establishment of the very ambitious new airport that is currently built in Doha and expected

to finish after few years from now. Secondly, Qatar Airways will have to learn how to compete effectively against other players and operate on the basis of non-discriminatory principles, as required by the WTO. Thirdly, reducing government reliance will help achieve sustainability as Qatar Airways will become able to survive and operate on its own without being backed up by the government. Fourthly, reducing government financial aids and liberalising the airline market are in line with WTO objectives. Finally, the airline market will be released from the monopoly of Qatar Airways and will become more competitive.

Because of all of that, Qatar is advised to break up the monopoly of Qatar Airways and allow the establishment of new national airline companies by joint investment between Qatari businesses and foreign investors. Such a tactic will not only be in line with the WTO obligations but will make Qatar's market more competitive, which will in the end help consumers and reduce the financial burden from the government shoulders.

Land Transport

The road network used to link Doha with two GCC neighbours: Saudi Arabia at Abu Samra and to the United Arab Emirates at Sauda Nathil. These direct connections helped Qatar's trade with GCC countries. The direct border with the UAE at Sauda Nathil was in particular a very useful gateway for Qatar's imports. Hence, the UAE border connections helped Qatar's integration with the outside world and kept road transportation costs competitive. Nevertheless, this is no longer the case at the present time, as the border with the UAE has been closed by Saudi Arabia. Some few years ago, Saudi Arabia claimed to have sovereignty over the Sauda Nathil border and the surrounding territorial area. As a result, the dispute ended up by the UAE giving away this area to the Saudis. Consequently, Qatar has lost its direct link with the UAE and it now only has one land border with Saudi Arabia. This means that all Qatar's exports and imports via land transports must come via Saudi Arabia. This has adversely affected Qatar's trade flows via land transport. Qatar has attempted to overcome this problem via intensifying its trade activities with outside world via sea and air, and it seems to have been quite successful in that, but if the direct land link to the UAE was re-opened it would save transit costs, even if the link continued to be through territory retained by Saudi Arabia.

Telecommunications

Qatar is a member of Intelsat for international communications. Telephone, telex, fax, telegrams and broad band services are available in Qatar, with direct lines linking Qatar to more than 170 countries (Qatar Business Directory, 2009). Until recently, Qtel was monopolising Qatar's telecom market. However, the government of Qatar has decided to open up the telecom market and reduce the Qtel monopoly, which reflects its strong adherence to the principles of open economy and free trade. This has resulted in a licence being granted to Vodafone to provide mobile services in Qatar. As a result, the Vodafone Qatar Company was established which is a joint venture between different shareholders: Vodafone Group Plc, Qatar Foundation, Military Pension Fund, Military Staff Loan Funds, and Health and Education Endowment. In 2009, 40 percent of the share capital of Vodafone Qatar was issued on the Doha Securities Market which was subscribed by Qatar private investors. Obviously, providing mobile services by an internationally well-known company such as Vodafone will benefit consumers as they will have more choices with lower prices. This should lead to healthy competition between Qtel and Vodafone Qatar. It will also benefit Qtel, as the national telecom provider, learns how to compete and survive in a real competitive environment without relying on the help of the Government.

Distribution System

The Qatari Government is the largest purchaser of goods and services in the country. The distribution network includes importers which supply the national market, wholesalers which carry out the distribution of imported products either to retailers or directly to consumers through their own points of sale, middlemen who receive a commission, and, finally, retailers. Such a distribution is gradually being oriented towards the creation of supermarkets and commercial centres.

3.3.10: Ninth Step: Qatar's Economic and Trade Policy from the WTO Perspective

Qatar's policy for economic relationship centres around five objectives, which are the liberalization of the economy and trade, reduction of tariffs, alignment of its standards with WTO commitments, export diversification and access to the world market.

The Trade Policy Review of Qatar has provided a better understanding of its trade and related policies, and of the challenges it faces. The country report that was prepared by Qatar has

provided a useful opportunity for the domestic review of trade policies — and the comprehensive assessment by the WTO Secretariat has provided the Qatar Ministry of Business and Trade with a valuable reference. The dialogue with Qatar has further contributed to understanding through direct exchange between WTO members. Discusssions over Qatar's economic and trade policy between the WTO team and Qatar was stimulated by the full and open engagement of the high-level Qatari delegation led by H.E. Sheikh Mohammed bin Ahmed bin Jassim Al-Thani, Minister of Economy and Commerce, as well as the insightful comments by the discussant, and the thoughtful interventions by other delegations.

As is stated in the Trade Review Report on Qatar, WTO members, over the past few years, have commended Qatar for its impressive economic performance. This was perceived as a result both of its macroeconomic reforms and development strategies implemented since the mid-1990s, and of high oil and natural gas export earnings as from mid-1999. Members also appreciated Qatar's efforts to diversify its economy away from crude oil, and for ensuring intergenerational equity in the exploitation of its non-renewable resources, through health, education and infrastructure projects. Recent measures taken by Qatar to improve the business environment and liberalize its investment regime were also welcomed by WTO members, although some members such as Canada and Japan, as is previously indicated, noted that Qatar remains restricted in certain key activities, such as banking, insurance and commercial services, some of which continue to be dominated by public companies.

The Review Report further indicated that WTO members appreciated Qatar's hospitality during the fourth Ministerial Conference — where the Doha Development Agenda was launched — and encouraged it to increase its participation in WTO activities, and to fully meet its notification requirements. Qatar's market for all products is quite open, and the bulk of its trade has taken place on an MFN basis. However, it was indicated that a slight increase in the protection of certain industries followed the application of the GCC common external tariff, although the tariff was fully WTO compatible. Concerns were also expressed about the imposition of a 5 percent commission on imports from non-GCC trading partners of certain products, and the enforcement of the WTO provisions on customs valuation.

Furthermore, some members asked about Qatar's intention to adopt legislation on contingency trade remedies and competition policy. They encouraged Qatar to amend its government procurement regime to remove, *inter alia*, the local agent requirement, and the

price preferences for domestic and GCC products. Members also sought further clarification on: preferential trade negotiations; import restrictions (prohibitions, licensing); incentive schemes and price controls; TBT and SPS measures; protection of intellectual property rights; agriculture (food security and state support); oil, natural gas and electricity (state intervention and further diversification); manufacturing ('Quality Qatarization' Programme); and services (GATS commitments, financial, telecoms, transport, and tourism).

Members appreciated the responses provided by the Qatari delegation, including the clarifications provided with respect to customs valuation procedures.

The Review Report concludes that Qatar should be encouraged to pursue the implementation of its already agreed economic reforms, including further improvement of its multilateral commitments with a view to enhancing the transparency, predictability, and the credibility of its trade regime, and adherence to the WTO principles. The Report further emphasises that Qatar should be helped by providing adequate technical assistance — including trade capacity building — and by further opening their market for products towards which Qatar is diversifying its exports.

Therefore, the researcher argues that Qatar should consider the 2005 Trade Policy Review of the WTO as the basis of its future economic and trade strategy. The Report has raised both compliments and weaknesses. With the increasing of efforts of liberalisation and its endeavour to shift its economy more into a free and open one, Qatar's authorities should carefully study the content of the Report and work out the best means to achieve its recommendations. As the negotiations on the Doha Round is still continuing, Qatar has a great opportunity to link the Report's recommendations to the status of the negotiations in different areas: agriculture, non-agriculture, telecoms, banking, education, insurance, and so on.

3.11. CONCLCUSION

This chapter reviewed Qatar's economic activities and performances, specifically focusing on Qatar's international trade and investments, regional trade, the production and the supply side of the Qatari economy, and aggregate expenditure analysis. Also covered were Qatari tax policies and the commercial laws. To analyze the Qatari economy, the chapter also investigated changes in some relevant macroeconomic variables in each of the aforementioned topics.

It is clear that the economy of Qatar relies heavily on oil and gas, which, together, accounted for 56.52 percent of its GDP in 2007. As most oil and gas is exported rather than used for domestic consumption this implies that Qatar is therefore driven by international trade. Qatar however cannot control its export revenue, as this is largely determined by developments in international oil and gas markets.

The WTO membership has, however, offered Qatar opportunities to diversify its exports destinations and increase its supply capacity. The exports and the openness trends have become more marked after the WTO membership than before, while the imports have become freer after the membership than before. This shows that Qatar's membership in the WTO has improved and boosted its international trade activities.

Following the increases in the investments the real GDP has been steadily growing. It has been proven that, in order to induce even the smallest changes in the real GDP, the capital formation has to increase substantially. The increase in the population has, in many instances, eaten away the growth rates of the per capita GDP. The cost of living has risen substantially although this cannot be attributed to WTO membership.

One of the accomplishments of this chapter is the examination of Qatar's performances in the implementation of the WTO trade policies. The five main policies, which are the focal points of the economy, are: the liberalization of the economy, reduction in tariffs tailoring the country's standard with WTO requirements, export diversification and access to the world market. The issue of treating other people and nations equally (MFN) contributed significantly towards Qatar's economic advance.

The diversification of the economy was made possible by the access it has to world markets, and trade has increased as Qatar has the opportunity to trade with more nations than ever before. Factors which determine the Qatar's trade were investigated, including real output, population and the capital formation in the economy. On the demand side, the national accounts, consumption expenditures, investments are among the determinants found to be influencing the demand for Qatar's exports. Both the supply and demand sides are, to a very large extent, beyond the control of Qatar hence its membership of the WTO, which has assisted in cushioning the effects of the substantial fluctuations which would have otherwise rocked the economy.

CHAPTER FOUR: QATAR'S ENERGY SECTORS (OIL, GAS, AND PETROCHEMICALS)

4.1. INTRODUCTION

This chapter is specifically dedicated to analyse the three main essential components of Qatar's exports; namely oil, gas, and petrochemicals. Reference is made, wherever appropriate, to the relations of these three sectors to the WTO regulations. The chapter addresses how the various targets set out by the Government have been met and the degree of success attained. The sustenance and maximization of returns from gas reserves will show how Qatar is open to international investments as a direct result of its membership of the WTO. The factors affecting both short- and long-term demand for oil and natural gas in relation to the activities of the Organization of Petroleum Exporting Countries (OPEC), is also an essential part of the analysis of this chapter.

Therefore, the chapter is divided into five main sections. The first section explores the main WTO regulations that may affect Qatar's energy sectors (oil, gas, and petrochemicals). The second section looks into Qatar's oil production, exports, and reserves. A specific analysis of the activities of the OPEC, of which Qatar is a member, is also made in this section. The third section analyses Qatar's gas production, exports, and reserves. A specific analysis is made of the main factors affecting gas prices in international markets. The fourth section looks into petrochemicals as an important and growing sector in Qatar's exports structure. The section is concerned with the nature of this sector, its main components, and the enterprises involved. The fifth section looks into Qatar's energy sectors from the WTO perspectives and how Qatar's interests in these sectors could be promoted under the current Doha Round.

4.2. WTO REGULATIONS IN RELATION TO QATAR'S ENERGY SECTORS

The WTO agreements which are directly relevant for the cross-border energy trade include the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services (GATS), the Technical Barriers to Trade (TBT) Agreement, the Trade Related Investment Measures (TRIMs) Agreement, the Subsidies and Countervailing Measures (SCM) Agreement and the Agreement on Government Procurement.

The Most Favoured Nation (MFN) principle of the GATT applies to trade in energy and means that 'like' energy products and materials cannot be discriminated against on the basis of their origin (imports) or destination (exports) in terms of customs duties, charges, or any import or export regulations and formalities.

The national treatment requirements exist with respect to internal taxes and charges, laws and regulations. Internal taxes for imported energy material and products should not be higher than for like energy material and products of domestic origin.

Quantitative restrictions are prohibited through Article XI. This prohibition equally applies to the energy trade. The most relevant exception from this prohibition for the energy sector is the provision that allows temporarily invoked export prohibitions in order to relieve critical shortages of products essential for the exporting country (WTO, GATT, 1995c).

WTO members are able to use Article XX exceptions in order to introduce measures in pursuit of certain policy objectives, which would otherwise have been WTO-inconsistent. The measures under Article XX(b) need to be 'necessary' in order to protect human, animal or plant life or health, in order to be in line with the GATT. Article XX (g) allows measures 'relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption' (WTO, GATT, 1995c) (see also Selivanova, 2007).

Therefore, these WTO agreements should be reflected in Qatar's energy policy. Oil, gas, and petrochemicals are three great growth poles for the Qatar economy. It was crude oil sales which were powering and financing the economic growth of Qatar until very recently, when sales from the natural gas and petrochemicals began to contribute their part to the economic growth of Qatar. In 2005 Qatar has overtaken Indonesia to become the world's largest natural gas exporter. It now has one of the world's biggest natural gas reserves (Oil and Gas Journal, January 1, 2007).

The extraction of petroleum and natural gas has made a major contribution to Qatar's economy, resulting in the increase of gas-intensive industries over the years, such as petrochemicals and fertilizers. Simultaneously, the shares of agriculture and services have fallen. The country aims to become a leading power in world gas markets through its role as

the most important producer and exporter of both liquefied natural gas (LNG) and gas-to-liquids (GTL), and this movement looks to strengthen significantly in the future. However, other sub-sector services; particularly tourism and financial trade, are now being promoted in order to lessen the country's dependency on crude oil.

Qatar Petroleum (QP), a state-owned corporation, is directly responsible for the management of oil, natural gas, as well as petrochemicals activities, and in some cases enters into joint ventures with foreign enterprises through production-sharing or development, as well as fiscal agreements. These practices are in line with the WTO rules, which are designed to address practices by state enterprises. In Article XVII of the GATT, members undertake to ensure that state trading enterprises act in a manner consistent with the general principles of non-discrimination as prescribed in the GATT for governmental measures affecting imports or exports by private traders.[17] The main issue related to the obligations of the WTO members in the energy sector, lies in the conditions of energy transportation and, in particular, in third-party access to pipelines.

The coverage of Article XVII is, however, not limited to state enterprises, and state ownership is not the main criteria. Most importantly, Article XVII applies to any enterprises that possess exclusive or special privileges granted by the state, 'including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales and/or the level or direction of imports or exports' (WTO, Para. 1 of the Uruguay Round Understanding on the Interpretation of Article XVII of GATT - 1994).

Finally, it is important to state that the oil, gas, and petrochemicals sectors benefit from Qatar's WTO membership indirectly rather than directly. Specifically, the fact that Qatar is subject to international laws and regulations increases the confidence of oil, gas, and petrochemicals importers in supplies from Qatar. They are thus willing to invest in the development of Qatar's energy resources. In contrast, Iran, as an important oil and gas producer, is not a WTO member and does not abide by international laws and regulations regarding trade. Therefore, there has been minimal interest in recent years in the development

[17] Article XVII.1(a) of GATT states: "Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders."

of its oil and gas resources. In other words, WTO membership has made Qatar a more attractive destination for oil, gas, and petrochemicals investors and importers; an advantage that is not enjoyed by Iran, which is not yet a WTO member.

4.3. QATAR'S OIL SECTOR

Table 4.1 below shows total exports and estimated GDP alongside crude petroleum, natural gas, and others (non-oil and gas) within periods of 2001-2007; when Qatar has already been a member of the WTO. Regarding oil and gas, steady and significant increases have been witnessed during Qatar's membership of the WTO. To elaborate, Qatar's crude oil exports increased substantially from QR 20,422 million in 2001 to QR 58,171 million in 2006 and further to QR 69,820 million in 2007. This sharp increase is mainly attributed to the very favourable prices in international markets. The same trend is noticed in regards to natural gas exports which reached QR 53,859 million in 2007 in comparison with QR 14,921 million in 2001 (Qatar Central Bank, 2006).

Table 4.1: Total estimated GDP, exports, crude petroleum, natural gas liquids and others non- oil and gas

Years (In Million QRs)	2001	2002	2003	2004	2005	2006	2007	2008 Q1	2008 Avg (Q1X4)
Total estimated GDP	63,840	70,484	85,663	115,512	154,564	206,644	258,591	84,306	337,224
Total exports (FOB)	39,571	39,960	48,711	68,012	93,773	123,945	152,951	N/A	N/A
Crude Petroleum	20,422	20,488	24,449	31,046	46,749	58,171	69,820	N/A	N/A
Natural Gas Liquids	14,921	12,756	15,447	23,497	28,899	43,121	53,859	N/A	N/A
Others (Non-Oil and Gas)	3,625	5,963	8,125	12,619	16,585	20,224	27,346	N/A	N/A

Sources: Qatar Central Bank (2008a), Ministry of Business and Trade (2008).[18]

A similar trend of increase is witnessed in regards to other non-oil and gas exports, albeit at a lower level. These exports were QR 3,625 million and then kept increasing noticeably every year until they reached QR 27,346 million in 2007. Hence, although the bulk of Qatar's

[18] Central Bank and Ministry of Business and Trade data is not always consistent with IMF data, but the former is used in this thesis as it is a country study using time series data rather than making inter country comparisons.

exports over the period 2001-2007 was dominated by oil and gas products; which reflects the huge reliance of Qatar's income on oil and gas, non-oil and gas exports show substantial improvement as well.

However, as a percentage of total exports, Qatar's crude oil exports, as is demonstrated in Table 4.2 below, declined quite noticeably during the period (2001-2007). This parentage was 51.6 percent in 2001 but then kept declining at different fluctuating levels in the subsequent years to reach 45.6 percent in 2007. This decline can be seen as a positive indication for the success of Qatar to diversify its exports away from oil. However, despite this decline, crude oil exports still constitute a very substantial percentage of Qatar's overall exports and more efforts are required to reduce this reliance on oil and reach the overall diversification objectives.

Table 4.2: Crude Petroleum as a % of total Exports

Year	2001	2002	2003	2004	2005	2006	2007
Crude petroleum as a % of total exports	51.6	51.3	50.2	45.6	49.9	46.9	45.6

Source: Ministry of Business and Trade (2008)

The above results are also supported by Table 4.3 below which illustrates Qatar's crude petroleum as a percentage of total estimated GDP. This percentage was almost 32 percent in 2001 but declined in the subsequent years at different fluctuating levels to reach 27 percent in 2007; i.e. 5 percent different from 2001. This clearly demonstrates that Qatar's economic efforts have been driven towards reducing their dependence on crude petroleum as a main contributor to their GDP, although crude petroleum export levels have been increasing in absolute terms, especially since Qatar's membership of the WTO. In other words, there has been a positive correlation between total crude petroleum exports and total crude petroleum as a percentage of total estimated GDP. Hence, although crude petroleum is dominating total exports, with the WTO membership being partially responsible for this because of reducing barriers to trade, it is not the sole contributor to the economy as a whole.

Table 4.3: Crude Petroleum as a % of total estimated GDP

Years	2001	2002	2003	2004	2005	2006	2007
Crude petroleum as a % of total GDP	31.99	29.07	28.54	26.9	30.25	28.15	27.0

Source: Ministry of Business and Trade (2008)

Furthermore, Table 4.4 below highlights a slightly more volatile movement in terms of total fuel activities as a percentage of Qatar's estimated GDP. Apart from 2003; which witnessed a steep reduction by 8.19%, there was a rejuvenated momentum in total fuel activities on GDP until 2006, before a 1.19% drop in 2007. Within the WTO objectives is the call for diversification which can be classed as expanding the production of and trade in goods and services. By keeping maintaining these aforementioned figures at acceptable minimum levels whilst optimising GDP, Qatar can be viewed as meeting such objectives.

Table 4.4: Total fuel output as a % of Qatar's Estimated GDP

Years	2001	2002	2003	2004	2005	2006	2007
Total fuel output as a % of Qatar's estimated GDP	55.36	47.17	46.57	47.2	48.94	49.02	47.83

Source: Ministry of Business and Trade (2008).

The petroleum in Qatar is produced through both onshore and offshore fields as well as through fields operated under long term agreements, in which QP has a share. The most important of these fields are Dukhan, Bul Hanine, and Maydan Mahzam. Table 4.5 below provides comprehensive details about Qatar's oil production, exports, reserves, and prices. Qatar's oil production increased substantially since its accession to the WTO. To elaborate, in 1995 Qatar's oil production was around 390 thousand barrels per day, which kept increasing in the subsequent years. Perhaps, the only exception to this increasing trend is 2002 when oil production decreased to around 569 thousands barrels per day from around 633 thousands barrel per day in 2001. However, from 2003 onwards oil production witnessed steady increase and reached 845 thousand barrels per day in 2007. These increases are mainly the consequences of the exploration efforts carried out by Qatar and the application of advanced technology in oil production.

Table 4.5: Crude oil production, exports, reserves, and price, 1995-2007

Years	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OPEC Quota (000b/d)	378	378	378	640	593	692	601	562	635	700	726	735	N/A
Production (000b/d)	389.8	393.1	405.1	618.1	608.5	648.2	632.9	568.9	676	755.3	765.9	802.9	845
Exports (000b/d)	333	367	465	572.4	580.5	617.6	605.5	580.8	540.7	542.7	677.3	620.3	615.1
Reserves (million barrels)	3,700	3,700	3,700	3,700	3,700	13,157	15,207	15,287	15,207	15,207	15,207	15,207	15,207
Price (US$/b)	16.86	20.29	18.68	12.28	17.47	27.6	23.12	24.36	28.1	36.05	50.64	61.08	69.08

Source: OPEC, Annual Statistical Bulletin (2003 & 2007).

As a result of the increase in oil production, Qatar's oil exports increased substantially. In 1995 oil exports were only 333 thousands barrel per day, which kept increasing in the subsequent years reaching its peak of 617.6 thousands barrel per day in 2000. These exports then declined in the following three years reaching a level of 540.7 thousands barrel per day. But, this number then took off again quite noticeably until it reached around 615 thousands barrel per day; thus once again demonstrating the increasing importance of the oil sector for Qatar's economy.

A similar increasing trend is witnessed in regard to oil reserves which were estimated to be 3,700,000 in the period (1995-1999). This number increased substantially to over 15,000,000 from 2000 onwards, thus providing a very promising picture about the continuous significance of oil sector in the future of Qatar's economic developments. In addition, Qatar is pursuing a rigorous investigation to increase its reserve base, so as to develop the lifetime of its petroleum reserves and increase its production capability.[19]

The above-mentioned increases in Qatar's oil production, exports, and reserves took place under very favourable conditions in international markets as prices of oil witnessed sharp increases from one year after another. These prices were only around U.S.$16.86 per barrel in 1995 and reached U.S.$69 per barrel in 2007, thus explaining the substantial improvements in Qatar's economy during these periods.

[19] According to the WTO Secretariat, Qatar's current petroleum depletion rate (ratio of reserves to production) is 7%, and the objective is to increase it to 10% (WTO, Trade Policy Review, 2005b).

In parallel, in spite of its smallest contribution amongst OPEC members Qatar's oil production quota increased substantially. This quota was only 378 thousands barrel per day in the period (1995-1999), but then increased to 692 thousands barrel per day in 2000. However, corresponding to OPEC attempts to increase the oil prices in international markets, OPEC members' quota were reduced. For Qatar, the quota was reduced in 2001 to 601 thousands barrel per day, which further went down to 562 thousands barrel per day in 2002. But, from 2002 onwards Qatar's quota increased gradually reaching a level of 735 thousands barrel per day in 2006. This increased production has helped in stabilizing the world oil markets, although the world's demand for oil exceeded OPEC forecasted production. Qatar's increased oil production quota was 2.6% of OPEC's total oil production ceiling, and was bound by the organizations ceiling allocations.

Qatar was producing very close to its maximum capacity; this amounted to 2.9% of the OPEC's total production in July 2004. At that time the authorities had proposed to increase production further as long as oil prices were still rising above U.S. $30 per barrel. Due to an interrupted increase in demand, growing political instability — such as in Iraq — has occasionally hindered and halted production, explaining the rise in prices from U.S. $12.28 per barrel in 1998 to U.S. $43.16 per barrel, as in August 2004. The upward trend kept continuing to reach over $140 in 2008, although this was largely due to increasing Asian demand rather than driven by fears of supply strategies due to political instability (OPEC, 2008).

Qatar's crude oil is mostly imported by Asian countries, ranging from Japan and Korea, China and the Philippines, Singapore and Thailand, and even India. Also Qatar's refined production — including gasoline, kerosene and distillates — increased substantially from 42.1 thousands b/b in 2001 to 131.8 thousands b/d in 2007 in order to increase the value of oil production and link it up with the extraction and processing of hydrocarbons Table 4.6.

The trend of increasing total production of oil in Qatar was accompanied by an increase in total local consumption during the period (2001-2007). In 2001 the total consumption of oil refined products were 25.4 thousands barrel per day, but this consumption kept increasing in the following years until it reached 100 thousands barrel per day in 2007. This increase in the level of total consumption of oil reflects the increasing processing activities and rising demand for oil in Qatar's internal market (Qatar Petroleum, 2008b).

Table 4.6: Production and consumption of refined products, 2001-2007('000 b/d)

Years	2001	2002	2003	2004	2005	2006	2007
Total production	42.1	43.1	115.2	118.6	119.1	131.8	131.8
Gasoline	....	11	40.7	39.9	38.4	39.7	45.7
Kerosene	....	6.7	20.2	21.5	19.9	24.4	24.0
Distillates	....	11.9	20.2	21.1	19.4	20.6	21.0
Residuals	.....	7.8	7.9	8.0	9.4	13.6	7.8
Others	.....	5.7	26.2	28.0	31.9	33.4	33.3
Total Consumption	25.4	32.9	43.7	68.9	73.2	92.6	100.0
Gasoline	12.5	15.8	13.4	14.3	16.7	19.1	20.0
Kerosene	4.2	6.7	5.9	10.3	10.7	16.8	17.0
Distillates	7.5	8.8	10	14.6	15.3	20.9	25.2
Residuals	.....	....	12.9	13.2	13.1	13.4	14.4
Others	1.2	1.6	1.4	1.65	17.4	22.5	23.5

Source: OPEC, Annual Statistical Bulletin (2003 & 2007).

Recent published data shows that the total of Qatar's oil production reached 860 thousands barrel per day in December 2007, which is optimistically estimated to increase to 1,080 thousand barrel per day by December 2010, due to expectations of new oil discoveries and the advancement of technology applied in extraction and production. The list of companies that operate in Qatar is quite diversified as there are several local and foreign companies responsible for operating different oil fields in Qatar, which demonstrates the openness of Qatar's economy. For instance, Qatar Petroleum operates the oil fields of Dukham, Bul Hanine, and Maydan Mahzam. Of these three, Dukham is the most important as, according to data in December 2007, it produces 281 thousands barrel per day, whereas Bul Hanine produces 52,200 thousands barrel per day and Maydan Mahzam produces 36,700 thousands barrel per day. Occidental operates the two fields of Idd Al-Shargi in the North and South Dome. Maresk Oil operates the most important and productive Al-Shaheen oil field which produces 306 thousands barrel per day see Table 4.7 below.

Table 4.7: Qatar's Current Crude Oil Production and Projected

Field (bpd)	Operator	Production December 2007	Projected prdouction December 2010
Dukham	QP	281,000	281,000
Bul Hanine	QP	52,200	37,000
Maydan Mahzam	QP	36,700	27,000
Idd Al-Shargi North Dome	Occidental	111,200	115,000
Idd Al-Shargi South Dome	Occidental	3,600	19,000
Al-Shaheen	Maersk Oil	306,000	525,000
Al-Khalij	Total Fina	39,400	45,000
Al-Rayyan	Occidental	10,500	10,000
Al-Karkara	QPD	5,200	8,000
El-Bunduq	BOC	14,000	13,000
Total		860,000	1,080,000

Source: Qatar Petroleum (2008b)

Having analysed Qatar's oil productions, exports and reserves, it is important to examine the nature of the activities of the Organization of the Petroleum Exporting Countries (OPEC) and the influence of its member countries, including Qatar, to determine the price of oil in international markets. As being a member of OPEC, Qatar's oil exports are directly influenced by the objectives and policies of this organization. Hence, not only Qatar's trade activities are subject to WTO regulations but OPEC is also an important key factor for Qatar. Thus, it is important to review the main objectives of OPEC and how its policies are made. The remainder of this section is dedicated to discuss these issues.

4.3.1. The nature of OPEC activities and its determinations of oil prices in international markets

The Organization of the Petroleum Exporting Countries (OPEC) is perhaps one of the most important organisations in the current global economic activities. OPEC consists of 13 oil-producing and exporting countries, from three different continents; Asia, America, and Africa. Qatar is an OPEC member along with Algeria, Angola, Ecuador, Indonesia, the Islamic Republic of Iran, Iraq, Kuwait, the Socialist People's Libyan Arab Jamahiriya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela (OPEC, 2008c).

For all of these countries, including Qatar, oil is the main source of income and a necessary element for their economic and social development. Hence, revenues from oil are not only used by Qatar and its OPEC partners to expand their economic and industrial base, but also as a source of governments expenditures and a key element for creating jobs, and providing

education and health care services and improving the living standards of their nationals (OPEC, 2008c). But, what are the objectives that the OPEC seeks to achieve? The answer is discussed below.

4.3.1.1. The Organization's Principal Objectives

There are three main objectives that OPEC seeks to achieve. The first is to organize and unify the petroleum policies of the member countries, and to determine the best means for safeguarding their individual and collective interests. Hence, Qatar's petroleum policies are much influenced and tied with other OPEC's members' petroleum policies. The second objective of the OPEC is to seek all possible means to ensure the stabilization of prices in the international oil markets, and seek to eliminate damaging and unnecessary fluctuations of the oil prices. The third objective is to provide an efficient economic and regular supply of petroleum to consuming nations, and a fair return on capital to those investing in the petroleum industry (OPEC, 2008a). But, to what extent is the international oil market really influenced by OPEC? The answer is discussed below.

4.3.1.2. OPEC'S Influence on the Oil Market Stability

The international oil market is characterized by a high level of price instability and unpredictability. At many different times, crude oil prices have reached very high levels. In the 1970s, some analysts predicted that crude oil prices would reach US $100 a barrel by the year 2000. But, prices collapsed below $10/b in the 1980s. Another sharp decline occurred in the 1990s in the aftermath of the economic turn down in south-east Asia. The very recent trend of the sharp increase in the oil prices from 2001 to 2008 that reached unprecedented level of around $149 per barrel further demonstrates the fluctuating trend of the oil prices in international markets. But these levels declined substantially to around $50/b in the current year because of the financial crisis that has affected the global economy (see Thompson, 2009). As an oil producing country and a member of the OPEC, Qatar has been much influenced by all of these fluctuating trend of oil prices.

Such fluctuation poses, by their nature, a challenge to the policy making process of Qatar, as an oil producing country. Although gas is an important source of income for Qatar, the prices of gas in international markets are much influenced by the fluctuating trends in oil prices. The volatility of the oil internal markets poses a serious concern to Qatar and all other oil

producing countries as it becomes difficult to implement the economic and social development plans, when the price of oil is reduced to unexpectedly low levels. Hence, Qatar has many interests to continue collaborating with other OPEC members to stabilise the oil prices at high levels, perhaps beyond the current $50 per barrel.

Therefore, due to the continuous fluctuation of oil prices in international markets Qatar, as well as other OPEC members, are always placed in the difficult situations of being concerned about the impact of a particular decline of oil prices and the concern about the extent to which this decline will affect their economic plans and industrial and social projects. The situation may become even more complicated for oil producing countries when the oil prices declined sharply to a very low level that not only affect the country's future social and industrial projects but obstruct it from being able to run the on-going ones. This is the case of Qatar and other GCC countries which have been affected very much by the current trend of oil declines as many projects have been postponed for many years to come. The fear is that this trend would continue in the future and would affect Qatar's economic planning. Perhaps, the situation for Qatar is less damaging than is the case with other GCC countries such as Oman or Bahrain. This is because Qatar's energy sector is more diversified to entail gas and petrochemicals.

These kinds of concerns are addressed by the OPEC. Hence, it is in Qatar's utmost interests to continue associating its petroleum polices with those of the OPEC, as through this organisation the prices of oil can be stabilised, particularly at the time when the prices of oil are in substantial decline. The problem lies in the fact that the volatility of the oil international markets is not only determined by the supply and demand factors but other political factors can also affect the price of oil in international markets.

Furthermore, the instability facing the oil industry since 2004 attracted the attention of different scholars and analysts about the possible impact of the unprecedented trend of increasing oil prices on the global economy as a whole. There was the evident inclination to compare the rapidly developing situation with that of the 1970s. Subsequent analysis has, however, shown big differences between the recent trend and that from the situation of the 1970s, with a significantly reduced impact on world economic growth and oil demand. This was due to different factors such as much lower oil strengths of the consuming countries and higher taxation levels, a more diverse energy mix and the fact that the transportation sector — with its low price elasticity — now has a much larger share of the international oil market.

Essentially, the recent situation of the sharp increase in oil prices was mainly demand-driven, resulting from the strong economic growth, rather than supply-driven, as was the case in the 1970s (Okogu, 2003).

These fluctuating trends demonstrate the importance of the stability of the oil market for the global economy. Hence, it is of high importance for Qatar, as any other oil producing country, to achieve stability in oil market. Such stability enables Qatar's authorities to achieve sustainable growth. Stability in oil markets is a "win-win" game as it not only benefits oil importing countries as they also do not want to be subject to increasingly unaffordable prices. Therefore, it is in the interests of Qatar through OPEC to work with other oil importing countries to achieve global stability for oil prices.

To elaborate further, stability provides another important benefit to OPEC member countries and other oil-producing countries, particularly those from the developing world where petroleum export revenue can account for a very large proportion of the total export revenue — about 73%, on average for OPEC in 2005 (OPEC, 2006). Revenue from oil sales is the very essential element for financing their economic and social development programmes. Revenues from oil are also essential investment for upstream projects and the development of the oil sector. Hence, it is in the best interests of Qatar and its OPEC partners to ensure that every possible measure is taken to support market stability at all times, so that the optimal benefit can be derived from their limited oil resources and shared among present and future generations.

This explains why OPEC is so committed to achieving and maintaining market stability, a commitment which goes back to its inaugural meeting in Baghdad in September 1960. The very first declaration of OPEC stated that "members shall study and formulate a system to ensure the stabilization of prices" (Shojai, 1995); a statement that has become the cornerstone of OPEC Statute, which was adopted in January 1961, and continued to be a crucial guiding principle of OPEC since then, 'The Organization shall devise ways and means of ensuring the stabilization of prices in international oil markets, with a view to eliminating harmful and unnecessary fluctuations' (Desta, 2003).

This principle has been repeatedly reaffirmed in different OPEC documentation, such as OPEC's two Solemn Declarations, which concluded summits of member countries' Heads of State and Government in 1975 and 2000, and the Long-Term Strategy (LTS), which was

adopted by the OPEC very recently (Daukoru, 2006). Indeed, the LTS clearly reflects the concerns of OPEC members concerning oil price volatility, stating that this 'renders all the more difficult the interpretation of price signals, whether they are an indication of structural change or a reflection of temporary phenomena, and thereby affecting the ability to support longer-term market stability' (Regulatory and Business Strategy Division, Australia, 2007).

The LTS also stresses the significance of fair prices, the security of regular supply to consumers, and the security of world oil demand. These objectives are also reflected in OPEC Statute: 'Due regard shall be given at all times to the interests of the producing nations and to the necessity of securing a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on their capital to those investing in the petroleum industry' (see Lukman, 2008).

It has become commonly accepted that the vibrant and sustainable development of global civilization and the improvement of the conditions of human lives depends on securing consistent access to energy. This access can best be secured via continuous cooperation and mutual understandings between energy producing countries and oil consuming countries. Each party has great interests in securing and stabilising energy markets and thus they all have the interests of reaching common agreements, which can be achieved through dialogue and cooperation.

Therefore, securing oil demand is very essential for Qatar and its OPEC partners. But, this security can only be achieved through security of supply as a means of achieving market. This is because oil market stability can never be achieved without being confident about the predictability and reliability of demand for oil. Once this confidence is achieved the necessary investments to promote oil production are guaranteed. But, the question which imposes itself in this context is "how OPEC goes about to carry out its commitments of achieving stable and sustainable market security?

4.3.1.3. Achieving OPEC's objectives

Achieving the above-mentioned objectives of securing market stability, Qatar and its OPEC partners should focus on analysing the very recent phenomenon of the sharp increase of oil prices to unprecedented levels of over $150 per barrel; a phenomenon that was a cause of serious concerns to the whole world including OPEC countries. Although high level of oil

prices could benefit oil producing countries in the short run as it leads to increasing governments' revenue, but this benefit is not sustainable. If prices are too high or too low they are not sustainable and reflect the fragility the oil international markets. OPEC has subsequently sought to moderate oil prices, although its influence was somewhat limited as the unprecedented increase was mainly due to the supply and demand factors and beyond the control of the OPEC.

Decisions taken at the OPEC Conferences were by actions of its member countries to stabilise the situation. But, as is mentioned above, oil markets themselves are subject to unexpected and sudden developments. What really remains as a credit for the OPEC is it did the best it could and took important decisions to reduce the prices of oil to normal levels. Other unexpected factors were beyond its control.

The outcome of the OPEC's decisions to stabilise oil prices during the Asian boom was to make its member countries, including Qatar, increase production by around 4.5 million barrel per day since 2002. Therefore, it can be argued that there were no actual supply shortages. This is demonstrated by the fact that stocks have increased to levels above their five-year average in the OECD area, particularly in the U.S. In addition, Qatar and other OPEC member countries adopted plans to bring on-stream new production capacity in order to meet the continued demand and growth, and to re-establish a comfortable cushion of spare capacity.

Although OPEC had very modest influence over recent destabilizing factors, it is believed that OPEC has clearly demonstrated its will to seek the best possible means to stabilise the situation, for the benefit of the international community. In other words, the OPEC's decisions to increase oil productions to mitigate oil prices sent a strong signal to the market concerning the OPEC's views on a particular set of events, and that this, in itself, can have a stabilising effect on market sentiment. For instance, in 2005, the OPEC's assurances of continuing with the healthy supply of oil accompanied by similar positive expressions from the International Energy Agency, helped to prevent the output disruptions caused by Hurricanes Katrina and Rita from developing into a major crisis that could have gone out of control. Over the past year, OPEC has also taken the initiative in providing assurances concerning adequate crude supplies after the outbreak of hostilities in the Lebanon region, and again after the partial closure of the Prudhoe Bay oilfield in Alaska (Ryan, 2004).

Hence, OPEC's increase of oil productions and its sincere will to stabilise the situation in international markets has provided assurance to oil importing countries that the trend of ample production and sufficient spare capacity will continue for years to come, benefiting producers and consumers alike and enhancing stability.

In addition, despite being traditionally associated with upstream oil activity, Qatar like other OPEC member countries, has also increased investment in downstream projects, both on their own and in partnership with others. Current estimates demonstrate that there will be a 2.5 million billion barrel per day of additional refinery capacity by 2010, with more being considered (Whipple, 2008). However, the ultimate fact remains that downstream investment is principally the responsibility of consuming countries, and the indications are that the sector could remain an essentially key source of price volatility for some time to come, with expansion lagging behind demand growth.

Therefore, OPEC did as much as it could in order to restore price stability at levels acceptable to the market at large. Other responsible parties also responded to varying degrees and in accordance with circumstance and capabilities. However, there are some areas where much more needs to be done in regards to the international efforts to stabilise the price of oil. One aspect of these needs relates to "speculation", which since from 2004 inflated prices far beyond primary levels, as was argued by different analysts. Appropriate and sustainable action to overcome this obstacle should be sought as early as possible because speculation is a direct main cause for price volatility and disruption within the market. Such disruption caused serious problems to the international markets and oil producing and importing countries but these problems are caused by factors (speculations) that are beyond the control of oil producing countries.

As for OPEC, it is inclined to establish a clear mechanism of anticipating oil prices during the time. Since the 1980s, the OPEC has used its own World Energy Model in order to construct scenarios describing possible paths of market development extending up to two decades or more ahead. This has been done as part of the extensive research activities that take place at its Secretariat in Vienna, Austria. The purpose of this has been to support its member countries in handling the many and varied challenges and opportunities they face in the industry. Such efforts should continue with cooperation between OPEC and other oil consuming countries.

OPEC forecasts that over the next 20 years, world energy supply will continue to depend primarily on fossil fuels, with oil retaining its leading position, which the latest projections put at close to 40% during this period. A reference case scenario forecasts a 30 million barrel a day rise in demand by 2025, to reach 113 mb/d, constituting an annual average increase of 1.5 mb/d. This assumes, among other things, that no dramatic changes in energy and environmental policies in consuming countries will occur. The transportation sector will be the main source of future oil demand growth, while developing countries — especially from Asia — are set to account for four-fifths of the rise, with consumption almost doubling to 53 mb/d. However, in 2025, Economically Developed Countries (EDLs) will remain the dominant oil consumer and will continue to use, on average, five times more oil per person than developing countries (Daukoru, 2006).

Many different well-informed and reputable organizations recognise that the global resource base is sufficient in dealing with the forecasted increases in world oil demand. Estimates of global ultimately recoverable resources for conventional oil have been increasing due to different factors such as technology, successful exploration, and enhanced recovery from existing fields. In addition, there is a vast resource base of non-conventional oil to develop.

Equally important, Qatar should realise that in the medium-term, non-OPEC supply has the potential to rise substantially with growth projected at 6 mb/d in the present period of 2005–2010. However, this is eventually expected to reach a plateau after 2015, at an estimated 58–59 mb/d. Therefore, in the longer-term, it is expected that the OPEC — with nearly four-fifths of the world's proven crude oil reserves — will be greatly relied upon to supply most of the incremental barrel of demand. Hence, it is important for Qatar's authority to realise that most of the new demand will be met by non-OPEC countries in the short-to-medium term and by the OPEC in the longer-term. Projections in this reference case show that OPEC production levels — including natural gas liquids — would rise to 54 mb/d by 2025, which would be slightly below that of non-OPEC (Barkindo, 2006).

The OPEC's readiness and ability to supply the incremental barrel demonstrates the its willingness to achieve oil stability and security. But, this is not any smooth route to pursue. There are many uncertainties concerning future levels of oil demand which translate into a wide range of possible levels of necessary investment in OPEC member countries. These are caused by, in particular, uncertainties over world economic growth, advances in technology, and policy measures in consuming countries. Even over the medium-term to 2010, there is an

estimated range of uncertainty of $50 billion for required investment, and by 2020 this will go up to as much as $240bn. Thus, there is a heavy burden of risk for these countries, with the huge amounts of capital that must be committed up front (Barkindo, 2006).

This explains why OPEC repeatedly calls for more transparency in the evolution and implementation of policies among consuming countries, so that better evaluation can be made to undertake the appropriate capacity expansions, and prevent wasting valuable financial resources.

By and large, in strict market terms, stability has many dimensions to it, and OPEC sees its role as trying to accommodate these as much as possible. But, there is more to it than just quantities; there is also the qualitative aspect, addressing the growing need for energy services to integrate better with the broader-based challenges facing mankind — in both rich and poor nations alike.

For instance, there is the issue of the "environment". The oil industry has a long history of successfully improving the environmental credentials of oil, addressing concerns of local pollution and improving air quality, and OPEC's member countries have also been at the forefront of many important new developments over the years. But, there is also the need to meet the challenges imposed by possible climate change, where technological options which allow the continued use of oil and gas in a carbon-constrained world must be considered.

One promising example is Carbon Capture and Storage (CCS), applied to large stationary sources of CO_2 emissions, such as power stations and industrial sites, which account for over half the energy-related CO_2 emissions. CCS can also be used in conjunction with CO_2 enhanced oil recovery, which offers a win-win opportunity by not only storing CO_2, but by also increasing oil reserves in mature fields. If CCS is to be used on a scale that would make a significant impact upon net CO_2 emissions, it could be developed into a significant business opportunity for the oil industry. However, the developed countries should take the lead in the area of providing cleaner oil and gas technologies by promoting large-scale demonstration projects — including the use of the Clean Development Mechanism (CDM) in accordance with the principle of 'common but differentiated responsibilities' and respective capabilities (Ministry of Foreign Affairs of Japan, 2008).

As they seek access to modern energy services to improve their economic and social conditions and sometimes overcoming poverty, clean and safe energy is a vital requirement for developing countries. Without outside help, many appear to have no means of escaping this type of poverty trap. Poverty eradication is the first UN Millennium Development Goal, and a comprehensive and balanced approach to implementing the three pillars of sustainable development — economic development, social development and environmental protection — is required. Energy security applies to all nations of the world, and the eradication of energy poverty demands urgent attention, and is everyone's business and responsibility.

In order to reach prosperity and improving standards of living for human being, these qualitative aspects require as much stability as possible in the world energy market. This has provided a powerful additional incentive for member countries to work towards this fundamental objective — oil market stability — which, as previously indicated, was adopted at the very first meeting of the OPEC Conference 46 years ago, and was enshrined in the OPEC Statute shortly after, serving as one of its guiding principles ever since (OPEC, Third OPEC Summit, 2007).

The various agreements decided upon are the result of the search for a new price band which would be both fair and acceptable to producers and consumers, and which provided sufficient returns to the International Oil Companies (IOCs). Such returns would encourage them to explore for oil and expand their oil producing capacity.

Merrill Lynch's report published in April, 2004 attributes the failure to secure oil investments to the incapacity of the capital expenditures by both national and international oil companies, in order to keep pace with the increased cost of oil exploration, which has snowballed at an average annual rate of 10% since the mid-1990s. To stimulate investment in the oil industry, the price of oil had to be raised so as to preserve the reasonable average rate of return at 13%. In the mid-1990s, the investment needed to secure a production capacity equal to one barrel per day over a period of ten years was estimated to be $14,600. The capital cost of finding and developing oil was approximately $4 per barrel, accommodating the 13% rate of return, based on the 1990s prevailing price of $18. From 2001 to 2003, the volume of investment required to secure the same production capacity surged to $25,600, raising the capital cost of finding oil to $7 per barrel. This necessitated a price elevation of $28 in order to maintain the 13% rate of return (Abdullah, 2006).

While global demand for oil is anticipated to increase from the current 85 million barrels per day (mbd) to 125 mbd by 2030, the investments needed over the next 25 years in order to expand oil and gas production in the Middle East is estimated at $750 billion. This prompts the question of what price will suffice to encourage investment in expanding oil production capacity towards serving consumer needs, and guarding against price shocks.

The price of oil of OPEC jumped from an average of $25 per barrel over the period 2000-2003 to $36 per barrel in 2004 and to $50 in 2005, and then continued to increase to reach unprecedented level of $140 per barrel. Geopolitical factors in the Middle East — especially the US occupation of Iraq accounted for this sharp increase. Under normal geopolitical conditions, the ORB price should be permitted to gradually increase over time in accordance with an annual rate determined by three principles previously adopted by agreements with IOCs (Vail, 2008).

Two of these agreements were endorsed in the 1971 Tehran Agreement between OPEC and IOCs. First, a gradual 2.5% annual price increase is permitted to cover inflation; second, an annual increase of $0.05 as a special allowance in light of the fact that oil is a non-renewable resource which will soon be depleted due to heightened demand. In 1971, the $0.05 represented 2.5% of the price of oil, which hovered at around $2 per barrel. Hence, the yearly rate of increase undertaken by the Tehran Agreement was approximately 5% (Abdullah, Al-Ahram Weekly, 2006). In spite of the fact that the Tehran Agreement is no longer applicable, these two principles are still valid.

The third principle is embodied in the first Geneva Agreement of 1971 with IOCs. It stipulates correcting oil prices in accordance with value variations of the US dollar, which is used to post oil prices, vis-à-vis, and other major currencies. After the decision to float the US dollar on 15 August, 1971 — and its subsequent official devaluation on 17 December, 1971 — the price of oil accordingly rose by 8.5% on January20, 1972. When the US dollar was devalued again on February12, 1973, the second Geneva Agreement — concluded in June, 1973 — endorsed an approximate price increase of 11.9%, and provided for monthly price adjustment in light of the currency's fluctuations (Abdullah, 2006).

These three principles should be taken into account in the estimation of the nominal annual increase in oil prices. Even if the US dollar fluctuations, other major currencies eventually

equalize in the long-run, and the annual rate of price escalation would not be less than 5% over the past thirty years, according to the two principles of the Tehran Agreement.

Price escalation needs to start at a basic year. The price of $11.65 as adjusted after the October War is a fair price suitable to serve as a basis for gradual escalation, as well as a means to compensate for the erosion of the real price of oil. Therefore, on the basis of the above three principles for estimating the composite annual rate of price increase over the past thirty three years — of 5% — the nominal price of ORB should not fall below $58 at present. However, due to troubled geopolitics and/or stock, and seasonal fluctuation of oil demand and supply, the price of oil may be driven to a much higher level depending on the severity of the effect.

This new price of $58 under normal conditions — and upgradeable over time according to the three principles of the inflation rate, demand growth rate, and fluctuation of the US dollar value — stands to offer international oil companies with a fair profit to support expanded investment, and the proprietors of oil reserves with a reasonable share of oil rent to compensate them for the ultimate depletion of oil — their only source of primary income (Abdullah, 2006).

4.4. QATAR'S GAS SECTOR

While oil constitutes an important source of income for Qatar and is one of the driving forces for its economy, a significant area of growth for Qatar is natural gas. Natural gas exports have grown in parallel to the increasing trend of the crude oil exports in the recent years, as Qatar overtakes the world's largest natural gas exporter, i.e., Indonesia (South-East Asia). As is already explained in Table 4.1 above, Qatar exports of natural gas liquids increased significantly from one year after another. These exports accounted 15,447 million in 2003 but then jumped to 23,497 million in 2004, a trend that continued in the subsequent years reaching 53,859 million in 2007. This trend is expected to continue into the future as the world demand for natural gas continues to rise.

As a percentage of total exports, LNG constitutes over 30 percent of Qatar's total exports, thus demonstrating the importance of the gas sector in Qatar's exports structure. It may be noticed that this percentage was the highest in 2001 at 37.7 percent, but fell in subsequent years reaching the lowest in 2005 of 30.8 percent. Nevertheless, this percentage increased

noticeably in 2006 and 2007 registering 34.8 percent and 35.2 percent respectively of total exports (see Table 4.8 below). These figures further demonstrate that the increasing importance of LNG exports in the last few years. These LNG exports are expected to further increase in the upcoming years; perhaps exceeding oil exports in the future, probably due to the fact that LNG is emerging as the preferred fuel and an ideal substitute to oil as an energy source that complements economical and environmental issues currently on top of a world agenda and burning issue for green house gases.

Table 4.8: Natural Gas Liquids (LNG) as a % of Total Exports

Year	2001	2002	2003	2004	2005	2006	2007*
Natural gas liquids (LNG) as a % of total exports	37.7	31.9	31.7	34.5	30.8	34.8	35.2

Source: Ministry of Business and Trade (2008)

Therefore, Qatar has managed to maintain its position as the leading exporter of LNG on a worldwide scale, despite being a minor OPEC producer, at an approximately 860,000 bpd level of output (Oil and Gas Exploration News, 2008). This is clearly reflected in the income statement of the Qatar's Liquefied Gas Company. The statement, as is summarised in Table (4.9) below, demonstrates the growth in the natural gas exports in earnings from year 2001 of 482,010.00 to 2007 reaching its peak of 946,900.00 in 2007.

Table 4.9: Qatar's Liquefied Gas Company Limited Annual Reports (2001-2007); Statements of Income and Distributions (US $'000)

Year	2001	2002	2003	2004	2005	2006	2007
Net income for the year	482010	231859	233854	242590	351469	436242	946900

Source: QLGC, Annual Report (2008).

The strength of the gas sector for Qatar is not only related to the increasing level of production for the last few years, but more importantly on the huge amount of gas reserves, as Qatar is registered to have one of the largest gas reserves in the world. The issue goes back to as early as 1991 when a strategic plan was drawn up by the Government following the discovery of the gas reserves, which resulted in the formation of the Ras Laffan industrial city in 1996.

Qatar gas and Rasgas bound together, and their main joint aim was to become the leading supplier of LNG and compete at an international on a worldwide level. Most of the gas

reserves in Qatar, as demonstrated in Table (4.10) below, are concentrated in the North Field, in which the gas reserves grew over years from 376.8 trillion cubic feet in 2000 and reached 892 trillion cubic feet in 2004 due to the intensive exploration efforts and new discovery of gas reserves.

There are other fields which have gas reserves but in a far lesser quantity of 14.4 trillion cubic feet, a fraction of that of the North Field. The total reserves of gas in Qatar in both the North Field and other fields were estimated to be 906.4 trillion cubic feet in 2004 (see Table 4.10).

Table 4.10: Qatar's reserves of associated and non-associated gas, during 2000-2004 are shown in below table.
(Trillion standard cubic feet)

Year	**2000**	**2001**	**2002**	**2003**	**2004**
North Field	376.8	496.0	495.0	900	892.0
Other fields	16.7	16.3	16.3	14.7	14.4
Total	**393.5**	**512.3**	**511.3**	**914.7**	**906.4**

Source: WTO, Trade Policy Review: Qatar (2005).

More recent data shows that Qatar's proven reserves of gas was estimated to be 910 trillion cubic feet in 2007, thus making Qatar the third biggest country in the world after Russia and Iran in regard of proven gas reserves. Russia's proven gas reserves are estimated to be 1,680 trillion cubic feet and Iran's proven gas reserves are estimated to be 974 trillion cubic feet as of 2007 (see Table 4.11 below).

Table 4.11: Top Proven Natural Gas Reserves as of 1st January, 2007

Country	Proven natural gas reserves (trillion cubic feet)
Russia	1,680
Iran	974
Qatar	910
Saudi Arabia	239
United States	204
United Arab Emirates	198
Nigeria	182

Source: Oil and Gas Journal, January 1, 2007

Given the increasing importance of the gas sector for Qatar and having looked into Qatar's gas production, exports, and reserves, the questions which now impose themselves in this context are; what are the main factors that could affect Qatar's productions of gas? And, can these factors be controlled and directed for the benefit of Qatar's economy? How can WTO membership affect, both positively and negatively, the gas sector of Qatar? The remaining of section is dedicated to discuss these questions and Section 4.6 will discuss .

4.4.1. Factors Affecting Demands for Natural Gas

4.4.1.1 Demands for natural gas

The demand for natural gas has traditionally been very stable and predictable although it depends for natural gas depends highly on the time of year, and changes from season to season for obvious reasons. In the past, the recurring character of the demand for natural gas has been comparatively simple and clear-cut. To elaborate, demand increased at the highest level during the coldest months of winter and dropped to the lowest level during the summer period (see Wells, 2006). The key driving force for this cycle of natural gas demand is the need for housing and commercial heating. Thus, heating requirements fluctuate throughout the year depending on the fluctuation of demand. This has resulted in demand for natural gas increasing substantially in January and February, and declining during the months of July and August. Base-load storage capacity is designed to meet this recurring demand. In other words, base-load storage withdrawals naturally take place during the winter in order to meet the increased demand, while storage injection takes place in the summer months, so that excess gas can be restored in preparation for the next up cycle. (Natural Gas.org, 2008)

However, the above traditional cyclical behaviour has changed as a result of the recent shift towards the use of natural gas for the generation of electricity. Although needs for natural gas heating decreased during the summer months, demand for space cooling increased during this warmer season. Electricity provides the primary source of energy for residential and commercial cooling requirements, leading to an increase in demand for electricity. In addition, because natural gas is used to generate a large portion of electricity in developed countries such as the United States, increased electrical demand often automatically lead to increased natural gas demand, with the demands forming a obvious connection (Sillin, 2004). Therefore, natural gas demand witnesses its most definite increase during the coldest months

but, as the consumption of natural gas for the generation of electricity increases, the scale of the demand for natural gas during the summer peak is expected to become more distinct (Shipp, 2009).

However, the cyclical demand for natural gas is not the only factor that determines the prices of natural gas but there are other important factors that play an active role in determining the demand for natural gas particularly in the short-term. As a gas producing country Qatar should realise all of these factors that may affect the price of gas, as is explained below.

4.4.1.2. Seasonal factors

As is mentioned above, demands for natural gas naturally reaches its peak level during the coldest months of thee winter but substantially declined during the warmer months, with some increase during the summer to meet the demands of electric generators. However, this cyclical demand for natural gas can be affected b any climate changes during any particular season. The colder the weather during the winter, the more obvious the winter peak will be. On the other hand, a warmer winter may result in reducing the demands for gas but, b the same effects, a very hot winter may result in greater demands for gas (Wells, 2006).

4.4.1.3. Fuel Switching

The short-term prices for natural gas are determined by the supply and demand in the marketplace. But, this can also work in another way round. For some customers, the price of natural gas can affect its demand. This is particularly true for those consumers who have the capacity to switch the fuel upon which they rely. While most residential and commercial customers rely solely on natural gas to meet many of their energy requirements, some industrial and electric generation consumers have the capacity to switch between fuels. For instance, during a period of extremely high natural gas prices, many electric generators may switch from using natural gas to using cheaper coal, thus decreasing the demand for natural gas (Ables et al, 2009).

4.5 PETROCHEMICALS

Besides the oil and gas sectors, petrochemicals are also another important element in Qatar's production and exports structure that have grown in importance over recent years. The

petrochemicals sector in Qatar is mainly administered by Qatar Petrochemical Company (QAPCO), which was established in 1974 with the purpose of utilising associated ethane gas from petroleum production. QAPCO is a joint venture between Industries Qatar (IQ) with an 80 percent share and Total Petrochemicals of France which holds a 20 percent stake (QAPCO, 2009). The IQ was found in 2003 with a paid-up capital of QR 5 billion, divided into 500 million shares of which 30 percent are held by the public and non-profit organisations. It is worth-noting that the IQ is the largest listed company on the Doha Securities Market in terms of market capitalisation and holds a diversified portfolio of subsidiaries in the petrochemicals, fertilizers, fuel additives and steel sectors. These include QAPCO, QAFCO, and QASCO. As for Total Petrochemicals, it is known to be "the largest publicly-traded integrated oil and gas company in the world and a renowned chemicals manufacturer" (QABPCO, 2009).

The industrialisation and manufacturing aspects of the QAPCO have substantially developed and improved throughout the time. It is now involved in manufacturing quality ethylene, low density polyethylene (LDPE) and other petrochemical products. It is worth-mentioning that the QAPCO is currently the largest producer of the LDPE in the Middle East with a capacity of thirty-six thousand metric tons per annum (MTA). This is besides its production of five hundred and twenty five thousand MTA of ethylene and seventy thousand MTA of sulphur. Qatar's LPDE products are marketed world wide and serve more than four thousand customers from over 70 countries in the Middle East, Asia, the Indian Subcontinent, Africa, the Americas, and Europe (QAPCO, 2009).

4.5.1. Downstream projects of QAPCO

One distinguished aspect of Qatar's petrochemicals is its highly interlinked nature of processes and production via different downstream projects. These projects are owned by joint ventures established between very interrelated investors, as is demonstrated in the following examples.

4.5.1.1. Qatar Vinyl Company (QVC)

QVC is the first downstream petrochemical project of Qatar designed to produce 290,000 MT/y of Caustic Soda, 175,000 MT/y of Ethylene Dichloride (EDC) and 230,000 MT/y of Vinyl Chloride Monomer (VCM). QVC is a limited shareholding company of Qatar

Petroleum, QAPCO, Norsk Hydro of Norway and Total Petrochemicals of France in which QAPCO holds a 31.9 percent stake (QAPCO, 2009).

4.5.1.2. Qatar Plastic Products Company (QPPC)

This QPPC is a joint company between Qatar Industrial Manufacturing Company (QIMCO) and the Italian Company FEBO. QPPC is established with the purpose of producing heavy-duty bags, plastic sheets and other plastic products for industrial purposes. The main raw material for producing these products is "polyethylene" which is supplied by QAPCO. This demonstrates the very interlinked production activities between the companies involved in petrochemical activities in Qatar. The plant of QPPC is designed to produce about 2,700 MT of FFS films, 700 MT of shrinkable films, 2 MT of top-open bags and 500 MT of recycled PE per annum (QAPCO, 2009).

4.5.1.3. Qatofin

Qatofin is another joint venture between QAPCO, Total Petrochemicals and QP, specialised in producing linear low density polyethylene (LLDPE) whose plant is adjacent to the existing QAPCO plant. The LLDPE plant is expected to produce around 450,000 MT of polyethylene every year aimed to be exported to Asia and Europe (QAPCO, 2009).

4.5.1.4. Ras Laffan Olefins Company (RLOC)

The RLOC is a joint venture between Q-Chem, QATOFIN, and QP found with the aim of establishing an ethane cracker plant and a 120-km pipeline from Ras Laffan to Mesaieed (where the LLDPE and QAPCO plants are located) to transport the produced ethylene. The RLOC plant is located in Ras Laffan Industrial City and is regarded as the world's largest ethane cracker plants with the capacity of producing 1.3 MMT of ethylene every year (QAPCO, 2009).

Having analysed the nature of the activities of the main components of the energy sector of Qatar, the following section looks into the status of these components under the WTO and how Qatar could address its interests on these components in the current Doha Round negotiations.

4.6. QATAR'S ENERGY SECTOR (OIL, GAS, AND PETROCHEMICALS) UNDER THE WTO

The above analysis has clearly demonstrated the importance of the energy sector for Qatar's economy. Oil, gas, and petrochemical sectors constitute the backbone of the economy. By being a member of the WTO, it is important for Qatar's policy makers to be aware of how these sectors are affected by the WTO and the opportunities that are available for Qatar in the on-going multilateral negotiations of the Doha Round to improve the competitive position of these sectors.

The issue of how to address and deal with energy sectors such as oil, gas, and petrochemicals under the WTO has started to gain more attention when the number of energy producing countries increased in the WTO. There have been different, and sometimes conflicting views, about how these sectors should be dealt with under the WTO (Hilal, 2001).

Some people feel that the WTO arrangements have so far not paid enough attention to energy products and services, albeit their importance in international economy. They argue that there should be a new separate multilateral agreement inaugurated to deal with these sectors that takes the interests of producing and consuming countries altogether. They believe that the new agreement should be separated from the GATT and the GATS and contain its own regulations due to the different nature of these products and their importance for the global economy. The proponents of this view argue that establishing a new trade agreement under the WTO umbrella will lead to greater stability of the market and predictability of prices. Even geopolitical instability and tensions in different parts of the world will be reduced as the whole energy issues and the concerns about security of demand and prices will be governed via the new proposed WTO agreement (Hilal, 2001; International Forum on Globalisation, 2009).

However, other people do not share the above views and argue that due to the very special nature of energy sectors and their utmost importance for the development of the global economy and trade and the survival of mankind, "energy sectors" should stay out of the ambit of the WTO. The increasing geopolitical tensions in different parts of the world do not help the designing of new special arrangements for energy sectors in the WTO. OPEC was created with the objective to safeguard the interests of oil producing countries outside the ambit of the WTO and has been very successful in doing that. Qatar and other major gas producing

countries are organising their position and coordinating their policies to protect their interests. Hence, any new separate arrangements under the WTO for energy sectors may contradict with the outside arrangements.

The researcher takes an intermediate stand between the above two views and feels that it will be of Qatar's interests, as well as other energy producing countries' interests, if more considerations are given to energy sectors under the WTO. This does not mean that a new separate agreement should be found to deal with the energy sector, but the current GATT, GATS, and TRIPS regulations should be improved further to take into account the interests of energy producing countries. The researcher is not supportive of the idea of establishing a new separate agreement that deals specifically with the energy sector under the WTO, as is argued above. This is because external arrangements such as OPEC have proven very efficient in serving Qatar's interests. However, the continuing Doha Round negotiations offer a valuable opportunity for Qatar and its energy producing partners to seek improvements of the multilateral regulations to serve their interests.

This would require Qatar, as is already indicated, to establish a clear negotiating strategy under the Doha Round by cooperating with other energy producing countries and in particular GCC countries. Their negotiations should be in line with OPEC's objectives and policies that are outlined above. Qatar and its partners should carefully consider what kind of liberalisation they want to achieve under the WTO and what are the current obstacles facing their energy exports and how such obstacles can be removed.

Qatar and its partners should also consider that some developed countries such as the EU, Canada, and the U.S. are currently lobbying for the liberalisation of energy-related services under the GATS negotiations. These include exploration, production, construction, and transportation. These countries have a vested interest in penetrating the services markets of energy-producing countries, while at the same times creating major obstacles against energy exports to their territories (Hilal, 2001; International Forum on Globalisation, 2009). Hence, Qatar is advised to study the proposals of developed countries in these areas very carefully and develop its own negotiating strategy in coordination with other energy producing WTO members.

4.7. CONCLUSION

Qatar's share in the world's natural gas reserves has been continuously increasing. Qatar's reserves of natural gas are the third largest in the world, accounting for 14.3% of the world's total proven reserves (OPEC, 2003). Furthermore, the country strives to become the largest Liquefied Natural Gas (LNG) producer in the world by 2010[20]. The development of gas-intensive industries such as petrochemicals, fertilizers, and refining key component of Qatar's overall diversification strategy.

WTO regulations have been said to be applicable to the energy sector of Qatar, but far from being ideally suitable as a solution to trade associated problems and barriers such as excise taxes and export restrictions. The aforementioned taxes and restrictions have negative impacts on the revenues of energy-exporting countries like Qatar. Additionally, although whenever trade barriers are imposed, provided they are non-discriminatory, they still are in line with WTO regulations. Furthermore, when oil prices decrease, as currently witnessed, and as also experienced in 1998/99, this usually leads to calls for diversification and reducing dependence on oil. Gas for instance, is said to have a significantly increasing demand for economic and environmental reasons, and is becoming a preferred fuel (International Centre for Trade and Sustainable Development, 2006).

According to the World Trade Report (WTO, 2007), governments should cooperate in trade in free markets for a number of reasons, including increasing market share and bargaining power. The WTO is an active organization that is promoting trade with minimal or no restrictions and therefore promoting capital mobility, and this issue (capital mobility as opposed to controls) is one of the most controversial topics in the academic literature and in a practical context.

Therefore, the question is whether Qatar as a member of WTO can meet its obligations to the organization and at the same time maintains its control over gas? In the author's view, although a difficult task there should be some level of compromise. The WTO will have to appreciate that Qatar as a major exporter of gas needs some level of protection as trading in oil and gas is different from trading in other commodities. OPEC, of which Qatar is a

[20] Qatar is implementing a plan to establish a liquefaction capacity of 70 million tons per year.

member, has been established for the purpose of coordinating and unifying the petroleum policies of member countries and ensures the stabilization of the oil market in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital to those investing in the petroleum industry.

In 2001, the Gas Exporting Countries Forum (GECF) was established with quite similar objectives to that of OPEC but with regards to gas. Qatar and other members of the GECF are already being criticized for forming some sort of cartel and this might pose some political risk for Qatar and the government should be aware of such risks (Wagbara, 2006). Therefore, Qatar does not oppose to trading in free markets but also believes that controls on gas are desirable especially in the current economic situation globally. To minimize the level of political risk, Qatar has to promote free trade in other areas of its economy and perhaps implement the controls on a short term basis. Long term controls depending on the level of restrictions can lead to political risk and this in turn might discourage investors in the future.

The analysis of the chapter has also revealed that exhaustible natural resources, such as petroleum and natural gas, are fully state-owned in Qatar. All energy policies and relevant legislations are determined and enacted by the Council of Ministers and chaired by the Prime Minister. The Ministry of Energy and Industry (MEI) represents the state in those matters relating to petroleum and natural gas in regional and international organizations, particularly the Organization of the Petroleum Exporting Countries (the OPEC), of which Qatar has been a member since 1961 (WTO, 2008d).

The analysis also demonstrated that Qatar's crude oil and gas production and reserves have risen in the last few years. The chapter has also shown that the short-term factors which affect Natural Gas are cyclical demand, the weather, fuel switching and the US economy. While short-term factors can significantly affect the demand for natural gas, it is the long-term demand factors which reflect the basic trends for natural gas use in the future. The analysis of such factors which affect long-term demand across all sectors is complicated. The actual demand for any source of energy relies on a variety of interrelated factors, and it is very difficult to predict how these factors will combine to shape the overall demand.

The factors that affect the long-term demand of natural gas are residential and commercial demand, electric industry restructuring, natural gas industry restructuring, demographics and

population growth, energy efficiency regulations, technological advancements, industrial demand, economics of the industrial sector and electricity restructuring, environment emissions regulations, electric generation demand, flexibility and capital investment, environmental concerns, and the transportation sector demand.

The chapter has also highlighted the role of the OPEC in stabilizing the oil market prices, and the various Geneva conventions. The chapter has also explained how, through WTO-backed policies, Qatar has overtaken Indonesia as the main supplier of natural gas on the world market. The chapter examines the trend of oil export, as well as gas export and gas gross domestic product. These explain the increase in the statements of income the nation has earned since joining the WTO. Issues which are beyond the control of Qatar — but which determine or influence the trade pattern of the country — were considered with particular attention to the various activities within the United States, and their effects on world demand for petroleum and natural gas. These include both short- and long-term influences.

Lastly, the chapter has discussed the contribution of oil and gas to the Qatar economic modernization, and the policies Qatar has formulated and implemented in order to maximize its gains from two important primary products, i.e. the extraction of petroleum and natural gas. These products made a substantial contribution to Qatar's economy, resulting in the increase of gas-intensive industries over the years — such as petrochemicals and fertilizers.

CHAPTER FIVE: METHODOLOGY

5.1. INTRODUCTION

Two data collection approaches were utilized in this research, one using questionnaires and another using interviews with selected experts and authorities of Qatar.

A questionnaire was designed in order to obtain respondents' views on the four fundamental research questions raised in Chapter One. These questions were then developed into a five-item Liker Scale in which respondents determined whether they 1. Strongly agree, 2. Agree, 3. Disagree, 4. Strongly disagree, 5. Have no opinion.

Contingency tables and simple descriptive statistics — specifically simple averages — were employed in analysing the data. Results were presented in tabular form and pie charts, and subsequently analysed and discussed, as notably in Chapter Six, Part A.

Seven interview questions were also developed and administered. This was analysed in Part B of Chapter Six.

5.2. THE MAIN RESEARCH QUESTION

What are the economic effects of Qatar's membership to the World Trade Organization?

The study investigated the economy of Qatar with a view to determining whether the economy improved or not when the country became a member of the World Trade Organization (the WTO). This task was accomplished by the researcher considering and analysing three factors: Qatar's economy prior to its WTO membership; the results of the economic reforms which Qatar subsequently embarked on after becoming a member of the WTO; and the role the oil and gas polices played in it. These factors were all considered for the purpose of identifying the reform's strengths and weaknesses.

The study was conducted through the use of a survey which was focused on the business community and through semi-structured interviews with the WTO representative, the

Minister of Trade and Businesses, the Minister of Energy and Industry, and various heads of public companies.

The research focused on the issue of whether has Qatar economically benefited from its membership within the WTO. Essentially, Qatar became a member of the WTO in order to benefit from the free flow of trade, avenues for trade negotiations, the settling of trade-related disputes, the assistance that the WTO provides to developing countries regarding trade policy issues, the administration of trade agreements, and cooperation with other nations and organizations.

The researcher is interested in this issue as since Qatar became a member of the WTO it has opened up to international corporations and organizations which are now conducting business within the country. It is an important topic as this is a new phenomenon which can have a significant impact on the country and its people. Therefore, by identifying the strengths and weaknesses, the researcher hoped the country would then be in a position to work towards strengthening their strengths and working towards improving the weaknesses.

Two data collection approaches were utilized within this research. This dual method approach combined quantitative and qualitative elements, and used a broad range of participants in the study, thus providing the depth of information needed to legitimize the results of the study. A review of literature on this dual method is helpful in clarifying any doubts on its appropriateness.

When investigating human behaviour and attitudes, it is fruitful to use a variety of data collection methods (Patton, 1987, pp.144-145). A dual method approach is more likely to increase both the validity and reliability of the research data. By validity we mean the control of variables to the extent that we can make generalizations from the sample of data. For reliability of data, we are referring to the consistency of results i.e. would other researchers, on examining the same data, reach the same conclusion, or, if they carried out the research in the same way, obtain the same results. According to Greene et al., 'the range of possible benefits that carefully crafted mixed method designs can yield has been conceptualized by a number of researchers' (Greene, Caracelli, and Graham, 1989 pp. 255).

Therefore, using more than one method in this study can therefore strengthen the validity of the results: Combining quantitative and qualitative approaches pays off in improved instrumentation for all data collected approaches, and it sharpens the researcher's understanding of the findings.

5.3. DESCRIPTION OF RESEARCH METHOD AND DESIGN

The quantitative and qualitative data collected and utilized in this research, focused on measuring the views of predetermined categories of respondents. "Using categorised materials that can be regarded as normal descriptive data can be analysed in a statistical way" (Patton, 1987, pp.9-10). It deals with numbers, uses statistical models to explain the data, and is considered as 'hard' research, such as by using opinion-poll research (Bauer and Gaskell, 2000). Within organizations, such data are gathered through the conducting of surveys, questionnaires and tests. Results are precise and easily comparable.

The main purpose of quantitative research is to isolate causes and effects, and define categories precisely before further study is undertaken (McCracken, 1990). The measuring and quantifying of phenomena is then carried out in order to determine the relationship between them (Flick, 1998). It requires researchers to create research designs and construct a 'sample' of the necessary size and type in order to allow the generalization of findings applying to the larger population. The advantage of quantitative research is that it gives objective results so that the subjective views of the researcher and participant's influence can be eliminated. This method is best for closed questions, which allows the respondent to respond readily and unambiguously (McCracken, 1990).

On the other hand, a qualitative research design is one where data is collected in the form of words and observations, which can take the form of detailed descriptions of situations, events, people, interactions and observed behaviours, beliefs and thoughts (Vittles, 1991). Qualitative research is associated with research questions and phenomena of interest which require exploration of detailed in-depth data, aimed at description, comparison or prescription as explicitly summarised by Miles and Huberman (1994).

Qualitative research is usually exploratory, descriptive or comparative in nature, containing some or all of the criteria such as: a) Intense and prolonged contact in the field, b) Designed to achieve a holistic or systemic picture, c) Perception is gained from the inside, based on the participants understanding, d) Little standardized instrumentation is used, e) Most analysis is done with words and f) There are multiple interpretations available in the data.

Similarly, Denscombe (1999) identifies some features of qualitative research as a) a concern with meaning and the way people understand things; hence human activity is seen as a product of symbol and meanings that used by members of the social group to make sense of things. Such symbols and meanings need to be analyzed as a 'text' — to be interpreted rather like a literacy critic interprets a book, b) A concern with patterns of behaviour. Here, the focus is on regularities in the activities of a social group — such as in rituals, traditions and relationships and the way these are expected as patterns of behaviour, cultural norms and the types of language used. Furthermore, as per Densecombe (1999), qualitative methods focus on naturally occurring, ordinary events in natural settings, so that we have a strong handle on what 'real life' is like.

Blackman (1993) argues that research within organizations requires largely qualitative methods as its techniques involve close and sustainable encounters with people, such as participant observation, and in-depth interviews from different categories of workers from different walks of life. Also, while qualitative techniques generate rich data on people's knowledge, attitudes and preferences, the same can be used in combination with some quantitative methods in order to generate questions for structured questionnaires, to add depth to generalizations from survey research, and to develop hypotheses for further studies.

A related method is known as 'discourse analysis' (Punch, 2005, p.221), which captures participant focus, and refers to the general framework or perspectives within which ideas are created. As per Keith Punch, discourse analysis is not a coherent body of theory, methods and practices. However, it is used in several academic disciplines. As a result, discourse analysis "has become an umbrella term for a wide variety of different analytical principles and practices" (Punch, 2005, p.221). However, selecting a sample in a research is very important. Black (2002) preferred randomization as a means of sample selection.

This research was carried out over a period of around three years (October 2006 – July 2009), and was based on data collected through questionnaires and interviews which targeted the business community, consisting of private business people and the trade and economic policy making process in Qatar. Data was obtained from the business community through a questionnaire, while semi-structured interviews were conducted with the WTO representative, as well as government officials from the Ministry of Business and Trade and the Ministry of Energy and Industry. One hundred (100) questionnaires were distributed and sixty-one of these were returned with satisfactory responses, which represented 61% of those questioned. The survey sample in all cases was selected randomly. The researcher also planned to interview 22 people. However, only 17 people were willing to be interviewed. Seven questions were posed to each of these participants, yielding varied responses.

5.3.1. Questionnaire

The questionnaire has been a suitable instrument used within this research as questionnaires which are completed by respondents themselves are one of the main instruments for gathering data using a social survey design, along with the structured interview (Bryman and Bell, 2003, pp.482-484).

No survey is perfect but the aim of the research in this work will be to avoid error and bias as much as possible, and to proceed in a logical and careful manner. For this reason, the researcher piloted the questionnaire during the process of questionnaire design. According to Bell (1999, pp.147-149), piloting is an approach that tests how long it takes recipients to complete the questionnaires, to check that all questions and instructions are clear, and to enable the researcher to remove any item which does not yield useable data.

Questionnaires come in many forms, from factual opinion-based and tick boxes to free text responses. Whatever their form, they are often viewed as quick and relatively inexpensive, as long as the researcher is sufficiently disciplined to abandon questions which are deemed as superfluous to the main task (Bell, 1999, p.147). However, some recipients tend not to like questionnaires. Similarly, the chasing up of non-returns is often needed in order to ensure that the sample is adequate and appropriate. They may also give superficial information but their advantages are more if properly managed.

Edward and Talbot (1999) suggested the following advantages and disadvantages with regard to the use of questionnaires:

Advantages

Questionnaires have advantages as they are able to give useful background information. They are also able to be administered by post or to a lot of people at the same time in one setting. In addition, they are reliable and can be easily analyses after collection.

Disadvantages

Questionnaires have disadvantages as recipients tend not to like them. The descriptive data they produce rarely allows the researcher to fully demonstrate his skills of analysis, as they give only quite superficial information. Another negative aspect is how the researcher can end up chasing non-returns, which is often needed to ensure that the sample is adequate and appropriate.

The researcher intends to overcome this discouragement by ensuring that the questionnaire is focused, short and easy to analyze. Moreover, the researcher personally conducted the interviews and administered the questionnaire.

On balance and in summary, the advantages are more than the disadvantages. As such, questionnaires were used.

5.3.2. The research questionnaire

The survey of this research consisted of 10 questions that were designed and structured to ascertain the views of the business community in Qatar about the WTO and its impact on their companies. Some of the questions were aimed specifically to discover the participants' opinions on whether it would be better for Qatar's economy to function without being tied up by WTO regulations.

The survey process was conducted during the period from 1st December 2007 to 6th February 2008. In the beginning, the researcher had hoped to get 100 responses from the business

community of Qatar, but in the end only 61 of them replied to the questionnaires (see Appendix D).

The researcher faced some difficulties in getting the responses of the other 39 questionnaires. This was due to various reasons, most of which related to the lack of cooperation and appreciations for academic researchers. In some cases, the researcher made before-hand appointments with some senior people in the companies to be covered in the survey but unfortunately when the researcher arrived for the meeting in the company, different types of apologies were expressed by the secretariat either because the respondents were too busy or went on leave. Despite continuous attempts to meet up with these people, the researcher's efforts were not successful.

In some other cases, the researcher was asked to leave the questionnaire and his contact details with the secretariat of the company, so that it could be completed by the person with whom the researcher was supposed to meet. The researcher was asked to return to the company the next day to collect the questionnaire. In case of any enquiry or clarification about any of the questions, the researcher was promised to be contacted. Nevertheless, in most of these cases, the researcher was never able to get the questionnaires back, either because they were claimed to be lost or the person who was supposed to fill it in was on leave or becoming even busier!

On the other hand, however, the researcher received important and valuable cooperation from other people within the business community. In 28 cases (out of 61 respondents), the researcher received very good assistance and appreciation of the topic of the research without even having any prior relationship between the researcher and the respondents. This, somehow, painted a good picture about the awareness of some people of the importance of academic research. These respondents felt that this research was very important for the economy of Qatar and was conducted at the right time. This was because the economy was witnessing unprecedented growth accompanied by evident openness and encouragement of foreign investment. The researcher's aim to evaluate the impact of the WTO regulations on the performance of the private sector was much appreciated. Some respondents even recommended that similar research should be consistently carried out as Qatar's economy was evolving and would perhaps be transformed into a more developed and sustainable economy in few years time.

The remaining 33 respondents (out of 61) were already known to the researcher. The researcher worked as a chief employee in the section of procurement and contracts in the Qatar Gas Company and, because of the nature of this work, the researcher had connections with many people within the business community in Qatar. Perhaps, being also a businessman himself, the researcher was able to get hold of many people, nationals and foreigners, to answer the questionnaire.

In the beginning of the each interview, the researcher explained the aim of his research and how important it was for the economy of Qatar. Such explanations were well-received. For 55 respondents, all the 10 questions were very clear and they did not have any enquiry nor did they ask for further clarification. But for the other six interviews, clarification was sought for question number 8. This question was about whether Qatar should sign free trade agreements with other countries such as the U.S. and India, as well as being a member of the WTO. The respondents asked about the differences between such FTAs and the WTO. The researcher had to explain that FTAs were bilateral trade agreements between countries which had proliferated in recent years due to the difficulties facing the Doha Round. These difficulties drove developed countries such as the EU and the U.S. to deviate from the route of multilateralism to pursue the route of bilateralism/preferentialism. The researcher further explained that the FTAs applied more obligations on their partners than the WTO.

5.3.3. Interviews

Interviews allowed the researcher to capture the perspectives of the WTO and government officials on the issues being investigated. There are two types of interviews used in research: Structured interviews, in which a carefully selected word questionnaire is administrated; and in-depth interviews, in which the interviewer does not follow rigid form.

The most common method used is the in-depth interview, which is unstructured with no lengthy questionnaire, and individuals are interviewed in sufficient detail for the results to be taken as true, correct, complete and believable reports of their views and experiences (Hakim, 1987, pp.26-27). According to Punch (2005, p.170), it is used to understand the complex behaviour of people without imposing any prior categorization which might limit the field of enquiry. Its main weakness, as Hakim notes, is that small numbers of respondents cannot be taken as representative, even if great care is taken to choose a fair cross-section of the type of people who are the subjects of the study.

According to Berry (1999, 159), "interviews have been used extensively for data collection across all the disciplines of the social sciences and in educational research. There are many types of interviews, as suggested in the literature". However, we focus on one particular type – in-depth interviewing — and how we will use this research method to collect data for our study.

5.3.4. In-depth interviewing

In-depth interviewing — also known as unstructured interviewing — is a type of interview which researchers use to elicit information in order to achieve a holistic understanding of the interviewee's point of view or situation; it can also be used in order to explore interesting areas for further investigation. This type of interview involves asking informants open-ended questions and probing wherever necessary in order to obtain data deemed useful by the researcher. As in-depth interviewing often involves qualitative data, it is also called Qualitative Interviewing. Patton (1987, pp.109-114) suggests three basic approaches to conducting qualitative interviewing:

5.3.5. The informal conversional interviews

This type of interview resembles a conversation, during which the informants may sometimes forget that they are being interviewed. These chat-like conversations come across as informal, and allow the participants to relax, therefore allowing unambiguous answers. Most of the questions asked will flow from the immediate context. Informal conversational interviews are useful for exploring interesting topics for investigation and are typical of 'ongoing' participant observation fieldwork.

5.3.6. The General Interview Guide Approach (commonly called Guided Interview)

When employing this approach for interviewing, a basic checklist is prepared in order to make sure that all relevant topics are covered. The interviewer is still free to explore, probe and ask questions deemed interesting to the researcher.

This type of interview approach is useful for eliciting information surrounding specific topics. For this reason, Wenden (1982, p.39) considers that the general interview guide

approach is useful, as it 'allows for in-depth probing while permitting the interviewer to keep the interview within the parameters traced out by the aim of the study'.

5.3.7. The Standardized Open-Ended Interview

Researchers who opt to use this approach prepare a set of open-ended questions which are carefully worded and arranged for the purpose of minimizing variation in the questions posed to the interviewees. In view of this, this method is often preferred for collecting interviewing data when two or more researchers are involved in the data-collecting process. Although this method provides less flexibility for questions than the other two methods previously mentioned, probing is still possible depending on the nature of the interview and the skills of the interviewers (Patton, 1987, p.113).

The researcher utilized the general interview guide approach as it allowed the researcher to keep the interview within the parameters traced out by the aim of the study.

The researcher enhanced his skills in conducting interviews by considering relevant literature on interviewing techniques as follows:

5.3.8. Interviewing Techniques Informed by the Literature

One essential element of all interviews is the verbal interaction between the interviewer/s and the interviewee/s. Hitchcock and Hughes (1989, p.79) stresses that 'central to the interview is the issue of asking questions and this is often achieved in qualitative research through conversational encounters'. Consequently, it is important for the researchers to familiarize themselves with questioning techniques before conducting interviews.

Questioning Techniques

Individuals vary in their ability to articulate their thoughts and ideas. With good questioning techniques, there is greater opportunity to facilitate the subject accounts and to obtain quality data from them. Current literature suggests some questioning techniques, summarized in the following points:

A- Ask Clear Questions

Cicourel (1964, p.161) reflects that 'many of the meanings which are clear to one will be relatively opaque to the other, even when the intention is genuine communication'. Accordingly, it is important to use words that make sense to the interviewees, words that are sensitive to the respondent's context and world view. To enhance their comprehensibility to the interviewees, questions should be easy to understand, short, and devoid of jargon (Kvale, 1996, pp.83-87).

B- Ask Single Questions

Patton (1987, 113-115) points out that the interviewer should not put several questions together and ask them all as one. He suggests that researchers should instead ask one question at a time, addressing one point at a time. Interviewing in this way will eliminate any unnecessary burden of interpretation on the interviewees.

5.3.9. The Semi-structured Interviews

For this research, having obtained the opinions of the business community about the impact off the WTO on their companies and business activities through a questionnaire survey, in order to collect more data on this issue, it was felt to be important to measure the perceptions of policy makers via semi-structured interviews. By gauging the views of policy makers on Qatar's membership of the WTO and whether the multilateral regulations had benefited the economy of Qatar, the research would have covered the views of the two important elements of the economy; the business community and the policy-making process. The interviews were conducted during the period between 15th February and 29th April 2008.

The semi-structured interviews were based on open-ended questions, with the objective of raising discussions around certain issues related to Qatar's membership to the WTO. The first three questions focused on whether the WTO regulations have benefited the economy of Qatar. They are designed to support the findings of the earlier chapters of the thesis, namely chapters two and three, as well as the data collected from the survey. The fourth question is about whether the remit of the WTO should be extended to cover oil and gas exports even if this meant that Qatar could no longer adhere to OPEC quotas. This question is designed to

complement the analysis of chapter four of the thesis and the data collected from the questionnaires.

The fifth question focuses on foreign investment and the incentive measures that Qatar has been adopting for the last decade to attract investments into its markets in different sectors. The sixth question deals with outwards investment and the extent to which Qatar would seek to invest in overseas markets and the extent to which the WTO could help Qatar in this respect. Both questions five and six are designed to complement the earlier analysis of chapter three on inward and outward investments. The last question is designed to measure the views of the participants about the Doha Round and the extent to which Qatar supports the objectives of the Doha Development Agenda. The data collected from raising this question would support the analysis conducted in different parts of the thesis.

The researcher was very selective in choosing the suitable candidates for the interviews. The target was to meet with senior government officials who are responsible for the economic policy and decision making processes in Qatar. Originally, the researcher attempted to interview around 22 senior government officials, but ended up interviewing 17 of them (see Appendix E). The other five respondents did not appear to be available for the interview. One of them was spending his annual leave outside the country and the other four apologised for not being able to discuss the policy-making processes given their sensitivity.

Surprisingly, although the purpose and the topic of the interviews were all about the economy of Qatar in relation to the WTO, some interviewees appeared to be quite reserved and not transparent enough. At some stages, the researcher found it difficult to discuss the political economy of the country with some interviewees. Five interviewees refused to have their names listed with the other respondents. Two of them claimed that they did not want to be caught discussing the policy of the Government. The researcher had to emphasise occasionally that the whole purpose of the research was academic and the outcome of the research would benefit policy making. Interestingly, when the researcher assured some interviewees that their names would be kept anonymous, they appeared to be more transparent and less conservative in expressing their views.

Nevertheless, many other interviewees were, on the other hand, very transparent and appeared to be ready to help the researcher. They were very cooperative and answered all the

questions. Some of them helped the researcher to get in touch with other senior government officials which resulted in the end in satisfactory interviews and useful responses. However, in all the 17 interviews, interviewees did not like the idea of recording the interviews and the researcher had to agree with their wishes.

Overall, the interviews were conducted in a very friendly manner. Most interviewees were quite well-informed about Qatar's economy and trading activities. But, for other interviewees, WTO related issues were not very familiar. Although they appear to know some basic ideas about the WTO and its main principles, issues such as the Doha Round, intellectual property rights, and dispute settlement were not known to them.

5.4. DATA HANDLING AND ANALYSIS

Qualitative and quantitative data analysis was used in order to analyze the collected data. According to Keith Punch (2005, pp.234-244), this method involves the reduction and display of data in tables and charts, enabling the researcher to understand the items so that he can interpret and present his findings to others. Additionally, the information presented in the previous chapters was highlighted with a view to further enhancing the understanding of the issue.

5.5. ETHICS OF THE RESEARCH

In consideration of the participants in this research, the researcher abided by the following code of behaviour:

- Individual respondents are not named in the research report;
- Participants are given a copy of the research protocol explaining their contribution and how the research findings would benefit the country;
- The researcher further assured the respondents that any discussion of individual cases would remain confidential to the researcher.

When looking into people's behaviour and attitudes in the final analysis, it is useful to use a variety of data collection methods. As Patton (1987, p.144) puts it; "the overlapping of data collection and analysis improves both the quality of the data collected and the quality of the analysis". Using more than one method when studying the same phenomenon can strengthen

the validity of the results; combining quantitative and qualitative approaches provides an improved instrumentation for all data collection approaches, and sharpens the researcher's understanding of the findings.

5.6. CONCLUSION

This chapter has explored the methodology of the research as based on two different, yet complementary methods; namely, questionnaires and semi-structured interviews. This mixed quantitative and qualitative methodology was found to be very suitable for this research, as the researcher was able to directly collect primary data from the business community and policy and decision making processes on Qatar's membership to the WTO and whether or not, this membership has worked for the benefit of Qatar's private sector and economy. The findings of the data collected from both questionnaires and semi-structured interviews are explained and discussed in chapters six and seven respectively.

CHAPTER SIX: PRESENTATION AND DISCUSSIONS OF SURVEY DATA

6.1. INTRODUCTION

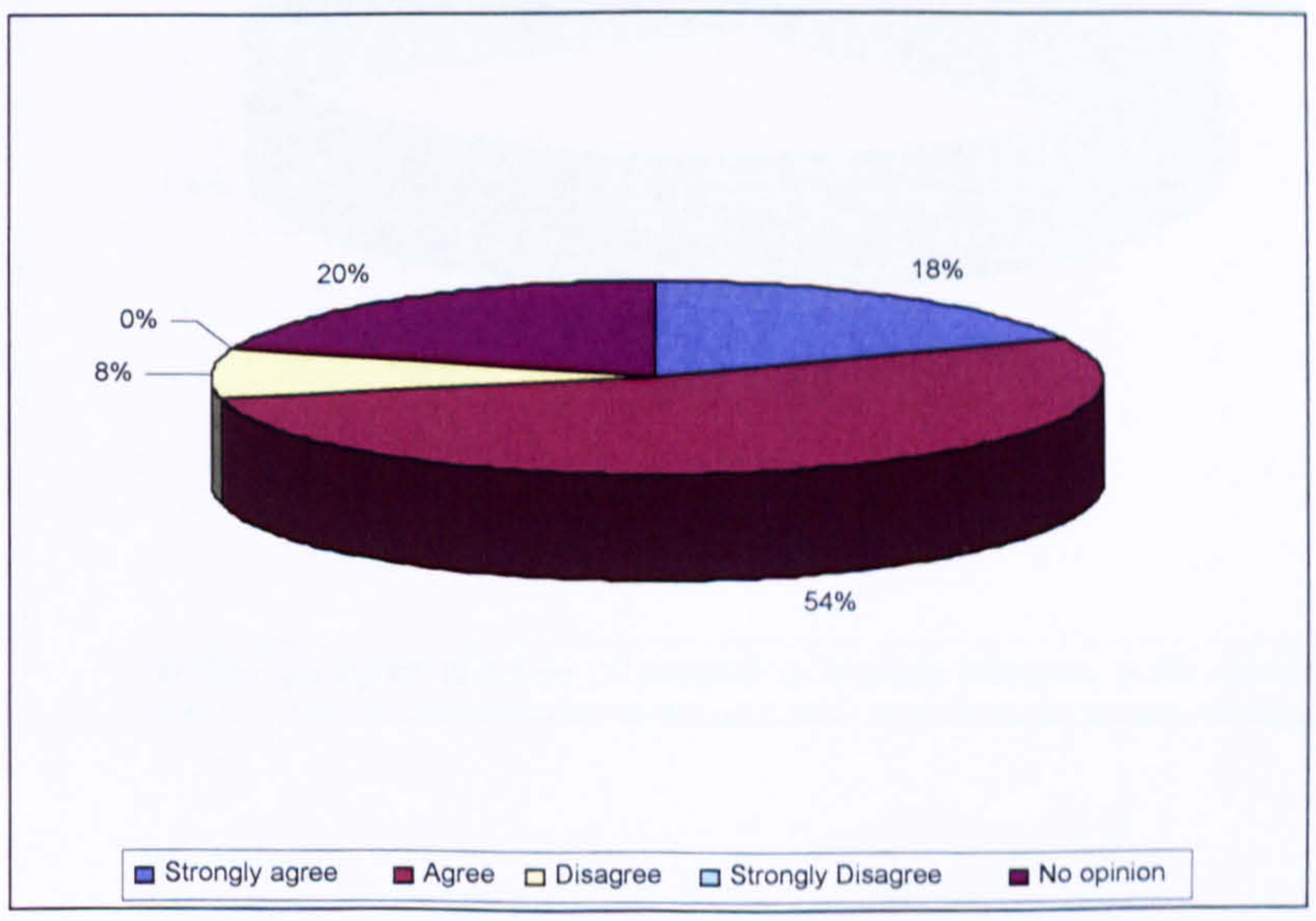
This chapter explores the findings obtained from the questionnaire survey. The survey was conducted with the objective of attaining quantitative responses from the business community in Qatar about the WTO and its impact on their companies. The survey sought also to ascertain the views of the business community about whether it would be better for the economy of Qatar to function without being subject to WTO obligations. The second section of the chapter provides the researcher's discussions and interpretations of the quantitative results obtained from the survey. The analysis of the questionnaires responses shows that the business community supports the Government's open market and free trade policies and believes that Qatar's membership of the WTO helps their businesses and encourages them to increase efficiency, productivity, and competitiveness. These findings support the earlier analysis of the background chapters of the thesis.

6.2. ANALYSIS OF THE RESULTS OF THE QUESTIONAIRES

OUTPUT TABLES

Has the WTO membership been beneficial for your company?

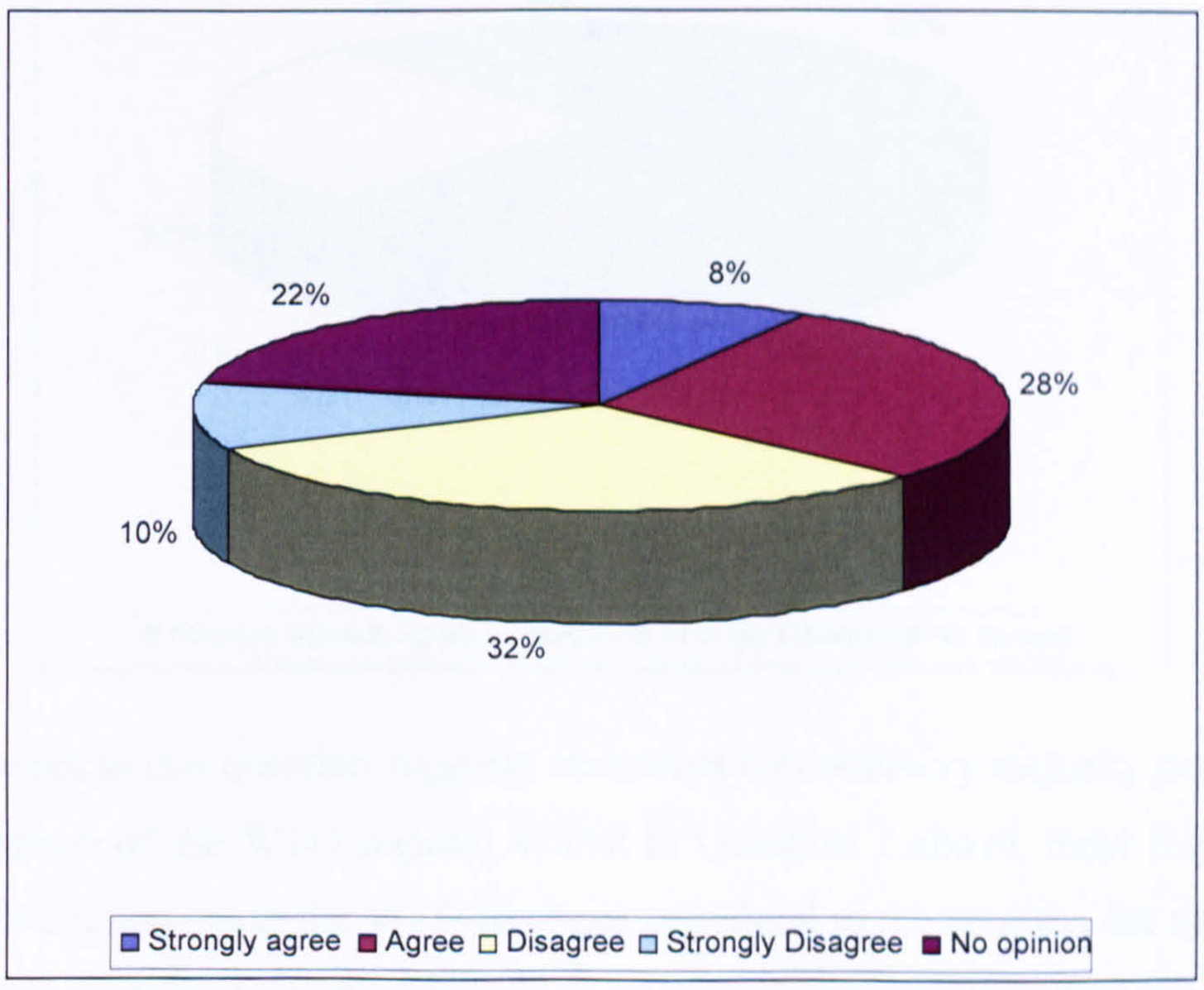
Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	11	33	5	0	12
% of Total	18	54	8	0	20



A substantial proportion (54%) and 18% respectively hold the view that the WTO membership has been beneficial to Qatar, which suggests that the move has been a welcomed development among Qatar's business community. However, there was a relatively high proportion of participants who could be considered as "sitting on the fence" as they responded with a 'no opinion' answer (20%), which may be as such due to many of these people not being aware of the effect of WTO membership on foreign direct investment (FDI) or on their line of position . In addition, they could perhaps be in business within sectors which exclusively focuses on the domestic market, hence they face less competition with FDI or competing fellow exporters.

Have the requirements to comply with the WTO procedures resulted in an increased administrative burden for your company?

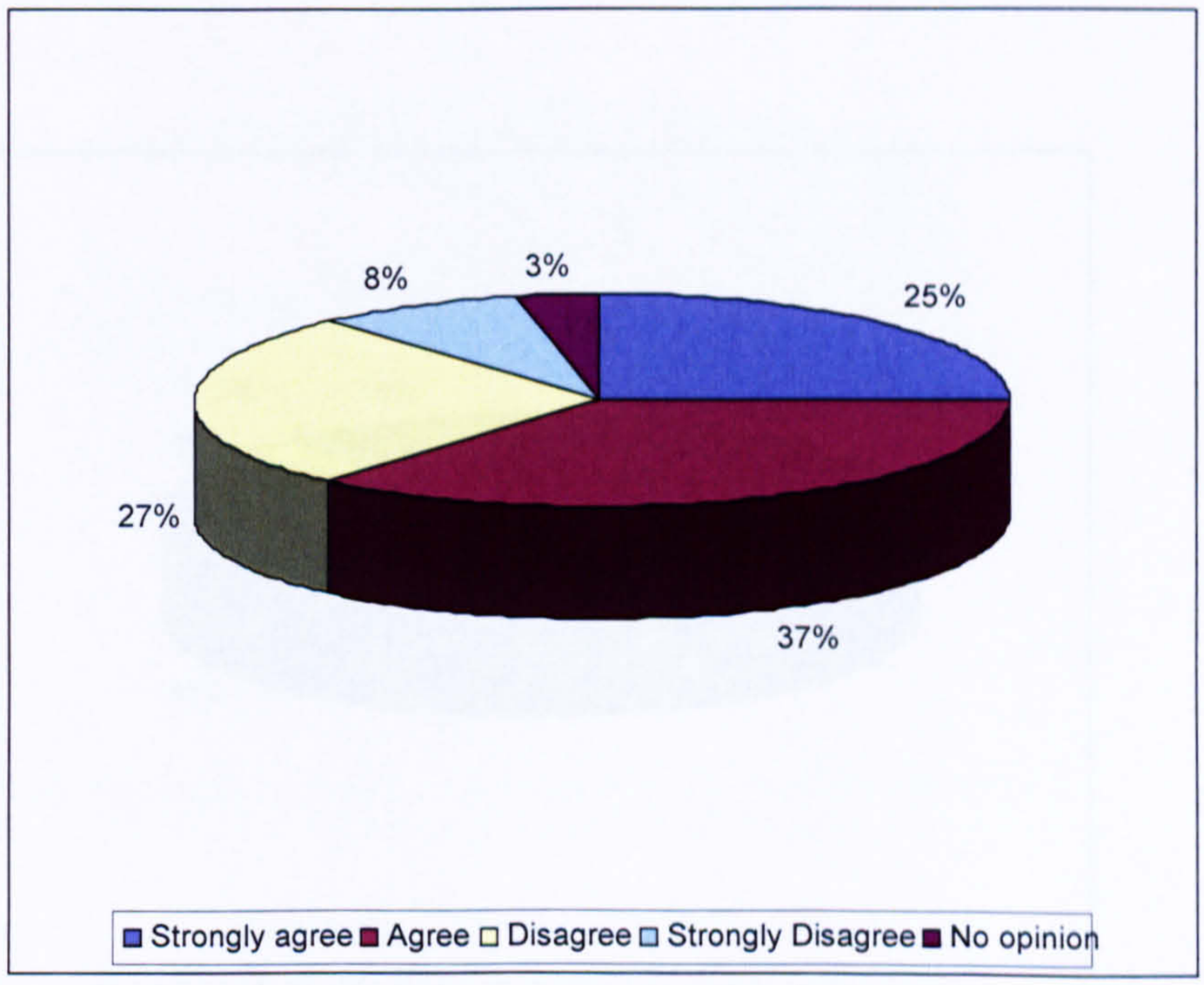
Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	5	17	20	6	13
% of Total	8	28	32	10	22



The responses here are relatively well-distributed among rejecters and endorsers. However, there is a definite veer towards the latter groups, suggesting that the overwhelming majority of 64% of Qatari businesses face no extra burden in complying with the WTO rules.

Do you agree that it would be better if Qatar was free to determine its own rules and regulations in trade and commerce, as opposed to being bound by the WTO?

Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	15	23	16	5	2
% of Total	25	37	27	8	3

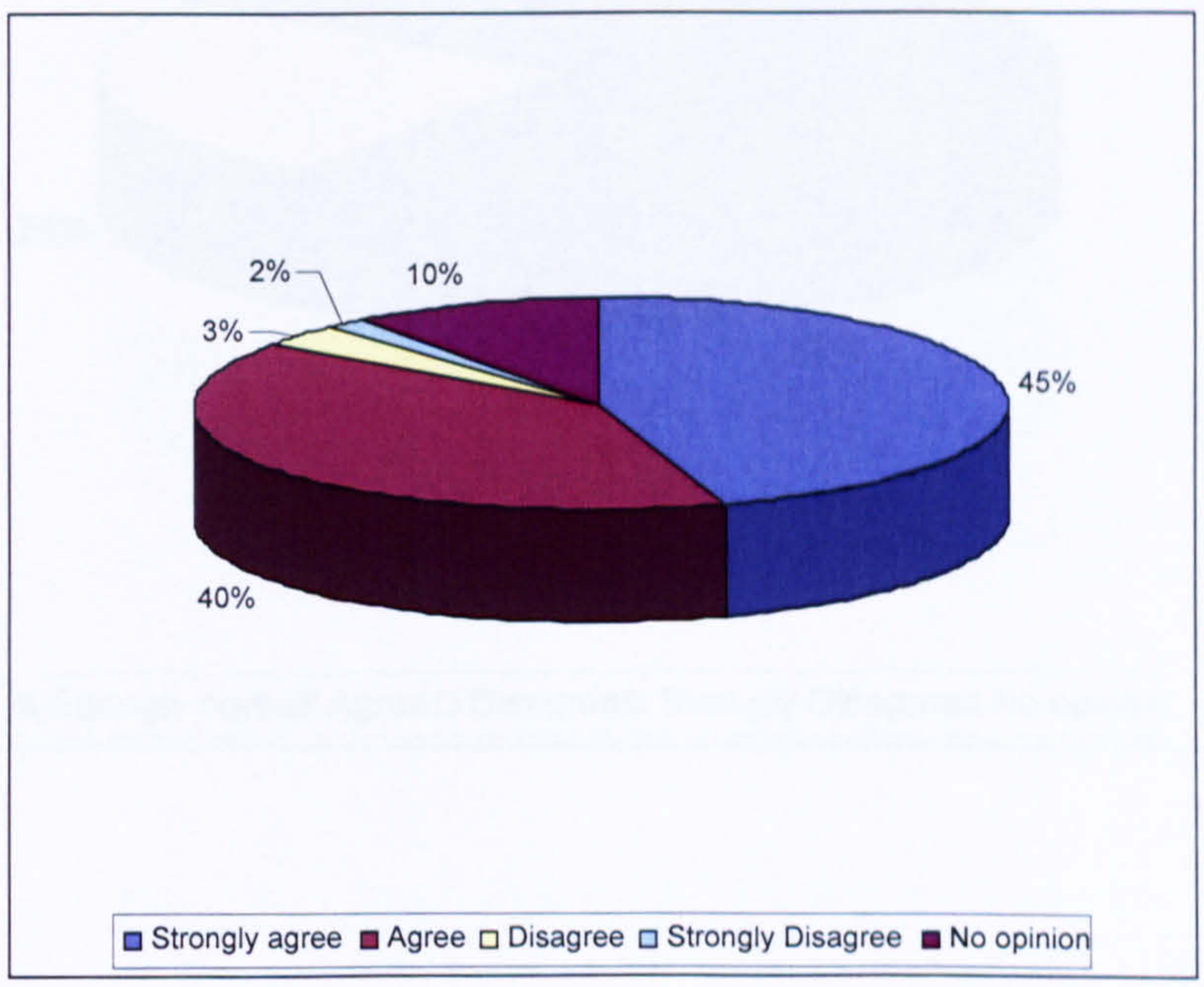


The array of responses to this question suggests somewhat contradictory majority perceptions concerning the impacts of the WTO regime: Whilst in Question 1 above, most respondents admitted that Qatar's accession to the WTO has been beneficial to the country, the answers to this question display another majority view which is contradictory, stating that Qatar would be better off if left alone to determine its own trade and commerce rules!

A plausible explanation for this could be that, as far as the Qatari businesses are concerned, portions of the WTO rules which promote the FDI and open up more developed markets are welcomed, but a laissez-faire trade atmosphere will harm locals as powerful foreign competitors may crowd them out!

Qatar's competition in the banking and financial services sectors would be beneficial for my company.

Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	28	24	2	1	6
% of Total	45	40	3	2	10

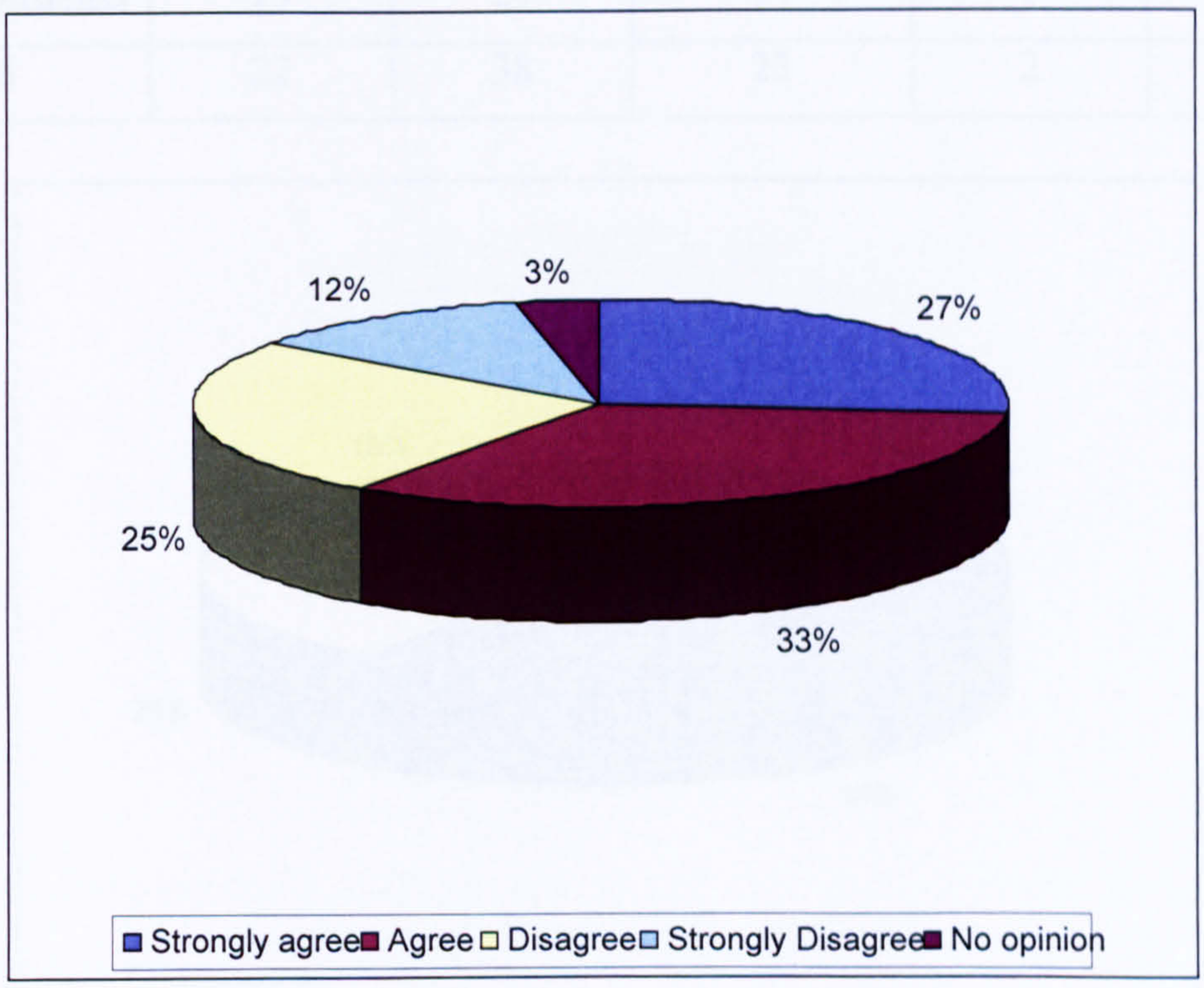


It is not surprising that the majority of participants agreed with this statement, with 45% and 40% of the respondents respectively 'Strongly agree' and 'Agree', these respondents realise that they stand to substantially gain from the ensuing stiff competition among investors

within the capital markets, which will force interest rates down and result in numerous client-friendly products — both of which are of immense benefits them!

The WTO should not get involved in interfering with conditions of employment and remuneration.

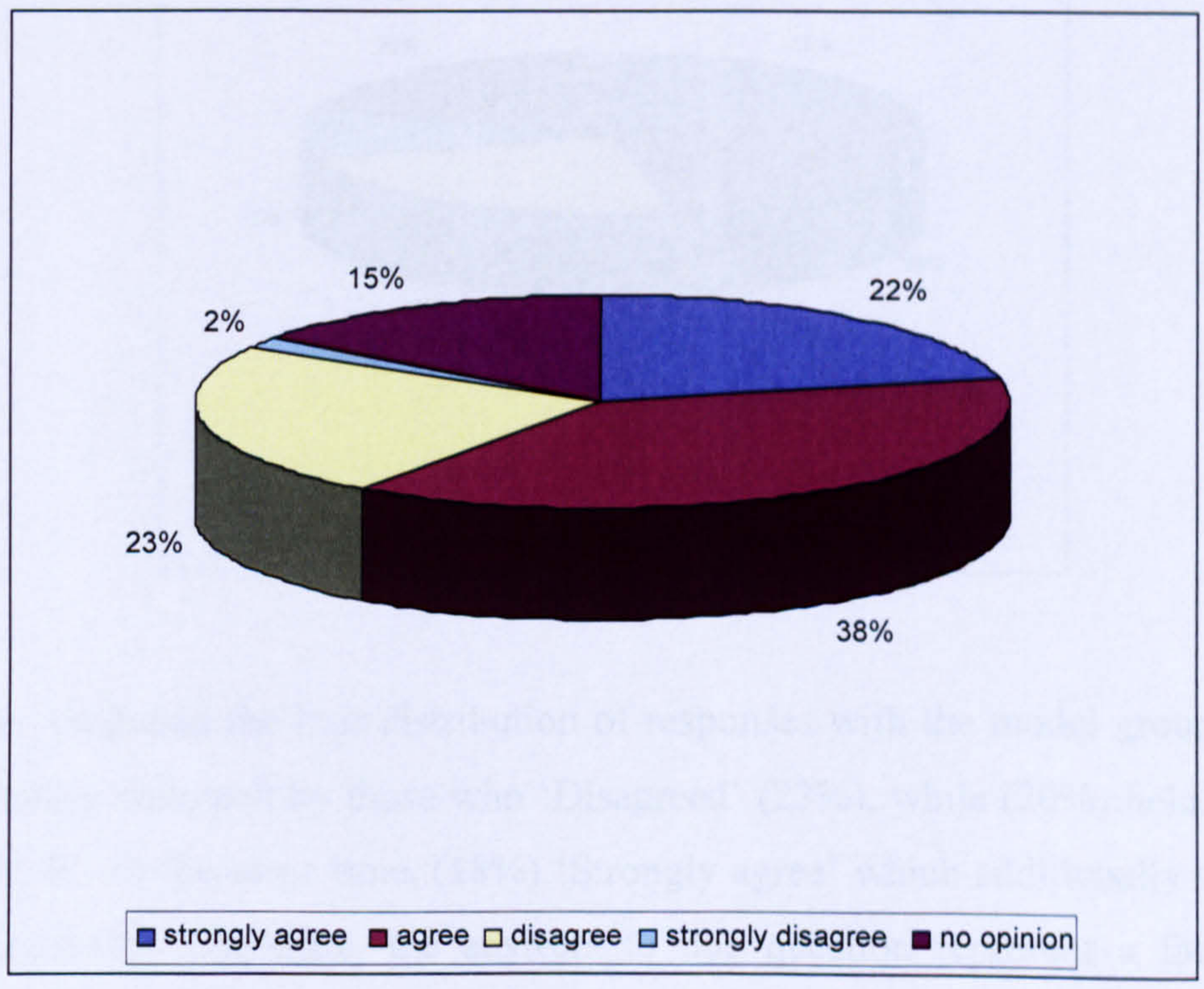
Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	16	21	15	7	2
% of Total	27	33	25	12	3



As with the previous question, it is not surprising that most of the Qatari businesses prefer non-compliance with the WTO conditions on local employment and remuneration (27% stated that they 'Strongly agree' and 33% stated that they 'Agree'). Compliance will simply introduce heavy financial and social responsibility burdens on such businesses, hence their unattractiveness to them.

The WTO is concerned with the problem of intellectual property rights, including trademarks and patents. Do you agree it should play a role in these areas?

Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	13	24	14	1	9
% of Total	22	38	23	2	15

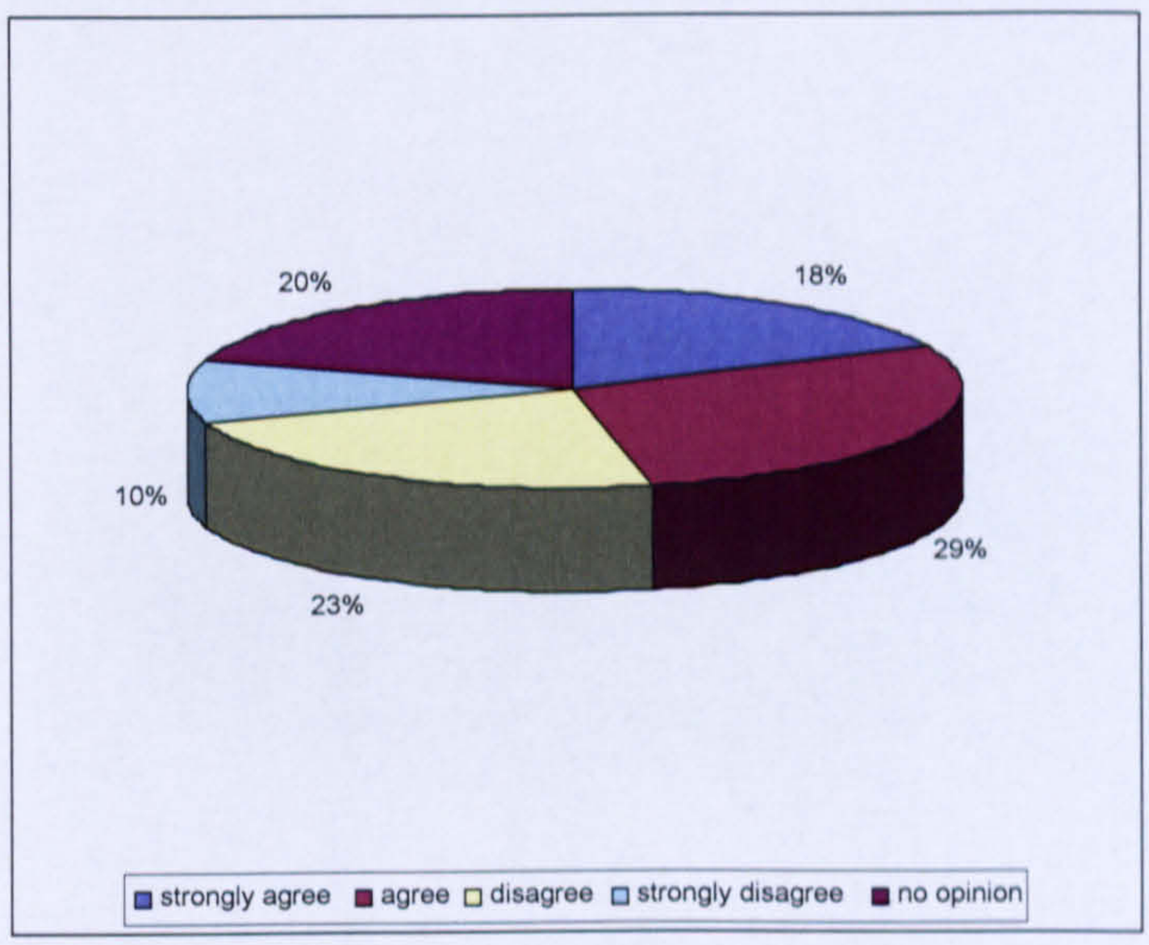


To a lesser extent, this question yielded similar answers to those in the previous questions; Qatari businesses seem to resent the domestication of the WTO rules on intellectual property rights, such as trademarks and patents. It appears that the respondents fear that with a developing economy, it will take time for operators in Qatar to master the skills or know-how

of the implementation required for such stringent and highly technical measures at this stage of the country's development. However, a really sizeable chunk (23%) stated that they 'Disagree', while another 15% were deemed to have 'no opinion' on the issue.

Is membership of the GCC more important for Qatar than being a member of the WTO?

Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	11	18	14	6	12
% of Total	18	29	23	10	20

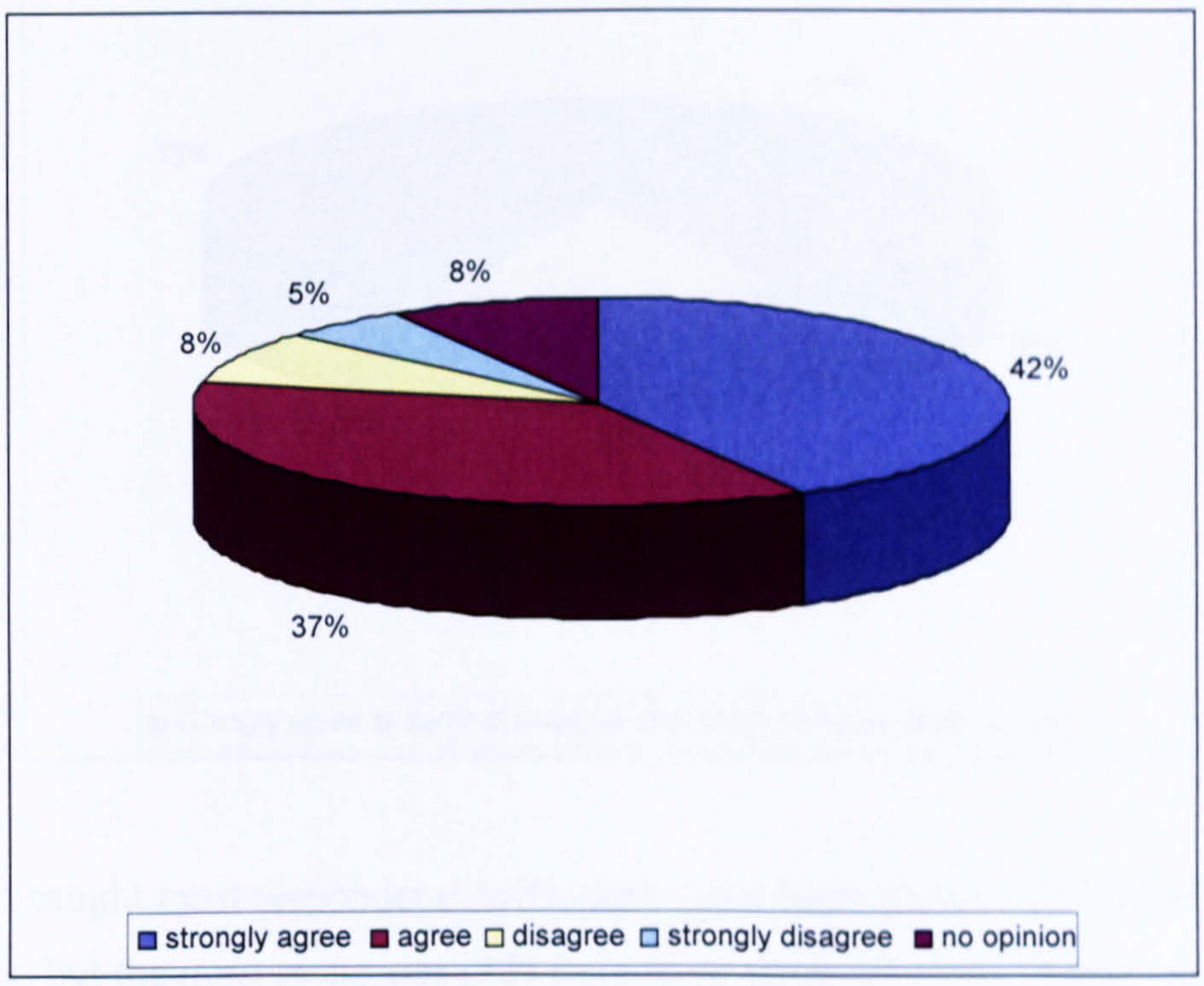


This question produced the best distribution of responses with the model group only (29%) "Agreed", closely followed by those who 'Disagreed' (23%), while (20%) held 'no opinion' on the argument. At the same time, (18%) 'Strongly agree' which additionally considered to be quite significant. Therefore, the answers to this question represent a fair balance of opinions among the Qatari businesses concerning the issue of the country's simultaneous membership of both the GCC and the WTO.

Apparently, a lot of people appreciate the cultural and symbolic importance of being part of the greater Arab community, while being simultaneously concerned about the cumbersome requirements of subscribing to two conventions on trade and commerce.

Should Qatar sign Free Trade Agreements with other countries including the U.S and India, as well as being a member of the WTO?

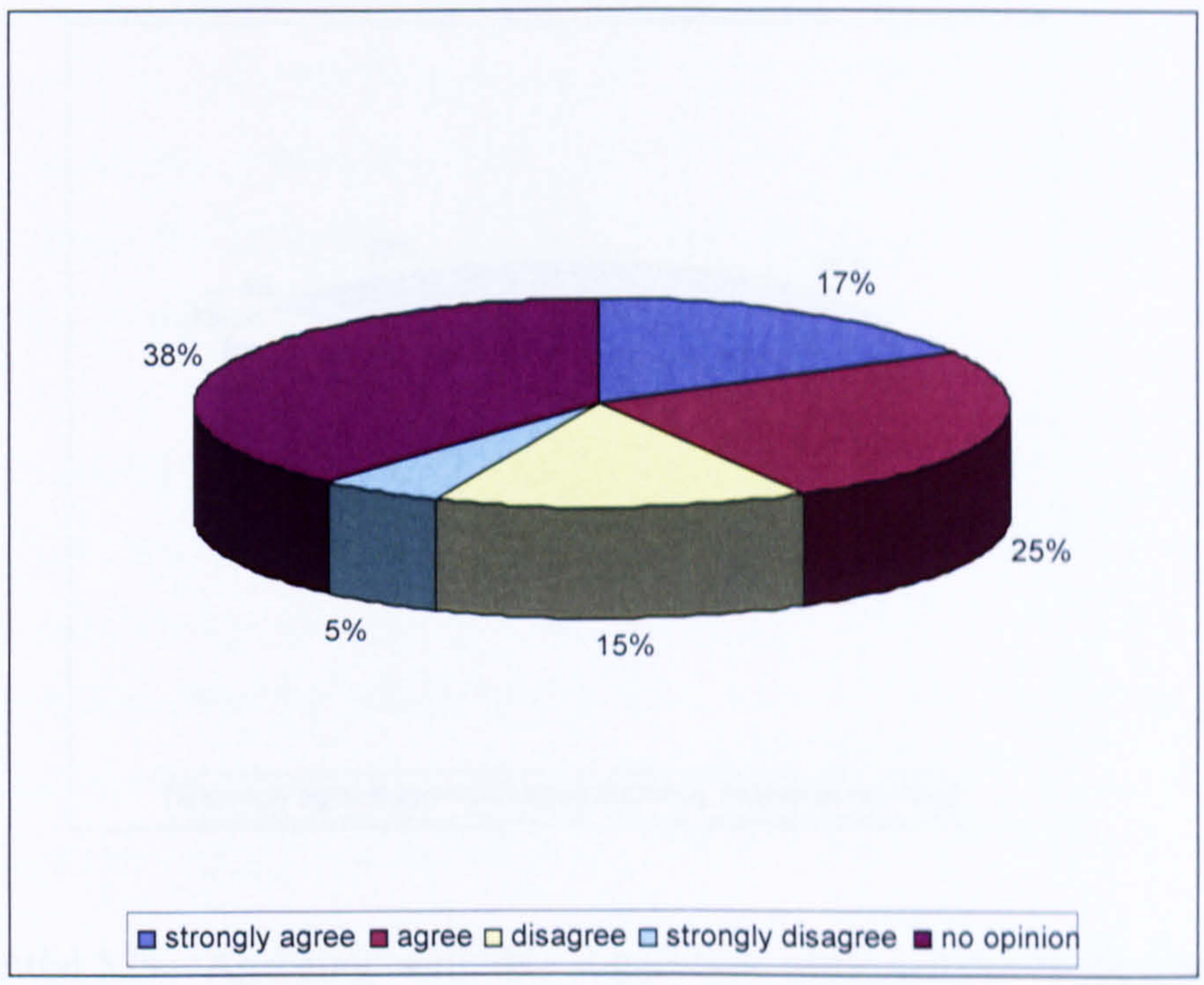
Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	25	23	5	3	5
% of Total	42	37	8	5	8



There is a strong support for the idea of bilateral separate FTAs with other countries, especially with economic power with which Qatar has strong relations. However, such agreements would complicate Qatar's relations with other GCC countries, although Bahrain and Oman have signed FTAs with the United States. Qatar has not sought such agreements, as it has recognised the conflict between its multilateral commitments to the GCC and possible bilateral free trade initiatives.

Should the remit of the WTO include oil and gas exports entrenched under OPEC and other organizations?

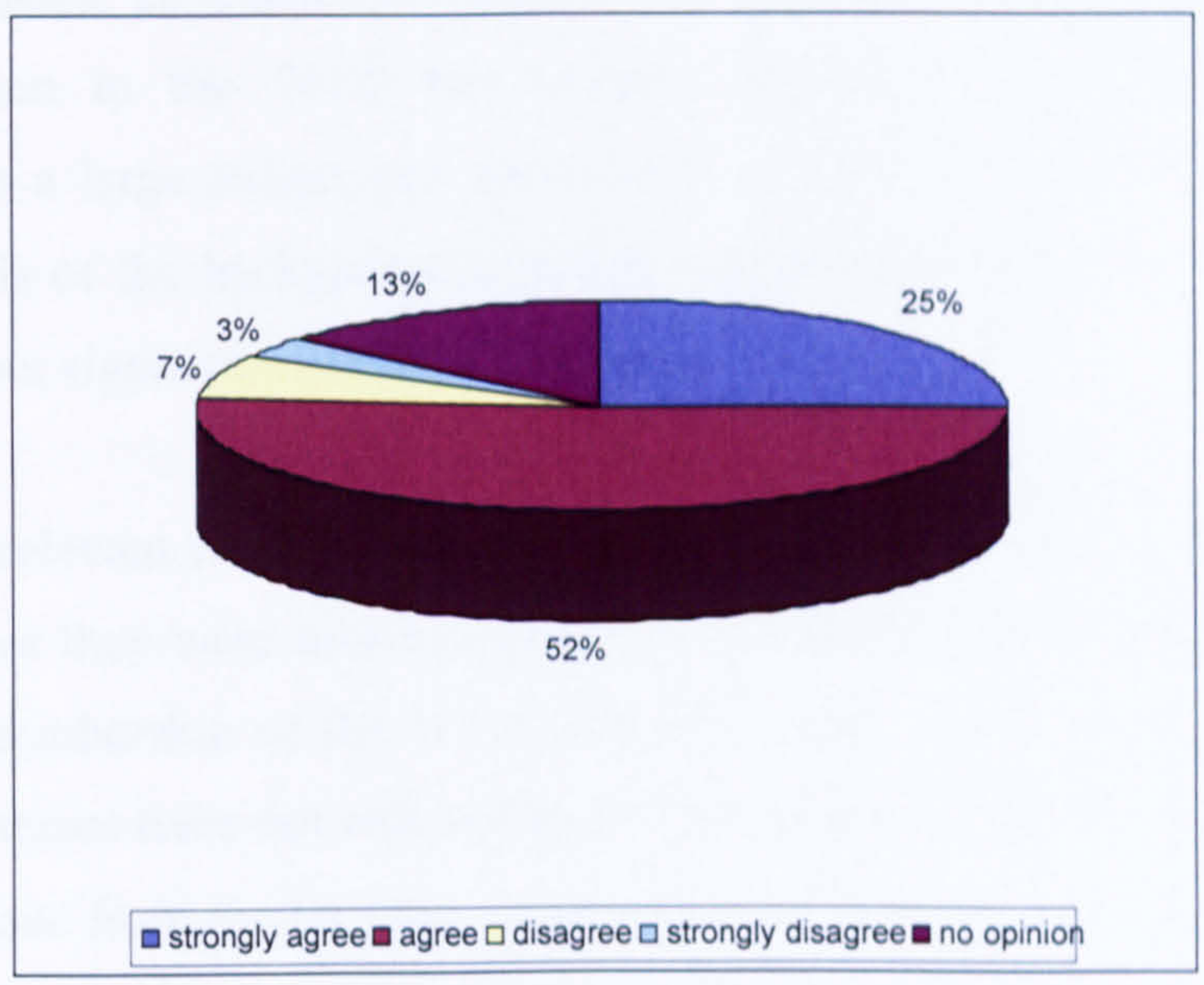
Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	10	15	9	3	24
% of Total	17	25	15	5	38



This question caught most respondents 'off-guard', as a large portion (38%) had 'no opinion' on the subject, but the most responses (25) were from those who just 'Agree' that oil and gas should be included in the WTO remit in spite of the OPEC! It is most probable that most of the respondents have yet to see the operations of the two protocols to determine either their concerns or support.

Should Qatar open its transport system to all airline and shipping companies in order to ensure strong competition?

Answer	**1** Strongly Agree	**2** Agree	**3** Disagree	**4** Strongly Disagree	**5** No opinion
# of Respondents	15	32	4	2	8
% of Total	25	52	7	3	13



With a substantial 52% 'Agreeing' with this suggestion, none can doubt the popularity of this idea. In fact, a further 25% even said that they 'Strongly agree', concluding that 75 % of those questioned accept the proposal of this idea. This is a clear seal of approval for pro-competition lobby in Qatar.

6.3. DISCUSSIONS OF THE IMPLICATIONS OF THE FINIDINGS OF THE SURVEY

6.3.1. The beneficial impact of the WTO on Qatar's private sectors

The above results of the survey suggest that Qatar's membership within the WTO has been highly beneficial to both the people and country at large. This indicates that Qatar's business community is, to a large extent, in favour of the country's membership to the WTO. The survey used to assess the benefits Qatari companies enjoyed with the accession to the WTO revealed that 72% of the respondents hold the view that the membership has been beneficial to Qatari businesses. 20% held no opinion. This finding is helpful as it proves the fact that Qatar's accession to the WTO has brought significant advantages to businesses and businessmen, to a large extent, are appreciative of that fact. These findings are consistent with the analysis of the background chapters, demonstrating that the country's membership has brought about significant economic growth.

However, it is relevant to point out the fact that a significant proportion of the respondents (20%) stated that they were without opinion with regards to the benefits realised as a result from Qatar's membership of the WTO. Arguably, this could perhaps be related to the fact that these businesses have not realised much influence from the membership. This can more or less be deduced from the fact that a percentage of the respondents have not seen how they can benefit from the country's accession to the WTO.

In addition, although, in a general sense, the study has revealed that the majority of businesses do not face any extra burdens in complying with the WTO rules, a substantial proportion of the respondents reported that Qatar's membership of the WTO has increased the administrative burden of their company. This demonstrates that some Qatari businesses have faced problems in complying with the WTO procedures.

6.3.2. Qatar's determination of its own rules and regulations

An interesting argument was posed when the issue arose of whether Qatar would be considered to be 'better off' if it was free to determine its own rules and regulations relating to trade and commerce. Surprisingly, the majority of the respondents held the same view that

Qatar would be better off if left alone to determine its own trade and commerce rules. However, at this stage, it should be recalled that when the question on the benefits of Qatar's membership to the WTO was raised, an overwhelming majority responded in favour of Qatar's membership which can be seen as contradictory. A number of arguments can be put forth since this revelation: It does seem that, even though Qatari businesses welcome the membership, they are also concerned and worried that the associated consequences of its membership — such as the influx of foreign businesses and the impacts this brings — might also endanger some local businesses. In other words, while local businesses are happy to take advantage of the membership, especially with regards to economic advancement, they may still opt for a check on the rules.

Therefore, the above conflicting responses seem to suggest that, although the business community in Qatar is positive concerning the accession to the WTO, it is still critical surrounding some of the implications associated with some of the rules. The way the participants responded to this question suggest that, while the people are generally happy about the WTO determining some of the commerce and trade rules, they are nevertheless critical about the idea of having all their trade rules determined by the WTO. They feel that there should be a fair deal in terms of the trade rules so that local businesses will not be left at the mercy of the longer foreign businesses. While this is, to some extent, inconsistent with the main elements of Qatar economic policies — which clearly highlight the policy elements as 'the liberalisation of the economy and trade — the reduction of tariffs and removing of restrictions are still considered to be in line with its commitment to WTO'. Indeed, one can see that in its policy statement Qatar has demonstrated commitment to the WTO and its ensuing rules and procedures (Trade Policy Review, 2005).

6.3.3. Competition among investors in the capital markets

An overwhelming majority (85%) of the respondents revealed that they will significantly benefit from the competition among investors within the capital markets. It is envisaged that competition in the capital market has the effect of lowering interest rates, leading to increased financial capital for businesses and, consequently, expansion in production. Hence, these respondents are of the view that competition in the capital markets among investors will lead to better, more lucrative financial deals for the businesses. It has been reported that one advantage of the nation's accession to the WTO is the increased foreign investments within

the country. Consequently, this has been reported to lead to business diversifications. Potentially, the country will enjoy an increase in the banking and financial sector with its associated advantages. Responses from this question indicate that businesses have started to realise the benefits of an expanding financial sector; it is encouraging to note that Qataris are positive concerning the opening up of the financial and banking sector, and that they are ready to take advantage of that situation. Increased competition within the financial sector can force interest rates to come down. In addition, businesses can enjoy competitive financial products and packages which are likely to emerge as a result of the competition in the banking and financial sector.

It is obvious that international commerce is more risky and associated with higher transaction costs than domestic commerce. Therefore, the existence of rules and a mechanism for enforcing them is crucial in reducing these transaction costs. Firms investing large sums into distribution and production need to be sure about the conditions which govern market access, and about the regulatory and competitive environments in which they will operate. In the absence of that certainty, the full potential of global engagement will not be realised.

It is necessary to highlight that, paradoxically, enforceable trade rules are important for the same reason that they are unpopular. Because trade creates winners and losers there is always political pressure to disrupt trade, even though its effects on the economy as a whole are positive. Under competitive conditions, imports provide consumers with benefits in excess of the costs to domestic producers, but producers often have more political influence; similarly, international competition puts firms and workers from different nations against one another, and also leads to pressures for national political leaders to assist local producers at the expense of foreigners.

National producers' pleas for help will be particularly hard to resist if they can argue that their foreign competitors receive help from their governments. Under these circumstances, trade rules play a crucial role — both in restraining protective measures that may directly reduce consumer welfare and in helping to reassure investors and workers that the system is equitable.

6.3.4. WTO interference with the conditions of employment and remuneration

The study revealed that the Qatari businesses who are considered to be not in favour of the WTO, extended into concerns over the interference of conditions of employment and remuneration. These businesses stated a desire to control their conditions of employment and remuneration. They queried that by allowing the WTO to be involved in determining conditions of employment and remuneration, there would be an increase in the financial and social responsibility of their businesses.

Therefore, it has been made clear that Qataris do not want WTO rules and regulations to extend to determining local employment and remuneration. Again, this finding is consistent with the previous ones relating to the question of the extent of WTO's rules and regulations on trade and commercial matters and whether Qatar would be "better off", if it was left to determine its own trade regulations. The businesses in Qatar, as demonstrated in the survey, are of the view that they should be left alone to determine their own rules and regulations concerning employment and conditions of service. The businesses certainly sense that with the WTO determining rules of employment and conditions of services — particularly with regards to remuneration — may lead to an increased responsibility and financial burden on them. In a sense, one can argue that, even though Qataris welcome the WTO with its rules and procedures, they are disinterested in any of those rules which are seen to negatively impact on their businesses. Rather, they look forward to developments that will bring opportunities for them while, at the same time, protecting their interests.

6.3.5. WTO rules on intellectual property rights

The above research findings have determined a clear conclusion, in that Qatari businesses appear to resent the extension of the WTO rules on intellectual property rights, such as trademarks and patents. There is an apparent fear among the businesses that, because they are at a developing stage, they have not acquired the required skills and know-how required in order to deal with such stringent and highly technical rules at this stage of the country's development. Nonetheless, a small percentage was still in agreement to the contrary. It should be noted that Qatar has taken steps to strengthen intellectual property rights by issuing legislation.

6.3.6. Bilateral Commitments

The question on Qatar's subscription to the WTO and GCC conventions on trade and commerce produced significantly divergent views. 29% of the respondents were pleased with Qatar being both a member of the GCC and WTO; 18% of the respondents were not enthusiastic about the idea, while 20% decided not to voice their opinions. In an attempt to forward an explanation for the distribution of responses to this question, one is obliged to argue that each business is more concerned with its competitive position with regards to the country's membership of any convention. There is certainly some clear conviction that the businesses are positive about Qatar's membership to these two conventions. What they are perhaps uncertain and worried about is the impact of the membership on their businesses. In short, as long as membership will not bring along any burden on their businesses, they are unconcerned. With this said — and as mentioned earlier — businesses will reject any rules or regulations which are seen to work against their interests.

Therefore, it has been made categorically clear that Qatar's businesses are not interested in any other bilateral commitment. When this response is linked to the previous questions, it becomes clear that Qatari businesses appear to believe that they are already burdened enough by the WTO accession and its resultant rules. However, according to the Qatar Trade Policy Review Report, 'the state of Qatar, since the mid-nineties, has been studying the opportunities to develop and to enhance economic cooperation and integration with different countries in different areas and regions, aiming to establish mutual Free Trade Agreements with those countries' (Trade Policy Report of Qatar, 2005). Consequently, Qatar has significantly progressed in forging bilateral commitments with members of the GCC, leading to the establishment of the Custom Union. In addition, Qatar has forged cooperation with the Arab countries, in terms of economic cooperation agreements such as those establishing the Greater Arab Free Trade Area. In preparation for establishing the Free Trade Area between the two groups of countries, 2004 negotiations resulted in the signing of an agreement framework for the purpose of developing trade and investment relations. Similarly, Qatar is a participant in the ongoing negotiations between the GCC and the European Union, for the purpose of establishing a Free Trade Area between the two sides.

Arguably, it can be said that Qatar is demonstrating serious commitment to the principles and objectives of the WTO and its emanated agreements, while taking advantage of the associated

benefits of becoming a member of the WTO. The fact that the respondents expressed their doubts concerning the idea of Qatar forging bilateral trade agreements with other countries is, perhaps, due to them not yet having realised the advantages of opening up for trade agreements. However, as a member of the GCC, it is in any case more appropriate for any new bilateral trade agreements to be negotiated by the GCC rather than by its individual members. Qatar has not negotiated separate trade agreements with overseas countries as Bahrain and Oman have done in the case of the United States.

In short, the survey findings on this issue indicate that Qatari businesses support the idea of Qatar becoming a member of the Arab regional bloc (GCCA). However, the responses given also suggest that the Qatari businesses do, in fact, seem to be reluctant to subscribe to more than one organisation. This is probably due to the fear of having to meet complex requirements which might lead to administrative and financial complications.

It is obvious that Qatar likes to think of itself as a nation which abides by its treaties and commitments; there is some indication that Qatar is committed to the international agreements. However, they are more likely to opt out of certain parts of agreements for fear that compliance would be contrary to their interest, and are likely to refuse to sign treaties on the grounds of potential legal exposure. This argument is in conformity with the respondent's opinion with regards to the WTO rules and procedures, as mentioned in the above findings. Nonetheless, it is obvious that the country's behaviour towards the WTO is quite positive and it is ready to accept binding multilateral rules. This is perhaps because there is some indication that the rules of the WTO can improve the performance of their economy.

6.3.7. The extension of the WTO remits to oil and gas sectors

The study revealed that business community is not sure if the remit of the WTO should include oil and gas given the country's OPEC membership. This is due to the small percentage of respondents who responded affirmatively. It seems that Qatari businesses are unaware of possible conflicts between OPEC and WTO membership and their implications for oil and gas exports.

To elaborate, the majority of the respondents did not make any useful comments (38% stated that they had 'no opinion'). As with previous related questions, there is an indication that

most businesses have not yet started to realise the full impact of the WTO on their businesses. In addition, it can be argued that most of the people have yet to appreciate the impacts of the WTO and OPEC within the economy. This could be perhaps due to the various rules and objectives of the two protocols not being fully understood, with the same applying with respect to the full impacts in terms of their complementarities and confrontations.

6.3.8. Opening transport system for foreign competition

With regards to Qatar opening its transport system to all airlines and shipping companies to ensure competition, the responses suggest that Qatar business supports an open sky and open port policy. The Qatari businesses have indicated that they are prepared to open their transport system to all airlines and shipping companies. This was apparent from the responses on the question of whether Qatar should allow all airlines and shipping companies to operate to ensure strong competition produced very favourable responses. 77% of the respondents support this proposal. This is a strong indication that Qatar is very positive about foreign investments into the country and, to some extent, ready for the ensuing competition, as long as their companies shall be protected. This response also confirms other findings on similar issues. Private air carriers are allowed to operate scheduled flights in Qatar. According to the 2004 Policy Review document, in principle, Qatar has no objections in allowing new entrants into the market. Qatar has signed bilateral agreements with 76 countries. Qatar has open-sky agreements with the United States, Malaysia, Lebanon, and Singapore (see Trade Policy Review, 2005).

6.4. CONCLUSION

This chapter has analysed the results of the questionnaire survey. The main findings are that the business community in Qatar perceived the country's membership of the WTO to have benefited their companies and have locked-in the open economy and free trade policies of the Government. Respondents generally believed that the incorporations of the WTO regulations in the domestic laws of Qatar have made the business environment more transparent and predictable, which consequently attracts foreign investment into the country. These results are further supported by the findings of the semi-structured interviews as explained in the next chapter.

CHAPTER SEVEN: ANALYSIS AND DISCUSSTIONS OF THE SEMI-STRUCTURED INTERVIEWS

7.1. INTRODUCTION

This chapter presents the findings from the semi-structured interviews. These interviews were conducted in order to obtain qualitative feedback on the implications of WTO membership for the economy of Qatar and its implications for the country's commercial laws. The aim of the semi-structured interviews was to add depth to the study having already conducted the survey of 61 companies, the findings from which were provided in the previous chapter. As in the previous chapter, this chapter is divided into two main sections; the first presents the findings of the interviews in a question and answer format and the second section provides the researcher's interpretations and discussions on the implications of these findings. Overall, the analysis of this chapter supports those of the survey, as most interviewees held the view that Qatar has benefited from the WTO membership. The latter regulations have made the market environment more transparent, predictable, and competitive.

7.2. ANALYSIS OF THE RESULTS OF THE SEMI-STRUCTURED INTERVIEWS

As is indicated in chapter five, the researcher approached 22 people (policy and decision makers) but, only 17 people agreed to be interviewed. Seven questions were posed to each of the participants, yielding various responses, as detailed below:

Q: What, in your view, have been the major benefits to Qatar from joining the WTO?

A: This question attracted a fairly diverse response, but the most common view was that the WTO membership led to significant growth of the Qatari economy, as evidenced by a rise in the country's GDP (14 out of the 17 respondents); 6 indicated the removal of obstacles to the flow of trade with other countries, especially the attainment of the Most Favoured Nation (MFN) status and the signing of the trade agreement as one of the most important benefits of WTO membership. One respondent felt that 'transparency' which enables members to design their own trading policies and strategies in light of information provided by other members on their trade activities is another important benefit of Qatar's membership.

Six respondents highlighted the boost to the Foreign Direct Investment (FDI), although one spoke of concerns that restrictions to FDI remain because of state domination of several sectors of the economy, notably telecommunications, as liberalization of trade generally has resulted in higher economic growth in the major markets for Qatar's oil and gas, which has increased their resource inputs. However, the key oil and gas sectors have done well indirectly under the WTO regime.

Additionally, one respondent mentioned that, with the exception of oil and gas, Qatar had adopted measures to increase foreign direct investment inflows which aid development in sectors such as infrastructure, education, health and effective utilization of public expenditure. Furthermore, the respondent noted that economic, finance and fiscal reforms have also led to changes in key sectors of the economy, which are all the result of Qatar's active participation within the WTO.

Overall, almost all of the respondents agreed that the WTO membership has made a positive contribution to all sectors of the economy. Two of the respondents called for technical assistance and capacity building for compliance to the WTO procedures.

Q. Has the WTO membership had any detrimental effects on Qatar?

A: Responses were all generally unanimous in agreeing that the WTO membership has had only very favourable impacts on Qatar's national economy, although the impacts were viewed as being marginal. The minor probable impacts were detailed by 10 respondents as being i) non-tradable goods could experience slowdowns at the expense of tradable ones, with an upsurge in the trade of the latter, and ii) it may 'condense the opportunities of Qatar's subjects', which has been taken to mean that it could restrict their competitive advantage due to the fact that liberalization will unrestrainedly open the floodgates to foreign investors and foreign labour. This view was supported by one of the respondents who said that the lowering of tariffs on industrial imports — such as chemicals and plastics — could 'dampen' the domestic industries producing these products. Specifically, it could also lead to an increase in the level of imports of these types of products into Qatar, and this might, in turn, have a negative impact on Qatar's national products, as they have to compete on equal ground with foreign imports. However, the respondent quickly qualified this by adding that the advantages

of Qatar's national products will militate against probable negative effects of low tariffs on such imports.

Q. Has the WTO membership had any implications for the pricing and composition of Qatar's imports?

A: In answer to this question, all the 17 respondents were unanimous on Qatar's strict compliance with its commitments to the WTO rules and Uruguay Rounds to place fewer restrictions on imports by way of low tariffs, so long as the party is found locally to buy the goods. The tariffs imposed by the various governmental agencies are only determined by the level of services offered by each particular agency, and neither affects the prices charged or revenues generated through them. Simultaneously, one respondent observed that Qatar was committed to its WTO obligations, putting the WTO agreements above its national legislation.

Qatar's trade policies are aimed at facilitating its integration into the rule-based multilateral trading system, and help attract FDI as well as other benefits to the Kingdom. Above all, most of Qatar's exports are from the oil and gas sectors, whose prices are determined internationally, e.g., through the OPEC.

Q. Should the remit of the WTO be extended to cover oil and gas exports, even if this means that Qatar could no longer adhere to the OPEC quotas?

A: This question elicited mixed responses from the interviewees. In the main, all the 17 respondents admitted that Qatar's economic fortunes are currently mainly tied to the oil and gas sectors, and hence, Qatar must pursue a policy in order to reduce its vulnerability to oil price fluctuations. However, the country must also balance its responses to global oil price fluctuations with its obligation to the OPEC's output quotas; that is to comply as much as feasibly possible. Up to 15 respondents hold similar views. They further argue that oil and gas are 'non-agricultural goods' and, hence, should be subject to the WTO rules on trade.

At the end of the questioning, there were three respondents who all held the opinion that, in fact, the primary aim of the OPEC is not to impose export ceilings on members but rather to serve as a common platform for oil exporting countries to organize and reconcile their

policies in order to preserve their natural resources and to ensure continuity and sustainability of supplies. In short, they disagree with the substance of the question's argument that Qatar could act without OPEC.

A rather 'wise' compromise was submitted by one respondent who reasoned that Qatar had to maintain its OPEC quota allocations but should negotiate changes from within and not without the oil cartel.

Q. The WTO covers financial services as well as traded goods. Therefore, should Qatar open its banking and financial system to foreign investors?

A: The general style of the responses was to reiterate the legal framework of Qatar's accession to the WTO as it relates to trade liberalization, namely, that the country has modified its laws to open up its banking services to the FDI. Even though there is near unanimity that this has a significant potential positive stimulus to the economy, most caution against wholesale liberalization. This would harm fundamental national interests such as the crowding out of Qataris from becoming majority share-holders in these banks and/or insurance houses. Hence, the country's Central Bank closely monitors the liberalization process in order to ensure compliance with relevant laws and policies, while at the same times ensuring that liberalization of financial services, is managed in an orderly way.

It is consequently implied in these responses — tinged with patriotic concerns of the respondents — that 'protectionism' should be applied in order to safeguard vital national interests, such as stimulating economic growth, diversification and employment generation.

Q. Qatari investment activity has been involved in overseas acquisitions of companies, including the unsuccessful takeover bid for Sainsbury. Should Qatar allow foreign investors to acquire companies in Qatar, including local banks?

A: Invariably, the substance of this question is very similar to that of the preceding Question and, hence, it is not surprising that the answers they yield are also very similar indeed. In the main, up to 15 respondents cited that, indeed, Qatari law and public policy are investment-friendly to the FDI and they do indeed provide incentive packages to foreign investors. For example, foreign investors are allowed to buy as much as 25% of the securities on public

companies listed on the Doha Securities Market (DSM), as well as being able to buy as much as 49% shares on any private company within the country.

A substantial number of interviewees (seven) also suggested that there is a clear distinction between 'investment' and 'trade' as per WTO procedures, and perceptions of rigid nationalism by Qatar stems from this misconception. With respect to the latter, GATS Mode 3 applies, which states that services providers should establish their businesses in importing countries but, at the same time, foreign investment is to be limited to a maximum ceiling of 25% of investment.

However, a cautious policy on FDI is advocated as not to allow 100 % foreign ownership of any serious company given Qatar's limited geographical size, as to do so would lead to 'disasters to the economy as a whole'! Finally, one respondent disputed the assertion that Qatar has acquired any foreign companies but, rather, that the country has bought shares on external companies, a normal acceptable practice.

Q. Qatar hosted the WTO meeting which resulted in the Doha Round of Trade Negotiations. This Round has, so far, not been successful. To what extent does Qatar support the objectives of the Doha Round, including, further trade liberalization on agriculture, services and intellectual property rights?

A: The interviewees (all 17 participants), asserted that the Doha Round was a kind of watershed event that evolved into the much-quoted Doha Development Agenda that greatly promoted the interests of all developing countries. Specifically, the DDA includes the elimination of agricultural subsidies by developed countries, greater access to non-agricultural products, and the free movement of 'natural persons'. The Doha Round unequivocally called on developed countries to 'liberalize trade by removing the various obstacles that so far deprived developing countries of their right to enjoy international trade relations through equal opportunities'.

Specific measures during the round were negotiated as a means to helping to ensure efficient financial flows to developing countries, especially FDI, in order to assist them in building the productive capacity they need to compete in the world market. Seven interviewees asserted

that, legally, non-Qataris are allowed 100% ownership of any investment in industry, agriculture, tourism, health, education and other projects.

One respondent emphasised that Qatar's adherence to the global trade regulations could be seen in the incorporation of the WTO rules on intellectual property rights in its domestic laws. He added that Qatar also subscribed to many intellectual property rights conventions but, chiefly, those emanating from the WTO TRIPS agreement and the GCC's Unified Law on Patents of 2002.

In an emphatic summary, a respondent is of the view that the Doha Round is the first negotiating forum to have both promoted the interests and met the requirements of developing countries in relation to goods, services, IPRs etc. He further submitted that Qatar's fortunes are tied to those of other developing countries and, hence, any gains through the DDA are bound to benefit Qatar. Another respondent observed that Qatar has assumed leadership roles among developing countries in advocating equitable trade relations with developed countries post-Doha.

Having explored the main findings of the semi-structured interviews, the remaining of this chapter discusses the implications of these findings in relations to those of the survey and the analysis of earlier chapters.

7.3. DISCUSSIONS OF THE IMPLICATIONS OF THE FINIDINGS OF THE SEMI-STRUCTURED INTERVIEWS

7.3.1. Qatar's membership of the WTO

More than half of the interviewees agree that Qatar's membership of the WTO has led to significant growth within the Qatari economy. This finding further supports those of the survey. The interviewees reported the following as the major benefits enjoyed with the country's accession to the WTO: the removal of obstacles to the flow of trade with other countries; the attainment of the Most Favoured Nation (MFN) status; the signing of the Free Trade Cooperation Agreements (FTA); and 'transparency', which has enabled members to design their own trading policies and strategies. Furthermore, it was also reported by one interviewee that apart from oil and gas, Qatar has adopted measures to increase foreign direct

investment inflows which helps development in sectors like infrastructure, education, and health and ensures the effective utilization of public expenditure. All of these are as a result of Qatar's active participation in the WTO.

It has been reported that Qatar favours trade liberalisation through the multilateral framework. The rules-based multilateral system should contribute to the further integration of least developed and developing countries into the world economy. Qatar believes that its membership to the WTO also sends a strong message to potential foreign investors concerning its commitment to a rules-based system (WTO, 1999). In addition to the benefits above, the WTO also provides more benefits than the responses have indicated as its provisions cover many issues of interest to Qatar. The WTO includes rules on standards and technical barriers to trade; it protects intellectual property; it covers agriculture and services. But, the biggest overall advantage of the WTO is that it includes a mechanism to enforce these rules, known as the 'dispute settlement system'. This avoids the need for Qatar to resort to unilateral retaliatory measures, limiting an important source of tension between the United States and its partners, and so generating a significant foreign–policy dividend.

Hence, it is evident that the interviewees were in support of the survey's findings that WTO regulations and principles work for the benefit of Qatar. As is mentioned before, the WTO provides the best means for the small economy of Qatar to integrate in the global economy. Qatar's exports such as petrochemicals would enjoy low tariffs in external markets and would be treated equally with other products. If Qatar felt that its exports were not treated equally with other foreign products in external markets or that unfair protective measures were imposed against them, it can resort to the dispute settlement of the WTO. Qatar can raise disputes under against any other member including the European countries or the United States. Hence, the WTO has furnished Qatar's exports with the suitable legal environment upon which its trading activities can functions on the basis of non-discrimination, transparency, and predictability. Thus, it is the task of Qatar's businesses and industries to utilise this legal environment of the WTO.

The same argument applies to imports. As is mentioned in chapters two and three, WTO regulations oblige Qatar to treat all imports equally on the basis of the most-favoured nation principle. This will lead to increase the level of competition in the Qatari market between foreign products which will result in offering better consumer prices and higher quality. Also,

the national treatment principle whereby Qatar must treat foreign products equally with local products forces the latter to be of a higher standard in order to compete effectively with imports. Government supports and subsidies for domestic products will be difficult to carry out under the WTO, which leads to a reduction of financial burden from Government shoulder.

7.3.2. Burdens in complying with the WTO rules

The question on whether Qatari businesses realise any extra burden in complying with the WTO rules was raised in the survey and revealed that Qatari businesses face no problems in complying with the WTO procedures. Similar views were put forward by the interviewees who suggested that Qatar's membership of the WTO will also lead to very minimal negative consequences. While it can be argued that, in general terms, the rules and procedures of the WTO pose no potential hindrances, it is interesting to nevertheless note the minor probable negative effects raised by a few of the interviewees.

Various interviewees held the argument that 'non-tradable goods could experience slowdowns at the expense of tradable ones, with an upsurge in the trade of the latter', It may also 'condense the opportunities of its subjects'; here taken to mean to restrict their competitive advantage due to the fact that liberalization will unrestrainedly open the floodgates to foreign investors and foreign labour, and that by lowering tariffs on industrial imports such as chemicals and plastics, domestic industries producing these products could be 'dampened'. Specifically, it can also lead to an increase in the level of imports into Qatar of these types of products, and this might, in turn, have a negative impact on Qatar's national products, as they have to also compete on equal ground with foreign imports.

Although these arguments are held by a minority of the interviewees, the fact still stands that it is being raised as an issue, and suggests that, although Qatar is positive about the accession, they are nevertheless critical about some of the rules. They, perhaps, are only interested in those rules which they believe can work to promote their businesses.

The concerns held by some of the interviewees are, to some extent, consistent with the issues raised in the Trade Policy Report 2005 with regard to the WTO rules and their implementation. According to the report, Qatar has expressed a number of concerns about its

difficulties in implementing the WTO agreements, as well as concerning the dangers of marginalising both developing and lesser developed economies. Accordingly, the implementation of some of its obligations resulting from the WTO agreements has been very difficult (WTO, 1999). Qatar has, therefore, expressed a request for clarification of some of the provisions on special and differential treatment for developing countries.

7.3.3. QATAR'S PARTICIPATION IN THE WTO

It is obviously clear that Qatar's participation in the WTO is generally welcomed by its government and people, and the objectives for becoming a member of the WTO fits well with the nation's policy goals which are to establish long-term strategies in helping to make Qatar's economy stable and diversified and, consequently, by creating and promoting a modern economy. This is consistent with the views held by the Qatar Chamber of Commerce and Industry (2004) which has as a policy objective concerned with the development of Qatar's commercial sectors and other parallel services, while also diversifying trade and economic partnerships with regional and international entities, supporting the private sector, enhancing its role in the development process and promoting local investment and attracting foreign investments (Qatar Chamber of Commerce and Industry, 2004).

Based on the points raised above, it can be argued that Qatar realises the importance of exports. However, what the Qatari people should understand is that the gains from trade go well beyond that. There is a need for Qataris to understand that exporting raises the prices producers can charge for their products, and allows for economies of scale. Importing reduces product prices and increases the choices available to consumers. Trade also intensifies competition, thereby encouraging firms to be more productive and innovative. However, it is important to highlight the fact that trade cannot deliver prosperity in a vacuum. In a world of nations and states, moving goods and services across borders may require dealing with a host of institutional, regulatory, linguistic, legal, cultural, informational and political factors (see Bradford and Lawrence, 2004).

7.3.4. Opening up financial services for foreign investment

It was found from the interviews that Qataris are positive about opening up their financial services to foreign investment. This is, to a large extent, consistent with the findings that have

emanated from the questionnaire. It is worth noting that Qatar's economic policy has been described as one which aims at promoting foreign investment. As such, it is not surprising that the interviewees were arguing in the same vein. However, the findings have repeatedly implied that despite the Qatari accession to the WTO being in line with the nations policy objectives of economic diversification, caution should nevertheless be applied to ensure that the policy of diversification — and, therefore, the opening up for foreign investment — is guided in order to avoid local businesses competing out of business. It can be deduced from the arguments above that Qataris, yes, are interested in foreign investments, but they are also critical concerning wholesale liberalisation. One interviewee puts it very clearly when he asserted that, 'Protectionism should be applied to safeguard vital national interests such as stimulating economic growth, diversification and employment generation'.

Nevertheless, being a member of the WTO means that Qatar has agreed to pursue the liberalisation commitments as required by the WTO regulations. This ultimately means that Qatar's pursuance of "trade protectionism" measures is very restricted as it works against the principles of the WTO. This does not mean that Qatar can not safeguard its national interests under the WTO. On the contrary, there are different provisions and measures which Qatar can resort to in cases of financial difficulties such as those related to balance of payment or dumping. But, these measures can be only applied under certain circumstances.

7.3.5. Extending the remits of the WTO to oil and gas sectors

When asked as to whether the remit of the WTO should be extended to cover oil and gas exports, differing responses were given. Unanimously, the interviewees believe that Qatar's economic fortunes are currently hugely tied to the oil and gas sectors, and hence, must pursue a policy to reduce its vulnerability of oil price fluctuations. However, the country must also balance its responses to global oil price fluctuations with its obligation to the OPEC's output quotas. That is, to comply as far as feasibly possible. They further argue that oil and gas are 'non-agricultural goods' and, hence, are subject to WTO rules on trade. A smaller number of the interviewees, however, argued that, the primary aim of the OPEC is not to impose export ceilings on members, but rather to serve as a common platform for oil exporting countries to organize and reconcile their policies in order to preserve their natural resources, revenues, and to ensure continuity and sustainability of supplies.

It is important to note that Qatar's petroleum and natural gas wealth are owned by the state, under the Qatar Petroleum Company (QP) (Trade Policy Review, 2005), which is an exclusive Government agent in the conduct of petroleum and natural gas operations, either directly or in cooperation with foreign corporations through production-sharing agreements (PSAs) or development and fiscal agreements (DFAs). Crude Oil exploration and production activities may be carried out under PSAs, which allow foreign contractors to hold up to 100% working interest or under.

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A rather 'wise' compromise was submitted by one respondent who reasoned that 'Qatar should hold fast to its OPEC quota allocations but should negotiate changes from within and not without the oil cartel'. This is because Qatar shares mutual interests with other oil producing countries. Collective oil pricing policy makes Qatar's voice strong.

Nevertheless, it is worth emphasizing that many interviewees did not clarify how the current WTO regulations could be better improved to address the interests of oil and gas producing countries. Unlike the case of agriculture or textiles, there is no separate agreement dealing with oil and gas. But rather, they are dealt with as any other non-agricultural products. However, given the importance of these energy products for the international economy it is in the interests of Qatar and other producing countries to see these products receive better treatment under the WTO. Perhaps, with the entry of Saudi Arabia to the WTO in December 2005, all the GCC countries are now members of the WTO. Qatar and its GCC partners, along with other oil producing partners, could lobby for the foundation of a new separate agreement on oil and gas via which stability in energy prices is achieved and whereby the interests of producing and consuming countries are mutually taken into account.

7.3.6. The implications for the pricing and composition of Qatar's imports as a result of its membership of the WTO

The question relating to the implications for the pricing and composition of Qatar's imports as a result of its membership to the WTO produced a positive indication during most of the interviews. It appears that Qataris are aware of the fact that although most of their exports come from oil and gas whose prices are determined internationally this is not necessarily the case with imports. It was not a surprise, then, that there ensued a unanimous agreement among the interviewees that Qatar should strictly comply with its commitments to the WTO

rules and the Uruguay Round to place less restrictions on imports by way of low tariffs, so long as a party is found locally to buy the goods. 'The tariffs imposed by the various governmental agencies are only determined by the level of services offered by each particular agency and neither affects the prices charged or revenues generated through them,' was mentioned one interviewee. Certain products — such as gas, petroleum, electricity, and water, as well as some services e.g. telecommunication, air transport, postal and tourism — are subject to price controls. The prices of these goods and services are set by the relevant companies, subject to approval by the Council of Ministers.

7.3.7. Attracting foreign investment

Qatar's trade policies are aimed at facilitating its integration into the rules-based multilateral trading system, and sought to help attract FDI as well as other benefits to the country. It was previously discussed that one of Qatar's economic policies is to open up its market to foreign investments. When questions were asked relating to this policy, there has always been an indication that Qataris are positive concerning the idea of foreign investment. This is in line with Qatar's measures with regard to production and trade. This goes in line with earlier findings obtained through the survey.

Qatar offers various investment incentives both to national and foreign investors. The purpose of the incentives is to encourage and orient investments in order to promote the country's development objectives, encourage the utilisation of, and add value to, local products; promote exports; and introduce new industries, products, and technologies (Ministry of Foreign Affairs, Investment Incentives, 2008). The interviewees in responding to a related question which focused on foreign investment confirmed that Qatari law and public policy are investment-friendly to FDI and do indeed provide incentive packages to foreign investors. In furthering the confirmation, one interviewee reiterated that 'foreign investors are allowed to buy as much as 25% of the securities on public companies listed on the Doha Securities Market (DSM), as well as that they can buy as much as 49% shares on any private company in the country. This indicates that Qatar is positive about the privatisation of its economy with the aim of reducing public liabilities and raising cash to finance public deficits. A central objective is to increase the participation of the private sector in the economy, and make it an important driving force, rather than the small, under-developed sector it has been.

Furthermore, interviewees were also supportive of the Government policy of diversifying its investments in external markets. Buying shares in well-known companies in different parts of the world such as the European countries, the Untied States, and Japan helps the Government of Qatar achieve its objectives to diversify sources of income. Investing in foreign companies is also one of the best means to integrate in the global economy and achieve sustainable development. WTO regulations ensure that Qatar's interests in overseas markets are well-safeguarded.

7.3.8. Qatar's position in the Doha Round

On the extent to which Qatar supports the objectives of the Doha Round, including, further trade liberalization on agriculture, services and intellectual property rights, the majority of the interviewees maintain that the Doha Round was a kind of watershed event which evolved into the much-quoted Doha Development Agenda which has greatly promoted the interests of all developing countries. Qatar's main interests in the DDA include the elimination of agricultural subsidies by developed countries, greater access to non-agricultural products, trade facilitation, and the free movement of 'natural persons'. The Doha Round unequivocally called on developed countries to 'liberalize trade by removing the various obstacles that so far deprived developing countries of their right to enjoy international trade relations on equal opportunities'.

Although Qatar does not share the financial constraints facing many developing countries, it has an interest in the Doha Development Agenda being successful. If further international trade liberalisation helps increase income in developing countries, especially large states like India, this increases the market potentials for Qatar's oil and gas exports. It also increases opportunities for Qatar to invest in the markets of nearby large developing countries.

Specific measures that help to ensure efficient financial flows to developing countries, especially FDI were negotiated during the round in order to assist them in building the productive capacity they need to compete on the world market. Qatar also supports the strengthening of technical assistance programmes for developing countries.

As previously indicated, this study has made it clear that Qatar likes to think of itself as a nation which abides by its treaties and commitments. There is some indication that Qataris are committed to the international agreements. However, they are more likely to opt out of certain parts of agreements for fear that compliance would be contrary to their interests, and

are likely to refuse to sign treaties on the grounds of potential legal exposure. The study has shown that the country's behaviour towards the WTO is quite positive, and it is ready to accept binding multilateral rules.

7.4. CONCLUSION

This chapter has clearly demonstrated that the policy and decision making processes in Qatar are in support of the WTO membership; thus supporting the earlier findings of chapter six. WTO membership is perceived to have benefited the economy of Qatar. The incorporations of WTO laws and regulations have made the economy of Qatar and its market environment more transparent and predictable. WTO regulations helped Qatar achieve its strategies of attracting foreign investment, increasing competition, providing better services with higher quality with cheaper prices for consumers. Qatar's exports and its outwards investment are protected by the WTO regulations. If Qatar felt that its interests in overseas markets have been negatively affected as a result of discriminatory measures undertaken by other trading partners, the WTO dispute settlement can restore and protect Qatar's rights. Oil and gas sectors are still not adequately addressed under the current WTO regulations. Obviously, foundation of a separate agreement on energy sectors that takes into considerations the interests of both producing and consuming countries will be a very important development in the field of international commerce. Perhaps, Qatar and its GCC partners could lobby for the inclusion of the energy sectors in the current Doha negotiations. The latter also provide opportunities for Qatar to lobby for achieving its interests as a small developing economy in different sectors and issues; finance, telecom, insurance, health, education, agriculture, property rights, and dispute settlement.

CHAPTER EIGHT: CONCLUSION AND RECOMMENDATIONS

Based on the findings of this thesis, it was found that Qatar has achieved a measure of economic diversification which has been aided by the policy framework that resulted from WTO membership. The thesis has shown that, to a large extent, Qatar has succeeded in achieving its development objectives. A thorough study of Qatar's approach to development suggested that the main economic activity of the country centres on oil and gas production. The discovery of oil and natural gas resources has led to high technological development in Qatar and rapid urbanization.

The objective of this empirical inquiry was to investigate the new legal norms imposed by the WTO in light of economic growth and diversification, and intellectual property rights in Qatar. The research explored and analyzed the performance of Qatar as it undertook trade liberalization and economic reforms and tackled the software piracy problem. The study, in essence, makes a comparison of Qatar's newly gained access to the WTO membership with the implementation of TRIPS to pre WTO accession.

The research methodology adopted in writing this thesis included the use of macro-economic and micro-economic data, publications by the WTO, and several other international organizations, besides making use of primary and secondary source data. Also, several interviews were conducted for the purpose of gathering data pertaining to the thesis.

Beginning with an analysis of the WTO, the research concludes that the WTO came to liberalize trade and remove trade barriers. From its inception to date, the WTO has attained some of its goals. The WTO initially sought to fulfil its role by having countries agree to reduce barriers to trade and to conduct trade in line with agreed rules. The agreements laid the foundation of the multilateral trade system upon which the member countries are committed, which is to attain the overall social goals of improved standards of living, full employment, expanded production and trade in goods and services, and to enhance the share of developing countries in world trade. The purpose of the agreements negotiated, i.e. to increase international trade, could create employment opportunities in developing countries by contributing to a reduction in poverty and, thus, improving the standard of living of those people. In the same vein, developed countries have a wider outlet available for their manufactured goods, and their companies can even relocate to developing countries where they can take advantage of the abundant availability of inexpensive labour.

8.1. RESEARCH FINDINGS

The research findings showed that the liberalisation of the trading system has brought substantial benefits for WTO member countries. The advantage of a reduced tariff level will certainly enable poor countries to fully participate in the export trade, particularly when these countries have standardization problems. At the same time, businesses in developed countries whose markets are saturated particularly with agricultural by-products can export these goods to countries which cannot produce enough. This can help ease prevailing food shortages in those countries. More importantly, it will also help reduce food prices. Allowing the export of raw materials would help both developed and developing countries alike. Developed countries can access raw materials from developing countries at the world market prices, while developing countries can also access raw materials that they do not have for their budding manufacturing industries. Exemptions from a tax burden may be more beneficial to developing countries because that could help bring in industries resulting in generating employment. By acceding to these agreements, the only obligation on a member is to accord the same benefits, unconditionally — to similar products or services of all members — once these have been given to a product or services of any country.

It was also found that the agreements of the WTO — the WTO trade rules — are negotiated by governments, and these negotiations are ongoing. Clearly, it has been found that the role of the WTO is to serve as a forum for negotiations, the settlement of trade disputes, and as a reviewer of trade policies in checking non-compliance — all aimed at helping governments to liberalize the global trade and to provide better lives for their citizens.

The analysis of Qatar's economic activities suggests that the economy of Qatar has increasingly been integrated in the world economy as the total exports of Qatar for 2007 accounted for 59.15 percent as a percentage of GDP. These exports were comprised mainly of oil and gas, but the latter especially is subject to value added in Qatar. This, as has been discovered in this study, can increase the wealth of Qatar. Qatari economy is therefore said to be driven by international trade.

It was found that Qatar's membership to the WTO provided the country with opportunities to diversify its export destinations, and to increase its manufacturing capacity. This shows that

Qatar's membership within the WTO has improved and boosted its international trade activities.

The real GDP has been found to be growing following the increases in capital investments. The cost of living has risen — but this was mainly due to the expansion of the economy, especially with regards to oil and gas, and not the WTO membership of Qatar.

Qatar's policy for economic relationships centres around five objectives: namely, the liberalization of the economy and trade that can be realised via its WTO membership; reduction of tariffs; the alignment of its standards with the WTO commitments; export diversification; and access to the world market. The discovery of oil and gas, as mentioned earlier, has led to a great contribution to Qatar's economy, resulting over the years in the increase of gas-intensive industries, such as petrochemicals and fertilizers (see Qatar Chamber of Commerce and Industry, 2004).

Qatar's share in the world's natural gas reserves has been increasing continuously and successively. The development of gas-intensive industries — such as petrochemicals, fertilizers, and refining — is a key component of Qatar's overall diversification strategy. Exhaustible natural resources — such as petroleum and natural gas — are fully state-owned in Qatar. All energy policies and relevant legislation are determined and enacted by the Council of Ministers and chaired by the Prime Minister. It was shown that Qatar's crude oil production and reserves have increased owing, in part, to the fact that Qatar has the third largest gas reserves in the world.

Qatar's crude oil is mostly imported by Asian countries, ranging from Japan and Korea, to China and the Philippines, Singapore to Thailand, and even to India. The Qatar energy policy has two major objectives, which are 'to sustain' the level of oil production, and 'to maximize' the returns from gas reserves.

In conducting this research, i.e. to determine the economic effects of Qatar's membership of the WTO, both quantitative and qualitative data collection methods were utilised. The study showed that Qatar has significantly gained from its membership of the WTO. The country has attained the overall social goals of improved standards of living and employment opportunities have risen. The production and trade in goods and services have also been

enhanced. All of these factors are linked. The increased international trade has created employment opportunities in the country contributing to improving the standard of living of the people. Similarly, the country has created wider outlets for foreign companies to invest which has also opened up the possibility of more job opportunities.

The research findings showed that the liberalisation of the trading system has enormous benefits for all the WTO member countries. The advantage of a reduced tariff level has enabled Qatar to fully participate in the export trade. At the same time, businesses in developed countries whose markets are saturated — particularly with agricultural by-products — have found that exporting these goods to countries which cannot produce enough can often help ease prevailing food shortages within those countries. More importantly, it also helps to reduce food prices.

Allowing the export of raw materials would help both developed and developing countries alike. Developed countries can access raw materials from developing countries at the world market price, while developing countries can also access raw materials for their budding manufacturing industries. Exemptions from a tax burden may be more beneficial to developing countries as that could help bring in industries resulting in generating employment. By acceding to these agreements, the only obligation on a member is to accord the same benefits unconditionally, providing all WTO member countries with the same benefits.

The study revealed that both the nation and businesses are optimistic about joining the WTO. With the WTO rules and procedures, Qatar is now competing in trade and attracting foreign direct investment as enshrined in the national economic policy. However, despite the fact that Qatar is positive about the country's accession to the WTO, there is also evidence that some businesses are reticent to commit to some of the multilateral trade negotiations. One reason is the fear that some of the trade rules may place multiple demands on their limited resources. Another reason is that Qatar will have to fund some of the reforms before any benefits in terms of increased revenue and trade are seen. A major cause for concern which has been highlighted within this study is the difficulty in determining how much it would cost agreeing to all the trade rules and how much reform government and businesses would have to undertake before they started to reap the benefits. Agreeing to all the WTO trade rules, as far as Qatar is concerned, has involved introducing new regulations, institutional changes, training, equipment and infrastructure.

It is evident from this study that some of Qatar's regulatory regimes are in conflict with WTO obligations. Similarly, there is the worry that consumer concerns may be manipulated by protectionist elements. These fears can raise the credibility of the WTO as an issue, especially where it is perceived that the WTO rules are applied in a way that does not reflect consumer concerns. In a way, therefore, both Qatar and the WTO is faced with a daunting challenge: For the WTO, the main issue is how to deal with the problems some developing countries are having in implementing the commitments they had made in the Uruguay Round negotiations. Developing countries are concerned not only about these difficulties but also about the overall balance of what was negotiated, believing it had been to their disadvantage and that it has failed to deliver the benefits they expected. Of central importance, however, is the fact that some developing countries do not have the administrative and technical capacity to implement commitments they were obliged to make. Consequently, both the WTO and Qatar must come up with new negotiations.

The WTO will have to place the interest of poor members at the very heart of their work. Similarly, as far as Qatar is concerned, new trade negotiations are inevitable given the issues raised in this project. Negotiations will open markets up and reduce all forms of export subsidies, while taking into account non-trade and development concerns. Market access is certainly a key interest within any negotiation. Nonetheless, Qatar's best interest will be served by significant reductions in tariffs on all products, with access to a special safeguard clause.

Regarding non-trade concerns, it is clear that negotiators ought to balance political needs and policy. However, it is vital that non-trade concerns avoid any trade distorting effects. Other issues to be addressed in future negotiation rounds should include: state trading entities; export credits; food aid; and two price systems and tariff rate quota administration. It is worth mentioning that, in order for Qatar to meet its overall liberalisation commitment, the following requirements must be met: the provision of assistance, capacity building and sufficient time for the desired results to be realised. Debates and discussions regarding the application of some of the WTO trade rules — especially with regards to trade liberalisation — will be needed in order to illuminate difficulties facing the country in this regard.

Qatar will have to study opportunities in order to further develop and enhance economic cooperation and integration with different countries, especially those in different areas and regions. To effectively manage these recommendations, there is a need for Qatar to establish a council that will be focused with, firstly, monitoring trade and investment relations, identifying opportunities for expanding trade and investment and issues relevant to trade or investment as appropriate to negotiation and in an appropriate forum, and secondly, hold consultations on specific trade and investment matters of interest to the WTO and other relevant parties, and thirdly, to identify and work towards the removal of impediments to trade and investment flows.

The research has, to a large extent, revealed that Qatar has enjoyed benefits from the trade liberalisation, resulting partly from its accession to the WTO. Nonetheless, further trade liberalisation has the potential to deliver further gains in efficiency for the country.

The thesis also discovered that Qatar's policy of trade liberalisation — which is in line with the WTO — helps improve living standards of the Qatari people. This is because it tends to increase average incomes and provide more resources with which to assist Qatari people improve their standards of living. Interestingly, it was discovered that while it generally affects income distribution, it does not appear to do so in a systematically adverse way. The study highlighted that most trade reforms hurt someone, by possibly triggering greater difficulties in living conditions, and that some reforms may worsen living standards, despite boosting total incomes.

Although it was not the intention of this study to look at how trade liberalization can be implemented in such a way that its benefits are maximized, it is suggesting that future similar researcher could consider looking at 'the public policy to be put in place for the implementation of trade liberation reforms for maximizing its benefits to improve overall living standards of the Qatari people'.

8.2. RECOMMENDATIONS

Based on the findings of this study, the following recommendations are hereby submitted. Each of the recommendation is considered to be practical and realistic, and it is the hope of the researcher that when they are implemented, much of the trade-related problems highlighted above will be curtailed. The recommendations are, therefore, geared towards providing a way forward for both Qatar and the WTO, and the rest of the WTO member countries.

The study has suggested the need for there to be more effective mechanisms in place for the enhancement of the simplification and harmonization of international trade procedures, covering the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade. According to the study, Qatar heavily relies on international trade, since its key economic activities centre on oil and gas, which are purposely produced for the international market. In recent years, international trade has been found to have grown rapidly across the globe. This certainly means more goods crossing borders and, therefore, having to comply with customs' formalities. It has been realized that this often puts strain on national the administrative personnel trying to cope with the increased road air and port traffic without extra resources. At the same time, businesses have become more aware of the costs involved in taking goods across borders, such as waiting time.

Changing business practices has also put the spotlight on speed of delivery. In an environment of 'just in time' production, business cannot afford to have imported or exported goods tied up for long periods at the border because of unnecessary or over-complicated trade procedures and requirements.

There is also the question of costs inherent in the increased complexity of trade. Globalization and international competition encourage international corporations to use a variety of locations for the manufacture and sourcing of components and final products. Preferential trade agreements have added a proliferation of complex rules of origin to the mix.

In these circumstances, even methods that used to be satisfactory need to be rethought, while problems posed by inefficient methods are made worse. Inefficiency in border procedures — whether there are too few customs officers or unnecessarily complicated paper work — is costly, both for governments and business-costs which ultimately are passed on to the taxpayer or the customer.

Businesses suffer both direct border-related costs, such as expenses related to supplying information and documents to the relevant authority, and indirect costs, such as those arising from procedural delays, lost business opportunities and a lack of predictability in the regulations.

Inefficient border procedures cost governments in terms of lost revenue, smuggling, and difficulties in implementing trade policy, for instance due to failure in determining the origin of products or in collecting accurate statistics. Inefficient border procedures are also likely to lead to poor export competitiveness, and make the involved country less attractive to investment.

In view of the above, a critical measure that Qatar must adopt is making the nuts and bolts of trading procedures easier to navigate. This requires transparency in the regulations and procedures, and consistency, predictability and non-discrimination in their application. The traders also need to be able to provide feedback on where the system works well and where it poses problems. Transparency of relevant domestic regulations, procedures and practices is essential for ensuring that regulatory objectives are achieved efficiently, while, at the same time, enhancing the benefits from trade and investment liberalization.

Businesses need to be able to fully understand the conditions and constraints for entering and operating in a market. Openness about the way the system works also improves public confidence in the government's performance and that of the regulatory system. Consistency and predictability in the application of rules and procedures is also important. Traders need to know what to expect in their everyday dealings with customs and other border agencies, and how to act if a problem arises.

There is a need for a renewed political impetus in order to make border controls more efficient, and strengthened international coherence in tackling the issue. Qatar must adopt

reforms towards enhancing efficiency in order to face an increasingly complex international trading environment. Certainly, some deeply entrenched outdated institutional settings and cumbersome procedures must be dealt with.

There needs to be high political support from Qatar's Government, and sustained commitment of those involved in formulating and implementing trade policy. The WTO can be very instrumental in this regard by providing external discipline to ensure continuing domestic political commitment and shield from temptations to backtrack.

The WTO must ensure that trade facilitation efforts — both at national and international levels — are coherent and consistent between different policy areas. A coherent multilateral setting would provide a solid background for designing well-targeted technical assistance and capacity-building projects, overcoming regional divides, ensuring that the projects' different components are mutually supportive, and better targeting aspects of co-operation between border agencies of concerned countries.

The WTO should focus on benchmarking, capacity-building and peer pressure, in order to provide momentum, diluting the prospect of litigation under the dispute settlement mechanism.

The WTO, in its multilateral efforts, needs to be realistic. No external discipline or pressure can deliver tangible outcomes if the commitments go beyond the existing capacity of a particular country to meet them. Matching commitments with capacity means designing disciplines which are seen to correspond to the circumstances of member countries, but matching commitments with capacity also means providing corresponding technical assistance where appropriate.

All that being said, trade liberalization has the potential to deliver gains in efficiency and higher rates of growth for the world economy, particularly for the third world countries; it is considered as a fight against poverty, since it increases average incomes and provides more resources with which to tackle poverty. And, while it generally affects income distribution, it does not appear to do so in an undesirable way. Nevertheless, it is important to recognize that most trade reforms can negatively affect some people, by possibly generating new or greater

poverty, and that some reforms may increase overall poverty, even while they boost incomes in total.

In light of the above, what the Qataris are more interested in is a WTO which will open markets and reduce all forms of export subsidies. Negotiations in agriculture must include market access, export competition, and domestic support, by reducing tariffs on all agricultural products. The negotiators must allow balanced political needs and policy. The negotiations should liberalize the entry of foreign services in as many domestic sectors as the government choose, and make it easier to employ foreign workers on a temporary basis.

Market access for industrial goods is another priority for Qatar. In this regard, the WTO should have in place capacity-building measures to assist the country, and commit itself to the objective of duty-free and quota-free market access for products originating from Qatar. In other words, Qatar is looking forward to a phasing-out of preferential agreements by developed countries, by offering total elimination of duties to the majority of the sectors.

This study has indicated that some of the rules of the WTO are complex and cumbersome. In view of that, there is also the need for further clarification and improvement in the understanding and interpretation of the rules while simultaneously preserving the basic concepts, principles and effectiveness of these agreements, and their instruments and objectives, and taking into account the needs of Qatar and other member countries.

The study suggests the need to establish multilateral framework rules for trade and competition, policy and foreign direct investment.

On the issue of Trade-Related Intellectual Property Agreement, the agreements should not prevent Qatar from taking measures to protect it self; the agreements should be interpreted and implemented in a manner supportive of WTO members' right to protect their interests.

There is no doubt that sustained worldwide economic growth requires a renewed commitment to trade and to opening markets globally; strengthening the World Trade Organization as the bedrock of the multilateral trading system is therefore an economic imperative. Failure to achieve this could undermine business confidence and contribute to a further worsening of the world economy. This requires all WTO member countries to demonstrate their knowledge

and understanding of what they are doing. In view of this, the biggest challenge confronting the WTO is to make the multilateral trading system more development friendly, the outcome, of which, shall be judged by the extent to which developing countries achieve greater market access without their policy options being restricted, and by the disciplines that will prevent the later reversal of successful market access.

For Qatar, a fundamental recommendation is concerned with a more balanced approach, whereby the WTO agreements would better reflect the interests of both developed and developing nations. This is because, as the study indicated, the people of Qatar have lingering doubts about new trade negotiations. They will want to benefit from the WTO rules-based system where they have a reasonable chance of beating the big powers if logic is on their side. Consequently, future negotiations must provide significant access and certainty to access for the products which Qatar can produce and export. It is necessary to mention that a successful negotiation needs greater openness from Qatar. WTO negotiations can help in putting together the necessary political elements domestically for this to happen.

In precise terms, the study recommends that a 'development round' of trade negotiations which would reduce global trade barriers should be launched. However, for a positive outcome, the industrialized countries must be willing to reduce taxes on the products and services which Qatar and other developing countries produce such as oil and gas. Similarly, Qatar can improve its own situation while, at the same time, winning concessions by liberalizing services and lowering barriers to import competition. Such a round is expected to produce win-win gains for the entire international community including Qatar.

Engaging in global collective actions to promote trade outside the negotiating framework of the WTO is important: Providing market access may not be enough to elicit new trade from developing countries by itself. Increasing multilateral 'aid for trade' development assistance to promote trade infrastructure, adoption of best practice standards and rules and a healthy investment climate could help.

Unilaterally adopting pro-trade development policies in high-income countries: First, if the high income countries were to allow low-income countries duty-free and quota-free access to their markets, they would provide a strong stimulus to trade which would help these poor countries overcome their past lacklustre trade performance; second, high-income countries

could also demonstrate good faith by reining in mushrooming antidumping cases; third, increasing bilateral 'aid for trade' can complement the multilateral effort.

Enacting new trade reform in developing countries: Developing countries can individually improve their competitiveness through trade reforms that lower restrictive barriers, especially in service markets. Indeed, their own policies hold the largest potential for policy-induced gains from trade. Trade reforms — especially those reinforced with reforms in governance and in domestic investment climates — can enhance the value of policies adopted by other nations.

There is understandable consumer worry that concerns may be manipulated by protectionist elements within a community. On the other hand, the credibility of the WTO may be at risk if it is thought that the WTO rules are applied in a way which does not reflect consumer interest. There is also a view that concerns may be related to a lack of confidence in national regulatory authorities to guarantee a trade that protects the interests of the people. There is an urgent need for consumer confidence to be improved, perhaps through the establishment of regional bodies.

In addition to recommendations for the WTO, countries acceding to the WTO are expected to have a regulatory regimes in place, which is not in conflict with WTO obligations, and which also has the capacity to deliver the observance of rights to other WTO members.

WTO rules require that signatory governments assume full responsibility for the trade and trade-related actions of their governments. In some cases, signatory governments have positive obligations to seek observance to WTO rules on the part of their governments.

Qatar trades oil with developing countries, which represent its growing markets for oil and gas. Therefore, in so far as the WTO liberalization aids for the developing world, it also benefits Qatar, which is increasingly involved in exporting to other countries of potential interest. From Qatar's perspectives, countries of interest are those nearby, such as South Asia or potentially the states of Eastern and Southern Africa. By the same token, Qatar should seek to promote the liberalisation of these two important sectors, oil and gas, at the current Doha multilateral negotiations. Qatar should coordinate its negotiating position with other oil and gas producing countries that are members of the WTO to lobby for the lowering of the

protective measures applied by some developed countries on energy intensive products such as petrochemicals. In return, Qatar could offer to open further service sector in the current GATS negotiations, as such openness would work for the benefit of Qatar's economy and further encourage foreign investment.

The study revealed that Qatar's policy towards its regional neighbours in trade is mainly to develop and to enhance economic cooperation and integration with different countries in different areas and regions, with a primary aim to establish mutual Free Trade Agreements with those countries. In light of this, the state of Qatar has taken effective steps to deepen the cooperation with its regional neighbours.

Consequently, since the mid-nineties, the state of Qatar, has been studying the opportunities to cooperate with its regional neighbours. Qatar cooperates with those countries by several economic cooperation agreements, such as by establishing the Greater Arab Free Trade Area. Similar arrangements have been made in order to establish Free Trade Agreements with India and Pakistan.

Needless to say, Qatar is committed to forging bilateral trading agreements with many countries within its sub-region. The anticipation is that, under these agreements, Qatar and its partners could accord each other Most Favoured Nation treatment in all matters relating to their mutual trade relations. Qatar could coordinate its negotiating position at the multilateral level with these partners. However, these relations may be hampered by the fact that some of its trading partners within the sub-region — such as Iran — have yet to become members of the WTO.

It has been noted that the main objective of the WTO is to 'help trade flow smoothly, freely, fairly and predictably among member countries. The organization also acts as a forum for trade negotiations and settling trade disputes; since trade relations often involve conflicting interests, the WTO is therefore needed for the purpose of dispute settlement through a procedure based on an agreed legal foundation'.

Qatar can benefit from a successful conclusion of the Doha Round of trade negotiations. If this results in greater trade liberalisation, it will contribute to global economic growth, especially in Asia. As these economies grow, their demand for oil and gas will increase,

benefiting producers suppliers such as Qatar. This is perhaps Qatar's major benefit from WTO membership and its hosting of the original meetings that set the agenda for the Doha Round.

In view of the above, it becomes more than necessary for all trading partners of the state of Qatar to join the growing membership of the WTO. It is therefore critical for the rest of the countries within the sub-region who have not yet joined the WTO, to be encouraged to do so. Qatar should therefore work hard with the international community in order to ensure the state of Iran and its other trading partners join the WTO, so as to enjoy and sustain the already good economic performance it is enjoying.

Furthermore, Qatar should support the accession of Iran and other trading partners within the sub-region to join the WTO. Qatar should provide adequate technical and political assistance to Iran and other trading partners to facilitate their membership of the WTO.

In conclusion, for oil, gas and petrochemical producing countries, the research has found that these three energy sectors are not adequately addressed under the WTO. Despite their importance for the international economy, they are not made subject to separate predictable and transparent trading rules under the WTO. In other words, there is no separate multilateral agreement that governs trade relations between energy producing countries such as Qatar and energy consuming countries such as those of the European Union, the United States, India, Japan and China. On the contrary, these energy sectors are dealt with in the same way as any other types of goods subject to the WTO/GATT regulations. This ultimately means that energy products, as any other types of products, are also subject to the dispute settlement mechanism of the WTO.

However, due to the substantial significance of energy sectors for the growth of the international economy and in order to achieve global stability with regards to these important sectors, the researcher holds the view that it is about time that WTO regulations adequately addressed the energy sectors. It is perhaps in the interests of both energy producing countries such as Qatar and energy consuming countries such as Japan, the U.S., and the EU to include "energy sectors" in the agenda of Doha negotiations. The continuing Doha Round provides a very good opportunity for such negotiations with the objective of reaching a separate agreement on "energy sectors" that could address the interests of both sides; energy producing and consuming countries.

During the GATT era there were very few energy producing countries that were parties to this multilateral agreement. Thus, the issue of "energy" was not well-addressed. However, many of the energy exporting countries have now become official members of the multilateral trading system, including Qatar, Saudi Arabia, and the UAE. Other major world energy suppliers such as Russia, Iran, Algeria, Ukraine, and Iraq are currently asking for membership, or negotiating their accession to, the WTO. "Energy sectors" have become increasingly important for the growth of the international economy. All these factors support the idea of the foundation of a new separate agreement under the umbrella of the multilateral trading system.

Nevertheless, as is indicated previously, it is important for Qatar, as an energy producing country, to take into account that subjecting "energy sectors" to the WTO regulations is not only about reducing tariff and non-tariff measures. But, it is also about "liberalisation of services". The United States, the EU, and Japan have been calling for subjecting energy-related services to the WTO/GATS regulations. If this took place, it would mean that a wide-range of services that are now controlled by Government owned companies such as Qatar Petroleum and Qatar Gas will be subject to external regulations under the WTO. These services could include: drilling, derrick erection, repair and maintenance, services necessary for oil or gas extraction such as well casing, cementing, pumping and plugging and so on. Hence, it is important for Qatar to study the proposals of liberalising these services and their potential impact on its economy.

Therefore, the continuous Doha Round negotiations provide Qatar with the opportunities of addressing its interests and concerns in different sectors, including the energy sectors. Building coalitions with other members at a similar level of development and with comparable economic structures, Qatar can make its interests and concerns better addressed in the current negotiations. These opportunities are not only about energy sectors, but they also apply to many other sectors that are important for Qatar's economy and trade. As is indicated before, Qatar is a net-food importing country and perhaps full liberalisation of agriculture will not be in its interests. This is because the price of food would be expected to increase if the exports subsidies provided by developed countries to their local farmers were reduced or eliminated. As a result, the latter would have to increase the prices of their food exports to other countries such as Qatar. Hence, although liberalisation of agriculture is of

interest to many developing countries, it will not be in the interests of Qatar as a net-food importing country. Therefore, it is in Qatar's benefit to line up with other net-food importing countries such as other GCC members to lobby in the Doha Round not to be negatively affected by the newly multilateral liberalisation of agriculture. However, as is indicated in chapter one, there are some potential indirect benefits for Qatar from agricultural liberalisation if it helps the growth of developing agricultural producers and increases their demand for fertilizers from Qatar.

Further liberalisation of services such as telecommunications and banking are also on the agenda of the Doha negotiations. As a small economy seeking to develop its national industries, Qatar should clearly define its interests in different services sectors and evaluate the consequences of such liberalisation. As for current policy, Qatar is a supporter of services liberalisation and the rules of GATS go in line with its policies of free trade and open economy. Nevertheless, Qatar is also a small economy seeking to develop its national industries. The current GATS rules recognise such features and entail special provisions to consider the interests of developing countries. However, the GATS itself has been re-negotiated since 2000 with the aim of achieving further liberalisation for additional services. Due to disagreements on many issues between developed and developing countries, negotiations on the GATS are not yet concluded. Developed countries seek to achieve high levels of liberalisation for different sectors with very little government intervention. Nevertheless, developing countries seek to have greater flexibility to protect their national interests and not to be negatively affected by such liberalisation. Hence, it is in the interests of Qatar to follow the process of these negotiations and line up its negotiating stance with other developing countries in order to safeguard its interests. It is important to stress that the researcher is not calling here for "trade protectionism", but rather arguing for pursuing "trade liberalisation" in a carefully studied incremental way that does not jeopardise the interests of national industries and their employees, including local nationals.

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Appendix A:

PhD Scholar	رسالة دكتوراة
International Commercial Law	القانون التجاري الدولي
Durham University	جامعة درهم
United Kingdom	المملكة المتحدة

Questionnaire survey

- **The following questions are designed for academic purposed, as part of PhD requirements at Durham University in the United Kingdom. The research main question is "what are the economic effects of Qatar's membership to the World Trade Organizations?"**
- **Please, choose your answer by circulating one of the numbers (1 – 5) that reflects your opinion.**
- **Please, choose only one answer to each question.**

1) **Has WTO membership been beneficial for your company?**
   (1) Strongly agree
   (2) Agree
   (3) Disagree
   (4) Strongly disagree
   (5) No opinion

2) **Has the requirements to comply with WTO procedures resulted in an increased administrative burden for your company?**
   (1) Strongly agree
   (2) Agree
   (3) Disagree
   (4) Strongly disagree
   (5) No opinion

3) **It would be better if Qatar was free to determine its own rules and regulations in trade and commerce rather than being bound by the WTO.**
   (1) Strongly agree
   (2) Agree
   (3) Disagree
   (4) Strongly disagree
   (5) No opinion

4) **Competition in the banking and financial services sectors in Qatar would be beneficial for my company.**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

5) **The WTO should not get involved in interfering with conditions of employment and remuneration?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

6) **The WTO is concerned with the problem of intellectual property rights including trade marks and patents. Do you agree it should interfere in these areas?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

7) **Is membership of the GCC important for Qatar, or is being a member of the WTO enough?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

8) **Should Qatar sign Free Trade Agreements with other countries including the U.S. and India, as well as being a member of the WTO?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

9) **Should the remit of the WTO include oil and gas exports entrenched under OPEC and other organizations?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

10) **Should Qatar open its transport system to all airline and shipping companies in order to ensure strong competition?**
(1) Strongly agree
(2) Agree
(3) Disagree
(4) Strongly disagree
(5) No opinion

Appendix B:

PhD Scholar	رسالة دكتوراة
International Commercial Law	القانون التجاري الدولي
Durham University	جامعة درهم
United Kingdom	المملكة المتحدة

Semi Structured Interviews Questions

1) **What in your view have been the major benefits to Qatar from joining the WTO?**

2) **Has WTO membership had any detrimental effects on Qatar?**

3) **Has WTO membership had any implications for the pricing and composition of Qatar's imports?**

4) **Should the remit of the WTO be extended to cover oil and gas exports even if this means that Qatar could no longer adhere to OPEC quotas?**

5) **The WTO covers financial services as well as traded goods. Should Qatar open its banking and financial systems to foreign investors?**

6) **Qatar investment activity has been involved in overseas acquisitions of companies, including the unsuccessful take over bid for Sainsbury. Should Qatar allow foreign investors to acquire companies in Qatar, including local banks?**

7) **Qatar hosted the WTO meeting that resulted in the Doha Round of trade negotiations. This round has not been successful so far. To what extent does Qatar support the objectives of the Doha Round, including, further trade liberalization on agriculture, services, and intellectual property rights?**

Appendix - C

Regression Results

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	Imports as%of GDP[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: non-oil sector GDP

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.971[a]	.942	.933	2.19483	1.268

a. Predictors: (Constant), Imports as%of GDP

b. Dependent Variable: non-oil sector GDP

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	471.417	1	471.417	97.859	.000[a]
	Residual	28.904	6	4.817		
	Total	500.321	7			

a. Predictors: (Constant), Imports as%of GDP

b. Dependent Variable: non-oil sector GDP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.619	4.384		1.738	.133
	Imports as%of GDP	2.043	.207	.971	9.892	.000

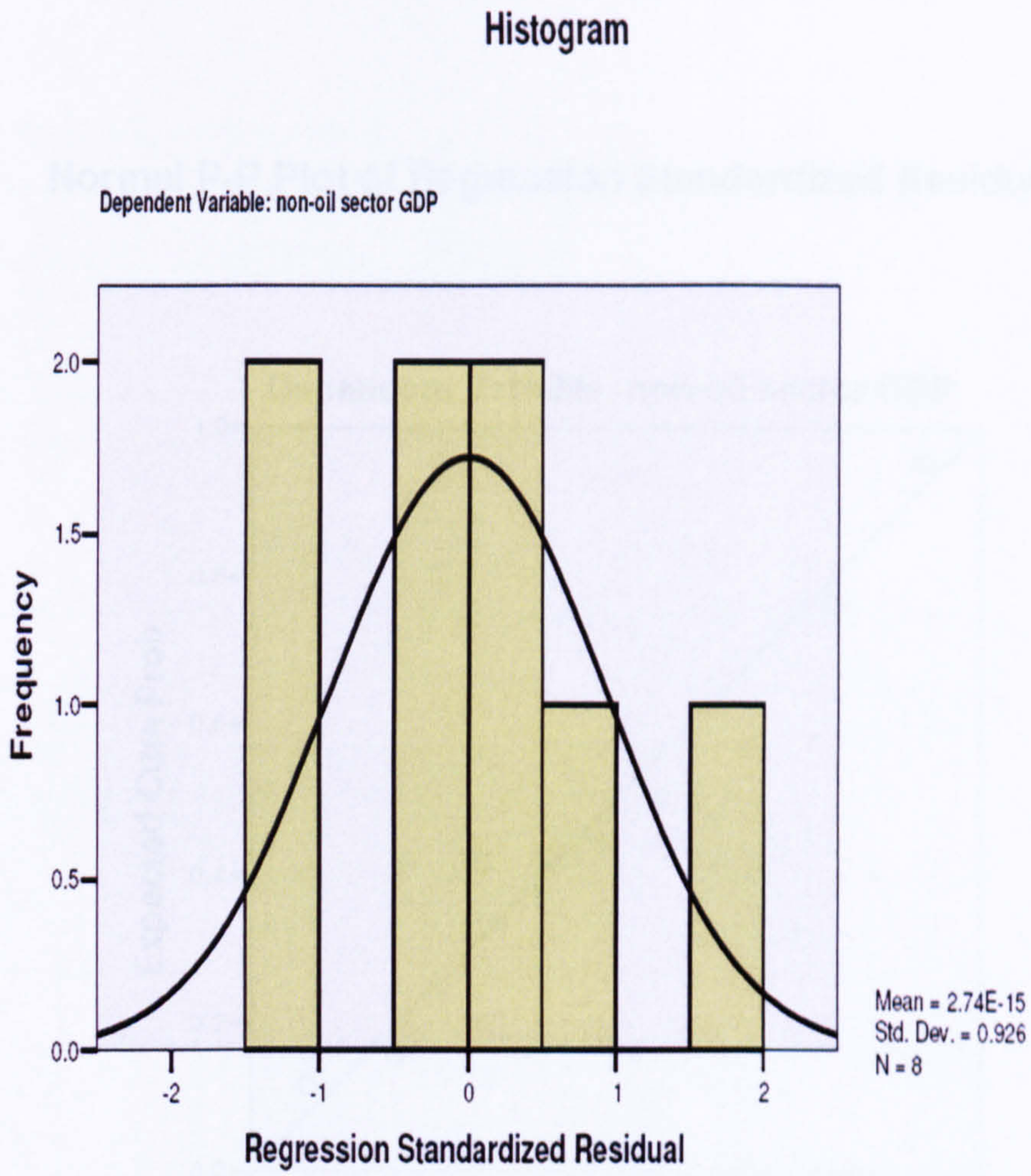
a. Dependent Variable: non-oil sector GDP

Residuals Statistics[a]

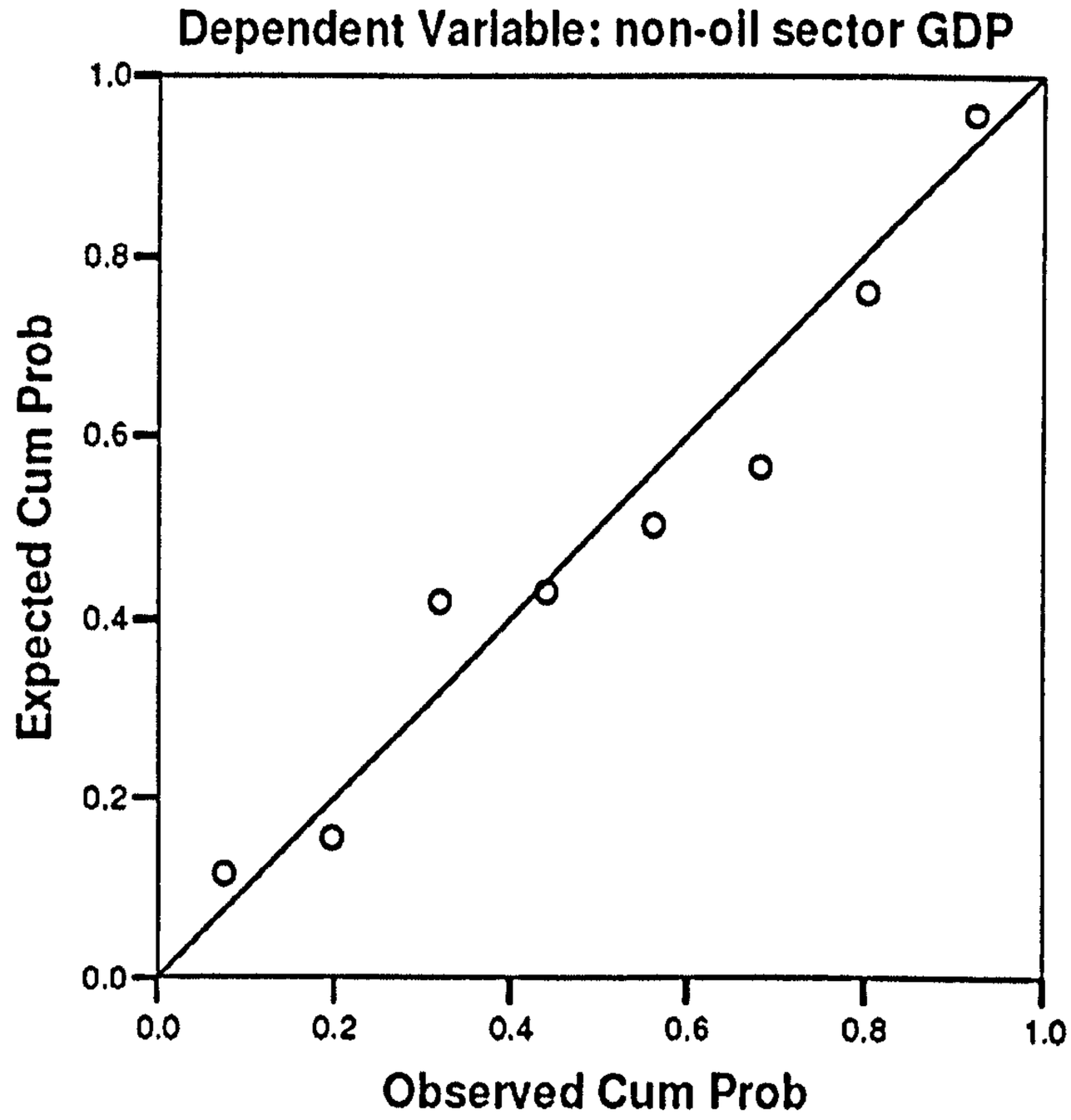
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	41.3306	64.6222	50.3050	8.20642	8
Residual	-2.61768	3.77119	.00000	2.03202	8
Std. Predicted Value	-1.094	1.745	.000	1.000	8
Std. Residual	-1.193	1.718	.000	.926	8

a. Dependent Variable: non-oil sector GDP

Chart


Histogram
Dependent Variable: non-oil sector GDP
Frequency
2.0
1.5
1.0
0.5
0.0
-2
-1
0
1
2
Regression Standardized Residual
Mean = 2.74E-15
Std. Dev. = 0.926
N = 8

Normal P-P Plot of Regression Standardized Residual



Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	ann.gdp growth after WTO[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: ann.gdp growth before WTO

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.203[a]	.041	-.065	4043.76960	.642

a. Predictors: (Constant), ann.gdp growth after WTO
b. Dependent Variable: ann.gdp growth before WTO

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6344101.9	1	6344101.870	.388	.549[a]
	Residual	1E+008	9	16352072.540		
	Total	2E+008	10			

a. Predictors: (Constant), ann.gdp growth after WTO
b. Dependent Variable: ann.gdp growth before WTO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25755.438	2372.773		10.855	.000
	ann.gdp growth after WTO	-.015	.025	-.203	-.623	.549

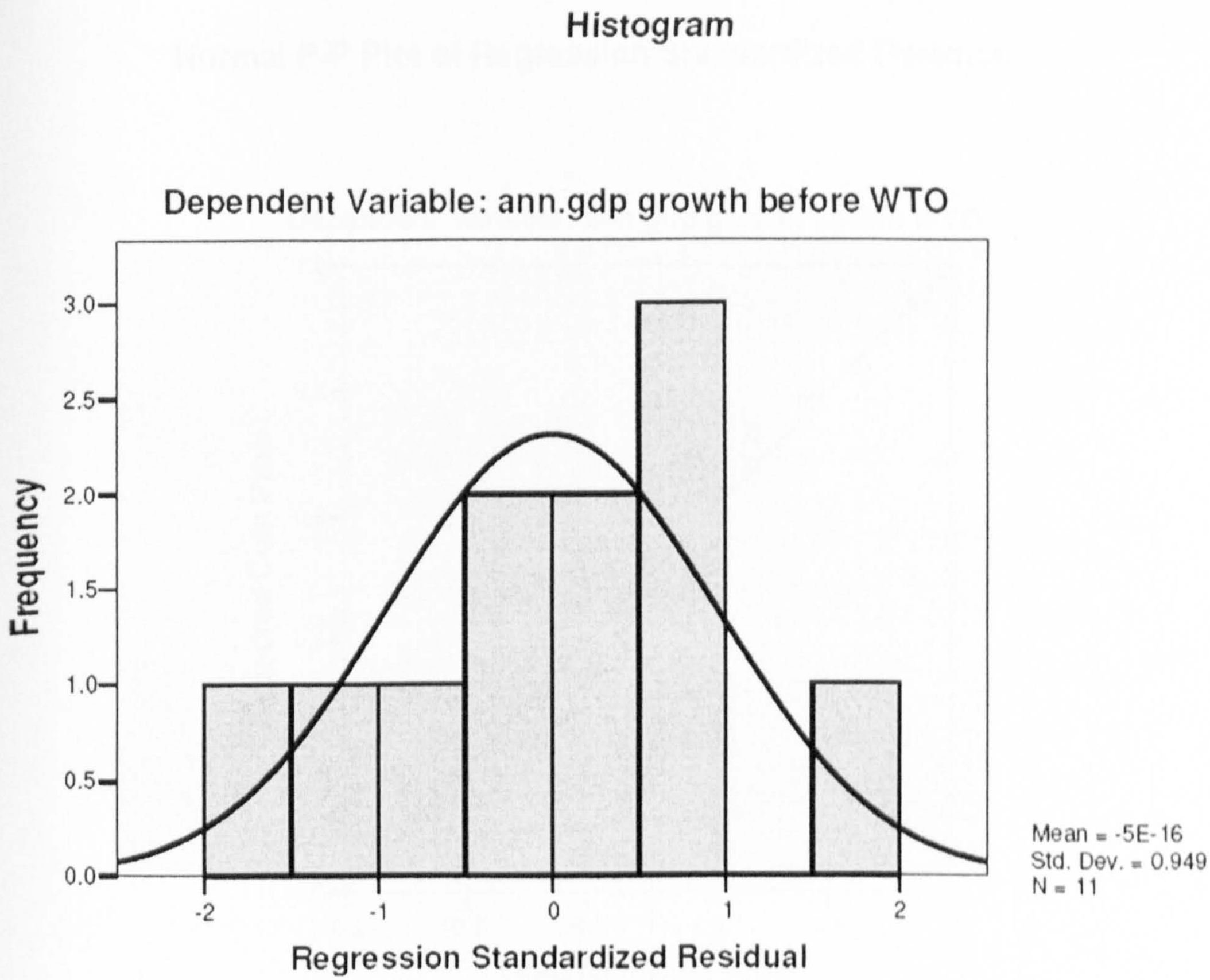
a. Dependent Variable: ann.gdp growth before WTO

Residuals Statistics[a]

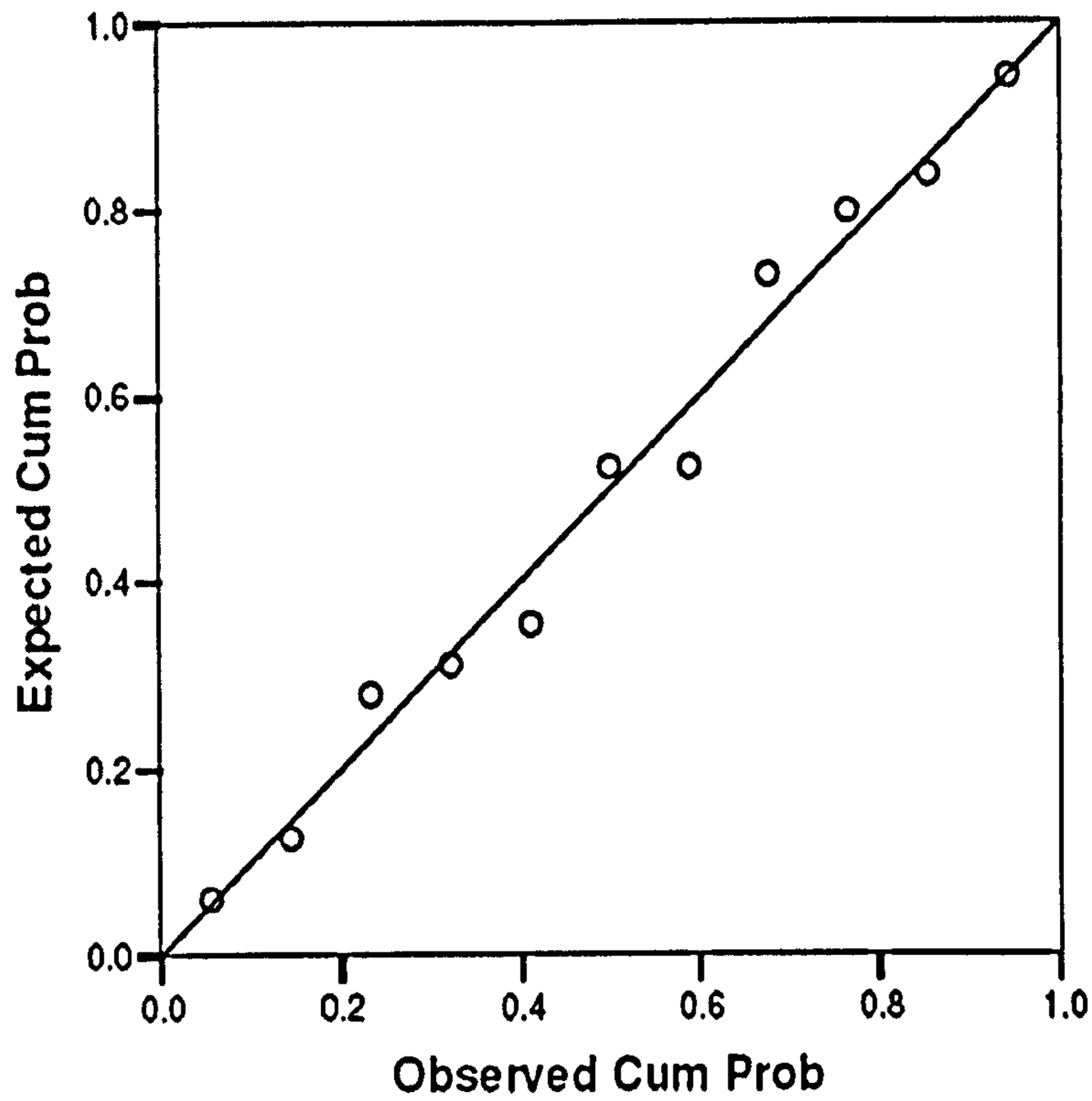
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	22794.715	25246.668	24487.545	796.49870	11
Residual	-6274.730	6406.0430	.00000	3836.25668	11
Std. Predicted Value	-2.125	.953	.000	1.000	11
Std. Residual	-1.552	1.584	.000	.949	11

a. Dependent Variable: ann.gdp growth before WTO

Chart


Histogram
Dependent Variable: ann.gdp growth before WTO
Frequency
3.0
2.5
2.0
1.5
1.0
0.5
0.0
-2
-1
0
1
2
Regression Standardized Residual
Mean = -5E-16
Std. Dev. = 0.949
N = 11

Normal P-P Plot of Regression Standardized Residual



Curve Fit

Model Description

Model Name		MOD_3
Dependent Variable	1	non-oil sector GDP
Equation	1	Linear
Independent Variable		Imports as%of GDP
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

Case Processing Summary

	N
Total Cases	8
Excluded Cases[a]	0
Forecasted Cases	0
Newly Created Cases	0

a. Cases with a missing value in any variable are excluded from the analysis.

Variable Processing Summary

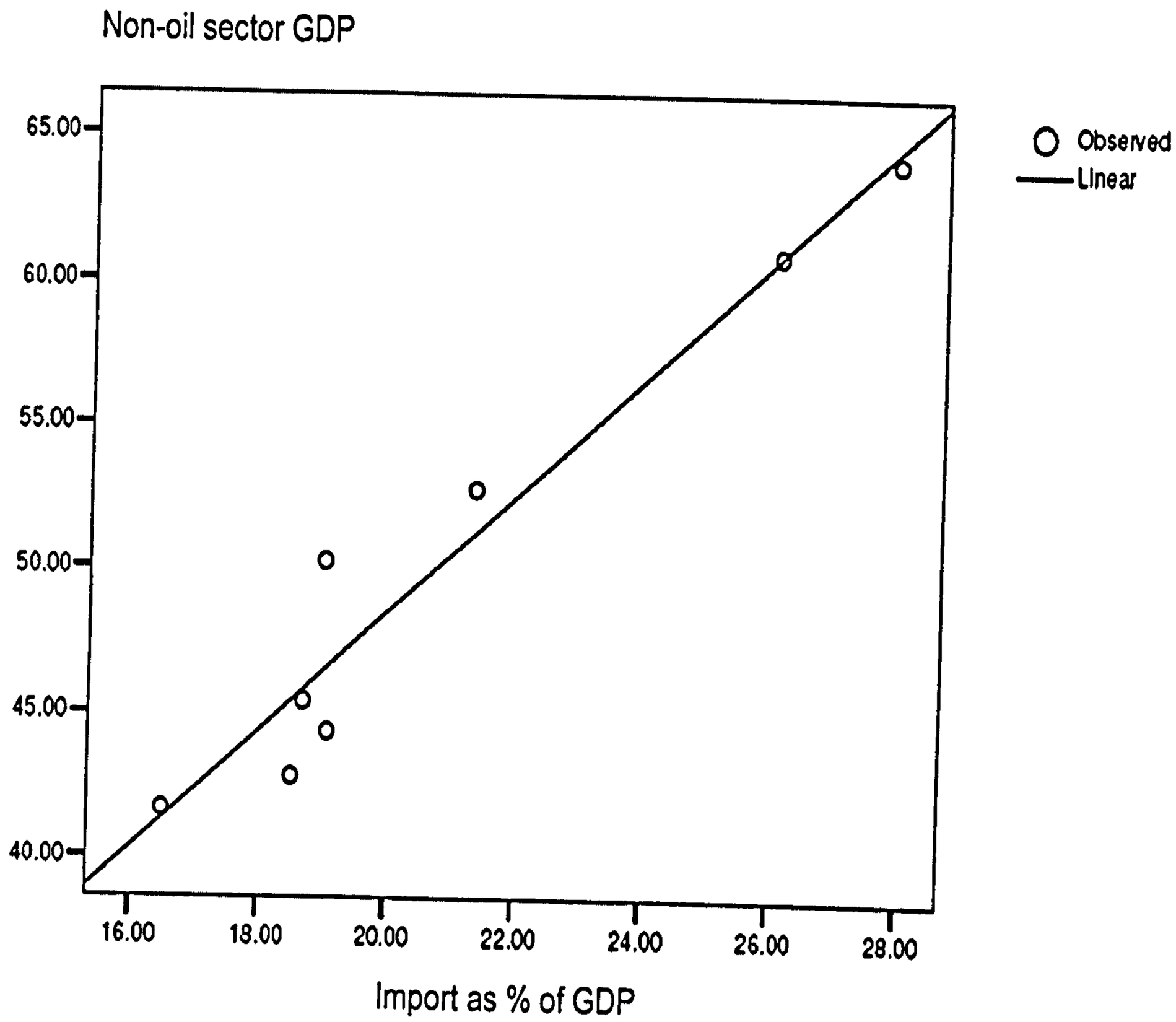
		Variables	
		Dependent	Independent
		non-oil sector GDP	Imports as%of GDP
Number of Positive Values		8	8
Number of Zeros		0	0
Number of Negative Values		0	0
Number of Missing Values	User-Missing	0	0
	System-Missing	0	0

Model Summary and Parameter Estimates

Dependent Variable: non-oil sector GDP

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.942	97.859	1	6	.000	7.619	2.043

The independent variable is Imports as%of GDP.


Non-oil sector GDP
65.00
60.00
55.00
50.00
45.00
40.00
16.00
18.00
20.00
22.00
24.00
26.00
28.00
Import as % of GDP
Observed
Linear

Curve Fit

Model Description

Model Name		MOD_4
Dependent Variable	1	non-oil sector GDP
Equation	1	Linear
	2	Growth[a]
Independent Variable		Imports as%of GDP
Constant		Included
Variable Whose Values Label Observations in Plots		Unspecified

a. The model requires all non-missing values to be positive.

Case Processing Summary

	N
Total Cases	8
Excluded Cases[a]	0
Forecasted Cases	0
Newly Created Cases	0

a. Cases with a missing value in any variable are excluded from the analysis.

Variable Processing Summary

		Variables	
		Dependent	Independent
		non-oil sector GDP	Imports as%of GDP
Number of Positive Values		8	8
Number of Zeros		0	0
Number of Negative Values		0	0
Number of Missing Values	User-Missing	0	0
	System-Missing	0	0

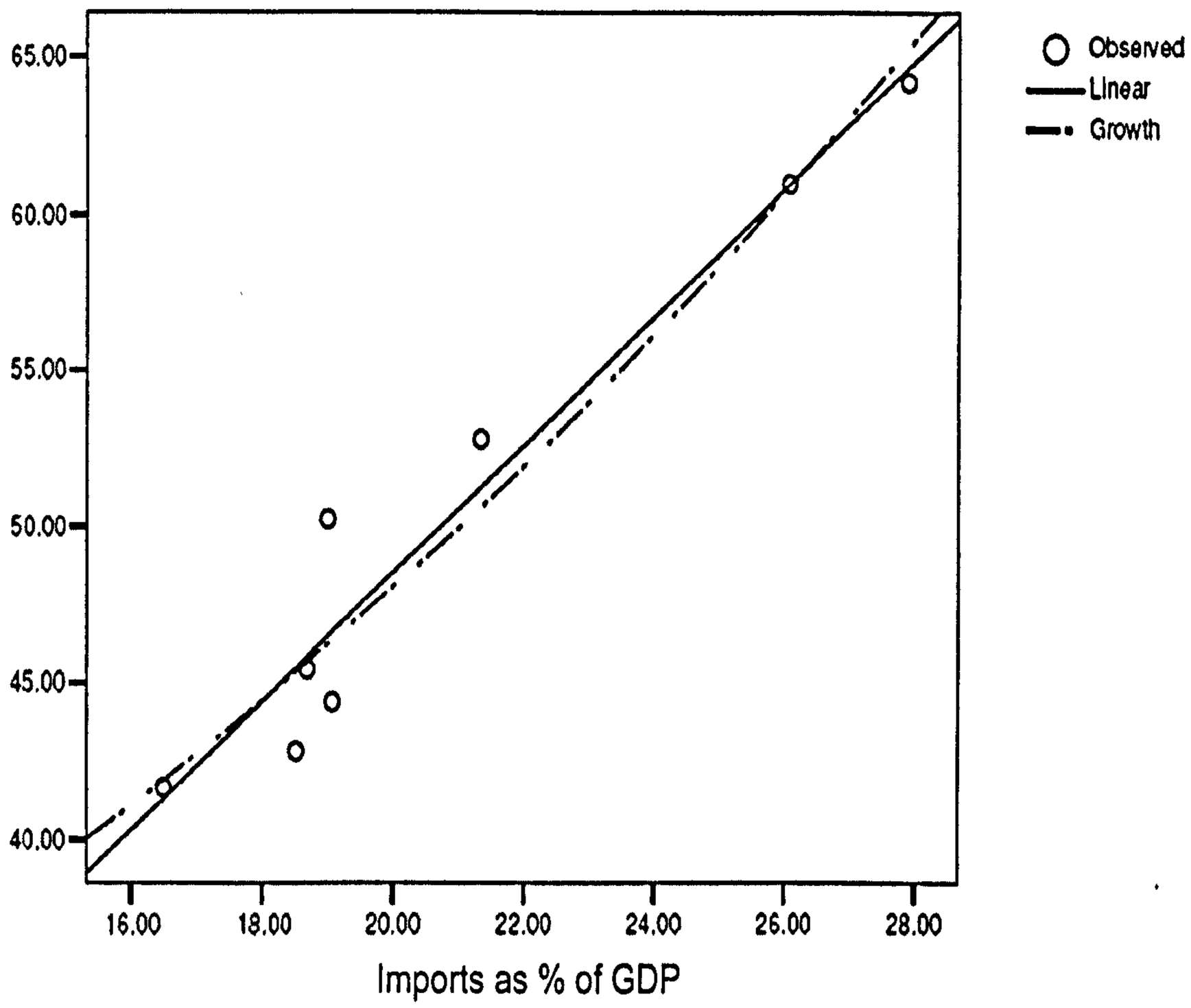
Model Summary and Parameter Estimates

Dependent Variable: non-oil sector GDP

Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.942	97.859	1	6	.000	7.619	2.043
Growth	.923	72.157	1	6	.000	3.095	.039

The independent variable is Imports as%of GDP.

Non-oil sector GDP



Appendix (D)

Details of some companies and business entities which answered the researcher's questionnaires

No.	Company Names
1	Al-Dair Company
2	Ali bin Ali Trading
3	Arab Bank
4	F.M.B for Petrol and Gas Services
5	Chifron International Gas Inc
6	Dalma for Energy company
7	Dolphine Energy Limited Company
8	Abdul-aL-Jabbar Company
9	Al-Mohil- Trading Company
10	Al-Muftah Group
11	AL mashreeq bank
12	Bahrain bank
13	Oil National Construction Company
14	BUTEC oil Company
15	Commercial Bank
16	CNE-Limited company
17	C T C Company
18	Doha Bank
19	B.G.S. for Explorations
20	Ernst and Young company
21	Editor Qatar Olympic Committee
22	General E M C Limited
23	H.-Agha-Company
24	Itaya Group
25	International relations company
26	Inksns-Company
27	Khazans Company Qatar CO (Conserved food stuff distributes)
28	Lorjee-Oil-Gas-Keme
29	Mannai oil Company
30	Mannai Trading CO
31	Masraf al-rayan
32	Mitsubishi Motors
33	Middle –East company
34	Meetaq Contracting and trading (WLL)
35	Noffa Groups Company
36	New-Doha international airport
37	Oil Services Mohammed AL brony company
38	QMA Company
39	Olef Group Company.

40	Punj- lloyd Company
41	HSBS bank
42	Projects-International
43	Qatar's National Bank
44	Qatar International Islamic Bank
45	Qatar-Electricity & Water.
46	Qatar Press
47	Eisar for Oil Limited Comapny
48	QAAC Oil and gas services Company
49	Qtel-Qatar-Telecom
50	Regnce Travel Agent
51	Kostein for Oil and Gas Comapny
52	Supreme-Council of education
53	S.P.A Italy Company
54	S.B.A. Group Companies
55	HSBC
56	Tnekster company
57	Kromo Oil Limited Company
58	Teachers ITS Company
59	The Group
60	Toben constructor
61	Vision Trading

Appendix (E):

Details of some people interviewed by the researcher

Name	Position
H.E. Abdulla Al – Attiyah	First Deputy of the Prime Minister / Minister for Energy & Industry
H.E. Abdulla Al-Qahtani	Minister of Health
H.E. Dr. Mohammed Al – Sada	Minister for Energy & Industry
Dr. Abdulla Al Kubaisi	Director of H.E. Shk. Mouza AlMisnad's Office
Dr. Manar Mohsen	Economic Expert, Economic & Trade Organization Dept, Ministry of Business and Trade.
Mr. Ahmed Ahin	Director of the Administration – Ministry of Business and Trade
Mr. Mansoor Al-Saadi	Director of the Public Affairs and Stockholders – Ministry of Electricity
Mr Ahmood Nassir Al-Subaiy	Director of Operations and Financial and Administrative Affairs, Qatar Statistic Authority
Mr. Tariq Abdullah	Director of the under secretary assistance office – Ministry of Business and Trade
Mr. Nassir Al-anqaoe	Qatar Representative in the WTO
Shaik Fahad Al-Thani	Director of GSM - (QTEL) Qatar National Company of Telecom
Mr. Ihab Fathie	Area Manager – Qatar Airways
Other five interviewees	Ministry of Business and Trade, Ministry of Energy and Industry, Qatar Petrochemical Company (QAPCO), General Authority for the Developmental Planning, and Qatar Central Bank. **Note:** These interviewees did not like their names to be exposed.