

Equity GCC Investment Regime in Qatar

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The Ministry's initiatives to expand the reach of application of the Foreign Investment Law, is obviously in line with Qatar's approach to attract even more investment required for Qatar's vision. Similar steps will support boosting this approach going forward.

1. General Rule for foreign Investment in the State of Qatar: The creation of, or investing in any commercial establishment in Qatar is primarily governed by the Foreign Investment Law No (13) of 2000 as amended (the "Foreign Investment Law").

The general rule under Article (2)1 of the Foreign Investment Law is that non-Qataris, whether natural or juristic persons, may invest in all sectors of the national economy, only through the medium of a company incorporated in Qatar in which one or more Qatari persons and/or 100% Qatari entities hold not less than 51% of the share capital. However, where the non-Qatari element consists wholly of Gulf Cooperation Council ("GCC") persons or entities, the 51% can be read as 50%.

2. Exceptions under Foreign Investment Law

2.1 Notwithstanding the above, Article (2)2 of the Foreign Investment Law does indeed provide that non-Qataris may, subject to an exemption from the Minister of Business and Trade (the "Minister"), own up to 100% of the share capital of projects in the fields of agriculture, industry, health, education, tourism, development and utilisation of natural resources, energy and mining, consultancy services, technical services, information technology services, cultural, sport and entertainment services and distribution services. Preference is to be given to projects, which would achieve optimum utilisation of locally-available raw materials, and industries intended for export of products, for introducing new products or employing modern technologies, as well as projects which aim at localising world-famous industries and projects which train and qualify Qatari nationals.

2.2 Moreover, Article (3) of the Foreign Investment Law contains a second exception from the general rule which, subject to an exemption from the Minister allow a branch/temporary registration of a foreign company to be registered in Qatar. The key conditions required for such registration, are for the foreign company to have a contract or sub-contract in Qatar which results in facilitating the rendering of a service or implies public benefit. This usually means it is a contract/sub-contract with the Government of the State of Qatar or a quasi-governmental body.

3. Exceptions for Nationals of the GCC in Economic Activities in the State of Qatar

In addition to the exceptions stipulated above for foreign investment, Qatar has also issued law No. 6 of 1988 Regarding Restriction of the Practicing of the Nationals of the GCC in Economic Activities. Qatar has also ratified GCC Economic Agreement by Decree No. 81 of 2003 organising the general rules of practicing the economic activities by GCC nationals in Qatar.

The aforementioned provisions, prescribe for open foreign investment tools in Qatar. To address the key challenge, the process adopted by the Ministry is currently under review and update to facilitate an expedited avenue for awarding approvals for actual projects, if conditions are met.

3.1 Activities Permitted for natural GCC persons and juristic GCC persons fully owned by GCC

nationals

By virtue of law No. 6 of 1988 and Decree No. 81 of 2003, the following activities shall be permitted to be practiced in the State of Qatar by GCC nationals (natural GCC nationals and juristic GCC nationals fully owned by GCC nationals):

- Free Professions
- Testing and Inspection
- Operating and maintenance of Mechanical, electrical equipments and machines, factories and stations
- Translations services
- Survey
- Soil Inspection
- Computer programming, analysis and operation
- Supplying Services
- Marketing Services for third parties
- Weighing and measuring services
- Cleaning Services
- Insurance Services
- Opening restaurant and hotels
- Transportation Services
- Air Shipping Services
- Recruitment Agencies
- Car Rental Services
- Cultural Service excluding printing establishments and publication establishments, newspapers and magazines.

3.2 Activities Permitted only for natural GCC persons

Natural GCC nationals may invest in all sectors of the national economy in the State of Qatar including retail and wholesale trading, provided that they have maintained residence permits in the State of Qatar.

The aforementioned provisions are now being adopted more openly and rigorously by the Ministry. Such practice will assist in opening up more cross GCC business opportunities.

Conclusion

The Ministry's initiatives to expand the reach of application of the Foreign Investment Law, is obviously in line with Qatar's approach to attract even more investment required for Qatar's vision. Similar steps will support boosting this approach going forward.