

BTI 2014 | Qatar Country Report

Status Index	1-10	6.16	# 48 of 129	
Political Transformation	1-10	4.00	# 95 of 129	➔
Economic Transformation	1-10	8.32	# 12 of 129	➔
Management Index	1-10	6.01	# 33 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	2.1	HDI	0.834	GDP p.c.	\$ 83460.1
Pop. growth ¹	% p.a.	7.1	HDI rank of 187	36	Gini Index	41.1
Life expectancy	years	78.3	UN Education Index	0.629	Poverty ³	% -
Urban population	%	98.9	Gender inequality ²	0.546	Aid per capita	\$ -

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

While many Arab countries struggled with internal challenges and calls for change during the 2011 – 2013 period – marked by the Arab Spring and its aftermath – Qatar focused on shifting and broadening its foreign policy. Namely, Qatar distanced itself from overthrown dictators in the region and supported Islamist groups, which in some countries had ascended from former illegal opposition to ruling parties. It sent arms to Libyan rebels, for example, and Qatari flags flew prominently in the rebel stronghold of Benghazi during that country’s revolution. In Egypt, it supported the long-banned Muslim Brotherhood, and promised to invest \$10 billion in Egypt’s struggling economy. In Syria, it was the first Arab country to close its embassy to protest President Bashar al-Assad’s brutal crackdown on his people. In addition, in February 2013, it was the first country to offer the Syrian opposition the right to avail itself of the former Syrian embassy in Doha. Furthermore, the emir became the first head of state in 2012 to visit the Gaza Strip since Hamas took full control of it in 2007. The emir also pledged to invest \$400 million in housing and infrastructure in the Gaza Strip to replace property damaged in the 2008 – 2009 war with Israel.

Qatar is the world’s largest exporter of liquefied natural gas (LNG) and possesses the third largest reserves of natural gas, the backbone of its economy. Yet Qatar has started to diversify its economy in order to ensure the future economic prosperity for its 1.8 million inhabitants, less than 20% (approximately 250,000) of them native citizens. Expenses on education are high, as it is the declared goal of the country’s long-term strategy “Qatar National Vision 2030” to expand the country’s knowledge-based economy.

One reason for critique is the worrying situation of the “Bidoons” (stateless people) and expatriate blue-collar workers; both are largely excluded from the country’s sumptuous social services, and the latter are often held in slavery-like work relations. The proposed reform of the highly-criticized sponsorship system gives cause for optimism that conditions will improve for foreign workers.

Generally speaking, there was little progress toward democracy during the review period. Elections to the 29-member Central Municipal Council were first held in 1999 and have since been held every four years on a regular basis. The last election took place in 2011 and included the election of one woman. Elections to a national parliament, which is supposed to replace the existing Advisory Council with its 35 appointed members, were scheduled for 2004, but have been postponed several times and will not be held before 2013.

In preparation for the 2022 FIFA World Cup, Qatar has already started to build a network of roads, railways and underground metro. Such projects demonstrate Qatar's desire to further improve its positive image as a first-class host of international events. In December 2012, it hosted the United Nations Convention on Climate Change (UNFCCC), known as the COP 18 conference, and its next big event is the 2015 World Handball Championship.

History and Characteristics of Transformation

Qatar, a former British protectorate, has been an independent state for about four decades. After the withdrawal of British forces in the late 1960s and early 1970s, Qatar began negotiations with what is now the United Arab Emirates and Bahrain to form a federation. When these negotiations failed, Qatar decided to go its own way and declared independence on 1 September 1971. On 22 February 1972, Sheikh Khalifa Bin Hamad Al Thani became the Emir of Qatar and ruled the country in an authoritarian fashion until he was overthrown by his son, the current Emir Sheikh Hamad Bin Khalifa Al Thani in June 1995. Compared to his predecessor, Emir Hamad Bin Khalifa has turned out to be more committed to an open society and democratic ideals.

Right after taking office Sheikh Hamad introduced a series of reforms that have had lasting impact, not only on the economic and political system of Qatar, but also on society in general. As a result, Qatar has been firmly put on the political map its capital, Doha, has become a household name in the four corners of the world. Sheikh Hamad abolished the Ministry of Information and created Al-Jazeera Satellite Channel network in 1996, which has since revolutionized mass media in the Arab world. Al-Jazeera has contributed to freedom of expression in Qatar and the region by tackling many previously taboo subjects, and propelled the country onto the international scene.

Qatar's first ever election, albeit at the local level, took place in 1999. The election to the Central Municipal Council (CMC), despite its limited prerogatives, brought novel concepts and practices to Qatar despite its conservative nature. In a groundbreaking move – not only for Qatar, but also for the whole male-dominated Gulf region – women were allowed not just to vote but to stand for election. Though no women were elected in 1999, at least one woman was elected to the council in 2003, and the number rose to three in the 2007 elections, falling to one in 2011 again (Sheikha Yousuf Hasan Al Jufairi, being a CMC member since 2003).

The adoption of Qatar's permanent constitution in a public referendum in April 2003 with 98% approval represented a milestone in the reform process and brought about some modest

improvements with regard to democratic ideals. While the constitution provided that rulers of Qatar should be from the Al Thani family and the position of the emir is not to be contested, the constitution nonetheless officially provides basic rights and liberties for citizens. Also, it provides for an – albeit underdeveloped – system of power sharing between the three traditional branches of government: legislative, executive and judiciary. Significantly, however, the constitution called for the creation of a partially-elected parliament to replace the 35 appointed members of the current Advisory Council. By early 2013, no date had yet been set for elections to this parliament, though, despite the adoption of a new electoral law in 2008. According to the constitution, if the throne becomes vacant through death or incapacity, a male descendant of the current emir assumes the throne. Currently, Sheikh Tamim Bin Hamad Al Thani is the apparent heir among the emir's 11 sons (and 13 daughters). Of the emir's three wives, Sheikha Moza Bint Nasser Al Misnad is the most politically active, and has been trying to implement the ruling family's vision for the future development of Qatar.

Over the last 10 years, Qatar has positioned itself as a key power broker in the region, having successfully contributed to the resolution several regional conflicts. As a result, Qatar developed strong ties with both regional and international players. Economically, Qataris have one of the highest per capita incomes in the world. The challenge now is to transform from a mainly rent-based economy to a knowledge-based one. Already, Doha is known as an economic and financial hub, with Qatar Airways having one of the world's leading airlines, strategically located between the important markets of Europe and Southeast Asia.

On 2 December 2010, the International Federation of Football Associations (FIFA) selected Qatar as host for the 2022 World Cup. This event will catalyze development and also challenge the country's identity, as the traditionalist parts of society do not support further political opening and economic modernization. This tension reveals the dualism at play in Qatar in recent years: The pace of change has been too slow for some, as Qatar still remains basically a tribal society with an autocratic regime. But several conservative elements see change as moving too fast and posing a threat to the traditional Islamic nature of Qatar's society.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state has complete control over its territory and total monopoly on the use of force through its security forces: police, military and intelligence services. These units are under the direct control of either the Ministry of Interior or the Ministry of Defense. Dissident groups that pose serious challenge to the authorities do not exist. Nonetheless, a coup d'état was a feature of Qatar's political history. The current Emir, Sheikh Hamad Bin Khalifa Al Thani, removed his father from power in a bloodless coup in June 1995. This removal was made possible by the support of other members of the ruling family, members of other tribes as well as the security forces. There have also allegedly been at least two coup attempts since Sheikh Hamad took power, in 1996 and in 2002.

Given the small population of native Qataris, who represent less than 20% of Qatar's total population (around 250,000 out of a population of about 1.8 million), the country's extensive wealth, and the role of the state in distributing the country's wealth to their native population, Qataris are barely interested in politics or keen on being identified with the state. Nonetheless, given the rapid changes that have been taken place in Qatar over the last decade and the high speed of modernization, there are certain conservative elements who viewed these developments not only with suspicion, but tried to resist them. For example, these elements view the sale of alcohol in hotels and some restaurants in the newly built "Pearl" area, as well as the relative gains in the status of women, as an infringement on Qatari culture. Likewise, conservatives express dismay that Qatar is hosting the World Cup in 2022 because of the changes it will bring, such as the large-scale availability of alcohol and the presence of openly gay personalities.

The Qatari government had been lenient toward those accused of supporting coups in 1996 and 2002, restoring citizenship to them. Despite these positive developments,

Question
Score

Monopoly on the
use of force
10

State identity
7

the issue of the “Bidoons” – stateless people that are present in many Gulf countries – remains a significant issue.

With more than 80% of its population coming from all over the world, the issue of freedom of religion is bound to raise a few eyebrows. The official religion in Qatar is Sunni Islam, and Qataris follow the strict Wahhabi sect of Islam. Nonetheless several other faiths exist in Qatar such as Shi’a Islam, Buddhism, Christianity and Hinduism. Until recently, public worship of other religions was not allowed, but this has changed. In 2008, the emir donated a piece of land on which the first Catholic church could be built in Doha. Other places of worship for other faiths are being built, which further enhances freedom of conscience. Doha held annual inter-faith conferences for several years, the last of which occurred in the spring of 2010, to which Jewish participants were invited. At the beginning of these conferences, the presence of Jewish participants was resisted, but people came to accept it. In the spirit of this openness toward other faiths, the emir stated that if the state of Israel qualifies for the World Cup in 2022, its team and supporters will be welcome in Qatar.

No interference of
religious dogmas
5

Basic administration works effectively, is very well developed and compares favorably to the basic administration in any developed country. Whatever is needed for the functioning of a good administration, such as courts, tax collection and local authorities, is in place and implemented in Qatar. E-government is omnipresent and its online service is widely used. Qatari citizens, as well as residents in the country, can access many services and government departments from their computers. The system is very effective and updated on a regular basis.

Basic
administration
10

2 | Political Participation

After a series of reforms undertaken by the Emir, Qataris went to the polls for the very first time in 1999 to elect a 29-member Central Municipal Council. To date, elections to this council have been held every four years at regular intervals; 1999, 2003, 2007 and 2011. While women failed to gain any representation in the first election in 1999, in the following 2003 election Sheikha Al Jufairi made history by becoming the first elected woman in Qatar. In the current council, elected in 2011, only one woman won a seat, after three had been elected in the previous legislature. Despite holding regular elections, the highest turnout rate was just over 50% of the eligible voters in 2007 and fell to 43.3% in 2011, which might suggest that Qataris in general are not particularly interested in politics. Another reason may be that this municipal council has no real power.

Free and fair
elections
2

Building on the modest gains achieved this far, Qatar adopted a new constitution, which was drafted by a commission and finally proposed to the emir in 2002; subsequently, it received an overwhelming majority of 96.6% in a national referendum in March 2003. The new constitution provided for the creation of a

unicameral chamber parliament consisting of 45 members; two-thirds of them (30 members) directly elected by universal suffrage and the remaining third (15 members) directly appointed by the emir. The election of this parliament was originally planned for the following year, 2004, but was postponed. A new electoral law was adopted in May 2008 paving the way for national general elections, which were supposed to take place in 2013.

Qatar is a hereditary monarchy and the government is not democratically elected. The Constitution of Qatar stipulates that the Al Thani family rules the country. It should be pointed out that there is no clear and serious opposition to the rule of the Al Thani family and most of the population seems to be content with the country's achievements, especially since Sheikh Hamad Bin Khalifa took office in June 1995. Furthermore, the fact that all power is concentrated in the hands of the emir and that there are no other serious players, either in the military or the political space that can legitimately challenge his power, has helped to strengthen the harmony of the political system and its stability. Furthermore, in order to ensure the smooth running of the country's affairs and political succession, it is customary that a male descendant of the emir will take over. In August 2003, Sheikh Hamad Bin Khalifa, while keeping up with the tradition, also spoke about the eventuality of the absence of a son who is capable of running the country. He stated that in such an event, namely in case the emir dies or is incapable for performing his duties, a "family council" would be responsible for choosing a successor. These steps are now officially embodied in the new constitution.

Effective power to govern

1

Despite some of the political reforms outlined above, it must be stressed that freedom of association and of assembly are still very limited. Qataris are nominally allowed to organize demonstrations, marches and public gatherings, but holding such demonstrations requires governmental approval – usually a permit from the Ministry of Interior. Such provisions make it difficult to hold demonstrate against the government or its interests. Likewise, it would be nearly impossible to demonstrate against the U.S. military presence in the country. (One of the biggest American bases in the region is located in Qatar.) Furthermore, freedom of association and assembly are impeded by the simple fact that both political parties and labor unions are prohibited in Qatar.

Association / assembly rights

3

Religious groups – given the high percentage of foreigners in the country – are allowed to freely meet and worship, whether they belong to the Sunni Islam or any other recognized faith.

Continuous progress is being made as far as freedom of expression is concerned. For one, Qatar was the first country to abolish the Ministry of Information. Formerly the ministry had been responsible for controlling, directing and censoring media. Abolishing the ministry suggests that, at least in theory, freedom of expression should be much better. Secondly, Qatar established the widely-known Al-Jazeera Satellite

Freedom of expression

6

Channel. Since its launch in 1996, Al-Jazeera has not only put the tiny state of Qatar on the world map, it has also provided an alternative source of information to audiences around the world. With its broadcasting format, its large number of foreign correspondents, and its financial muscle – estimated at about \$40 million a year – Al-Jazeera became the envy of many countries and news networks, as well as a nuisance to Arab and Western governments alike. The coverage of the invasion of Afghanistan and particularly that of Iraq in 2003 are prime examples; Al-Jazeera provided an alternative to CNN, even leading to calls to bomb Al-Jazeera in order to prevent it from broadcasting stories that the American administration found unacceptable. Likewise, Al-Jazeera has found adversaries in the Arab world for its coverage of sensitive issues, and for giving air time to opposition groups and unpopular personalities in the Arab world, such as Osama Bin Laden and Ayman al-Zawahiri. Before former Tunisian President Zain al-Abidin Ben Ali fled his country on 14 January 2011, for instance, Al-Jazeera did not have any offices or correspondents in the whole of North Africa. The most uncontested example of protest against Al-Jazeera by an Arab government was the withdrawal of the Saudi Ambassador from Doha in 2002 – though he was reinstated in February 2008. Criticism has also been leveled against Al-Jazeera that its coverage, while free in theory, refrains from criticizing Qatar and its policies. Some of the most respected journalists, such as Ghassan Ben Jeddou, resigned after the Arab Spring. He and others charged that Al-Jazeera's coverage was biased and lacked professionalism.

While Al-Jazeera represents a breakthrough in media coverage in the Arab world, and indeed provided the opportunity for greater freedom of expression, especially for the excluded groups and personalities, local media lags behind. Given the conservative nature of Qatari society in general, and their limited audience, these media have not been as forthcoming in their discussions as Al-Jazeera. The journalists working in this sector of the media, to a large degree, practice self-censorship in their work, which may be justified. In 2012, a Qatari poet was jailed for writing a poem considered offensive to the emir.

3 | Rule of Law

Separation of powers suggests the existence of the three branches of government; executive, legislative and judiciary. In Qatar, given the absence of the proposed elected parliament, it is impossible to speak fully of the legislative process, let alone separation of powers. Currently, the advisory council is composed of 35 members who are all directly appointed by the emir, and consequently, they owe their positions to him. Under such circumstances, this body does not perform the traditional role that a legislative body performs. With regard to the courts, the constitution provides for the independence of the judiciary, and the emir and members of the cabinet are nominally under the jurisdiction of the court. Yet given the privileged position of the

Separation of
powers

2

emir and the wide respect and esteem he enjoys, the court's power is more theoretical than real.

Several articles of Qatar's constitution (Articles 129, 130, 131 and 134) provide for the independence of judges and the judiciary. However, the fact that these judges are appointed by the emir, upon the recommendation of the Supreme Judiciary Council, for three-year indefinitely renewable terms, impedes their independence. Shari'ah courts also exist and deal with matters of personal status, such as divorce for Muslims. A constitutional court was established in 2007 but has not made any significant difference to date.

Independent
judiciary
4

The constitution stipulates in Article 128 that "ministers shall not use their official posts in any way for their own interests or for the interests of whom they have special relations." However, it is highly questionable that high-ranking officials fear legal action in cases of corruption or abuse of power. Before being appointed to their positions in government, several ministers were given the choice between politics and business. Many top officials have financial interests and shares in businesses inside and outside the country. When legal action against alleged corruption is initiated, as happened most prominently in 2005, the motivations are likely political.

Prosecution of
office abuse
4

One case of corruption, that occurred during the period under review and gained special international attention, concerned Qatar winning the right to host the FIFA World Cup in 2022. Accusations of bribes were leveled against Qatari officials for bribing FIFA officials to win the bid. Mohammed Bin Hammam, President of the Asian Football Federation, was accused of buying votes from representatives of national football associations. He was banned for life from all football-related positions. Qatar was quick to reject these accusations and established the Administrative Control and Transparency Authority in November 2011 to ensure that corruption would not be tolerated. The emir stated that the state would show no mercy to corrupt individuals.

Article 35 of the constitution states that all Qataris are equal before the law and discrimination on whatever basis (religion, origin, sex, color of skin) is prohibited. However, members of the Shi'a minority, while able to worship freely, are marginalized and keep a low profile. The continuing social exclusion of the Bidoons is also a worrying trend.

Civil rights
6

International human rights organizations, such as Amnesty International and Human Rights Watch, have highlighted cases of nationals whose civil rights have been curtailed. One striking example is members of the al-Murrah tribe. In 2004, the Emir ordered 5,000 members of the tribe stripped of Qatari nationality and deported to Saudi Arabia, accusing them of having dual nationality. In reality, critics claim, they were suspected of fomenting a coup against the regime; the order was rescinded several months later. Furthermore, the treatment of workers in the construction

business, mainly from South Asia, remains very problematic. Several reports by international human rights organizations, such as Human Rights Watch, have identified massive abuse of these workers. While this issue was made public over a decade ago, it has come under more scrutiny since Qatar won the right to host the FIFA World Cup.

4 | Stability of Democratic Institutions

Overall, apart from the Central Municipal Council, Qatar lacks democratic political and judicial institutions. The judiciary has at least been strengthened by the adoption of a number of measures, such as the emir and the members of the cabinet being formally under the jurisdiction of the court. A true legislative body remains non-existent. The proposed elected parliament has yet to be elected (proposed date for election is 2013). The current Advisory Council is only a consultative assembly as opposed to a legislature, and, as its name suggests, performs a consultative function.

Performance of
democratic
institutions

2

Political decisions in Qatar are not made by democratic institutions, but by the royal family and associates. For the time being, no actor or group poses any serious threat or publically questions the type of political system operating in Qatar. The emir wields wide-ranging power in the running of the country's affairs and enjoys the support of the majority of Qataris. Obviously, different reforms that were undertaken over the last decade and further developments will take place. Such reforms, it is safe to assume, will be resisted by certain sections of society, especially the more conservative elements.

Commitment to
democratic
institutions

2

5 | Political and Social Integration

Political parties do not exist in Qatar and, for the time being, there is no indication that parties will be allowed to emerge for the upcoming elections.

Party system

1

The few existing interest groups are under the control of the government. The establishment of an interest group in Qatar is not an easy task. It is not only expensive but a complicated administrative process. Since 2004, to establish an association, the capital needed is in excess of 100,000 Qatari Riyals – around €1,000 or \$27,500 – and the group has to pay an annual fee of 10,000 riyals – around €1,100 or \$2,750. Nonetheless, despite these, a number of groups were established with the blessing of the government. Chief among them are groups working in the areas of human rights, especially human trafficking, children's rights and improving the status of women within Qatar. There is also the world-known Qatar Foundation, the brainchild of the emir's wife, Sheikha Moza Bint Nasser Al Misnad, who is also its chair. Qatar Foundation is another official tool to improve education and research opportunities in Qatar, and has helped promote a positive image of the country over the last few

Interest groups

4

years. Recently, though, in January 2013, private business representatives rejected a draft company law proposed by the Ministry of Business and Trade. They charged that this draft favors foreign companies and demanded that they be represented in a committee that redrafts the law completely. This protest is one small example of citizens' engagement in political affairs.

In general, Qataris are not particularly interested in democracy and are satisfied with the authoritarian political system in place. The political system is perceived to be legitimate and there is not any wide range dissatisfaction or serious challenge to it. This is evidenced by the fact that Qatar is the only country in the Arab world that has not seen any serious demonstrations against the regime during the "Arab Spring." This is to a large extent understandable given the size of the population and the comfort in which the local population live. Since Qataris have one of the highest per capita incomes in the world, life is comfortable and people are generally satisfied with the status quo. That being said, there is certainly disagreement with some of the emir's policies. For example, some conservative Islamists are not happy with the speed of change that the country has experienced over the last decade, which they perceive as threatening Qatari culture. The existence of the U.S. military base and facilities, and the presence of the Israeli trade mission in Doha, are also controversial issues in Qatar.

Approval of
democracy
n/a

Associational activities barely exist in Qatar. The state's generous redistributive policies make poverty among Qatari citizens almost unknown and associations that provide support for the destitute do not exist. In 2004, Qataris, as well as foreigners, were given the right to form associations, but the formation of these associations is a very expensive activity and marred with bureaucratic red tape. Other organizations that support the work of the government, such as the Red Crescent and the Qatar Foundation, under the leadership of Sheikha Moza Bint Nasser Al Misnad, have been very active in the areas of health care, education and research.

Social capital
4

A report by the Social and Economic Survey Research Institute of Qatar University, released in summer 2012, showed that Qataris have a high level trust of other Qataris (8.0 on a scale from 0 to 10) but only low trust of Western Europeans (3.6) and Arab expatriates (6.1), indicating that Qatari society is indeed highly divided between natives and foreign nationals.

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Socioeconomic
barriers
9

Qatar has been trying to move away from a rent-based economy to a more knowledge-based and service economy. Overall, progress is impressive. Qatar ranks high on UNDP's 2011 Human Development Index (rank 37, scoring 0.831). Meanwhile, foreign blue-collar workers receive low wages and undergo strict and sometimes oppressive working conditions. These more than 1.5 million people live on the margins of society and constitute a potential problem for the state in future. The wide income gap is reflected in the country's 41.1 score on the World Bank's Gini index (calculated for 2007).

For Qatari nationals, however, poverty is not an issue. The huge investment in different sectors of the economy, the proposed investments over the next decade in preparation for the World Cup and the immigration of white-collar workers to Qatar meant that housing prices and rents have rocketed. Inflation has been brought down to less than 5% but remains a concern, especially in light of the recently proposed salary increases.

Women, though not officially discriminated against, are somewhat disadvantaged compared to men in Qatar's patriarchal society. The Gender Inequality Index that considers women's status concerning reproductive health, empowerment and labor market access assigns Qatar a value of 0.549, ranking it below the BTI countries' average of 0.451 (for those countries where data are available, from 0.000 best grade to 1.000 worst grade). The World Bank, however, has surprising numbers for the situation of women in the education sector: first, female literacy is higher than male, namely 96.5% versus 95.4% (a combined 96.3% average). Second, the ratio of female to male enrollment is 98.1 (primary), 109.0 (secondary) and 560.0 (tertiary education), giving women a clear surplus in the higher education schemes.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	97583.5	125122.2	171476.1	-
GDP growth	%	12.0	16.7	13.0	6.2
Inflation (CPI)	%	-4.9	-2.4	1.9	1.9
Unemployment	%	0.3	-	0.6	-

Economic indicators		2009	2010	2011	2012
Foreign direct investment	% of GDP	8.3	3.7	-0.1	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	51977.9	61585.3
Public debt	% of GDP	32.5	38.7	37.0	37.8
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Cash surplus or deficit	% of GDP	15.3	2.9	-	-
Tax revenue	% of GDP	20.0	14.7	-	-
Government consumption	% of GDP	24.8	14.0	12.3	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	2.1	1.6	1.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.0	1.5	-	-

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Despite moves by the Qatari government to encourage competition and privatization, the largest companies in Qatar are still state-owned. An example of competition came in 2009 in the telecommunications sector when Vodafone entered Qatar and provided stiff competition to the state-owned provider, Qtel. In January 2013, Qatar Civil Aviation Authority (QCAA) was criticized for its discriminatory policies against the Qatari private jet company, Rizon Jet. They accuse QCAA of unfair competitive practices and favoritism toward state-backed Qatar Airways.

After years of a construction boom all over the Gulf region, steel prices are controlled by the government to protect local steel producers. Gas prices at petrol stations, though increased in early 2011 by 25%, are still among the lowest in the world thanks to massive governmental subsidies. (Qataris pay less for one liter of gas than for one liter of bottled water.) Informal labor does not play a remarkable role among Qatari nationals, but poses serious threats and problems to blue-collar guest workers, mainly

Market-based
competition

7

coming from Asia. The country's currency, the Qatari Rial, is freely convertible into other currencies.

In 2006, Qatar issued law no. 19 entitled "Protection of Competition and Prohibition of Monopoly Practices," or simply "Competition Law." But it was only in 2008 that a committee was established by decision 105 to deal with the receipt and investigation of complaints relating to anti-competitive and monopolistic practices. The competition law aims to achieve a level playing field for business competition and to create a more open and transparent business environment. However, it does not apply to governmental acts, or to the activities of any organization, entity or corporation controlled or supervised by the state. State companies still enjoy a monopoly in many sectors, but the entry of Vodafone is an example of new-found competition in the telecommunication sector. Recently there have been steps to reduce the number of monopolies. For example, school uniforms have to be purchased according to the best available offers since January 2013 (and not, as it was often the case before, through the schools themselves or selected partner shops). On 19 March 2012, the eight year-old near-monopoly of Q-Media over the hoarding of publicity business, was broken up by Law 1/2012.

Anti-monopoly
policy
7

Qatar became a member of the World Trade Organization (WTO) in January 1996 and, on the whole, has been complying with its obligations under the provisions of the regulations. So far, Qatar has not been involved in any trade disputes that needed to be settled under the WTO scheme, but religiously as well as politically sensitive goods such as pornographic materials, narcotics and pork products can be designated as prohibited imports. Apart from education, tourism and health care, access by foreigners to the local market requires a Qatari partner who has majority ownership and hence ultimate control. The Qatari government has pursued reforms to improve the entrepreneurial environment and broaden the economic base beyond oil and gas. The country's open trade regime and growing status as a regional financial hub have also contributed to private-sector growth outside of the energy sector.

Liberalization of
foreign trade
9

On the international market, Qatar has positioned itself as one of the most important investors. It has diversified its international investments from Volkswagen to "Harrods" to Paris Saint Germain Football Club. FC Barcelona is mainly sponsored by Qatar Sports Investments (QSI), which means the logos of the Qatar Foundation and Qatar Airways (as of 2013) now figure prominently on the team's jerseys. The Qatar Investment Authority has the lion share of these investments, but private investors also play a significant role.

The Qatari banking system is strong, shows profitability and has hardly been affected by the international economic crisis. However, a recent report confirms that Qatar sought and received a loan from Credit Suisse during the financial crisis of 2008 to better cope with its economic challenges.

Banking system
8

Branches of international banks such as HSBC operate in the country. The largest private bank is Qatar National Bank, though its share of the national market has been shrinking because of stiff competition and aggressive policies by its competitors. According to a recent report by the IMF, the banking system in Qatar is well-capitalized and will remain profitable with falling capital adequacy ratios and nonperforming loans.

The Central Bank of Qatar and the Qatar Financial Centre Regulatory Authority are responsible for supervision of the financial markets. Meanwhile, the central bank established in August 1993, is directed mainly by members of the different ministries of finance, business, trade and economy. The regulatory authority, established in 2005, counts international experts as members in its board of directors. Neither of these institutions can act independently from the government.

8 | Currency and Price Stability

Inflation in Qatar is set to rise in the coming years as the construction boom continues and the population expands. According to a recent report published by IMF, inflation is likely to rise from 3% in 2013 to 5% in 2016. Qatar's economic planning board also predicted in December 2012 that inflation would rise from 2% in 2012 to 3.5% in 2013. The construction boom, which entails high government spending on infrastructure projects, such as new roads, drainage systems, a rail network and stadiums, is attracting a flood of foreign labor to the country. An update to the Qatar Economic Outlook 2012 – 2013, published by the General Secretariat of Development Planning (GSDP), stated that the housing costs in Qatar are set to rise due to increasing demand. The expected increase in the inflation rate is blamed on high cost of living due to increasing housing costs.

In 2012, reforms were put in place to have greater liquidity and activity in the Qatari capital market. These reforms included the shift of the regulatory authority for the country's stock exchange, the Qatar Exchange (QE), to the central bank, increasing the settlement time for stock trades and allowing banks to create brokerage divisions. Since the country's stock market is in its early stages of development, it is hoped that having a unified and consistent regulatory authority will benefit both domestic and international brokers.

As of 2011, the current account balance of Qatar stands at \$53.57 billion, public debt at 33.1% of GDP, the external debt at \$125.3 billion, the reserves of foreign exchange and gold at \$16.82 billion and the budget surplus at 13.3% of GDP. A recent IMF report stated that Qatar should create a credible annual budget and seriously follow its provisions to protect the country from inflation and ensure its stability in the long

Anti-inflation /
forex policy

8

Macrostability

9

run. Qatar is the only country in the GCC to use three-year medium-term budgets with few specified targets.

9 | Private Property

No single, codified source of property law exist in Qatar, but a collection of laws, ministerial decrees and resolutions constitute the country's jurisprudence on property ownership. For years, only Qatari nationals were allowed to own property in the country. In 2002, the Qatari government passed new legislation, which loosened restrictions on foreign ownership of property. Under the new law, nationals from GCC member states are allowed to own property in Qatar under certain conditions. These conditions include three-property limit, restrictions on collective square meters, and a requirement the properties are used solely for residential purposes. Recently, Qatar also opened up designated areas of the real estate market to non-Qataris and non-GCC nationals. The laws under which these changes were enacted grant non-Qataris both ownership and usufruct rights in residential real estate that is located in specific investment zones, such as The Pearl and West Bay.

Property rights
9

Until recently, there were serious limitations for foreigners operating in Qatar's private sector. Each company required a local citizen as a sponsor, and the sponsor had to hold a stake of at least 51%. However in 2010, the government enacted the Foreign Investment Law aimed at promoting foreign investment in specific business sectors including agriculture, manufacturing, health, education, tourism, energy and projects that develop and utilize the state's natural resources. The new law permits up to 100% of foreign ownership in these business sectors. This law has facilitated foreign investment to the country and such liberal economic policies are necessary for a post-oil era.

Private enterprise
9

In a bid to attract new private companies, the Ministry of Business and Trade issued a new draft company law in early 2013. With the new law, there would be no minimum capital requirement for setting up a company, whereas under present law, firms need to have at least 200,000 QAR (€42,200 or \$54,938). This law would thus encourage the emergence of SMEs in the country. In Qatari business circles, the draft law has provoked a vivid discussion, as many entrepreneurs fear increased competition from outside.

10 | Welfare Regime

Comprehensive social welfare schemes are in place for Qatari citizens, though no one pays income tax. These include free health care, education, housing grants and subsidized utilities. Eligible nationals can get basic food items such as rice and sugar for their families at subsidized prices. Basic health care is provided by the state

Social safety nets
8

through the Hamad Medical Corporation, which runs several clinics and specialized hospitals. Their services are free of charge for citizens, while other residents are obliged to pay a small amount to be eligible for treatment. In recent years, institutions have been established to support low-income families and disabled individuals through education and job training programs. The government spends 2.9% of the GDP on public health, and life expectancy at birth is 78.4 years.

Besides the national university, Qataris can study at internationally renowned universities which have local campuses in “Education City” outside Doha. Furthermore, students choosing to study abroad can apply for grants from the Higher Education Institute, part of the Supreme Education Council.

Meanwhile, it should be noted that the vast majority of foreigners who reside in the country do not receive benefits under the current social welfare system.

36% of Qatari women now work outside the home, a figure that is rare in GCC countries. Moreover, the youth female literacy rate is higher in the country than it is for their male counterparts. In addition, there are almost six women enrolled in universities in Qatar for every man. In March 2012, the London-based “Independent on Sunday” newspaper picked Qatar as the best place in the world for girls to pursue higher education - gently concealing the fact that gender segregation is still the rule in schools, even at Qatar University, where males and females are educated on two separate campuses. However, in the new foreign campuses in Education City, education is co-ed.

Women are allowed to run for municipal elections and in the scheduled parliamentary election. But Qatar is still a male-dominated society when it comes to political participation. Formerly, there were two women ministers in the cabinet, but they were sacked in 2009.

As part of the Qatarization process, companies operating in the country are obliged to recruit nationals to meet government goals. There is no equal opportunity for foreigners, who cannot change employer unless they get a “no objection letter” from their current sponsor. Currently, foreigners cannot be hired without a local sponsor, whether individually or institutionally. The sponsorship system has been heavily criticized for some time and reform suggestions are currently under debate.

Equal opportunity
6

11 | Economic Performance

Qatar has the third largest proven natural gas reserves in the world behind Russia and Iran. According to a recent IMF report, Qatar’s economic growth is expected to slow to (still impressive) 5.2% in 2013 from 6.6% the year before, due to the declining trend in crude oil production and exports. Spending under the country’s National Development Strategy on infrastructure projects is also the reason for the growth

Output strength
10

rate's decline, although the country experienced double-digit growth rates in 2010 and 2011. Despite this fact, IMF also stated in an earlier report that Qatar's economy is set to become the best performer in the region. In 2012, the unemployment rate in Qatar was about 0.5% and 0.6% the previous year. A small population with abundant resources enables the government to create jobs in the public sector. At the same time, the country is promoting private sector growth and opening up the economy to international companies. Moreover, the IMF noted that the hydrocarbon share in overall Qatari GDP is expected to drop from 57% to 42% by 2016, showing that Qatar is slowly moving toward economic diversification. Between 2000 and 2010, the average FDI as a percentage of GDP stood at 4.2%. Qatar's budget surplus was estimated at \$15 billion (equivalent to 8.6% of GDP) in the fiscal year that ended in March 2012.

Inflationary pressures are forecasted by both domestic and international agencies, as the population is expected to grow as a result of migration for jobs created by the mammoth infrastructure projects that are underway. Rent ceiling by the authorities in 2008 eased the situation back then. Similar measures are necessary to mitigate Qatar's inflationary tendencies.

12 | Sustainability

Qataris have the highest carbon footprint in the world, with 55.4 tons of carbon dioxide released per person, or about 10 times higher than the global average. The reason for this is the use of fossil fuels for electricity generation, water desalination and natural gas processing. Qatar is also ranked third in the world for per capita electricity usage. As citizens enjoy free water and electricity, both are often wasted, and the low fuel prices worsen the situation. Qatar aims to reduce its carbon footprint by 2030, and plans are underway to achieve this. Improving the public transportation system with a state-of-the-art metro rail network is one of the related initiatives. Furthermore, the Mesaieed waste recycling plant, the largest of its kind in the region, is set to function in early 2013. The 4 billion QAR (approx. €843 million or \$1.09 billion) project will make recycling in the country more profitable.

Measures have been taken by the government to reduce the electricity and water consumption by introducing a price rate. Moreover, government and other institutions are increasingly carrying out public awareness campaigns and incentivizing "green" practices. For example, the "Qatar Today Green Award," which is segmented into specific categories, such as a green school award, best eco-friendly organization, and best public awareness campaign, tries to promote green practices in business. New ideas for improving the construction sector's eco-perspective are under discussion.

Environmental
policy
5

Qatar aims to be a leader in higher education and scientific research both regionally and internationally, devoting 4.1% of its GDP to education and about 3% to scientific research. With a total literacy rate of 94.7% and female literacy exceeding that of male, Qatar aims to transform the resource-rich nation into a knowledge-based one.

Education policy /
R&D
9

The current leadership has sought international assistance to formulate educational reform policies and to set up new academic institutions and research centers. One of the reforms in school education was the introduction of an independent schooling system in 2004/2005, overseen and funded by the Supreme Education Council. The new system allows independent schools to choose their own curriculum, appoint teachers and set their own priorities. The aim was to combine the advantages of public and private schooling systems. Until 2011, all public schools were attached to the new independent administration scheme. Private schools play a minor role, only schooling about 4% of pupils.

The initiation of “Education City” was another major pioneering achievement in the education sector, mainly managed by the Qatar Foundation. Currently six U.S. universities have established campuses here: Weill Cornell Medical College, Georgetown, Northwestern, Carnegie Mellon, Texas A&M and Virginia Commonwealth, along with University College London from the U.K. Some Qataris question if the standards of the foreign “branch” universities are equal to their countries of origin, and also whether the high cost of these universities is worth the price for the relatively small number of Qataris who attend them. There is also a question of whether the extensive use of English in these institutions comes at the expense of Arabic, thus producing a Western educated elite alienated from the rest of the Qatari population.

Besides the diversified university landscape, the Qatar Foundation opened the “Qatar Science and Technology Park” in July 2004, hosting more than 20 world class companies involved in scientific research and development. The foundation has also financed the Sidra Medical and Research Center, which is due to open soon and will be the country’s first academic medical center.

Transformation Management

I. Level of Difficulty

The rent received from hydrocarbon resources has transformed Qatar from a poor country into one of the richest countries in the world, based on GDP per capita. There are very few structural constraints on governance. Extreme poverty and widespread pandemics are not heard of in this tiny Arab Gulf state. Moreover, the U.N. reports that Qatar, along with Malta, is the least vulnerable to natural disasters out of 173 nations.

Structural
constraints

1

Though the Qatar National Vision 2030 calls for “strong and active civil society organizations,” little has changed on the ground. In 2012, Qatar hosted the Civil Society Forum in parallel with the 13th session of the U.N. Conference on Trade and Development (UNCTAD). The fact remains that the country’s only associations are sponsored and run by either the government or quasi-governmental organizations.

Civil society
traditions

8

Unlike the neighboring state of Bahrain, where sectarian violence and social tension exist between Sunni and Shi’a factions, Qatar is not marked by serious religious or ethnic cleavages. Though Shi’ites constitute approximately 10% of the Qatari population, they are well integrated in the society, and wealthy Shi’ite businessmen fully support the Sunni ruling family. However, as Wahhabi Muslims, the general Qatari population holds some judgment of the Shi’ites.

Conflict intensity

2

The Global Peace Index 2012 ranked Qatar as the 12th most peaceful country in the world and the most peaceful in the Arab World. This clearly shows that violence is not a serious issue in the country.

II. Management Performance

14 | Steering Capability

Question
Score

Given the economy’s reliance on the hydrocarbon sector, and the limits of those natural resources, there is a general consensus among Qatar’s rulers that the country

Prioritization

5

needs a long-term policy strategy. Qatar National Vision 2030 can be considered as one of such long-term policy priorities. Diversification of the economy and creating a knowledge-based economy is its core aim. Qatari authorities have sought international assistance to meet these goals, notably in its reform of the educational sector and through foreign investment via sovereign wealth funds.

Since the state is an absolute monarchy, the governing body is unrestricted in implementing its policies. Small steps have been taken toward achieving democratization by transforming the current system into a constitutional monarchy, but these attempts are still in the early stages and are very limited. Public opinion on controversial issues like alcohol sale has forced the government to change its policies. But in the absence of democratic institutions, the reform drivers and defenders are hard to identify.

Implementation
5

Most of the new reforms in the country are based on assessment and thorough consultation. Both domestic and international agencies are consulted during the policy-making process. Local elected bodies so far have limited power to make enforceable decisions, but given the current political structure, individuals can influence policy formulation and implementation.

Policy learning
5

15 | Resource Efficiency

Qatarization plays a key role in the process of diversification on the economy, also attempts to put Qataris into jobs on merit rather than personal recommendations or family connections. Although competitive recruitment is being increasingly used, the administration and management of the economy still relies on foreign labor. The country is experiencing an infrastructure overhaul. Contracts on more than 30 highway projects, valued at about \$27.5 billion, are expected to be awarded in 2013 alone. International tenders are called to use the funds efficiently. Electronic-based systems are being implemented for public administration.

Efficient use of
assets
8

Given the tiny size of the territory and the small population, Qatar's centralized structure is effective for policy implementation. Most government departments, if not all, have a functional and user-friendly electronic system in place. The government departments are well institutionalized, thus minimizing possible policy conflicts.

Policy
coordination
9

Corruption is not a serious problem in Qatar for a number of reasons. One is cultural. In Qatari society, corruption is seen as a criminal and shameful offense. Secondly, the high salaries offered in government departments plays an important role in reducing the rate of corruption. A recent salary hike, in which Qatari citizens working for the government or military were given substantial pay raises, further reduces any incentive to abuse public office. A number of private companies have since followed suit, though only for Qatari citizens. Given the recent salary increases of 60% and

Anti-corruption
policy
7

more, corruption is less common in such a well-paid society and an overwhelming majority of the Qatari workforce is employed by the government.

The country's constitution stipulates in article 128 that "ministers shall not use their official posts in any way for their own interests or for the interests of [those with] whom they have special relations." The State Audit Bureau, established as an independent entity in 1973, scrutinizes the accounts of all ministries and their affiliated departments and bodies, alongside with the accounts of public corporations, national companies and other government bodies. In November 2011, an "Administrative Control and Transparency Authority" was set up to trace power and money abuses.

16 | Consensus-Building

Qatar's economy is getting more and more integrated into the global economic system. The leadership is well aware that the current rentier state economy will not last forever. Thus, reforms are underway to drive the market into a more mature stage. Political leaders and the merchant class (in the absence political parties and civil society organizations) support such reforms.

Consensus on goals
7

Yet given Qatar's status as an absolute monarchy, consensus is not sought by the country's leaders. Reforms are initiated by the ruling family, mainly in a top-down process by the emir and his wife. Though public discontent over the current rule is rare in the state, there has been some resistance, most recently in the public discussions about the effects of a new foreign investment law. Also, Islamists have criticized certain reforms, such as selling alcohol and the empowerment of women.

Unlike Saudi Arabia, there is not a strong local religious ulama class in Qatar with extensive political power, but traditional tribalism and kinship loyalty still play an important role in society and will continue to impact the political structure and its evolution. A smooth transition to democracy will have to be gradual to avoid facing too much societal resistance. Learning from the experience – even the creation of Al-Jazeera provoked protests by those who did not want authority questioned – potential reformers have to find a middle ground between socially conservative (and sometimes anti-democratic) forces and those desiring more rapid reforms.

Anti-democratic actors
3

Surrounded by countries with massive sectarian cleavages, Qatar has been able to consolidate its citizens into one group irrespective their religious orientation. Shi'a Muslims, who face persecution in Saudi Arabia and Bahrain, are well integrated into Qatar's society. They include prominent businessmen and are avid supporters of the current ruling family. Socially- or cleavage-based conflicts are hence mostly unknown in Qatar.

Cleavage / conflict management
8

The only real concern is the poor treatment of foreign blue-collar workers, which has repeatedly been criticized by human rights organizations and labor unions.

In the absolute monarchy of Qatar, the importance given to civil society is minimal. But due to growing international pressure, Qatar has been reforming (or has promised to reform) much of its restrictions on civil society organizations. In 2012, in the wake of the COP 18 conference on climate change, Labor Minister Nasser Bin Abdullah Hamidi agreed that workers joining trade unions created by International Trade Union Confederation (ITUC) will not be punished. This promise alone cannot be considered a game changer, but it opens the way for more reforms as the role of Qatar in the international political arena widens.

Civil society
participation
5

As punishment for their presumed involvement in a 1996 coup attempt, more than 5,000 members of the al-Murrah tribe were temporarily stripped off their Qatari citizenship in 2005. Roughly 200 of them remain stateless today, meaning that they are excluded from the local labor market and are not entitled to Qatar's comprehensive social services. The government has not suggested any reconciliation options to them yet.

Reconciliation
n/a

Apart from this, no major historical injustices have happened in the modern history of Qatar.

17 | International Cooperation

Qatar National Vision 2030 clearly outlines the aim of transforming the nation's rent-based economy to a knowledge-based one. Policies and procedures have been initiated toward achieving that goal, and international assistance has been sought in order to develop the nation and prepare it for a post-oil period. For instance, since 1995 "Education City" has hosted an array of international top universities that have helped elevate the quality of Qatar's tertiary education. Likewise, primary and secondary schooling has been revamped with the help of the RAND Corporation. Moreover, the multi-billion dollar infrastructure projects underway in the country have been awarded through international tenders, bringing renowned international companies into the country. For example, the \$434 million contract to build the new Qatar National Museum in Doha was awarded to South Korean company Hyundai Engineering & Construction. Qatar has also embarked on an ambitious metro system for Doha and a railway system that will cover the entire country, mainly with the support of German rail company Deutsche Bahn. These two projects are to be finished before the World Cup competition in Doha in 2022.

Effective use of
support
9

By acting as a broker in many regional conflicts, Qatar has risen as a credible political and military actor in the international community. It participated in the 2011 NATO airstrikes against Muammar al-Qadhafi in Libya, negotiates with Hamas and

Credibility
9

Hizbullah in Palestine and Lebanon for the sake of peaceful relations with Israel, and massively supports the staggering economies in Egypt and Tunisia. Furthermore, the emir was the first head of state to visit the Gaza strip in 2012 as after Hamas took control in 2007, promising \$400 million for the reconstruction of damaged infrastructure from the 2008 war with Israel.

The Arab Spring also gave way, domestically, to some small reforms toward democratization. The announcement of a 2013 election for an advisory council, for example, was welcomed by the international community. Though also influenced by the Arab Spring, it is necessary to note that domestic pressure was not the prime reason for the announcement made by the emir.

On the global scene, two major events increased the credibility of Qatar as a reliable partner: in December 2012 it hosted the U.N. Convention on Climate Change (UNFCCC), hopefully paving the way for successful negotiations in 2015. In addition, former Qatari permanent representative to the U.N., Nassir Abdulaziz Al-Nasser, presided over the 66th session of the U.N. General Assembly, which took place in New York in September 2012.

A founding member of the GCC, and a member of an array of international organizations, Qatar is an important partner in the Gulf region. Qatar has tried to keep or establish good relations with all countries and political groups, including the U.S., Iran, Israel, Hamas and Fatah in Palestine, and the Taliban – an array of alliances that no other Arab state can claim. Qatar exploits the North Field gas field together with Iran, which forces both countries to cooperate. However, as Qatar uses superior technology and hence exploits much more than Iran, conflicts over exploitation rights may arise in the future.

Qatar has been involved in solving international disputes by hosting conferences and by acting as a mediator. Border issues have been solved with neighboring Saudi Arabia by diplomatic means. Furthermore, a territorial conflict over the Hawar Islands was solved in 2001 with the help of the International Court of Justice, which decided that the islands belong to Bahrain.

Strategic Outlook

As Qatar becomes increasingly involved in both regional and international affairs, the need for political reform is becoming more and more essential. During the Arab Spring and its aftermath Qatar became somewhat of a curiosity in the region: an absolute monarchy that supports revolutionary movements abroad, but experiences no civil unrest on its own soil. The reforms enacted since 2011 were initiated to improve the international image of the country, not because of domestic pressure. A democratic transition is unlikely without a well-organized domestic call for reform, and nothing of the sort currently exists. While supporting democracy and freedom of speech outside, Qatar's record for supporting freedom of speech domestically is weaker. For example, a poet was jailed in 2012 for allegedly inciting to overthrow the current regime in power. Though it was announced that the parliamentary election would take place in 2013 (for two-thirds of the seats), the road to becoming a constitutional monarchy still seems far off.

On the economic front, Qatar's National Vision 2030 clearly spells out the plan for a post-oil era: to create a knowledge-based economy, to diversify the economy to non-oil sectors, and to become a leading host nation in the world. It remains to be seen how much of this can be put into practice. Industry experts have already warned of a lack of competition among young Qataris when it comes to education, as highly paid government jobs are waiting for them once they graduate. If the public sector continues to offer better paid jobs than the private sector, that could seriously harm the creation of a knowledge-based economy based on private enterprise.

Qatar has been aggressive in its investment abroad, especially in Europe, with a focus on the United Kingdom and France. The government has also purchased land for agricultural purposes in Europe and Africa. In addition, it has increased its investments in North African countries such as Egypt, Morocco, Tunisia and Algeria. Moreover, the sovereign wealth fund of the nation has reached almost \$1 trillion.

Regarding the situation of Qatar's foreign workers, who make up the majority of the population, the ILO and several trade unions have been calling on the Qatari government to take action to reform labor laws and improve working conditions. Planning to shift the controversial sponsorship policies to a contract-based system was well received. But in reality it is the same process with a different name. With the growing international attention on this tiny GCC country, more commitment to democratic principles is imperative for Qatar's continued prosperity.