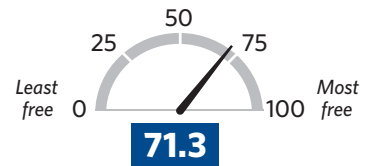


QATAR

Economic Freedom Score



World Rank: **25** Regional Rank: **2**

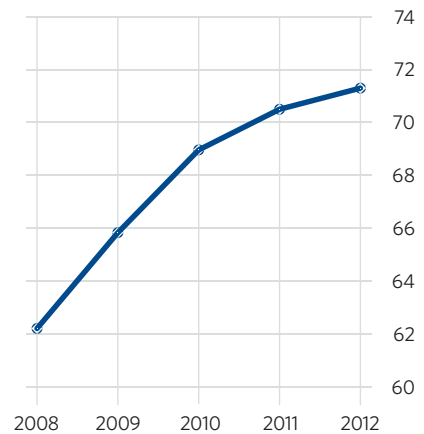
Qatar's economic freedom score is 71.3, making its economy the 25th freest in the 2012 *Index*. Its score is 0.8 point better than last year, reflecting notable improvements in freedom from corruption and monetary freedom. Qatar is ranked 2nd out of 17 countries in the Middle East/North Africa region, and its overall score is above the world and regional averages.

The Qatari government has pursued reforms to improve the entrepreneurial environment and broaden the economic base beyond oil and gas. The foundations of economic freedom are relatively solid. With a well-functioning legal framework in place, the level of corruption is much lower than the world average. Qatar has promoted a flexible regulatory system for business ventures. Its open trade regime and growing status as a regional financial hub have also contributed to private-sector growth outside of the oil and gas industries.

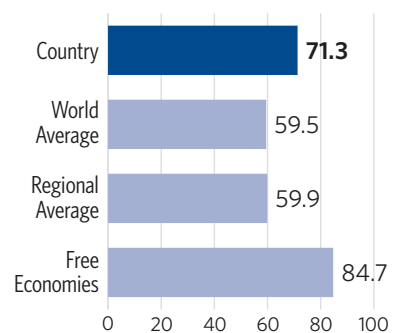
While Qatar has made significant progress in laying the institutional groundwork for sustained and diversified economic growth, the volatility of prices continues to undermine macroeconomic stability and entrepreneurial activity. Restrictions on foreign investment and considerable state involvement in the economy are serious drags on generating more vibrant economic dynamism.

BACKGROUND: Qatar has been ruled by the Al-Thani family since independence from Great Britain in 1971. Reforms promoted by Sheikh Hamad bin Khalifa al-Thani, who replaced his father in a bloodless coup in 1995, include universal suffrage, an independent judiciary, and more transparent government funding. Despite attempts to diversify, oil and gas account for about 85 percent of export revenues and more than 50 percent of GDP. Qatar is endowed with 25 billion barrels of proven oil reserves and the world's third-largest natural gas reserves, about 15 percent of the world total. It has permitted extensive foreign investment in its natural gas industry and in 2007 became the world's largest exporter of liquefied natural gas. With immense energy reserves and a small population, Qatar enjoys one of the world's highest levels of per capita income.

Freedom Trend



Country Comparisons



Quick Facts

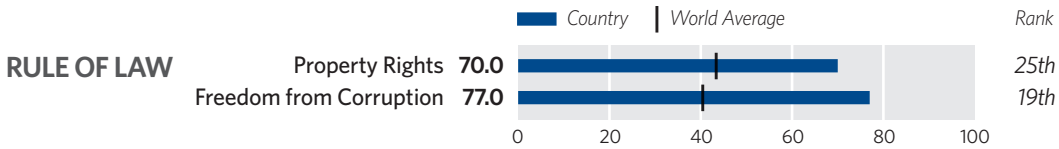
Population: 1.7 million
GDP (PPP): \$150.6 billion
 16.3% growth in 2010
 5-year compound annual growth 19.0%
 \$88,559 per capita
Unemployment: 0.5%
Inflation (CPI): -2.4%
FDI Inflow: \$5.5 billion
Public Debt: 27.0% of GDP

How Do We Measure Economic Freedom?

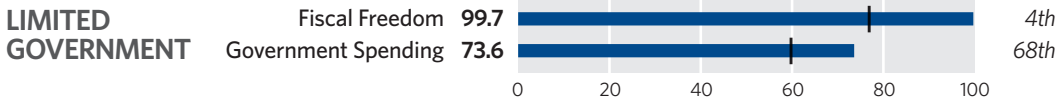
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

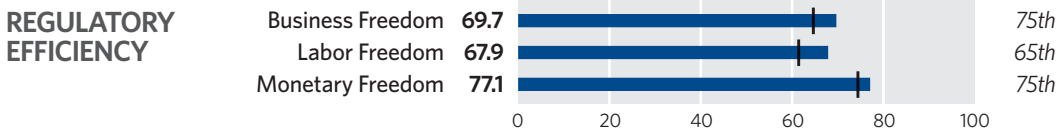
THE TEN ECONOMIC FREEDOMS



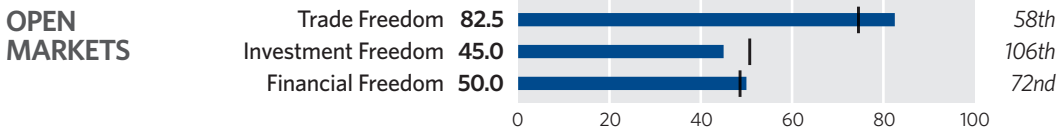
The rule of law has been solidly respected. A well-functioning legal framework is in place, but the judiciary is susceptible to political influence and can be bureaucratic. Protection of intellectual property rights has been strengthened. The law imposes penalties for bribery on public officials and those who attempt to influence them illegally. Qatar continues to maintain the Middle East's highest degree of transparency.



There is no income or corporate tax. Foreign corporations operating in Qatar are subject to a flat 10 percent corporate tax rate. Aside from customs duties, there are no other major taxes. The tax burden amounts to 5.6 percent of GDP. Government spending is equivalent to 29.7 percent of total domestic output. The government has maintained budget surpluses in recent years, and public debt remains below 30 percent of GDP.



The process for launching a business and completing licensing requirements is now more streamlined, but the pace of regulatory reform has slowed. Efficient bankruptcy procedures are not fully developed. The labor force consists primarily of expatriate workers, and immigration and employment rules are relatively flexible. The government does not mandate a minimum wage. Inflation has been volatile, hurting monetary stability.



The trade weighted average tariff rate is modest at 3.8 percent, with non-tariff barriers adding to the cost of trade. Foreign investment is limited to no more than 49 percent of capital for most activities, although up to 100 percent ownership by foreign investors may be allowed with government approval. The financial sector has undergone modernization, attracting more foreign firms. The government retains considerable ownership in the sector.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.1	Business Freedom	-0.6	Trade Freedom	+0.1
Freedom from Corruption	+7.0	Government Spending	-4.5	Labor Freedom	+0.9	Investment Freedom	0
				Monetary Freedom	+5.2	Financial Freedom	0