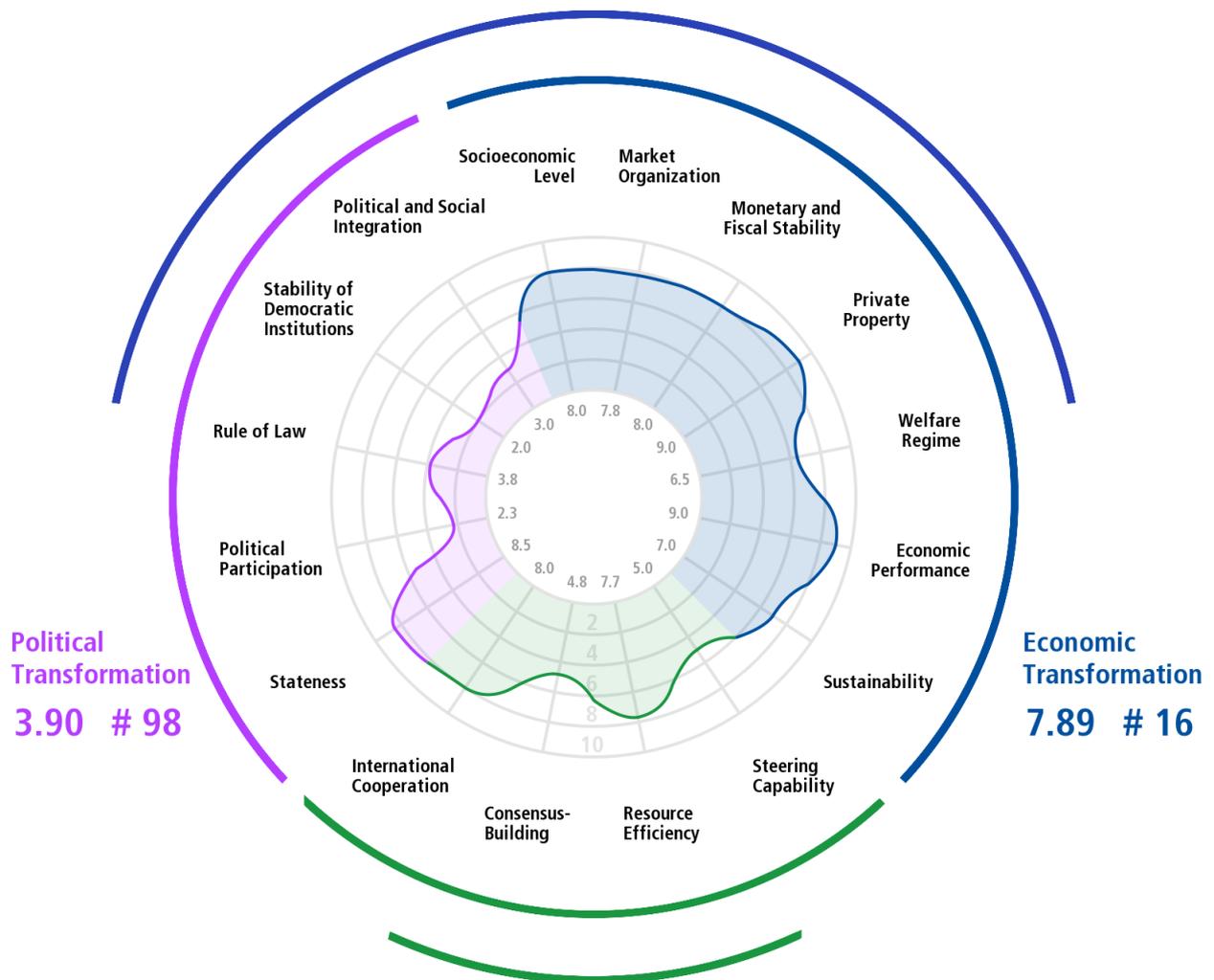


Qatar

Status Index

5.90 # 58

on 1-10 scale out of 137



Political Transformation
3.90 # 98

Economic Transformation
7.89 # 16

Governance Index

5.46 # 46

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	2.8	HDI	0.848	GDP p.c., PPP \$	126598
Pop. growth ¹	% p.a.	2.1	HDI rank of 189	41	Gini Index	-
Life expectancy	years	80.0	UN Education Index	0.661	Poverty ³	% -
Urban population	%	99.1	Gender inequality ²	0.202	Aid per capita	\$ -

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The period from February 2017 to January 2019 has primarily been marked by the fallout from the Gulf crisis. Since mid-2017, Saudi Arabia, the United Arab Emirates, Bahrain, Egypt and several other Arab countries cut all ties with Qatar, blockading their heavily import-dependent neighbor. The blockade has hurt crucial Qatari businesses (e.g., Qatar Airways) and forced international companies to divest from the emirate.

However, Qatar has weathered this political and economic crisis surprisingly well, and shown resilience and a steep learning curve. Due to the blockade, Qatar has intensified efforts to diversify the economy and foster greater self-sufficiency. In 2018, the government even produced a budget surplus for the first time since 2015. The new “National Development Strategy” (NDS) for 2018 to 2022 emphasizes economic diversification even more strongly, as Qatar’s economy is still highly dependent on hydrocarbon exports, and imports of food, water and capital goods. Measures introduced in 2017 and 2018 include initiatives to attract foreign investment, develop domestic industries able to substitute for the fall in imports and expand trade with non-Gulf partners (especially with large Asian countries). To prioritize LNG production and non-oil revenues (as well as for political reasons), Qatar announced it would withdraw from OPEC in December 2018.

Qatar has again postponed the introduction of a VAT (originally planned for 2018) to 2019. However, due to the need to bolster government revenue, it has introduced a “sin tax” for certain consumption goods considered harmful to society (e.g., tobacco and sugary drinks). Such initiatives demonstrate Qatar’s intensified commitment to economic and social modernization, and the strategic goals set out in its National Vision 2030.

For the moment, Qatar has lost its ties to several of its closest neighbors in the Gulf Cooperation Council (GCC), especially Saudi Arabia and the United Arab Emirate. However, this has not put Qatar off international and regional cooperation altogether. Oman and Kuwait have resisted the

pressure to cut ties with their neighboring emirate, and Qatar has repeatedly signaled its willingness to reconcile with the other GCC neighbors. At the same time, it has heavily invested in strengthening its relations with practically all available and willing international partners, especially Iran and Turkey (both of whom reached out to Qatar in the wake of the blockade). This has set a new trajectory for the emirate, divergent from the GCC that might be irreversible.

The Gulf crisis has also catalyzed the development of a national identity, as Qataris perceived Riyadh and Abu Dhabi's policy as illegitimate, an unjust interference in Qatar's affairs and a violation of Qatar's national sovereignty. This has led to a rally-around-the-flag effect among Qatar's population. Since 2017, an admiration for Emir Tamim bin Hamad Al Thani has developed that almost borders on a leadership cult, which even outmatches the popularity of his father, Emir Hamad bin Khalifa Al Thani. However, the popularity of Emir Tamim has lowered pressure on the regime to hold meaningful parliamentary elections. Originally scheduled for 2004, parliamentary elections have been repeatedly postponed and it is uncertain whether elections will be held in 2019. Though elections to the Central Municipal Council (CMC) have been held every four years since 1999, the latest being held in 2015. The next election, scheduled for 2019, is currently in preparation.

The current emir has maintained most of his father's policies. A constant domestic theme is the treatment of foreign workers under the kafala system, which continues to provoke international outrage. Foreigners make up about 88% of the country's population, but are excluded, as in other Arab Gulf states, from the wide range of benefits that citizens enjoy, such as free health care, education, water and electricity. Low and semi-skilled workers are highly dependent on their Qatari employers. Often, this results in rights abuses and conditions often described as "modern-day slavery" by human rights organizations. In the aftermath of the 2022 FIFA World Cup award, Qatar's treatment of its foreign labor force has been in the international spotlight. In response, Qatar has made some largely cosmetic changes, especially during the period under review.

In preparation for the 2022 FIFA World Cup, Qatar has already built a network of roads, railways and an underground metro, with construction peaking in 2017 and 2018. While spending remains high at about \$500 million per week, it is expected to slow down starting in 2019.

History and Characteristics of Transformation

Before oil was discovered in 1939, Qatar consisted of little more than a few villages on the shoreline, economically dependent on pearl fishing and nomadic cattle-breeding tribes. Under British rule as a “protected state,” the first political institutions and infrastructure were developed, literally fueled by hydrocarbon revenue. After the British withdrawal, Qatar declared its independence on September 1, 1971. On February 22, 1972, Sheikh Khalifa bin Hamad Al Thani became the emir of Qatar by deposing his cousin. He faced the same fate when his son, Sheikh Hamad bin Khalifa Al Thani overthrew him in June 1995. Emir Hamad voluntarily transferred power to his son Tamim bin Hamad Al Thani (Sheikh Tamim) on June 25, 2013. Compared to his predecessors, Emir Hamad was more committed to a socially open society and the development of the country and played an important role in shaping its current form.

Immediately after taking office, Hamad introduced a series of reforms that have had a lasting impact, not only on the economic and political system of Qatar, but also on society in general. As a result, Qatar has been put firmly on the political map, and its capital, Doha, has become a household name globally. Hamad introduced local elections and a constitution, developed infrastructure, and invested heavily in health care and education. He abolished the Ministry of Information and created the al-Jazeera Satellite Channel network in 1996, which has since revolutionized mass media in the Arab world and propelled the country onto the international scene.

Qatar’s first ever local elections took place in 1999. The Central Municipal Council (CMC) brought novel concepts and practices to Qatar despite its conservative nature and limited powers. In a groundbreaking move – not only for Qatar, but for the whole male-dominated Gulf region – women were allowed not just to vote but to stand for election, resulting in the election of the first female council member in 2003.

The adoption of Qatar’s permanent constitution in a public referendum in April 2003 with 96.6% approval represented a milestone in the reform process and brought about some modest improvements with regard to democratic ideals. While the constitution stipulates that rulers of Qatar should be from the Al Thani family and the position of the emir is not to be contested, it nonetheless officially provides basic rights and liberties for citizens. Also, it lays the groundwork for an – albeit underdeveloped – system of power-sharing between the three traditional branches of government. Significantly, however, the constitution calls for the creation of a partially elected parliament to replace two-thirds of the appointed members of the current Consultative Council (Majlis al-Shura). Yet, elections were postponed multiple times, with the most recent postponement until 2019.

Extensive economic development in the wake of the hydrocarbon boom required an ever-rising import of foreign laborers. Natural resources combined with the kafala system that governs the employment of foreign labor transformed Qatari nationals (about 12% of the total population) into

a highly prosperous and privileged minority. The acknowledged challenge is to transform this primarily rent-based economy into a knowledge-based one and “Qatarize” the workforce. Already, Doha is known as an economic and financial hub.

The country’s transformation in recent years has revealed the dualism at play. The pace of reform has been too slow for some, especially among international observers, as Qatar still remains basically a tribal society with an autocratic regime. But conservative elements see change as moving too fast and posing a threat to the traditional and Islamic character of Qatari society.

Since Sheikh Hamad’s ascension to the throne in 1995, Qatar has positioned itself as a key power broker in the region. Backed by its financial muscle, it successfully contributed to the resolution of many regional conflicts and developed strong ties with both regional and international players. However, bias toward – mainly Islamist – opposition actors and rebels in various Arab countries in the wake of the “Arab Spring” tarnished its image as an honest broker and led to increasing international and regional criticism and pressure to change course. Saudi Arabia in particular felt threatened by Qatar’s growing regional and international profile. It perceived Qatar’s support of the Morsi regime in Egypt as an open challenge, culminating first in the withdrawal of the Saudi, Bahraini and UAE diplomats from Doha in March 2014, and again in June 2017 in the wake of the blockade.

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. The state's monopoly on the use of force is uncontested across the country's entire territory, comprising 100% of the population. Dissident groups that pose a serious challenge to the authorities do not exist. Succession, a sensitive issue in many neighboring monarchies, is not contentious for the foreseeable future. Despite the blockade, Qatar remains in full control of its seaports and airports, although a large percentage of imports and exports have had to be rerouted.

Given the small population of native Qataris, who represent about 12% of Qatar's total population of about 2.7 million, the country's extensive wealth, and the role of the state in distributing the country's wealth to their national population, the issue of citizenship is paramount. As a highly privileged but tiny minority in their own country, defining who is or can become a Qatari carries significant political and economic implications. Even though a legal procedure for naturalization exists since 2005, allowing for the provision of Qatari citizenship to an annual maximum of 50 foreigners, naturalization is mainly based on patrilineal jus sanguinis, making it almost impossible to gain the Qatari citizenship for anyone with a non-Qatari father. There are layers of citizenship. Not all citizens, including native-born, have equal socioeconomic entitlements. Naturalized Qatari citizens (e.g., foreign-born athletes) do not automatically get access to the same range of benefits as native-born nationals. Qatari national identity does not trump other forms of sub-identity, especially tribal identity.

Apart from the mere category of a Qatari national, the definition of its cultural content has also gained in importance. The rapid pace of modernization, which has been taking place in Qatar since the assumption of power by the Father Emir, has led to resistance from certain conservative elements who view these developments with

Question
Score

Monopoly on the
use of force

10



State identity

8



suspicion and fear the loss of traditional identity. Issues of contention (e.g., the sale of alcohol in some hotels and restaurants, and the relative gains in the status of women) are framed as an infringement on Qatari culture. Likewise, conservatives express dismay that Qatar is hosting the 2022 FIFA World Cup because of the changes it will bring, such as the large-scale availability of alcohol and the presence of openly LGBTQ individuals.

Over the last few years, the government has undertaken large-scale concerted measures to promote a distinct “Qatari heritage” including numerous “heritage festivals, heritage villages,” and the ambitious new Qatar National Museum due to open in March 2019. Processes of nation-building, which in the past appeared to comprise largely of top-down initiatives, seem to have catalyzed, due to the external pressure of Qatar’s immediate neighbors cutting ties with the country in June 2017, into something more organic. Qatari citizens have started to develop a national identity and exhibit unprecedented levels of public support and admiration for the monarch.

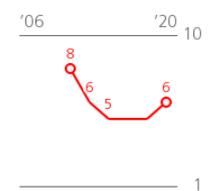
Religion is an essential part of Qatari identity. The official religion in Qatar as per Article 1 of the constitution is Sunni Islam. While most Qataris adhere to the Hanbali school, the legal system incorporates secular as well as Shariah law. Although several other faiths (e.g., Christianity, Buddhism and Hinduism) also exist in Qatar, only the Abrahamic faiths are recognized by the government. The emir participates in religious events but does not hold any official religious function.

Although the constitution now protects freedom of worship and prohibits discrimination on religious grounds, some restrictions persist. “Apostasy” from Islam is considered a capital offense and proselytizing by non-Muslims is illegal. Although there are some reports of religious discrimination and censorship on religious grounds, religious tolerance is supported by the government. In 2008, the first Christian church was built in Doha on a piece of land donated by the then-emir. Other places of worship for other faiths are being built. Doha has been hosting annual inter-faith conferences since 2003, including Muslim, Christian and Jewish participants. Despite initial resistance, the Jewish presence was later accepted. Former Emir Hamad Al Thani stated that if the state of Israel qualifies for the 2022 FIFA World Cup, its team and supporters would be welcome in Qatar.

From time to time, some controversies surrounding Islamic orthodoxy such as the prohibition of alcohol emerge. Societal pressure has led the government to ban alcohol in some places (e.g., in the recently built Pearl district). This is, however, more strongly linked to the question of state identity and tradition than to encroachment of religion into the political sphere.

No interference of religious dogmas

6



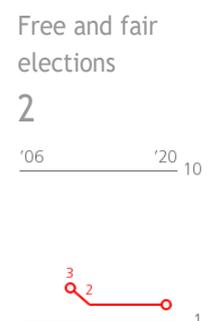
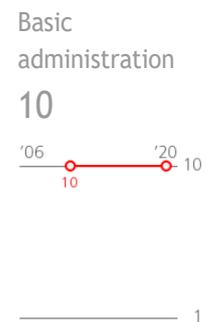
Basic administration works effectively, is very well developed and, with the exception of the judicial system, compares favorably to many developed countries. Whatever is needed for the functioning of a good administration, such as courts, tax collection and local authorities, is in place and implemented in Qatar. The high urbanization rate of over 99% eases the administrative reach. E-government is omnipresent and expanding, and online services are widely used. Qatari citizens and residents can access many government services online or via mobile phone applications (e.g., there is an SMS reminder option for court hearings). The system is effective and updated on a regular basis, and a 2018 study by Qatar University's Social and Economic Survey Research Institute (SESRI) found that overall levels of satisfaction among Qatari nationals and foreigners with public administration was high, although there was significant variation between different demographic groups.

However, the observed efficiency in most government administrative functions is not reflected in the judicial system. Migrants do not have the same level of access to the state's bureaucracy, especially regarding addressing grievances. Human rights organizations have been highly critical of the inefficiency and unfairness of the judicial system, particularly in relation to disputes between natives and foreigners, and they have called for revamping the system.

2 | Political Participation

Qatar's 2003 constitution provides for the creation of a unicameral chamber parliament, Majlis al-Shura (Advisory Council) consisting of 45 members: two-thirds of whom are to be directly elected by universal suffrage and the remaining third to be directly appointed by the emir. Once in place, it would have the power to propose legislation and review the budget and would have oversight over the Council of Ministers. While elections for the parliament were originally planned for 2004, they have been repeatedly postponed and it is doubtful if they will be held anytime soon. In November 2017, the emir renewed the membership of some members of the Advisory Council and appointed 28 new members, including for the first time four women.

The situation is somewhat different on the local level. Qataris went to the polls for the very first time in 1999 to elect a 29-member Central Municipal Council. Elections to this council have been held every four years at regular intervals, with the last elections taking place on May 13, 2015. Sheikha Yousuf Hasan al-Jufairi became the first elected woman in the second municipal council elections held in 2003 and remained the only woman in the council until Fatma al-Kuwari was elected during the last elections. Five female candidates ran for office altogether. The 2015 elections saw a record surge in election turnout, with an overall turnout of 70% (various constituencies shifted between 51% and 87%), in stark contrast to the elections in 2011, when only 43.3% registered voters participated in the polls. However, this does



not signify increased interest in politics or growing trust in the council. Overall, the number of registered voters was only 21,014 of which only 14,509 voters actually voted, electing 29 delegates from just 109 candidates, with some of the candidates having run unopposed. Tribal loyalty plays an important role in these elections. The next municipal elections are due in May 2019.

Qatar is a hereditary monarchy (despite Article 1 of the constitution proclaiming the political system to be democratic). The constitution also stipulates that the Al Thani family rules the country. Despite the autocratic nature of the system, 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. Some criticism has been directed at Qatari regional policies since the Arab Spring, but the transfer of power to Emir Tamim dampened Qatari foreign policy activism and likely precluded an emerging opposition. Instead, the population has rallied behind its ruler after the outbreak of the crisis between Qatar and Qatar's neighboring Gulf monarchies. In any case, 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 sphere that can legitimately challenge his power, has helped to strengthen the stability of the political system.

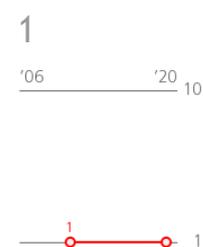
Freedom of association and of assembly are very limited. Qataris are nominally allowed to organize demonstrations, marches and public gatherings, but holding such demonstrations requires governmental approval – usually a permit from the Ministry of Interior. Such provisions make it difficult to demonstrate against the government or its interests. Likewise, it would be nearly impossible to demonstrate against the U.S. military presence in the country. Furthermore, freedom of association and assembly are impeded by the simple fact that both political parties and labor unions are prohibited in Qatar. The only operational trade union is the General Union of Workers of Qatar, which, however, excludes 99% of the total workforce in the country (non-citizens and public sector employees), rendering it irrelevant.

Religious groups – given the high percentage of foreigners in the country – are allowed to freely meet and worship (although not proselytize) if they belong to a recognized faith. Non-recognized faiths (i.e., non-Abrahamic religions) are allowed to worship in private.

Since former Emir Hamad Al Thani came to power in 1995, numerous steps to enable freedom of expression were undertaken. He was the first ruler in the region to abolish the Ministry of Information, responsible for controlling, directing and censoring media. In 1996, he established the al-Jazeera Satellite Channel. The 2003 constitution protects “freedom of opinion and scientific research,” and Qatar has made some progress on facilitating expression in the past.

Since its launch in 1996, al-Jazeera not only put the tiny state of Qatar on the world map, it provided an alternative source of good-quality information to audiences

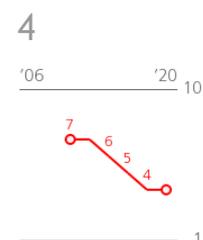
Effective power to govern



Association / assembly rights



Freedom of expression



around the world and broadened freedom of expression, especially in the Arab world. However, its reputation was severely damaged, especially among Arab audiences, especially since Qatar's foray into foreign policy in 2011 to 2013. Earlier criticism noted that al-Jazeera's coverage, while it was free in theory, refrained from criticizing Qatar and its policies. It has become obvious that al-Jazeera's coverage and Qatar's foreign policy agenda overlap. Because al-Jazeera was regarded as an instrument of Qatari interventionism, it did not come as a surprise that one of the demands of the states blockading Qatar has been the restriction or dismantling of the network, and the network's offices in Riyadh and Amman have since closed.

The local media is much more restricted. The conservative nature of Qatari society, the small size of the national population and the autocratic nature of the government has resulted in a high level of self-censorship among journalists and editors. Political issues are rarely discussed in Qatari media, the topics cluster around cultural or local issues. There are rarely any transgressions, but if they occur, punishment is swift. Doha Center for Media Freedom, a non-profit organization focused on freedom of media and expression, is another example of praising freedom of expression abroad while restricting it internally. In 2013, Jan Keulen, the Dutch director of the center, was replaced by a member of the Al Thani family. Doha News, a major local Anglophone news website, has been blocked by the government since December 2016 for "licensing issues."

While physical attacks are rare, state actors have interfered with foreign journalists on several occasions. For example, in 2015 and 2016, British, German and Danish journalists reporting on migrant issues in Qatar were briefly detained. The country was ranked 125 out of 180 countries in the 2018 Index for Media Freedom by Reporters Without Borders, down two places from 2017 and another five from 2016, continuing a downward trend since 2013. However, some previous red lines (e.g., criticism directed at the policies of GCC neighbors) dissipated due to the break in inter-GCC relations in summer 2017.

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 41 members who are all directly appointed by the emir, and consequently owe their positions to him. Under such circumstances, this body does not perform the traditional role that a legislative body performs. Regarding 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 emir and the wide respect and esteem he enjoys, the court's power is more theoretical than real.

Separation of powers

2

'06 '20 10

3 2 1

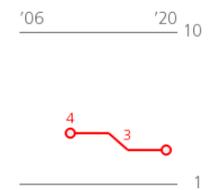
Several articles of Qatar’s constitution (Articles 129, 130, 131 and 134) provide for the independence of judges and the judiciary. However, the fact that these judges are appointed by the emir, upon the recommendation of the Supreme Judiciary Council, for three-year indefinitely renewable terms, impedes their independence. They are particularly dependent on the government as most of them are foreign nationals. Shariah courts also exist and deal with matters of personal status, such as divorce for Muslims. A constitutional court was established in 2007 but is still not operational. In an unprecedented verdict in 2013, five high-ranking bureaucrats and businessmen, including one member of the Al Thani family (and Qatar’s ambassador to Belgium) and others from influential families, were handed a sentence of five to six years in prison for involuntary manslaughter in the aftermath of a fire in a Doha mall that killed 19 people in 2012, among them 13 children. However, the sentence was thrown out by a judge in the Court of Appeal in 2015, dampening initial hopes of burgeoning judicial independence.

Article 128 of the constitution stipulates 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. Many top officials have financial interests and shares in businesses inside and outside the country. When legal action against alleged corruption is initiated, the motivations are likely political.

Some high-profile corruption cases have emerged, nonetheless. Some Qatari and non-Qatari officials of Qatar Foundation (QF) were caught red-handed, prosecuted, and sentenced to five years in jail and QAR 3 million (\$823,916) fine for requesting a payoff from an insurance company in exchange for renewing its contract with QF. Allegations of bribery to win the 2022 FIFA World Cup bid were leveled against Qatari officials. 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. In 2020, the country will undergo the review process of the implementation of the United Nations Convention against Corruption. Although Qatar was cleared of major charges of vote-buying in November 2014, charges resurfaced in 2017 and 2018. These recent charges involve allegations of vote-buying and recruiting journalists and activists in rival countries to mobilize against their respective bids.

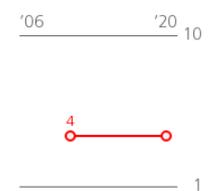
Independent judiciary

3



Prosecution of office abuse

4



Article 35 of the constitution states that all Qataris are equal before the law and discrimination on whatever basis (religion, origin, sex, skin color) is prohibited. While discrimination is not legally sanctioned, societal discrimination marginalizes some minority groups, such as LGBTQ and Shi'ites, who keep a low profile. Informal restrictions on women remain ingrained in the culture. Due process under the rule of law is violated.

The most evident breach of civil rights is, however, the treatment of expatriate workers, especially South Asians in the construction sector. Several reports by international human rights organizations and the ILO have identified massive abuse of these workers. The problems mostly derive from the problematic kafala (sponsorship) system, widespread on the Arabian Peninsula, that puts workers completely at the mercy of their employers. While it was made public over a decade ago, it has come under more scrutiny since Qatar won the right to host the 2022 FIFA World Cup. Under overwhelming pressure, the Qatar Foundation and the 2022 Supreme Committee for Delivery & Legacy enacted regulations regarding the working and living conditions of migrant workers, but implementation has been slow.

Some significant steps forward have been taken during the period under review. A law enacted in December 2016 officially “abolished” the kafala system, but scholars and NGOs have characterized the changes as only symbolic and woefully inadequate, especially with regard to the substantive issue of workers’ mobility and the issue of enforcing compliance. The pace of reform has slightly accelerated following the Gulf Crisis, possibly in an attempt to garner international sympathy. In 2017, Qatar introduced a monthly minimum wage of \$200, with plans that it will be raised further.

Qatar also acceded to a prime demand from workers’ rights activists and abolished the exit permit requirement in September 2018. However, some categories of workers (e.g., domestic workers) are excluded from its provisions and remain heavily dependent on their employer.

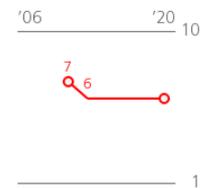
In April 2018, the International Labor Organization (ILO) established a project office in the country to assist with strengthening migrant workers’ rights over the next three years.

Later in 2018, Qatar joined two key human rights treaties: the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. Though Qatar stopped short of establishing fully equal rights for women and migrants. Qatar also introduced a new residency law, which would allow non-Qatari spouses of Qatari women and their children to apply for permanent residency (albeit not citizenship).

Notably, Qatar became the first Gulf country to pass a refugee asylum law in September 2018. Although the law falls short of Qatar’s international obligations, particularly with regard to the freedom of movement and expression, it still represents an important step.

Civil rights

6

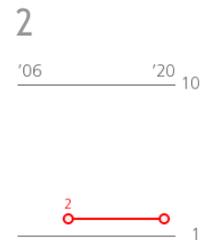


4 | Stability of Democratic Institutions

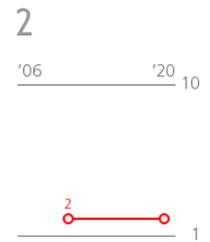
Overall, apart from the Central Municipal Council, Qatar lacks democratic political and judicial institutions. The judiciary has been strengthened in the last decade by the adoption of a number of measures, such as the emir and the members of the cabinet being formally under the jurisdiction of the court. A true legislative body remains nonexistent. The elections to the parliament have yet to take place. The current Advisory Council is only a consultative assembly as opposed to a legislature. The most important fora for public participation are regular private majalis (plural of “majlis,” quasi-formal social gatherings) where citizens meet to discuss and channel grievances through local sheikhs to the emiri diwan (the royal court).

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 publicly questions the type of political system operating in Qatar. The emir wields wide-ranging power over the country’s affairs and apparently enjoys the support of the vast majority of Qataris, especially since the Saudi-UAE-led attempts to destabilize his regime. Rival royal family members supported by hostile Gulf states do not seem to have significant support in Qatar. Further liberalization or democratization reforms will most likely be resisted by more conservative sections of society and have in any case been put on the back of the agenda due to the imminent threat posed by the blockade. However, the need for external allies during the Gulf crisis, stronger public support for the ruler and the development of a positive national identity have created a political space for carrying out long overdue structural reforms.

Performance of democratic institutions



Commitment to democratic institutions



5 | Political and Social Integration

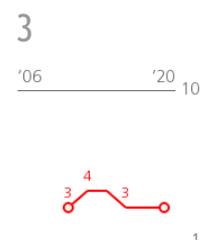
Political parties do not exist in Qatar and, for the time being, there is no indication that parties will be allowed to emerge in the near future.

Party system



The establishment of an interest group in Qatar is not an easy task. It is not only expensive but a complicated administrative process. The few existing interest groups are under the control of the government. The registration procedure for NGOs and professional and private associations was simplified in 2010, but includes numerous hurdles. NGOs are required to have QAR 10 million (\$2.745 million) in capital and its own or rented premises within six months of licensing. Nonetheless, several groups were established with the blessing of the government. Chief among them are groups working in specific areas of human rights, such as, human trafficking,

Interest groups



children's rights and empowerment of women within Qatar. There is also the renowned Qatar Foundation, the brainchild of the former emir's wife and current emir's mother, 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 years. While the government slashed the foundation's budget by 40% in 2016, leading it to make 800 employees redundant in 2017, it remains the most powerful instrument to advance the government's development agenda.

Institutions are generally of lesser importance in Qatar; personal bonds frequently prevail. Citizens' interests are mostly transmitted via majalis. According to a 2015 survey on social cohesion by Qatar University's Social and Economic Survey Research Institute (SESRI), 71% of Qatari men and 41% of Qatari women frequent these fora. Examples of interests that were implemented at the top political level are the ban on alcohol sale in the "Pearl" area and the introduction of Arabic as official language at Qatar University. A momentous decision to change the medium of instruction at Qatar University was not preceded by any public debate. No published documents are available to substantiate this decision. Structural reforms perceived to weaken citizens' privileges, such as the establishment of the kafala system, are often vocally opposed in majalis and are resisted by businessmen.

In general, Qataris are indifferent about democracy and are apparently "satisfied" with the authoritarian political system in place, as corroborated by periodic surveys by SESRI. The political system is generally perceived to be legitimate and no wide-ranging dissatisfaction or serious challenge to it is reported. This perception is further strengthened by the fact that Qatar is the only country in the Arab world that has not seen any serious demonstrations against the regime since the Arab Spring. However, much of this loyalty is bought. Qataris have the highest per capita incomes in the world, life is comfortable and people are apparently satisfied with the status quo. As in other Arab Gulf states, the ruling regime is very keen on maintaining the implicit social contract with the national population. However, the regional crisis has ignited the bottom-up development of a national identity, confirmed by SESRI polls in 2017 and 2018. In a poll in November 2017, more than 75% of respondents scored the importance of living in a democratic system between 8 and 10 (out of 10), although 96% were satisfied with Qatar's political performance (during the recent crisis). Because citizens enjoy opportunities to participate in majalis, they often consider Qatar's political system to be democratic, although it is far from democratic by international standards. Still, there is certainly disagreement with some policies, especially those of a progressive nature.

Approval of
democracy

n/a

'06 '20 10

n/a 1

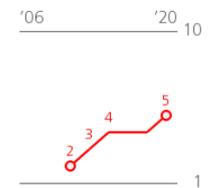
Formal associations have been emerging in Qatar, but – except for expat ethnic and regional organizations – most NGOs are actually RONGOs (royally organized NGOs), dependent or even part of the regime.

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 by 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 health care, education and research although recent cuts in funding are likely to have adverse effects in the short run.

A 2015 report by SESRI shows a societal split in terms of trust between citizens and expatriates, and social groups are segregated along citizenship status. There are exclusive ethnic associations of expats by country of origin. There are overarching online associations of professionals and highly skilled foreigners, such as InterNations and expat.com. The blockade has brought society closer together and, according to the results of a November 2017 survey by SESRI, an overwhelming majority of Qatari’s are proud of their country’s achievements. As per the Legatum Prosperity Index 2018, Qatar ranked 30 out of 149 countries on social capital, behind the United Arab Emirate (rank 25).

Social capital

5



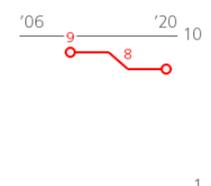
II. Economic Transformation

6 | Level of Socioeconomic Development

Qatar has been trying to move away from a rentier economy to a more knowledge-based, service economy. Quantitative indicators of progress are impressive, especially considering the restrictive blockade imposed on Qatar by its neighbors. Qatar still ranks in the “very high” category on UNDP’s 2017 Human Development Index, ranked 37 out of 189 countries with a score of 0.856, slightly higher than the previous year. Though due to methodological changes, Qatar fell one place and is now only second in the region below the United Arab Emirate, which ranked 34 out of 189. Health care, water, electricity and education are free for citizens, and there are generous loans and subsidies for, for example, housing and marriage. Poverty is not an issue for Qatari nationals, but the collapse of hydrocarbon revenue has forced the government to curb social spending and increase gasoline and natural gas prices. While incidence of poverty based on international criteria is almost nonexistent, inequality and perception thereof does exist. Members of the royal family directly or

Question
ScoreSocioeconomic
barriers

8



indirectly own or control most of the economy. However, no data on inequality is publicly available except for 2007, which showed a Gini coefficient of 41.1. Income inequality is increasing. Recent estimates show an increasing share of the top 1% best-earners from 23% of the national pre-tax income in 2007 to 29% in 2015 (after having been 18.2% in 1990). Wealth inequality may be a more meaningful indicator for Qatar but no data on wealth inequality has ever been published.

Meanwhile, foreign low-skilled workers receive extremely low wages by local standards and undergo strict and sometimes oppressive working conditions. Generally, foreign workers pay a subsidized fee for water and electricity, but the prices were raised in late 2015. By now, about two million temporary workers live on the margins of society, and their welfare is seldom taken into account in government planning. In summer 2016, the Ministry of Development Planning and Statistics (MDPS) stated that roughly 60% of the country's population, or 1.4 million people, live in what the Qatari government officially labels as "labor camps." Many labor camps are outside the city and lack basic amenities. A significant percentage of these migrant workers are "permanently" settled although de jure Qatar does not consider any foreign worker as a permanent resident, regardless of the number of years of residence and service. These "permanent" temporary migrants, particularly from large countries (e.g., India), constitute a potential political problem for the state in future.

Women, though not officially discriminated against, are disadvantaged compared to men in Qatar's patriarchal society. However, according to the UNDP's 2017 Gender Inequality Index (GII) – which examines reproductive health, empowerment and labor market outcomes by gender – Qatar is the highest ranked Arab country, ranked 44 out of 160 countries globally. This is mainly due to the high standard of living in Qatar and the country's high scores for female education, although Qatar lags behind OECD countries.

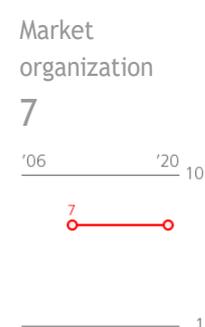
Economic indicators		2015	2016	2017	2018
GDP	\$ M	161739.8	151732.1	166928.6	192009.3
GDP growth	%	3.7	2.1	1.6	1.4
Inflation (CPI)	%	1.6	2.9	0.4	0.3
Unemployment	%	0.2	0.1	0.1	0.1

Economic indicators		2015	2016	2017	2018
Foreign direct investment	% of GDP	0.7	0.5	0.6	-1.1
Export growth	%	-1.4	-3.9	0.7	-
Import growth	%	-9.2	4.9	-2.8	-
Current account balance	\$ M	13750.8	-8269.5	6425.5	16652.2
Public debt	% of GDP	35.6	46.7	49.8	48.6
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	20.2	19.5	17.0	-
Public education spending	% of GDP	-	-	2.9	-
Public health spending	% of GDP	2.6	2.5	-	-
R&D expenditure	% of GDP	0.5	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

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. There is discrimination toward foreign businesses and investments, as foreigners face strong restrictions on property ownership. Crucial state-owned enterprises (e.g., Qatar Airways) are heavily subsidized, even more so after the detrimental effects of the blockade on the company. However, in November 2016, the emir announced privatization shifts in the health care and education sector. Qatar Airways is expected to be privatized in the coming decade and an agreement with the United States has been reached to boost financial transparency. The blockade has further catalyzed Qatari efforts to further open up to foreign investment. A 2018 draft law allows up to 100% of foreign investment in businesses, as opposed to the previous limit of 49% in most cases. The Heritage Foundation's Index of Economic Freedom awarded Qatar a score of 60 in the sub-index of investment freedom, compared to the regional average of 53. With regards to the ease of starting a business, Qatar is also far ahead of the regional



average as per the Doing Business 2019 index of the World Bank (rank 84 out of 190), although behind the OECD average. Starting a business in Qatar takes on average seven procedures and 7.5 days, and costs 7.1% of GNI per capita.

Following years of a construction boom all over the Gulf region, steel prices are now controlled by the government to protect local steel producers. Gas prices at petrol stations are still among the lowest in the world, thanks to massive governmental subsidies. In January 2016, fuel subsidies were reduced and prices rose by 30%. Though by January 2019, prices had fallen substantially to about \$0.40 per liter. Subsidies were raised again due to the damages of the blockade. Informal labor is almost nonexistent among Qatari nationals, but remains a serious issue for low-skill migrant workers, mainly coming from Asia. Many work in servile conditions with tacit official approval. The country's currency, the Qatari riyal (QAR), is freely convertible into other currencies.

There is no estimate of informal labor available. Though Qatar's shadow economy (defined by Friedrich Schneider as "those economic activities and income earned that circumvent government regulation, taxation or observation") is estimated to have contributed to about 16% of GDP over the period 1991 to 2015.

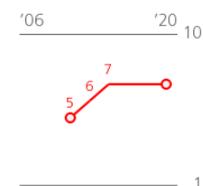
In 2006, Qatar issued law no. 19 entitled "Protection of Competition and Prohibition of Monopoly Practices." This competition law introduced a new regime of jurisprudence to Qatar, largely in response to obligations created by multilateral trade agreements and World Trade Organization requirements. Applying to all private business activities, the competition law aims to achieve a level playing field for business competition, and to create a more open and transparent business environment. The law forbids collusion, mergers and abusive conduct, which would result in dominant market positions.

However, the competition law does not apply to governmental activities or state corporations. State entities still enjoy a monopoly in many sectors, such as transportation, petrol retail, and meat and livestock. Over the last few years, there have been steps to reduce the number of monopolies. For example, an amendment to the 2002 law on organization of work of commercial agents was introduced in 2016 to curb monopolistic practices.

Law 19/2006 also established a "Competition Protection and Anti-Monopoly Committee" within the Ministry of Economy and Commerce, which has been active since 2008.

Competition policy

7



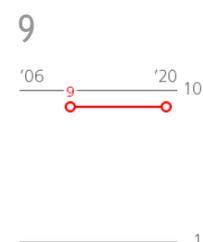
Qatar became a member of the World Trade Organization (WTO) in January 1996 and, on the whole, has been complying with its obligations under the provisions of the regulations. It has pursued reforms to improve the entrepreneurial environment and broaden its economic base beyond oil and gas. Qatar opened up its trade sector early on and developed its status as a regional financial hub. So far, Qatar has not been involved in any trade disputes that needed to be settled under the WTO scheme, but the import of religiously and politically sensitive goods (e.g., pornographic materials, narcotics and pork products) can be and have on occasion been prohibited. The last WTO Trade Policy Review (April 2014) acknowledges Qatar's plans to reduce entry barriers and liberalize services, and the progress Qatar has made in improving customs clearing procedures.

As a member of the GCC, Qatar is also a signatory to the organization's Free Trade Agreement, although much of this trade has collapsed due to the blockade imposed by some GCC members. To compensate for the losses resulting from the blockade, Qatar has strengthened its efforts to gain new trading partners and develop its trade-based economy. It has turned toward Asian markets (e.g., Japan, South Korea, China and India), which now make up 56% of its trade. Between the first quarter of 2017 and first quarter of 2018, trade with Iran multiplied by a factor of six. A preferential trade agreement was signed with Turkey in early 2018, negotiations with the United States and Japan are underway. In 2018, 89% of the country's GDP was produced by trade. According to the World Bank's Doing Business Report 2019 and the Index of Economic Freedom of the Heritage Foundation, Qatar's openness to trade is higher than the regional and global average and has been rising over the last few years. Apart from the diversification of trading partners, this trend was caused by the opening of the new Hamad port and a drop in the country's average tariff rate from 4.1% to 3.4%. Non-tariff barriers remain low.

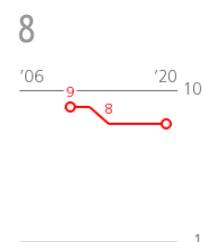
The Qatari banking system is resilient and profitable, although profitability is slowly declining as in other Gulf countries. Economic pressure due to low oil prices and especially the blockade caused a significant outflow from the Qatari banking system, which has since been rolled back. International observers (e.g., the IMF in a May 2018 report) view Qatar's banking system as resilient to external shocks. The report characterized Qatar's commercial banks as "profitable, liquid, and well capitalized." Qatar's rating outlook, which had been downgraded to "negative" in the wake of the crisis in mid-2017, was returned by Moody's and S&P to "stable" at the end of 2018. Among the reasons for the re-establishment of the positive rating was the effective mobilization of funds from the central bank's reserves and the sovereign wealth fund's foreign assets, which preserved financial and macroeconomic stability. Despite a slight increase to 1.5%, the non-performing loan ratio remains low. New investment laws have also served to attract more foreign investment in banking.

The Central Bank of Qatar and the Qatar Financial Center Regulatory Authority are responsible for supervision of the financial markets. Meanwhile, the central bank

Liberalization of foreign trade



Banking system



established in August 1993 is directed jointly by 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. Branches of international banks, such as HSBC, operate in the country. The largest private bank is Qatar National Bank (QNB), though its share of the national market has been shrinking because of stiff competition and aggressive policies by its competitors.

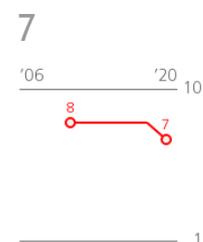
8 | Monetary and fiscal stability

Actual and predicted inflation in Qatar has fluctuated in recent years due to oil price volatility and geopolitical circumstances. In 2017, inflation fell to a low of 0.9% from 2.7% in 2016. As late as October 2018, the IMF predicted an inflation of 3.8% for 2018, but actual inflation remained between 0.5% and 1% in 2018. Forecasts for 2019 vary between 1.9% (Standard Chartered) and 5.1% (J.P. Morgan Securities). QNB has forecast an increase in inflation to 1.9% in 2019, basing its prediction on the expected introduction of the VAT in 2019 (although this has since been postponed). On the other hand, in its Economic Outlook 2018 – 2020, the Ministry of Development Planning and Statistics (MDPS) has forecast a surge in the inflation rate to 2.5% in 2019 and to 2.6% in 2020.

A major recent driver of inflation has been the blockade, although the impact of the blockade has been ambiguous. While the blockade has led to a price explosion in imported goods, its effect was dampened due to Qatar's swift action to find alternative trade routes and import partners, and a fall in prices for housing, hotels and entertainment as many high-income expats left and tourists from the blockading countries stayed away. Other drivers include rising domestic energy costs, and changes in global food and commodity prices, which affect domestic prices due to the pegged exchange rate. However, the effect of the exchange rate mechanism on the inflation rate in 2018 seems to have been limited, as the effects of price hikes and falls largely balanced out. Because of the peg, monetary policy is effectively emasculated.

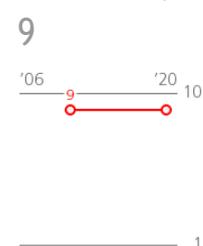
As the IMF Economic Outlook from April 2018 emphasized, Qatar's monetary policy will gradually tighten in tandem with the United States. Although Central Bank Law 13/2012, in effect since January 2013, increased the central bank's supervision prerogatives, the central bank's legal independence is compromised by the fact that its governor, Abdullah bin Saoud Al Thani, is a member of the emir's family. Nonetheless, the Funk Political Risk Index estimates Qatar's risk for currency restrictions to convertibility and capital control as 33.3%, significantly below the risk threshold of 40%.

Monetary stability



After one and a half decades of budget surpluses, Qatar produced two budget deficits in 2016 and 2017, namely 9.2% and 6.6% of GDP, respectively (IMF data). The budget deficits were due to a collapse in hydrocarbon prices and the blockade. The budget returned to surplus in the first three-quarters of 2018 and is projected to amount to 3.3% of GDP overall in 2018. Total reserves minus gold fell to about \$13.7 billion in 2017 due to the crisis, but have now recovered to an estimated \$29.1 billion in 2018 (as reported by the World Bank); gold reserves fell to \$1.02 billion in August 2017, but recovered to \$1.72 billion in late January 2019. While rising hydrocarbon prices helped achieve this positive outlook despite regional conditions, prudent government spending policy also contributed. Furthermore, while public debt rose from 48% of nominal estimated GDP in 2016 to 49% of GDP in 2017 to 56.2% in 2018 and is expected to stay at this level in the short- to medium-term, Qatar's Ministry of Finance has pledged to reduce public debt to 36% of GDP over the next four years. A 2018 IMF report considered Qatar's public debt to be sustainable given the estimated size of Qatar's sovereign wealth fund. In 2018, international rating agencies returned Qatar's rating to "stable" due to the expected low hydrocarbon break-even price for Qatar, which is deemed to be sustainable based on government's efforts to balance the budget. The government's fiscal stance is reasonable due to the expected halving of the country's capital spending on projects related to the 2022 FIFA World Cup.

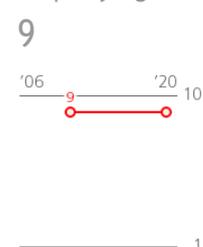
Fiscal stability



9 | Private Property

No single codified source of property law exists 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 legislation which loosened restrictions on foreign ownership of property. Under the new law, nationals from GCC member states were allowed to own property in Qatar under certain conditions. 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 located in specific investment zones, such as The Pearl and West Bay. In 2016, Qatar introduced reforms enhancing the transparency of land registration. The country ranked 20 out of 190 countries, having climbed six places since last year, in the "registering property" category of the World Bank Doing Business 2019 index.

Property rights



Qatar National Vision 2030 puts the performance of Qatari companies center-stage. The privatization of parts of the telecommunications and utility sectors in the last years have been praised by Qatari businessmen as boosting the efficiency of the economy. A new 2018 draft law is intended to remove limitations on foreign investment, which was previously capped at 49% in many business sectors. Foreigners can now own up to 100% of enterprises.

To strengthen SMEs in the country, the government has cooperated with banks to ensure better access to funds and lower the risk for banks, resulting in, for example, the al-Dhameen program, an indirect lending initiative launched by Qatar Development Bank. Abolishing the requirement for a bank account and easing access to credit information raised Qatar's ranking for the "Starting a Business" indicator from 89 in 2018 to 84 out of 190 countries in 2019 in the World Bank's Ease of Doing Business index.

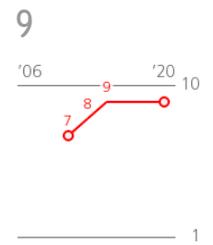
Privatization sometimes proceeds at an uneven pace. Qatar Airways was nationalized following the succession of Emir Tamim in June 2013 but Qatari authorities have since hinted that Qatar Airways will be privatized in the coming years. It must be mentioned, given the monopoly exercised by members of the royal family, the distinction between private and public for large-scale projects is superfluous.

10 | Welfare Regime

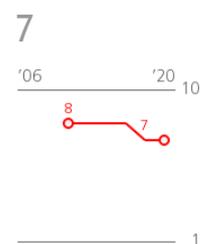
A significant drop in hydrocarbon revenue since 2014 and the impact of the blockade has stressed the extensive social welfare schemes that are in place for Qatari citizens. Nevertheless, in light of the recovering economy, overall social spending remains generous and no one pays income tax. While the introduction of a VAT has been delayed, a "sin tax" for certain consumption goods has been introduced for 2019. Health care, education, water, electricity and housing grants are free. Qatari students choosing to study abroad can apply for grants from the Higher Education Institute. Eligible nationals can get basic food items such as rice and sugar for their families at subsidized prices.

Qatar's public health care system has significantly improved over recent years. According to the 2018 Legatum Prosperity Index, Qatar's health care system ranked 5 out of 149 countries worldwide and the best in the Middle East. Life expectancy at birth is 78.3 years, the highest in the GCC. Basic health care is provided by the state through the Hamad Medical Corporation, which runs several clinics and specialized hospitals, and has expanded over the last few years in response to population growth. Their services are free of charge for citizens, while other residents are obliged to pay a small amount to be eligible for treatment. Resident cancer patients have been treated for free since 2018. In recent years, institutions have been established to support low-income families and disabled individuals through education and job training programs. The government also launched a National Health Strategy 2018 – 2022,

Private enterprise



Social safety nets



prioritizing public health care, which is reflected in government spending. The budget for 2019 foresees 10.9% of public expenditure to be spent on health care, a steep rise from 2.2% in 2014, and already forecasts made for 2020 in terms of nominal spending.

Still, due to the economic situation, efforts to introduce taxation and curb some of the extensive government spending by lowering or eliminating subsidies are notable. Since 2015, Emir Tamim has repeatedly driven home the message that the government can no longer “provide for everything” and that the nation of “simple social welfare policies” must transition to “a proactive state” by empowering citizens. Among the measures taken were subsidy cuts resulting in higher utility rates, gasoline prices and postal services costs, increased for the first time in eight years. The NDS 2018 – 2022 emphasizes cutting expenditures and streamlining the welfare state, while completing all planned projects for the 2022 FIFA World Cup on time.

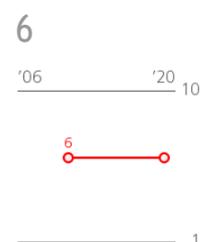
Because the social contract is designed to ensure political loyalty and support in return for comprehensive welfare for nationals, there has been little internal pressure on the government to carry out structural reforms of the welfare regime. Ironically, the blockade caused the national population to rally behind the country’s leadership and enhanced the public’s willingness to make sacrifices. Consequently, price hikes resulting from higher gasoline and imported goods prices have so far had only a limited impact on public morale and support for the emir. In a SESRI survey on the blockade conducted in November 2017, over 72% respondents described the changes in prices as insignificant or even claimed there had been no price changes at all.

Nonetheless, the spending cuts will likely disproportionately affect non-citizens, as the regime seeks to minimize the effects felt by citizens. This approach was visible during previous austerity campaigns. The distinction between Qataris and non-citizens is most stark in the welfare sector, given that the vast majority of foreigners who reside in the country are excluded from most welfare benefits, although foreigners do benefit from general subsidies for residents (e.g., gas, water and electricity subsidies).

Article 19 of the constitution provides for equal opportunity for all citizens and Article 35 enshrines gender, racial, linguistic and religious equality. Due to the overwhelming presence of male expatriate workers, mainly in the construction sector, the population of Qatar was over 75% male according to the General Population and Housing Census as of December 2018. Due to extreme gender imbalance only 13.7% of the total working population is female. However, the high gender inequality index is rooted in societal and cultural practices rather than in demographic imbalance or discriminatory legislation (with some exceptions). According to a report by Al Masah Capital Limited issued in August 2016, 6% of Qatari women own their own business, more than in other Gulf countries.

However, Qatari women hold only 7% of legislative, senior official and management positions in Qatar, less than their counterparts in most neighboring states. Labor force

Equal opportunity



participation is still significantly lower for women (58.5%) than men (88.5%), although the trend is converging slightly. The gender gap in employment is less pronounced in the private sector and is slowly diminishing.

There is no gender discrimination in education. On the contrary, the proportion of Qatari women enrolled in secondary and tertiary levels of education exceeds that of men. More importantly, about two out of every three students enrolled at the tertiary level are females. Many factors explain this phenomenon. First, a significantly higher percentage of male students are allowed by their parents to pursue their studies outside the country. Second, staying in the education system may also be a way to avoid undesirable and early marriage, which is increasingly perceived by educated women as the end of personal freedom. Men, however, apart from having comparatively lower levels of college preparatory skills, are more likely to join the public sector, which requires only a secondary school diploma. Gender-segregated education may have boosted female educational enrollment at all levels as well, as some parents would not have allowed their children to enroll in coeducational institutions. While Qatar University remains gender segregated, the new foreign campuses in Education City are coeducational. However, enrollment of Qatari nationals at all branch campuses is a fraction of the total enrollment of Qatari nationals at Qatar University.

There are no legal obstacles for political participation for women, but Qatar is still a male-dominated society when it comes to political participation. Only three women have been appointed to the cabinet and the only ministry currently headed by a woman is the Ministry of Public Health, which is led by Hanan Mohamed Al-Kuwari. A dismal 0.1% of municipal council seats are occupied by women, although two out of five women who ran for election in one of the 130 seats of the Central Municipal Council in May 2015 succeeded. In November 2017, Emir Tamim for the first time appointed four women to the Advisory Council. A woman, Alya bint Ahmed al-Thani, serves as the Permanent Representative of Qatar to the United Nations.

While most of the gender discrimination is rooted in culture, discrimination based on nationality and citizenship status is legally sanctioned and actively encouraged. As part of the Qatarization process, companies operating in the country are obliged to recruit nationals to meet government targets, although these targets are rarely met in practice. The kafala system has been heavily criticized, especially since the country has been in the international spotlight due to the 2022 FIFA World Cup award. The kafala system, which governed relations between foreign employees and Qatari employers, was officially “abolished” in 2016. However, in practice, there has been little substantive change in the kafala system, as the system was renamed an “employment contract.”

11 | Economic Performance

Qatar has the third largest proven natural gas reserves in the world behind Russia and Iran and is highly dependent on hydrocarbon sector for 80% of its export earnings and 90% of government revenues. Though both took a hit in recent years due to the collapse in hydrocarbon prices, which led to Qatar's first budget deficit in one and a half decades. While the Saudi-UAE-led embargo affected non-hydrocarbon imports, a 2017 IMF report found little impact of the blockade on the hydrocarbon sector. Given the heavy dependence of the economy on hydrocarbon exports and the availability of substantial financial reserves, Qatar's economy proved resilient, and GDP grew by 1.6% in 2017, 2.6% in 2018 and is forecast to rise further over the coming years. While annual growth rate of per capita GDP was -1.38%, and -1.1% in 2016 and 2017 respectively, GDP per capita in PPP terms has remained fairly stable, increasing slightly from \$127,648 in 2015 to \$128,374 in 2017, despite a slight decrease in 2016 to \$127,497. The fiscal budget returned to a surplus in 2018, equivalent to about 3.3% of GDP. After relations with some of its most important trading partners broke down, Qatar quickly rerouted trade and secured a 129% rise in the trade balance in October 2018 compared to the previous year.

The unemployment estimate is negligible. Having a small population with abundant resources enables the government to create jobs in the public sector (often not requiring a college degree) that offer enormous perks, high salaries, less competition, job security and prestige. This significantly reduces incentives for Qataris to work in the highly competitive private sector. At the same time, the country is promoting private sector growth and opening the economy to international companies.

Tax revenue accounted for 26.4% of GDP in 2017 and is expected to rise following the planned introduction of VAT. Inflation fell to near stagnation levels at 0.9% in 2017, and between 0.5% and 1% in 2018, although it is expected to pick up in 2019.

The growth of non-oil revenue picked up in 2018 compared to pre-2017 levels at 5.2% and is expected to rise further. Most forecasts depend on the expected introduction of taxes, particularly VAT (which was initially announced for 2018, but has been delayed since) and the "sin tax" (applied to sugary drinks, tobacco and other consumption goods associated with negative public health outcomes). Qatar launched the General Tax Authority (GTA) as part of the Ministry of Finance in January 2019 as the authority for tax collection and compliance.

Output strength

9



1

12 | Sustainability

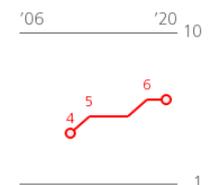
Qatar has a long way to go to achieve a sustainable environmental policy, but there is growing awareness of environmental problems within government and society. The National Development Strategy 2018 – 2022 places a strong emphasis on sustainable development. Qatar aims to reduce its carbon footprint by 2030 and plans are underway to achieve this. Qatar ranked 32 out of 180 countries in Yale University’s Environmental Performance Index 2018 and has shown substantial improvements, especially in the management of air pollution and carbon dioxide emissions. From 2011 to 2016, Qatar improved the waste ratio for desalinated water, cutting it from 30% to 10%. Improving the public transportation system with a state-of-the-art metro rail network is another initiative that is expected to limit environmental pollution.

The government supports initiatives and research that aim to curb consumption, such as the project to develop heat absorbents launched in early 2016 at Qatar University. Despite this progress, Qatar has one of the highest ecological footprints in the world. This is not only due to the hydrocarbon overabundance per se, but also to the use of fossil fuels for electricity generation, water desalination, natural gas processing and general wasteful consumption. As citizens enjoy free water and electricity, both are often wasted, and the low fuel prices worsen the situation. A rise in utility prices for expats has done little to alleviate this problem. To curb the immense water consumption (among the highest in the world per capita), the fine on wasting water was doubled in late 2015 to a maximum of QAR 20,000 (about \$5,500) and QAR 10,000 for unnecessary external lighting.

The Ministry of Environment, the Qatar Foundation and the national power and water company, Kahramaa, have initiated campaigns to raise environmental awareness and incentivize environmental protection (e.g., the “Qatar Today Green Award” and “Qatar Sustainability Week,” held for the third time in autumn 2018, and the Tarsheed (Guidance) campaign. However, there is still a long way to go. A 2018 survey on environmental protection and energy consumption by the Qatar Environment & Energy Research Institute (QEERI) found that only 3% of respondents stated that they would try to repair objects before buying new ones and more than half of respondents didn’t recycle at all. The ratio differed greatly by gender and social group, with Qatari men being the least likely to recycle (29%) and non-Qatari women the most likely to recycle (59%).

Environmental
policy

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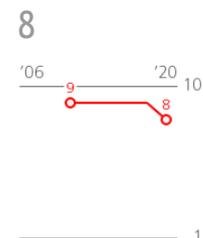


Qatar aims to be a leader in higher education and scientific research both regionally and internationally and continually raises its investment in the sector to transform the resource-rich nation into a knowledge-based one. The overall literacy rate is almost 98%. However, the budget crunch also affected the education sector and government plans to double annual spending by 2020 have been put on hold. Indeed, the share of spending on education as a proportion of the total budget dropped from a whopping 12% in 2014 to 2015 to 10.4% in the 2017, and to 9.3% in 2018 and 2019. R&D expenditure has not changed significantly over recent years and hovers at a low 0.5% of GDP. Education is also one of the sectors designated for greater private enterprise. Mainly because of the decreasing share, the Global Innovation Index 2018 ranked Qatar only 78 in education and 66 (up from 71 in 2016) in R&D out of 126 countries. However, Qatar is ranked 10 for tertiary education. Similarly, the Global Competitiveness Index 2018 ranked Qatar 56 out of 140 countries in R&D and 66 in terms of R&D spending.

The leadership has sought international assistance to formulate educational reform policies and to set up new academic institutions and research centers. Private schools play a minor role, but are growing in importance as 63 new private schools were approved for the 2017 to 2018 academic year. Currently, eight international universities (American, French and British) and one Qatari university have campuses in Education City. Some Qataris question if the standards of the foreign “branch” universities are equal to the original universities, and also whether the high cost of these universities is worth the price for the relatively small number of Qatari attendees. 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. Another issue is that the level of graduates, especially in the scientific and mathematics fields, is often found wanting.

The “Qatar Science and Technology Park,” another Qatar Foundation project opened in July 2004, currently hosts 48 world-class companies involved in scientific research and development. The foundation has also financed the Sidra Medical and Research Center, the country’s first academic medical center, which became fully operational in 2018. Qatar Foundation has launched a new online database of Qatar’s research resources to enable sharing data and access.

Education policy /
R&D



Governance

I. Level of Difficulty

Structural constraints on governance are virtually nonexistent. The budget surpluses have been so huge they could easily offset the extremely hot climate and lack of agricultural land, forests and water. The deficits of recent years have not seriously hampered management ability. Poverty (among citizens) and widespread pandemics are still unheard of in this tiny Arab Gulf state. As in previous years, the U.N. World Risk Report of 2018 continues to identify Qatar, out of 172 countries worldwide, as the least vulnerable country to natural disasters. The only external constraints are low hydrocarbon prices and the blockade. It is too early to fully quantify the impact of the blockade, although it may prove to be a blessing in the long run in so far as it has pushed Qatar to diversify its imports, created domestic investment opportunities, and (potentially) created the political support that would enable the ruling regime to carry out structural reforms.

Traditions of civic engagement in Qatar are underdeveloped, even by the Arab Gulf standards. Qatar went from a tiny peninsula filled with small fishing villages to an economic powerhouse in only a few decades, all under the leadership of one family without contention from any other power center, such as the merchant class in Kuwait. This meant that traditions of societal negotiation could not develop over time and different strata of society did not form traditional habits of interaction apart from neo-patrimonial patronage relations common in the Gulf. Though the Qatar National Vision 2030 calls for “strong and active civil society organizations,” little has changed on the ground. In fact, the country’s only associations are sponsored and run by either the government or quasi-governmental organizations. Still, the rally-around-the-flag effect induced by the blockade has brought citizens closer together and will probably have a formative effect on Qatar’s emerging civil society.

Unlike the neighboring state of Bahrain, marked by sectarian violence and social tension between Sunni and Shi’a factions, Qatar’s native population is highly homogeneous and lacks any 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 Hanbali Muslims, many Qataris hold strong negative opinions about Shi’a. The Global Peace Index consistently ranked Qatar as the most peaceful Arab state, until 2017. Yet, even after Qatar dramatically fell 26 places in the global ranking, due to the tensions with its neighboring states and heightened weapons exports, Qatar is still ranked 31 out of 163 countries globally. Violence is not a serious issue in the country. Even divisions between non-citizens and Qataris, important as they are from a socioeconomic perspective, are overwhelmingly nonviolent.

Structural constraints

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Civil society traditions

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Conflict intensity

2

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II. Governance Performance

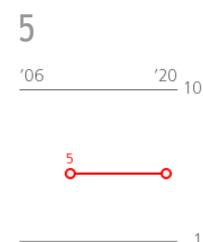
14 | Steering Capability

Given the economy's reliance on the hydrocarbon sector and the limits of those natural resources, there is a general consensus among Qatar's ruling elite that the country needs a long-term strategy. In recent years, this need has gained urgency following the hydrocarbon price shock and the blockade, which drove home the need for greater economic autonomy and diversification. Qatar National Vision 2030 enshrines such long-term strategic priorities. Diversification, in terms of creating a knowledge-based economy, is its core aim and has received even greater urgency in the shorter-term five-year plans (the most recent being the National Development Strategy 2018 – 2022). Qatari authorities, especially the emir, have sought to strike a balance between modernity and tradition. Yet, the government's long-term strategic aims do not include a transformation toward democracy.

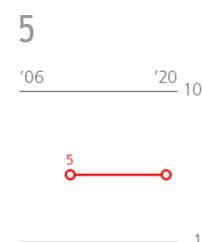
Since the state is an absolute monarchy, the small governing body is unrestricted in implementing its policies. Tiny steps have been taken toward achieving liberalization by transforming the current system into a constitutional monarchy, but these attempts are still in the early stages and very limited. Public opinion on controversial issues like alcohol sale has forced the government to change its policies. Qatar's regional ostracism since mid-2017 (primarily) focused efforts on promoting economic self-sufficiency. The diversification of the economy is an ongoing process. In a dramatic move to refocus the economy away from oil exports, Qatar announced in December 2018 plans to withdraw from OPEC by January 2019 and concentrate more on natural gas production. The 2022 FIFA World Cup award redirected the government's development priorities. Consequently, several the goals included in the government's last five-year-plan (2011 – 2016) were not achieved. Though the government has declared its determination to implement the current plan (2018 – 2022), the repeated postponement of the government's pledged reforms (e.g., the national elections to the Advisory Council, reform of the kafala system and the introduction of a VAT) have created doubts about the government's intentions. However, potentially painful policies that the government has prioritized, such as the massive expenditure cuts announced in the wake of the oil price crisis, have been swiftly implemented for the most part. Even the kafala system has seen some improvement in the last few years.

Question
Score

Prioritization



Implementation



Qatar has shown considerable resilience in the face of the turmoil resulting from the Arab Spring uprisings, the crumbling of Qatar's overlarge foreign policy ambitions and the associated regional fallout, and declining hydrocarbon revenues. Qatar has curbed its tendency to punch above its weight in foreign affairs. Qatar's response to the blockade by the quartet of neighboring countries has demonstrated a potential for policy learning and flexibility. Instead of seeing its heavily import-dependent economy suffer due to the cutting of vital trade links with its neighbors (e.g., Saudi Arabia and the United Arab Emirate), Qatar refocused its efforts on promoting economic self-sufficiency, and establishing new trade partnerships (especially with large Asian countries) and expanding existing partnerships (e.g., with Western states, Turkey, Iran and Pakistan). For example, Baladna, a Qatari company, has developed its dairy production business from scratch and can now meet almost the entire domestic demand for dairy products. Qatar plans to establish industries to meet 70% of its domestic food demand over the next two years. Before the blockade, practically all food and drink had to be imported, with 40% of imports entering Qatar over the Saudi land border, which is now closed.

In general, both domestic and international agencies are consulted during policy-making. Most of new reforms are based on research and thorough consultation, and public evaluations of previous development plans have taken place prior to the introduction of new plans. Local elected bodies so far have limited power to make enforceable decisions, but given the current political structure, powerful individuals can influence policy formulation and implementation.

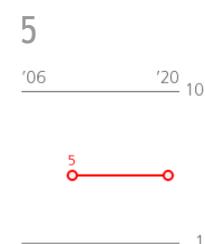
15 | Resource Efficiency

The blockade has sharpened the need for efficiency in Qatar. The new NDS for 2018 to 2022, released in March 2018, calls for a more self-reliant and efficient economy (in terms of food and energy production), and has pledged to shrink government spending to about 21.2% of GDP instead of over 32.6% of GDP in 2015, despite major ongoing infrastructure projects. Though peak construction for the 2022 FIFA World Cup has probably been reached, with construction of football stadiums completed and the metro system expected to be finished by 2019. In 2018, however, the country was spending \$500 million each week.

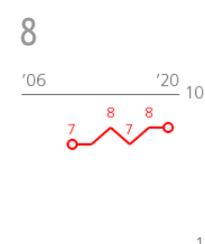
Diversification and Qatarization of the economy remain central to the National Vision 2030, although there is still a long way to go. Prior to 2016, budget surpluses were the norm and debt, while on the rise, was at manageable levels. Since 2016, Qatar has run a series of deficits. Though, despite the economic hardship caused by the blockade, these recent deficits have shrunk, and Qatar is forecasted to achieve a surplus in 2019 due to higher hydrocarbon prices and the so-called "sin tax."

International tenders are called to use the funds efficiently. Electronic systems are being implemented for public administration. Wasteful use of energy and resources

Policy learning



Efficient use of assets



has been identified as a major problem and fees for wasting water and electricity have been raised significantly. The oil price shock since 2015 has catalyzed attempts to promote bureaucratic reform and reduce the size of ministries and state-funded institutions. An overhaul of the court system included technological upgrades to enhance efficiency (e.g., the introduction of SMS notifications of upcoming court dates and the digital archiving of case materials).

Given the tiny size of the territory and the small population, Qatar's centralized structure is usually effective at implementing policies. While the most recent World Bank's Governance Indicator (2017) only rated the quality of Qatar's "government effectiveness" as mediocre, the government has managed the Qatar crisis surprisingly well, clearly defining and modulating common policy goals. Indeed, the regime has largely succeeded in balancing the interests of citizens and external pressure from the international community.

Most government departments, if not all, have a functional and user-friendly electronic system in place. The government functions are well institutionalized, thus minimizing possible policy conflicts.

Qatar has initiated more anti-corruption reforms than most of its peers in the Arab world. High and regularly rising salaries combined with a moderate workload in the public sector play an important role in reducing the temptation for corruption. This has been helped by the slimming down of the bureaucracy following government spending cuts, which resulted from falling hydrocarbon revenues. Qatar's immersion in the global economy has also forced it to adhere more rigorously to international anti-corruption standards. 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 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. In 2015, the public prosecution office launched a campaign to encourage whistleblowers who witness bribes and embezzlement to come forward.

However, as a 2014 anti-corruption country report co-financed by the European Commission clearly states, while Qatar may engage in good practices, there is a lack of transparent infrastructure and a high degree of political interference. The head of the Audit Bureau is appointed by the emir and the reports of the body are not made public. The National Committee for Accountability and Transparency, established in 2007, does not even have a contact address. Laws to protect whistleblowers, anti-corruption watchdogs and non-governmental anti-corruption agencies are practically nonexistent. Furthermore, reports from 2018 accuse Ali Bin Fetais Al-Marri – Qatar's attorney general and chairman of the Rule of Law and Anti-Corruption Center

Policy
coordination

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Anti-corruption
policy

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(ROLACC), an international organization founded in Doha – of illicitly gaining property.

While there is a high degree of disapproval in society toward bribery, “wasta” – patronage and nepotism leading to personal gains – is not viewed as corruption. On the contrary, social and tribal relations are viewed as central to maintaining the social fabric. Maintaining confidence and secrecy is very important in these transactions.

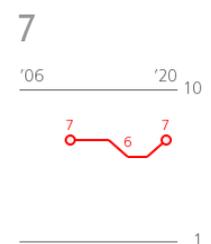
The ruling Al Thani family is immune from persecution, a view confirmed by the Court of Appeal’s 2015 overturning of the unprecedented 2013 conviction and six-year sentencing of Ali bin Jassem Al Thani and five others for involuntary manslaughter in the case of the 2012 Villaggio Mall fire disaster.

16 | Consensus-Building

Given Qatar’s status as an absolute monarchy, while lip service is often paid to democracy, true democratization is not sought by the country’s leaders, although consultation forms an important part of the political culture. Reforms are initiated by the ruling family, mainly in a top-down manner by the emir and some key family members. Though expression of public discontent with the Al Thani regime is rare, there has been some grumbling following the failure of Qatar’s ambitious foreign policy and the negative publicity in the aftermath of the award of 2022 FIFA World Cup. Also, Islamists and conservatives have criticized certain reforms, such as selling alcohol and the empowerment of women. While regular surveys among citizens yield high levels of support for democracy, they also show high levels of support for most government institutions, indicating a general interest in having a stake in the country’s future rather than a specific interest in reshaping political institutions in the monarchy. Given the prevalence of or preference for falsification in autocratic societies, the validity and reliability of these surveys should be taken with a grain of salt.

Qatar’s economy is getting more and more integrated into the global economic system. The leadership is well aware that the current rentier economy will not last forever. Thus, reforms are underway to drive the market into a more mature stage, and the country’s efforts are acknowledged and praised by actors such as the IMF. Political leaders and the business class (in the absence of political parties and civil society organizations) support such reforms as long as they do not hurt the privileges of the citizen population. The blockade, seen as an illegitimate intrusion by foreign powers into the country’s affairs, has brought Qatari society closer together and reinforced the existing consensus on the direction of the country.

Consensus on goals



While local religious ulama play no particular role in Qatar (unlike in Saudi Arabia or Iran), traditional tribalism and kinship loyalties are still important to many Qataris. According to a 2015 SESRI survey, 99.5% of Qataris consider themselves socially conservative. There is no consolidated group of reformers outside the ruling system and, given the high standard of living enjoyed by most Qataris, it is unlikely that public pressure for democratization will increase. This situation has become even more pronounced since the emir gained even more popularity following his management of the blockade crisis. However, the current blockade has also fostered a greater sense of “citizenship” among many Qataris and an increasing popular feeling that it might be crucial for Qatar to take its fate in its own hands. However, even if this continues, demands for change would be careful and gradual, at best.

Surrounded by countries with massive sectarian cleavages, Qatar has been able to consolidate its citizens into one group irrespective of their religious orientation and the process of nurturing a cohesive national identity has been catalyzed by the external pressure brought on by the Gulf crisis. 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. Social- or cleavage-based conflicts are hence mostly unknown in Qatar.

The only real concern is the poor treatment of low and semi-skilled migrant workers, repeatedly highlighted by human rights organizations and labor unions. Since migrant workers are not regarded as a regular part of the body politic, this issue is not regarded as a societal cleavage and there are few incentives to improve the situation of the workers, except for international pressure which has led to some improvements in the conditions of foreign workers.

In the absolute monarchy of Qatar, the importance given to civil society is minimal. But due to growing international pressure, Qatar would like to be seen to be relaxing (and has promised to relax) its restrictions on civil society organizations. However, a 2013 Civil Society survey commissioned by the Qatari National Human Rights Committee did not find evidence of any official encouragement of civil society activities. On the contrary, it highlighted the lack of cooperation and coordination between CSOs and government institutions. In fact, respondents most often cited the closed policy process as an obstacle to their work, as well as insufficient knowledge of the political process. A 2016 report by the Gulf Center for Human Rights affirms that civil society organizations are only tolerated in non-oppositional forms with special restrictions on non-nationals.

Anti-democratic actors

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Cleavage / conflict management

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Civil society participation

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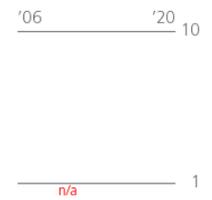
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As punishment for their presumed involvement in a 1996 coup attempt, more than 5,000 members of the al-Murrah tribe were temporarily stripped off their Qatari citizenship in 2005. It was returned to all but 200, including members of the al-Ghufran clan who 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. Twenty-one members of the al-Murrah who were in prison since the coup attempt, were pardoned in 2010 and flown to Saudi Arabia. Apart from this, no major historical injustices have happened in the modern history of Qatar.

Reconciliation

n/a

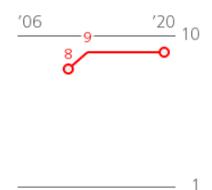


17 | International Cooperation

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. Several international top universities have been invited to open campuses in Education City, schools and health care services have been revamped with international expertise (although the results sometimes face stark criticism).

Effective use of support

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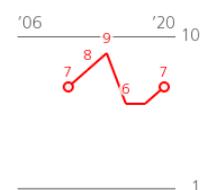
Moreover, the multi-billion dollar infrastructure projects underway in the country, including the ambitious Doha metro system and a new railway system meant to connect Qatar to other GCC countries, have been awarded through international tenders, bringing renowned international companies to the country (e.g., Samsung, Hyundai and Deutsche Bahn).

While the country welcomes technical and financial cooperation that it seeks actively, it is wary of external influence perceived as thrust upon it from the outside, especially in the political realm (e.g., pressure for labor and human rights reforms as well as the pressure from the blockading countries). On the other hand, in response to the blockade, Qatar efficiently leveraged international help, especially from Iran and Turkey, which jumpstarted the development of a domestic dairy industry, and swiftly replaced goods formerly imported through Saudi Arabia and the United Arab Emirate.

Credibility in the economic and financial realm is stable despite the regional crisis, with international rating agencies returning the country's rating to "stable" and international organizations (e.g., the IMF) declaring Qatar's economy to be resilient. In contrast, Qatar's credibility in the political realm, both in foreign and domestic politics has suffered since it came into the spotlight in the wake of the Arab Spring, since 2011, and the approval to host the 2022 FIFA World Cup.

Credibility

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While the uprisings were perceived as a chance for regional engagement by Qatar, its actual engagement damaged its long-established credibility as an honest broker in the

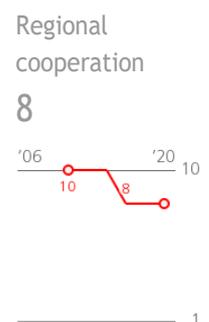
international community. Another victim of the policy shift has been al-Jazeera. Once the most influential and trusted news outlet in the Arab world, it is now widely perceived as having a sectarian bias and not being critical of the Muslim brotherhood, although the news outlet remains popular. Since 2011, al-Jazeera has been more firmly and explicitly tied to the ruling family following the replacement of its previous director with a member of the ruling Al Thani family, while its operations have shrunk due to recent budget cuts amid the country's economic crisis since 2015. Furthermore, the news outlet was attacked by the blockading countries, who demanded that al-Jazeera be closed down or at least restricted as a precondition for normalizing relations.

Domestic reforms have only ensued partially and slowly. Announcements of a long-awaited election to the Advisory Council were delayed once more by Emir Tamim until at least 2019, giving further credence to doubts about whether it will ever be installed. Strong international criticism of Qatar's human rights record relating to the treatment of its foreign workers, fueled by the media focus following the 2022 FIFA World Cup award, produced only slow progress. However, some changes in the kafala system have been implemented and further reforms are awaited. The International Labor Organization established a project office in the country in spring 2018 to assist with strengthening migrant workers' rights over the next three years, after acknowledging that the reforms so far introduced by Qatar represent initial steps in the right direction. Over the course of the Gulf crisis, Qatar has mostly kept its moderate course with frequent calls for reconciliation (in contrast to the hardline stance of the blockading countries), which has earned Qatar a reputation for being a reliable and resilient partner.

A founding member of the GCC, and a member of an array of international organizations, Qatar remains an important partner in the Gulf region although the disruptive effect of the Gulf crisis should not be underestimated.

Qatar maintained amiable relations with most of its neighbors for the better part of its existence. Border issues with its neighbors Saudi Arabia and Bahrain were solved by diplomatic means and, in the case of Bahrain, with the help of the International Court of Justice. Before the Arab Spring, Qatar was involved in resolving international disputes by hosting conferences and acting as a mediator in conflicts (e.g., in Sudan, Lebanon and Yemen). Qatar has tried to keep or establish good relations with all countries and political groups, including the United States, Iran, Israel, Hamas and Fatah in Palestine, and the Taliban in Afghanistan – an array of alliances that no other Arab state can claim.

Qatar co-owns the North Field gas field together with Iran and has strengthened its relationship with its controversial neighbor since its GCC neighbors closed their borders. However, its perception as an honest (and financially generous) broker was shattered with Qatar's involvement in regional affairs since 2011. While at the beginning, it was applauded by the international community for supporting rebels



fighting against autocratic regimes in Libya, Egypt, Syria and other countries and quickly overtook Saudi Arabia in its influence on regional affairs, the tables later turned.

Qatar was seen as biased toward Muslim Brotherhood-linked organizations across the region, with Qatar later pushed out of regional politics. Saudi Arabia and the United Arab Emirate quickly took over the reins and attempted to push Qatar into the position of a pariah state. When the crisis erupted in June 2017, the blockading countries accused Qatar of interference in their internal affairs, supporting terrorism, and maintaining excessively close relations with the Muslim Brotherhood (considered a terrorist organization by Saudi Arabia and the United Arab Emirate since 2014), Iran and Turkey. Consequently, Qatar's relations with other GCC countries dramatically deteriorated. Though Kuwait and Oman have refused to side with Saudi Arabia and the United Arab Emirate, and continue to provide mediation and arbitration platforms. Qatar subsequently withdrew their allegedly 1,000 troops from the Saudi-UAE-led coalition intervention in the Yemeni Civil War, named Decisive Storm. The unproven and strongly disputed allegations that Qatar has financed terrorism, combined with greater international scrutiny of the deplorable labor conditions in Qatar (highlighted by the upcoming 2022 FIFA World Cup) and corruption claims surrounding Qatar's 2022 FIFA World Cup bid led to a deterioration in relations between Qatar and the wider international community, especially Western states.

However, Qatar regained some credibility and sympathy due to its relatively measured approach to the recent crisis (in contrast to the histrionics of the blockading countries). Qatar also gained some regional influence by offering financial support to Lebanon and Gaza (although Hamas has so far rejected Qatar's offer of support for Gaza). However, reconciliation is not on the horizon and, due to the shifts in regional politics over the last few years, a return to Qatar's role as regional mediator, although desired and continuously pursued by the current government and the populace, is unlikely in the short to mid-term.

Strategic Outlook

The Gulf crisis has opened a window of opportunity for Qatar to undertake difficult structural reforms, as ironically the external pressure on the country has forced Qatari society to confront hard truths about the need to diversify the economy. This window might prove to be a historic chance to set the country on a more sustainable development path and enable the government to realize the goals set out in Qatar's National Vision 2030, namely to create a knowledge-based economy, diversify the economy and reduce dependence on the oil sector, achieve greater self-sufficiency, and become a leading host nation in the world and an example for its neighbors to follow.

There could hardly be a better time to execute unpopular policies, such as cutting subsidies and introducing more taxes (e.g., VAT). Qatarization efforts should be continued but are only meaningful if Qatari citizens are educated, conscious of the need to sacrifice a degree of their affluent lifestyles and empowered to take responsibility for their country's development. Prioritizing education and strengthening research and promoting awareness campaigns that address responsible resource management and wasteful consumption will be important.

This approach will need to be supplemented by policies that disincentivize wastefulness, and the economy's reliance on and exploitation of foreign labor. Possible examples include raising fees for water and electricity consumption, imposing stricter fines, strengthening workers' rights, and raising wages. Without a path toward citizenship, foreign workers will remain temporary residents with no stake in the overall well-being of the country. Once oil and gas revenues shrink, only a highly educated and competent homegrown workforce will preserve the high standard of living to which Qataris have become accustomed. Present efforts should be maintained and consolidated over the coming years, even if the current external pressure on Qatar eases. Qatar should recognize that its global image as a credible international partner is incompatible with the lack of labor rights in the country, a situation that undermines the country's reputation.

The unforeseen development of a Qatari national identity following the blockade, with a citizenry that is invested in the country's future rather than apathetic and apolitical might eventually lead to greater citizen participation in politics and a more active civil society. However, this should not be assumed to imply a greater tendency toward democratization in any meaningful sense.

In order to foster political development, Western partners should support any steps Qataris take in the direction of democratization while moderating the amount of pressure they place on Qatar to reform. Qatar is still a highly conservative and traditionalist society, and too much pressure to reform may be (and is already) seen as an excessive foreign interference and an imposition of foreign norms, which could provoke resistance and a rollback of the incremental reforms that have already been launched. Despite the burgeoning national identity, the social contract in Qatar is still largely based on welfare and a high standard of living provided by the government in return for popular acceptance and legitimacy of the monarchy and the Al Thani family. Many citizens

perceive themselves to be part of a vulnerable minority in their own state and rapid change without domestic demand might upset the balance. Therefore, a drastic step (e.g., the withdrawal of Qatar's 2022 FIFA World Cup hosting rights) at this stage would be sure to backfire, and likely feed national narratives of victimization and injustice. On the other hand, smaller penalties (e.g., the ILO warning that it may initiate a Commission of Inquiry) and incentive-based actions promise greater success.

On the regional level, Western countries should not cave in to pressure to partner with one side or the other. Instead, it should be a common priority to bring Qatar back together with Saudi Arabia and the United Arab Emirates and help reunify the Gulf region. The split in the Sunni block amid some of the most stable and economically viable countries in the greater Middle East has seriously destabilized the region, despite Qatar managing the fallout surprisingly well.