

JEWEL OF THE GULF

QATAR



left: Minister of Energy, Industry, Electricity & Water
H.E. Abdullah Bin Hamad Al-Atiyah
center: Minister of Foreign Affairs
H.E. Sheikh Hamad Bin Jabor Al-Thani
right: Governor of the Central Bank
H.E. Abdullah Bin Khalid Al-Attiya

Qatar, the tiny gas-rich emirate neighboring Saudi Arabia and Iran, is already the world's eighth richest nation but its far-sighted rulers eschew the temptation to become a rentier class, living off petrodollar investments but instead are successfully diversifying away from crude oil sales.

This fall Qatar (pop. Above 600,000) takes center stage in the global economy, hosting the World Trade Organization ministerial meeting, and in 2006 will stage the Asian Games, the biggest major sporting event ever held in the Gulf. "We are trying to be part of the globalization process," says Foreign Affairs Minister H.E. Sheikh Hamad Bin Jasim Bin labor Al-Thani. "We would like to make Qatar the jewel of the Gulf."

Sheikh Hamad's ambition is shared by other leading members of the dominant Al-Thani

Royal family who since the present Emir, H.H. Sheikh Hamad Bin Khalifah Al-Thani's accession in 1995, have created a world-class industry to exploit the world's third largest gas reserves after Russia and Iran.

For the Foreign Minister material wealth takes second place to human development, for which the essential conditions are political stability and the welcome offered to foreign investors. Added to this, Qatar is not only relatively crime free but lacks ethnic tensions, with citizen and expatriate living in harmony.

"First of all our policy is to educate ourselves and to build our home in the right way," says the Minister. "This we do by education and democracy, whilst not losing our culture and commitment to Islam." This caring conservatism safeguards Qatar's traditional family values but since 1995 women have got the vote, can stand for office and enjoy equal

rights with men. The Minister is a man with a mission – foreign investment.

"Our job is to help foreign investors whenever they need it," he says. "It's to promote Qatar, as the right place, the right environment and politically stable for their investments." Accordingly, Qatar's foreign policy is to work hard for peace and harmony. "We are trying to present Qatar to the outside world as somewhere that people like to visit," says Sheikh Hamad. "We want to set a good example of how a small country can develop itself in the right way."

Among the best examples of the public private partnership is the West Bay Lagoon Project where a government agency organized along private sector lines – the West Bay Lagoon Technical Office – is responsible for developing a six sq. km area north of the capital Doha, including a large tract of land reclaimed from the sea. ●

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The economic outlook for Qatar is bullish, with GDP set to double over the next five years to \$53 billion, according to Minister of Finance H.E. Yousef Hussain Kamal. "We have, of course, grown much faster than we planned for," says Kamal. Average GDP growth over the past five years has been 12.6% but Kamal expects that to rise to not less than 20% by 2006. Qatar also boasts an enviably low rate of inflation - 2.2% and falling.

Like his ministerial colleagues Kamal is committed to maximizing foreign investment not just in energy but also in agriculture and banking. Not only can foreign investors qualify for 10-year tax holidays but the percentages foreigners may own in Qatari companies have been relaxed.

Kamal is known in Gulf circles as the "Iron Chancellor" for his reputation for fiscal prudence and following the successful \$1.4 billion sovereign bond last year he has decided that "no more bonds will be issued in the name of the State of Qatar on the foreign markets", although he has not ruled them out for projects such as the expansion of Rasgas.

Not surprisingly, the Minister's views are shared by Qatar Central Bank (QCB) Governor H.E. Abdulla Bin Khalid Al-Attiya, who adds that the three principles behind the country's development strategy are - "to promote international business, to re-invest in more industrial expansion, to invest for future generations and rebuild our currency reserves." QCB believes in providing efficiency in the country's financial system. "Our interest rates move freely and everything is transparent," he says. "We have no upper and lower limit on loans." The conduct of monetary policy is through an indirect management approach.

The leading local institution with a mandate to promote joint venture manufacturing projects is Qatar Industrial Development Bank (QIDB), 50% of which is government owned with the Ministry of Finance, Economy & Trade likely to acquire the rest of the equity. Listed on the Doha Securities Market, QIDB prepares investment studies for promoters of a project, supports local entrepreneurs and offers soft loans. QIDB Chairman Sheikh Abdullah Bin Saud Al-Thani says, "in the government's policy of privatization and increasing foreign investment in Qatar, our bank finds an increasing opportunity to realize its business objectives."

The Qatar Steel Company (Qasco), the Gulf's first integrated steel mill and a trailblazer for Qatar's new balanced economy, is an example of a mature industrial project using local energy sources that sells its top quality re-bar and billet to customers elsewhere in the Middle East and Far East. "Positive and sustained growth in the domestic and export markets is envisaged for Qasco products," says General Manager Shaikh Nasser Bin Hamad Al-Thani. Only one-fifth of its production is consumed in the domestic market and Qasco is also in the forefront of technological development in a showcase for Qatar's development. QASCO has been awarded ISO 9002 certificate related to Quality Management System & awarded ISO 14001 certificate related to Environment protection and contributes towards country projects.

But with the first phase of development in place, Al-Attiyah is now committed to a five-year program of privatization, majoring on electricity. The local stock exchange Doha Securities Market quotes a number of industrial companies and the first power generating company has recently been listed. ●

FLYING HIGH IN AVIATION

Qatar's international outlook has resulted in the development of an acknowledged national airline in Qatar Airways, which is expanding at a rate of nearly 40% per year. "We have been very successful within the Middle East region." Says Minister of Communications & Transport H.E. Sheikh Ahmed Bin Naser Al Thani, whose ambition for the airline is "to try to be one of the best in the world."

Qatar Airways operates to London, Paris and Munich in Europe. Kuala Lumpur and the Maldives will commence as of December 2001. Qatar National Bank was last year mandated together with Barclays and the Hypo Vereinsbank to arrange an export credit based financing for six Airbus A320-200 aircraft.

Qatar Airways CEO Akbar Al-Baker says he is aiming to build a business that reflects solidity rather than flamboyance. "We want to progress slowly, strongly and efficiently," he says. "We won't be setting records for expansion, we'll be building a solid business that delivers a quality of service that differentiates Qatar Airways."

The national carrier has recently taken over the handling of Doha International Airport, which is undergoing a state-of-the-art re-construction which is scheduled for completion in June 2001. Works on the new airport are expected to finish within the next 3 years, and most importantly "the airport has been designed with the requirements of our customers in mind", says Al-Baker.

Qatar Airways is part of an integrated transportation strategy that also involves the Qatar Shipping Company (QSHIP) incorporated in 1992 and launched as a publicly quoted company specializing in transportation of oil, oil products and bulk commodities. QSHIP is now profitable under its Chairman Salem Butti Al Naimi and most of its business is with non-Qatari companies. "Qatar is an excellent base for an international shipping company with its business friendly environment, easy access to quality staff and commitment to encourage local business," says Salem Butti Al Naimi. QSHIP has always been committed to safety and quality standards. The ISO 9002 certification is the proof of their quality operation and commitment to fulfill the needs of our customers. All their vessels comply with the requirements of the International Safety Management Code. ●

GAS HOPES FUEL THE FUTURE

With an oil production capacity (currently 800,000 b/d) slated to cease in 20 years, the challenge of replacing the 'black gold' with clean sustainable energy, based on exports of Liquefied Natural Gas (LNG), has fallen on state-holding company Qatar Petroleum.

Its chairman H.E. Abdullah Bin Hamad Al-Attiyah, also Minister of Energy & Industry, controls nearly all the economy's most important levers. Gas reserves are estimated to last 200 years, but Qatar has all of it in "one hole" – the North Field offshore.

The government takes a lead in the gas producers "club" not only through its active OPEC role but also by hosting a major Gas Conference, most recently in March. Among energy producing countries Qatar, while protective of its national interests, is "dovish" towards energy consuming countries. "We believe that energy should be reasonably priced – at a price that consumers and producers can enjoy," says Al-Attiyah.

Qatar Petroleum (QP) is the largest shareholder in every major energy venture but foreign partners include corporates, such as ExxonMobil, Phillips, TotalFinaElf, Maersk and Occidental. ExxonMobil's history in Qatar dates to 1935. "We are working very hard with our partners to bring new demand for Qatar's LNG from the far east, India, and the Mediterranean to supplement ongoing contracts with Korean and Japanese buyers. As an

example, Ras Laffan Liquefied Natural Gas Company Limited (II), a joint venture between Qatar Petroleum (70%) and ExxonMobil (30%), recently signed two major contracts for design and construction of train 3 to supply the first phase of the world's largest single LNG sale to Petronet LNG Limited of India," says Mr. Wayne Harms, president and general manager, Mobil Oil Qatar Inc. In addition to LNG development projects, ExxonMobil and Qatar Petroleum announced last year the signing of an agreement for the Enhanced Gas Utilization (EGU) project. "The EGU project will produce gas from Qatar's North Field with nominal capacity of 1.75 billion cubic feet per day to help meet growing domestic and regional export pipeline gas demand," concluded Mr. Harms.

Partnership, like Exxonmobil, is valued by senior decision makers, especially QP Chairman Al-Attiyah, who describes Qatar as a 'haven of security' for investors. "We are glad that during the past five-to-six years, we succeeded in bringing around \$28 billion in foreign investment to Qatar," he says.

QP is the new name for the former Qatar General Petroleum Corporation and its distinctive green logo is emblematic of an environmentally friendly corporation. QP's

partners all enjoy Qatar's pro-business tax and monetary regime with no foreign exchange controls and free transfer of capital. Labor and equipment movement is hassle free and local contractors are world class. QP's base projects have produced many by products, such as sulfur, vinyl and fertilizers. These are often made using waste products from the "factory next door" so that in the new Qatar not much is wasted and facilities such as the Mesaieed Industrial City and Ras Laffan Industrial City have harbors for easy transport and distribution on regional and global markets.

QP's principal subsidiaries are Qatar Fertilizer Company (Qafco), Qatar Petrochemical Company (Qapco), Qatar Liquefied Gas Company (Qatargas), Ras Laffan Liquefied Natural Gas Company (Rasgas), Qatar Fuel Additives Company (Qafac), Qatar Chemical Company (Q-Chem) and Qatar Vinyl Company (QVC).

Al-Attiyah points to how Qatar has diversified successfully by creating a downstream chain of inter-related industries. "We are looking to the future to utilize all our natural resources – it was a severe lesson when oil prices dropped dramatically. We want to build our economy in a way that will avoid shocks and balance our resource base." ●



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SUNSHINE, HERITAGE, BEACHES

Winter sunshine, clean beaches, Bedouin heritage, tax-free shopping and world-class sporting events in golf and tennis are putting Qatar on the map for visitors from Europe and other Middle East states. Foreign Affairs Minister Sheikh Hamad Bin Jassim Al Thani says Qatar is not aiming for the mass market but for tourism "with a standard". H.H. the Emir has now established a regulatory body – the General Authority for Tourism, which will draw in more participation from the private sector and promote Qatar as a destination. The new impetus will, it is hoped, lead to new imaginative ventures such as the planned eco-tourism resort at Al Ghariya which was a focus for the recent seminar on "Investment Opportunities in Tourism in Qatar," attended by 250 delegates.

At the tourist industry's apex is the Qatar National Hotels Company whose chairman Sheikh Abdullah Bin Ahmed Al-Thani presides over a business that combines hotels operated by international franchises, such as Sheraton, The Ritz Carlton and Marriott; Qatar Holidays (an inbound tour operator), sporting clubs like the Doha Golf Club, and other tourist & leisure related services including a taxi service.

"Qatar is the Gulf's best kept secret," says Sheikh Abdullah Bin Ahmed who echoes the Minister's preference for "exclusive tourism." However, Qatar has not rejected all mainstream attractions and next to the Ritz Carlton superhotel site in the capital Doha, now under construction, will be a water sports theme park – a first for Qatar.

The City Centre Doha, one of the largest malls in the Middle East, recently opened in Qatar which offers a first class shopping experience. However, Sheikh Abdullah Bin Ahmed is keen to see Qatar hosting major fashion shows and bringing the catwalk to Doha which he hopes will lead to a better quality and range of modern fashion in the local shops and boutiques. "Our tourism is related to big conferences and conventions, family and leisure tourism which is coming from abroad and is now a prime market," he says. "As a company, we are expanding and adding hotel units, helping the country to achieve its goal of attracting more foreign investment." ●

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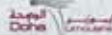
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Since the corporation's establishment by Emiri Decree No. 10 in 1974, Qatar General Petroleum Corporation (Qatar Petroleum) has constantly sought to improve the development of the oil and gas industry in Qatar.

As a national corporation owned by the State, Qatar Petroleum is responsible for all phases of the oil and gas industry in Qatar and abroad, including exploration and drilling for oil, natural gas and other hydrocarbon substances; production, refining, transport and storage of the aforementioned substances and any of their derivatives and by-products, as well as trading in, distribution, sale and export of these substances. The corporation's authorised capital is Qr. 20 billion whereas paid up capital is Qr. 10 billion.

Qatar Petroleum's commitment to provide products and services for global markets is evident in the corporation's subsidiary ownership interests and partnerships in joint venture projects.

The corporation enters the new millennium continuing to seek to expand its product base while providing the highest quality goods and services in the most efficient manner possible