International Journal of Research in Social Sciences
**Vol. 9, Issue 1, January - 2019,**
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

# Trade and Foreign Investment—Keys to Diversification in Qatar

Tabassum Parveen
tabbuparveen@gmail.com
Jamia Millia Islamia
New Delhi, India

## Abstract

In this time of globalization and high challenge, every single country is attempting to draw in maximum investment from abroad for the advancement and development of the economy. All GCC economies are in the development mode and are reliant on the income from oil, yet the present decrease in oil costs has in all respects seriously influenced these economies and all are focusing to verify the greatest foreign direct investment (FDI). A large number of the created countries and multinational corporations are in the scan of the best goals for their investment. Qatar Emerging as the most attractive FDI destination in the GCC. This chapter examines the factors that decide the inflow of foreign direct investment to Qatar and the engaging quality of the nation to foreign direct investment, i.e., recognizing the job of major macroeconomic factors that decide FDI, to be specific; Gross Domestic Product, export, government spending and the level of transparency.

## Introduction

Qatar is a standout amongst the most prosperous nations on the planet and has the quickest developing economy in the Gulf Cooperation Council (the GCC).[1] Much of the growth in the economy has been driven by an expansion in the production of oil, liquefied natural gas (LNG) and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 51.7 percent of Qatar's total nominal GDP in 2010. Qatar is also diversifying its economy by allowing further development in both the real estate and construction sectors.

[1] Latham & Watkins | Doing Business in Qatar

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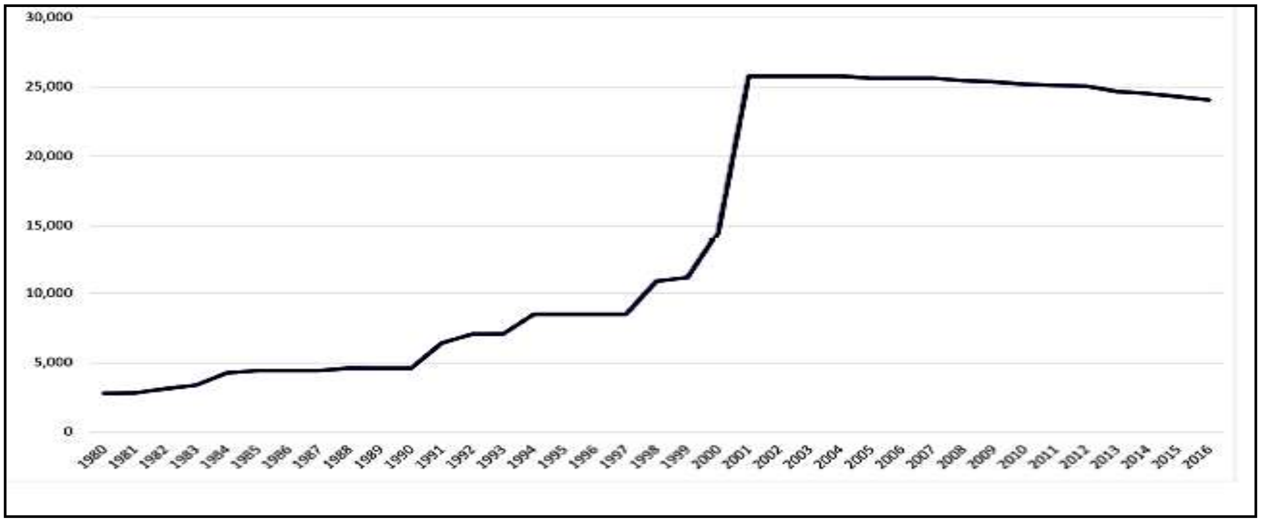
**Figure 1**

**Qatar NaturalGas Reserve**
**(Billion standard cubic meter)**




Source: US-Qatar Business Council

Qatar has witnessed a substantial increase in economic growth and returns due in part to invest in the infrastructure, tourism, financial services, and petrochemicals sectors. Consequently, the non-oil and gas sector contributed 48.3 percent of Qatar's nominal GDP in 2010 compared with 39.6 percent in 2003.

Qatar Petroleum (QP), which is completely possessed by the State of Qatar (the State) and the State's essential wellspring of income, is in charge of all periods of the oil and gas industry in Qatar. Qatar is estimated to be among the best 20 biggest worldwide oil maker and is presently the main LNG delivering nation on the planet, sending out roughly 77.1 million huge amounts of LNG in 2011.[2] Through its lead Qatargas and RasGas LNG ventures, Qatar has built up its LNG business through vital organizations with some of the world's driving oil and gas organizations, including ConocoPhillips, ExxonMobil, Shell, and Total.

Lately, Qatar has utilized its financial plan surpluses to expand and modernize the economy through expanded spending on infrastructure, medical services, and education. Qatar's financial development likewise empowered it to expand its economy through local and global investment

[2]ibid

into various classes of advantages. In 2005, the State set up the Qatar Investment Authority (QIA) to propose and actualize investment for Qatar's developing financial market, both locally and abroad.

The 2010agreement directed by the Qatar Statistics Authority evaluated that the population of Qatar was roughly 1,699,435, which speaks to a surmised 128.4 percent expansion from the 2004 accord populace figure of 744,029. As per the 2010 agreement, around 73.7 percent of the nation's population dwells in Doha.Like other GCC countries, non-Qatari nationals make up most of the population in Qatar.[3]

Qatar imparts a land and oceanic outskirt to the Kingdom of Saudi Arabia and sea limits with the Kingdom of Bahrain, the United Arab Emirates, and Iran. Notwithstanding the capital city, Doha, Qatar's key modern urban areas incorporates Ras Laffan City (found north of Doha) and Mesaieed Industrial City (found south of Doha). All the more as of late, Qatar has separated itself from other GCC countries by concentrating on facilitating games and turning into a noteworthy center point for games amusement in the locale. Strikingly, Qatar facilitated the 2006 Asian Games, the 2010 IAAF World Indoor Championships. Furthermore, 2011 AFC Asian Cup. In 2010, Qatar won the privilege to have the FIFA 2022 World Cup, which will require significant framework works, including the development of up to 12 new arenas just as new streets and transportation offices.

In 2011, the Emir of Qatar issued Resolution No.(27) of 2011 building up the Supreme Committee for Qatar 2022. The Supreme Committee for Qatar 2022 is proposed to be the essential administrative specialist in charge of arranging and executing the works important to have the FIFA 2022 World Cup. Furthermore, Doha is required to present an offer for the privilege to have the 2024 Olympics. The worldwide financial joining, upgraded by expanding rivalry among speculators of numerous regions has prompted the presentation of new money-related instruments. These instruments contend on exchange expenses and help different economies to gather an ever-increasing number of investments for their particular nationalities in a straightforward way. The job, ideas, and meanings of such instruments of Foreign Investment are talked about in the following passages. In late 2018, the Qatari minister of commerce and industry called for the creation of a free trade zone among members of the Organization of Islamic Cooperation as a first step toward achieving an Islamic Common Market. Meanwhile, Qatar's consistent overtures to Turkey, a fellow OIC member, have helped to nurture the notion of a growing Qatari-Turkish axis within the Middle East. In order to stay a relevant actor within the global economic order, Qatar has established a middle ground between the trends of regionalism and globalization through a strategic strengthening of bilateral partnerships. Globalization is on the retreat or, at the smallest amount, slowing significantly due to new trade wars, sanctions, and other protectionist measures. Meanwhile, cross-border trade, supply chains, investment, and bank

[3]Qatar Statistics Authority, Report 2010.

loans have all been shrinking or idling relative to global gross domestic product since the global financial crisis of 2008-09.

**Characterization of Investment**

It is spending on capital resources over a specific period. Along these lines, it mirrors the net investment in real capital of the general public. Investment can be either independent or investment organizations and can be either government-supported open investment from the spending surplus or by getting through issuing securities in the nation; or in the money market; or worldwide bodies and foreign governments; or universal associations (for example World Bank) etc.

**Foreign Investment (FI)**

FI is the responsibility for an organization or a person in a nation; of the benefits of big business working in another nation. Such investment incorporates two types:

**Direct investment and Investment owning stocks and bonds (Portfolio Investment)**

1. **Direct Investment**: DI is a classification of cross-out skirt investment made by an inhabitant in one economy (the immediate financial specialist) with the target of setting up an enduring enthusiasm for an endeavor (the immediate investment undertaking) that is an occupant in an economy other than that of the immediate investor. The inspiration of the immediate investor is a key long-time association with the immediate investment, investment to guarantee a huge level of impact by the immediate investment in the administration of the immediate investment undertaking. The goals of the direct investment are not quite the same as those of portfolio investment whereby financial specialists don't, for the most part, hope to impact the administration of the endeavor.

Direct Investment Enterprises are companies, which may either be auxiliaries, in which over half of the casting a ballot control is held, or relates, in which somewhere in the range of 10% and half of the casting a ballot control is held, or they might be semi organizations, for example, branches which are adequately 100% possessed by their separate guardians. They connect between the immediate financial specialist and its immediate investment undertakings might be perplexing and bear almost no relationship to the board structures. Direct investment connections are distinguished by the criteria of the Framework for Direct Investment Relationships (FDIR) including both immediate and aberrant direct speculation connections.

Foreign Direct Investment (FDI) is cross-fringe speculation made by an immediate speculator with the goal of getting a long haul enthusiasm for an undertaking occupant in another nation (direct investment endeavor). Universal investment is named FDI when a financial specialist possesses 10% or a greater amount of conventional offers or casting ballot rights in a joined or unincorporated undertaking abroad separately. The immediate speculator intends to impact the administration of an undertaking occupant in another economy.

**2.** Portfolio Investment
It is the interest in current money related instruments like offer capital and securities (aside from the Foreign Direct Investment) and fiscal market instruments and budgetary subordinates and proof of indebtedness. The fundamental components of portfolio speculation, including resources and liabilities, are partitioned into two components: Title deeds and evidence of indebtedness. Both are debatable and tradable in sorted out business sectors and other money related markets.
Foreign Portfolio Investment (FPI) A business enterprise mirroring the enthusiasm of an occupant substance from one economy in an economy other than that of the financial specialist, in responsibility for inert monetary bonds and different resources, for example, the privilege of dynamic administration and control of bonds issuance. A level of under 10% of value proprietorship is connected to characterize speculation as FPI.

3. Financial Derivatives
**3.**
These are money related instruments connected to a particular device, file, or an item through which monetary risk can be sold and obtained in the budgetary markets.

4. Other Foreign Investments
Investments other than FDI and FPI, for example, business credit, advances, stores, and others are grouped in the "Other Foreign Investment" instruments.
It incorporates the rest of the accompanying money related instruments:
a. Other equity;
b. Currency and deposits;
c. Loans (including use of IMF credit and loans from the IMF);
d. Non-life insurance technical reserves, life insurance, and annuitiesentitlements, pension entitlement and provisions for calls understandardized guarantees;
e. Trade credit and advances;
f. Other accounts receivable/payable; and
g. SDR allocations (SDR holdings are included in reserve assets).

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**Table 1 Foreign direct investment (FDI) in Qatar; An Overview, selected years**

(Millions of dollars and percent)

| **FDI Inflow** | **2005–2007** (Pre-crisis annual average) | **2015** | **2016** | **2017** | **2018** | **2005–2007 20162017 2018** (Pre-crisis annual average) |
|---|---|---|---|---|---|---|
| **Qatar Inward Outward** | **3 567 1 880** | **1 071 4 023** | **774 7 902** | **986 1 695** | **-2 186 3 523** | **13.7 0.8 1.0 -2.0 7.2 8.2 1.6 3.2** |
| Memorandum Saudi Arabia) Inward Outward | 18 236 -175 | 8 141 5 390 | 7 453 8 936 | 1 419 7 280 | 3 209 21 219 | 22.9 4.4 0.8 1.9 -0.2 5.3 4.4 12.7 |
| United Arab Emirates Inward Outward | 12 631 9 737 | 8 551 16 692 | 9 605 15 711 | 10 354 14 060 | 10 385 15 079 | 28.5 11.0 14.2 12.0 22.0 18.0 19.3 17.4 |
| West Asia Inward Outward | 63 846 22 861 | 31 228 40 550 | 32 065 40 804 | 28 383 38 760 | 29 291 49 175 | 16.9 4.4 3.9 4.1 6.1 5.7 5.4 6.9 |
| Asia &Oceania Inward Outward | 291 439 159 893 | 516 028 372 448 | 474 458 399 245 | 493 782 412 021 | 513 420 401 238 | 10.7 6.1 5.9 5.7 5.9 5.2 4.9 4.5 |
| Developing Economies * Inward Outward | 419 126 195 414 | 728 814 407 000 | 656 290 419 874 | 690 576 461 652 | 706 043 417 554 | 11.5 7.2 7.0 6.8 5.4 4.6 4.7 4.0 |
| World * Inward Outward | 1 414 425 1 450 912 | 2 033 803 1 682 584 | 1 918 679 1 550 129 | 1 497 371 1 425 439 | 1 297 153 1 014 173 | 11.4 10.2 7.5 6.0 11.7 8.3 7.1 4.7 |

*Source:* UNCTAD, *World Investment Report 2019;* http**://unctad.org/wir** or **http://unctad.org/fdistatistics.**

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From the above data represent that Qatar inflow is reducing continuously even though outflow is increasing till 2016 after 2016,the outflow is reduced as a percentage of gross capital formation in 2017 and becomes negative in 2018.

The percentage change in stocks and flows as per various foreign investment instruments (both inward and outward) for the years 1995 to 2018 are presented in Table (2). This table also presents a detailed overview of the FDI stocks.

**Table 2**
**Foreign direct investment (FDI) stock in Qatar an Overview, selected years**

(Millions of dollars and percent)

| **FDI stock** | **1995** | **2015** | **2016** | **2017** | **2018** | **(as a percentage of gross domestic product)** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **1995** | **2016** | **2017** | **2018** |
| **Qatar** | | | | | | | | | |
| **Inward** | **442** | **33 169** | **33 9437** | **34 929** | **32 743** | **5.4** | **22.4** | **20.9** | **17.0** |
| **Outward** | **5** | **43 287** | **51 189** | **52 883** | **56 406** | **-** | **33.7** | **31.7** | **29.3** |
| Memorandum Saudi Arabia) | | | | | | | | | |
| Inward | 17 056 | 224 050 | 231502 | 227566 | 230 786 | 11.9 | 35.9 | 33.0 | 29.5 |
| Outward | 2 847 | 63 121 | 73 973 | 84 437 | 105 656 | 2.0 | 11.5 | 12.3 | 13.5 |
| United Arab Emirates | | | | | | | | | |
| Inward | 1 770 | 109 75 | 11980 | 129934 | 140 319 | 2.8 | 33.5 | 34.0 | 33.0 |
| Outward | 710 | 97 530 | 110 494 | 124 449 | 139 529 | 1.1 | 30.9 | 32.5 | 32.9 |
| West Asia | | | | | | | | | |
| Inward | 43 339 | 690 979 | 706 386 | 769 147 | 727 391 | 5.3 | 27.2 | 28.3 | 25.3 |
| Outward | 9 181 | 315 079 | 349 200 | 389 485 | 434 961 | 1.8 | 13.6 | 14.5 | 15.3 |
| Asia &Oceania | | | | | | | | | |
| Inward | 574 109 | 6 034 528 | 6 379 189 | 7 371 674 | 7 668 098 | 14.6 | 28.8 | 30.8 | 29.7 |
| Outward | 211 517 | 4 708 518 | 5 148 034 | 6 186 771 | 6 546 916 | 6.0 | 23.4 | 26.0 | 25.5 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| Developing economies *<br>Inward<br>Outward | 842 659<br>311 970 | 8 541 117<br>5 500 006 | 9 087 389<br>6 002 697 | 10 303 717<br>7 227 297 | 10 678 872<br>7 523 731 | 13.0 31.0 32.7 32.0<br>5.2 20.9 23.4 23.0 |
| World *<br>Inward<br>Outward | 3 564 447<br>3 993 274 | 26 312 743<br>26 259 583 | 28 243 023<br>27 620 617 | 32 623 557<br>32 383 049 | 32 272 043<br>30 974 932 | 11.1 37.3 40.7 38.1<br>12.9 36.8 40.8 36.9 |

*Source:* UNCTAD, *World Investment Report 2019;* **http://unctad.org/wir** or **http://unctad.org/fdistatistics.**

Most nations in the Gulf Cooperation Council (GCC) have gained constrained ground in expanding their economies from hydrocarbon.[4]During 2000-2017, oil incomes were near 80 percent of government income, oil traders added up to 65 percent of all trade, and oil GDP spoke to 42 percent of all-out GDP.[5] This image was comprehensively unaltered during 2011– 17. There is a need to broaden the economies of the GCC to diminish the appearance of instability and vulnerability in the worldwide oil market, help make private sector employments, and increment in productivity and supportable development (Callen et al., 2014).

Higher foreign exchange and investment can assume an expansive job in boosting broadening and development. A few investigations interface more prominent exchange receptiveness to higher per capita pay (Frankel and Romer, 1999; Feyrer, 2009; Cerdeiro and Komaromi, 2017), while FDI can help development by activating innovation overflows, advancing information, making an increasingly aggressive business condition, and upgrading efficiency (The Organization for Economic Co-operation and Development, 2002; WEF, 2013). Further lessening obstructions to outside exchange and investment to widen and redesign their trade bases can help GCC nations better coordinate into worldwide significance chains and make their economies increasingly beneficial (IMF, 2017b).

***Diversification and Development in Qatar through foreign trade and foreign Direct Investment.***

**A. Latest Trends in Foreign Trade and Investment**

The GCC economies' foreign trade has extended vigorously, however export quality remains generally low. As of now, FDI inflows into the GCC have been determined in an inadequate number of nations and sectors have declined presently. While the exchange between the GCC and the remainder of the world has extended vigorously, FDI inflows into the GCC have slowed down in recent times. Since 2000, the GCC's exchange products and services developed at a

[4]Hydrocarbon" is used interchangeably with "oil".

[5]Recently, countries have been implementing policies to increase non-oil fiscal revenues. In particular, Saudi Arabia and UAE introduced a value-added tax in 2018.

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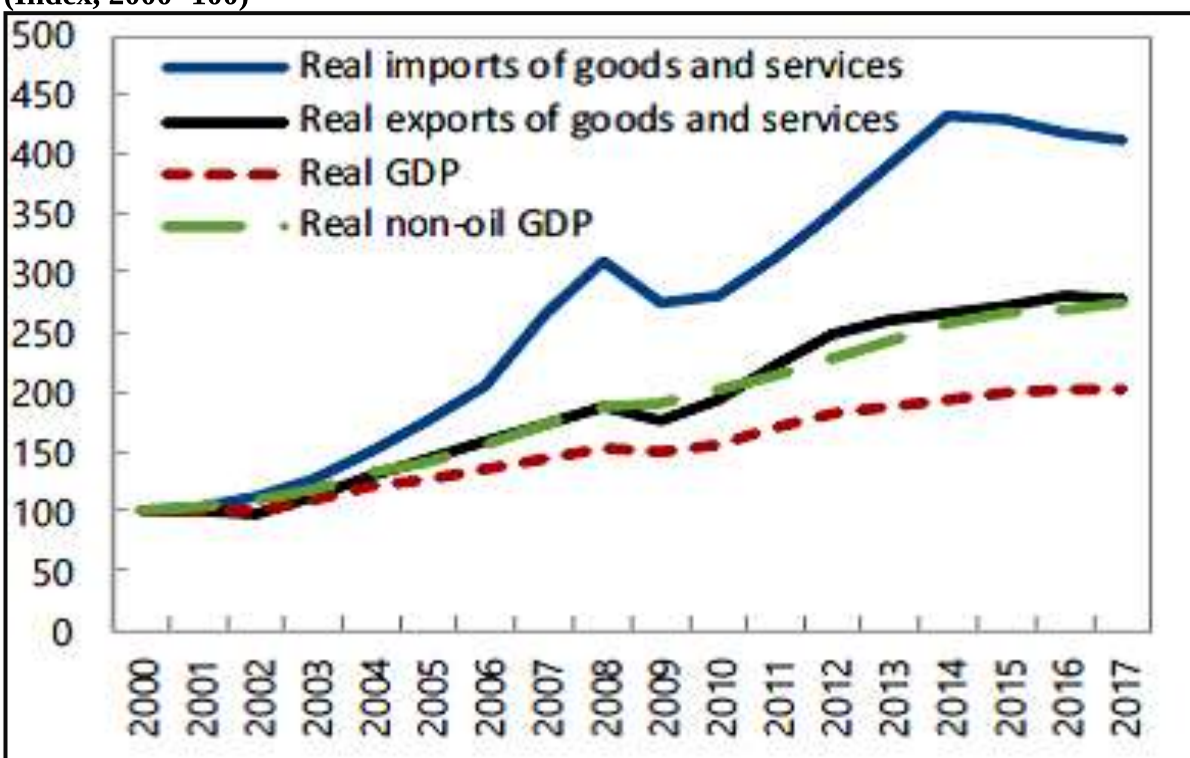
normal genuine rate of 7.5 percent, twice that of real GDP development, contrasted and the worldwide midpoints of 4.8 percent and 3.8 percent, separately. The oil cost blast during 2003-2008 prompted a sharp increment in oil trade receipts which thus prompted a critical development in imports of goods and services during that period. This development in exchange was intruded on during the worldwide money financial crisis, however, has bounced back emphatically from that point forward to a great extent driven by solid domestic demand and improvements in global conditions. On the other hand, after rising and falling in the early 2000s, FDI inflows into GCC countries have stalled, remaining on average below 2 percent of regional GDP (Figure 2).

**Figure 2**

**GCC Trade and FDI**

**GCC Real Trade of Goods and Services and GDP 2000-2017**

**(Index, 2000=100)**




Source: World Economic Outlook 2016,Country Authority, and IMF Staff calculations.

Macroeconomic execution stays versatile. Non-hydrocarbon real GDP development is assessed to have directed to around 4 percent in 2017, thinking about going monetary union and the effect of the conciliatory fracture. A willful ban on new undertakings in the North Oil Field until the second quarter of 2017 and the OPEC bargain had controlled the development of hydrocarbon yield, bringing about in real GDP development of 2.1 percent in 2017. Feature swelling stays stifled, essentially because of lower rental costs. The land cost record fell by 11 percent in 2017 (year-on-year premise) following combined increment of 53 percent amid 2013- 16, reflecting the expanded supply of new properties and decreased successful interest. The financial deficiency is assessed to have limited to around 6 percent in 2017 from 9.2 percent of GDP in 2016. The shortfall has been financed by a blend of residential and foreign financing. Open obligation (assessed at 54 percent of GDP as at end-2017) stays manageable; given the extent of Qatar's sovereign wealth fund (SWF). The present record is improving with regards to expanded oil and gas costs, and compression in imports related to lower financial development. Universal stores fell in light of capital surges because of the remarkable discretionary break, coming to about US$15 billion at end-December 2017. Worldwide stores have been expanding in 2018, coming to US$18 billion by end-January 2018. Financial conditions tolerably fixed in 2017 due mostly to money related strategic position in the U.S., with higher inter bank loan fees. Be that as it may, the development of private-division credit was comprehensively steady. Qatar's financial division stays solid by and large, reflecting high resource quality and solid capitalization. Large scale budgetary pointers are improving in 2018 contrasted with mid-2017; the CDS spreads have descended, the financial exchange has recuperated, and non-inhabitant stores have begun to stream back in. Figure 3, represent inflow of FDI in Qatar and in the World 2005-6 Qatar FDI Inflow increasing and after a decade FDI inflow percentage becomes less than 1 percent, perhaps in the World FDI inflow remain 10.2 and 2017 FDI inflow turns out to be 1 percent, but in 2018 the inflow of FDI goes negative, even in the World FDI still at 6 percent. Due to economic blockade in 2017 impacted on FDI inversely, Qatar increased non –oil trade to overcome the negative impact of the blockade. The path to resolving the diplomatic rift remains unclear,[6]thereforegovernment is doing structural reform to expand the geographical composition of trade and economic transaction to improve the export-import environment of the country. The country is the enhanced self – reliance in food productionand reducing dependence on foreign imported items.

**Figure 3 Foreign Direct Investment Inflows**

**(% of gross fixed Capital formation)**

[6] Qatar:2019 Article IV Consultation-Press Release; Staff Report; IMF Country Report No.19/146; April 29, 2019.( See IMF Country Report No. 18/35, particularly Box 1, on the background to and economic implications of the diplomatic rift between Qatar and a few neighboring countries.)

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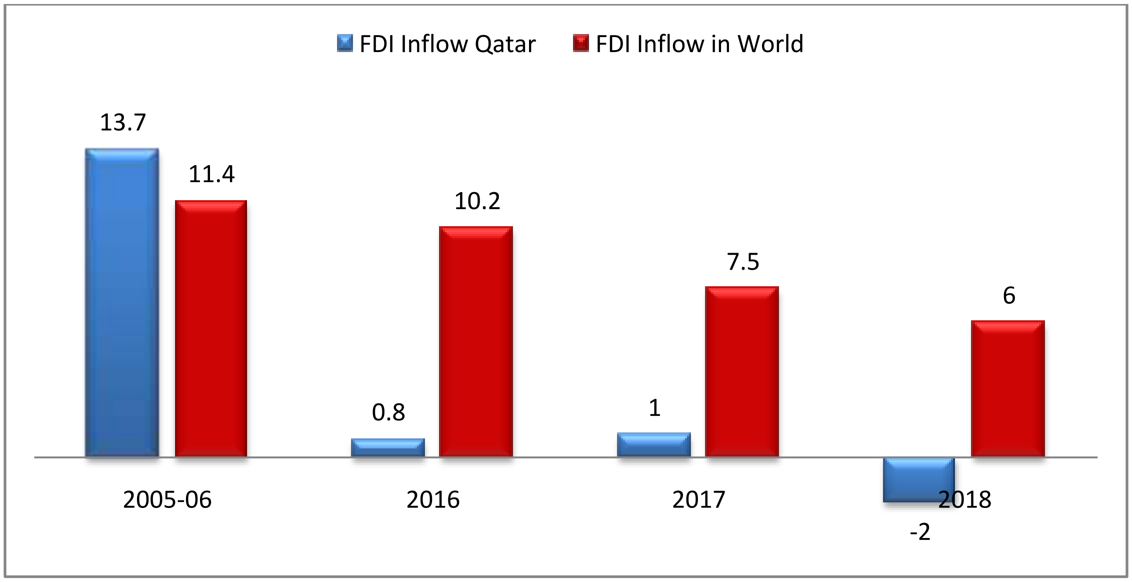


Source UNCTAD 2019

**B. Structures and business condition for export and FDI:**

With exports of 78.7 MT(million tonnes), Qatar continued to be the largest LNG exporter in the world, a position it has held for over a decade. Qatar's global market share continued to fall, however (to 25%), as its production remains mostly stable while exports from other markets have grown (see Figure 4). There has been a slight shake-up in the rankings of LNG exporters, with the United States jump to fourth (21.1 million tonnes) in 2018. Australia and Malaysia remained second and third, respectively. Australia continued to close the gap with Qatar, cutting the latter's lead to 10 MT in 2018; this could potentially be closed during 2019 given new production. Nigeria clung to the fifth position with 20.5 MT, but Russia is likely to surpass Nigeria and possibly even Malaysia during 2019 as production from Yamal LNG increases.[7]The figure (4 ) represents that still Qatar is standing in first position as LNG, in 2017 Qatar share in LNG export was 27 % of the world but political and geographical limits of Qatar reduced the share in Global gas market with decades long position in LNG market still maintained by the country.Qatar plans to boost production capacity 43 percent by 2023-24.[8]

[7]International Gas Union 2019,World LNG Report.
[8]US-Qatar Business Council ; 8th july, 2019.

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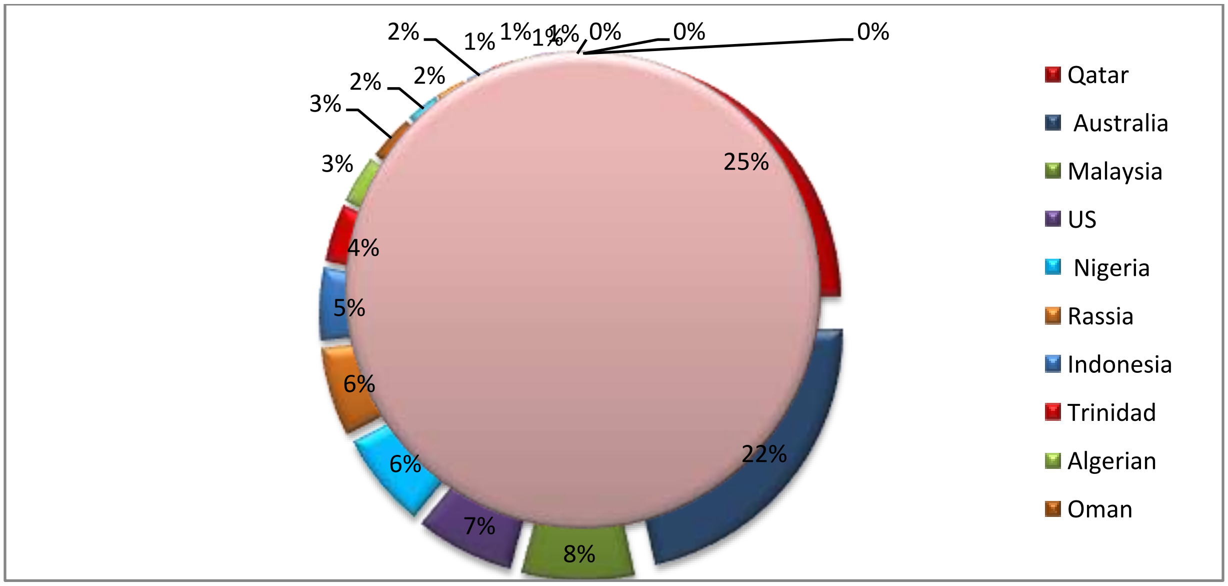
**Figure 4. 2018 LNG Exports and Market Share by Market (in million tonnes)**



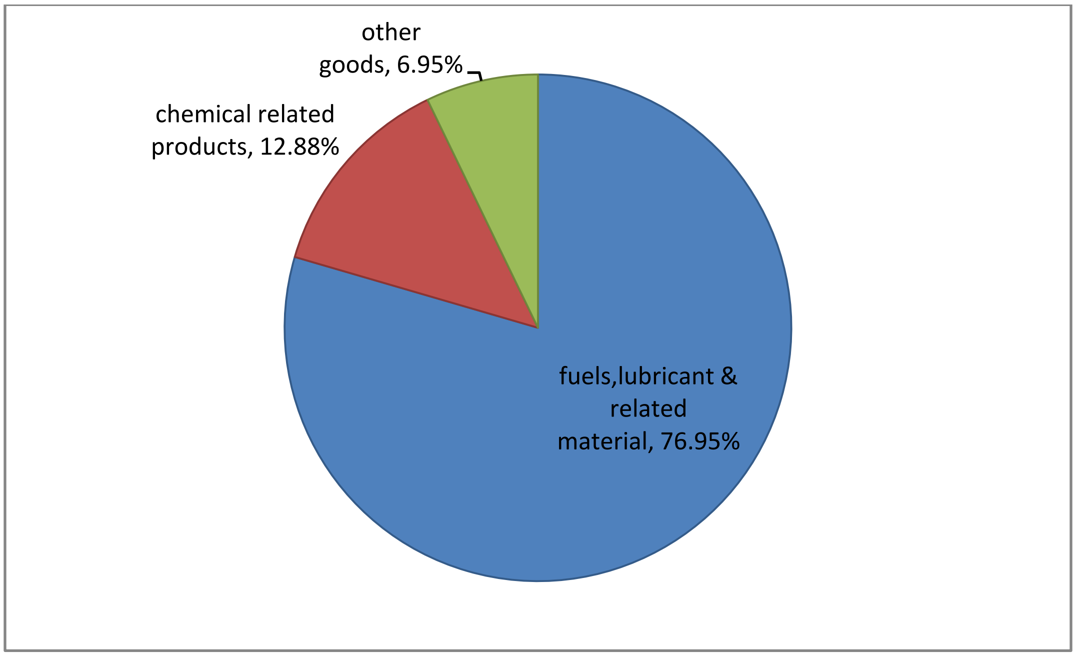

Note: Numbers in the legend represent total 2018 exports in MT, followed by market share.

Source: International Gas Union 2019,World LNG Report.

Qatar exports 70% to Asia. Japan, South Korea, India, China and Singapore are the best importers of Qatari fuel trades, represent 55% of the aggregate (Table 3). Of Qatar's LNG sends out, right around a quarter goes to Europe. Qatar is likewise a critical exporter of unrefined oil from customary oil wells (a little over a half-million barrels for every day), condensate, related to the gaseous petrol creation and GTL (Gas to Liquid) from the world's biggest GTL generation office.In Table 4, Moreover, the nation sends out critical measures of oil subordinates dependent on its vitality creation. All out non-petroleum gas vitality sends out are US$11. 7 billion. These esteem included items help expand the item, blend and protect against inescapable varieties in gaseous petrol costs despite the fact that they don't yet enhance the nation out of its close all-out dependence on energy trades yet.

Qatar is sending out the vast majority of its gas to a different arrangement of nations in Asia, Japan, South Korea, India, and China. Very nearly a fourth of Qatar's petroleum gas is sent out to a likewise differing set of European nations including the UK and Italy.The U.S.wants Qatar, the world's top liquefied gas supplier, to challenge Russia's gas dominance in Europe.(US-Qatar Business Council, 2019, January) Subsequently, the nation's fare incomes are shielded from reliance on any one economy, however, will rise and fall with worldwide market costs for flammable gas. With those momentous insights, this moderately little nation (marginally smaller than Connecticut) is a noteworthy player in worldwide vitality markets. The figurebelow demonstrates Qatar can remain a noteworthy player as long as flammable gas keeps on being an imperative vital source.

**Figure5Export from Qatar 2016**




Source: World Economic Outlook 2016, Country Authority, and IMF Staff calculations

**Figure6Qatar Natural Gas Exports**

**Millions of cubic Meters**

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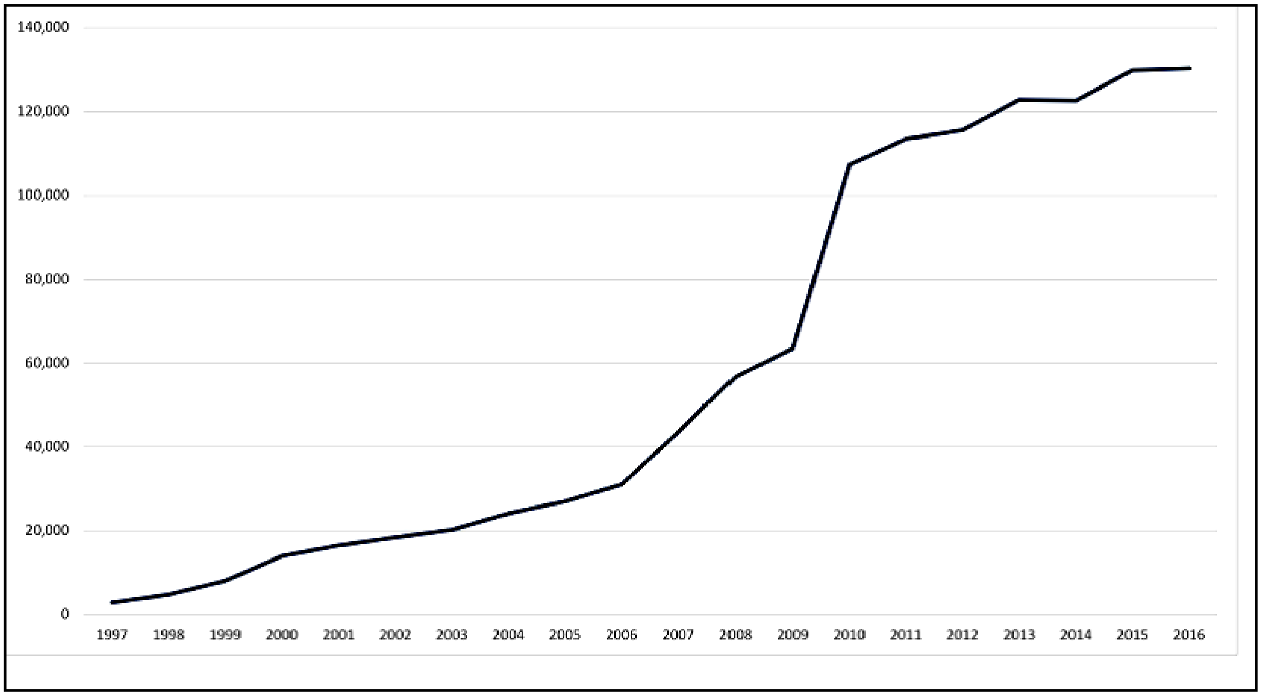


Source: US-Qatar Business Council

In 2017, global demand for natural gas increased by 3.2% compared to 2016, rising to 3 757 Billion cubic meters. This was the eighth consecutive year of increase.Since 1990, global natural gas consumption has grown at an average of 6.3% per year. Consumption growth has been even stronger in China, averaging 13.1% per year over the past 20 years.[9]

**Analysis export and FDI Determinants and Gives Appraisals of the Qatari Economy**

Strategic bilateral relationships offer an alternate avenue to global markets. The strengthening of relations between Qatar and Turkey, a fellow OIC member and an imperative actor on the

[9] World Energy Organisation 'Qatar Report'

periphery of the Gulf Arab region, may be a consequence of Qatar's balancing act between regional and global forces.[10]

Moreover, trade between the two countries reached an estimated $2 billion in 2018, up from $710 million in 2016, and the pair has engaged in currency swaps and double taxation avoidance agreements to further boost trade and investment. The Qatar Financial Centre considers Turkey as a crucial arena to tap the global Islamic term, opportunistic alliance.

As strong ties to a volatile Turkish economy pose risks, Qatar has sought to diversify its bilateral engagement with key economic actors within the global economy. Trade between Qatar and China increased by 27 percent from 2017 to 2018, accounting for 11.7 percent of Qatar's total trade.The state-owned Qatar Airlines also purchased a 5 percent stake in China Southern Airlines, providing a foothold in an aviation market that is expected to be the world's largest by 2022.[11] Meanwhile, the Qatar Investment Authority increased its stake in Rosneft, the Russian state-owned energy company, to 19 percent. The Kremlin hailed the investment as a vote of confidence in Russia's economy, but Qatari officials explain the decision as an opportunity to expand Qatar Petroleum's global operations.

"The Qatar Investment Authority likewise intends to increase its investments in the United States to $45 billion over the next two years. As Qatari-US trade between January and October 2018 reached $6 billion, the final annual figure will far exceed the $4.7 billion exchanged in 2017.[12] Economic engagement with the U.S. , though, has not been without obstacles. The Qatari government found it difficult to control the global discourse over the Qatar Investment Authority's tenuous connection to a debt-ridden New York skyscraper owned by the family of Jared Kushner, President Donald J. Trump's son-in-law and a senior advisor, via a worldwide property investor.[13]

Qatar exports highest quantity of liquefied natural gas to Japan and Qatar highly imports from US comprise aircraft, related spare parts, machinery, medical equipments and technical equipments, iron and steel products, etc. Increasing bilateral trade relation of US and Qatar,USQBC(US-Qatar Business Council) reports that Qatar's exports to the US stood at $855mn last year (2018).US economic relations with Qatar, are increasing due to the political reasons as US wants to strengthen power of US or Qatar in Europe to reduce oil and gas dependence of Europe on Rassia.Following figure shows export –import countries of Qatar.Over 70% of gas deals were responsible to grease price level in Asia in 2017. This is expected to the topographical attributes of the primary natural gas imports in the locale. The long time Asian

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[10]Mogielnicki, R. (19-2-2019). *Qatar Balances Fraught Regionalism Against Uncertain Globalization.* Washington: The Arab Gulf Istitute in Washington.

[11]Mogielnicki, R. (19-2-2019). *Qatar Balances Fraught Regionalism Against Uncertain Globalization.* Washington: The Arab Gulf Istitute in Washington.

[12] ibid

[13]ibid

merchants (Japan, Korea and China) are either islands or promontories. They needglobal pipeline availability, and have consequently been depending on imported LNG from inaccessible supply territories.The local interest of these develop LNG merchants is currently developing at lower rates or even stagnating. A portion of the accepting terminals have been amortized and starting long haul contracts have halfway lapsed. Be that as it may, the motivating force for creating natural gas valuing dependent on supply, furthermore, request essentials stays questionable without local downstream in business model markets. Japan remains the main Asian natural gas importing nation.

**Table 3**
**Foreign Trade Directions 2019**

| **Share Value in Total June 2019 (Unit:Million QR)** | Total Export by Major Countries Destinations |
|---|---|
| | |
| 4,165 | Japan |
| | |
| 3,541 | South Korea |
| 2,988 | India |
| 2,283 | China |
| 939 | Singapore |
| **Share Value in Total June 2019 (Unit:Million QR)** | **Major Origins of Imports** |
| 1,807 | United States Of America |
| 966 | China |
| 621 | Germany |
| 519 | United Kingdom |
| 398 | Italy |

Source: Qatar Monthly Statistics, June 2019 by the Ministry of Development Planning and Statistics.

The worldwide natural gas trade has extended quickly, determined by critical demand increases in Asian markets and plentiful natural gas assets in Qatar, Australia, the United States, and Russia. The LNG trade, which is the main practical choice to interface requests and supply for long-distance trade between countries has encountered amazing development in the course of the last two decades. This depends on the progressive influxes of interest in natural gas export and import. LNG markets have developed in volume and furthermore in the number of market members. The United States played a critical job in the basic difference in the LNG market over 10 years prior.The nation rose as a potential importer which activated huge investment in liquefaction framework, particularly in Qatar. It likewise acquainted specialized methods with giving quick and adaptable import arrangements, for example, coasting capacity and regasification units.

**Table 4**

| **LNG imports (bcm) to OECD regions in 2016-2017** |
|---|
| 1. Qatar |
| 2. Australia |
| 3. Malaysia |
| 4. United States |
| 5. Nigeria |
| 6. Indonesia |
| 7. Algeria |
| 8. Russia |
| 9. Oman |
| 10. Trinidad |
| 11.And Tobago Brunei |

Source: Qatar Monthly Statistics, June 2019by the Ministry of Development Planning and Statistics

This LNG development is essentially ascribed to the flood in LNG sends out from the United States and Australia. Inside the OECD, there was a considerable increment of LNG imports in 2017, with the OECD Americas see an expansion solely because of Mexican imports from the United States. Qatar remains the major LNG exporter for OECD nations, only in front of Australia. The following table 4 explains Qatar major trade commodities as Petroleum Gases and

Other Gaseous Hydrocarbons, Petroleum Oils & Oils Obtained From BituminousMinerals etc. (Crude) and Petroleum Oils & Oils Obtained From Bituminous Minerals etc. (Not Crude)according to 2019 data released by the ministry of development Planning and Statistics.

**Table 5**
**Leading Commodities of Foreign Trade 2019**

| 2019 June<br>Unit: MN QR | Particulars<br>Major Export Commodities Group |
|---|---|
| **12,732** | Petroleum Gases and Other Gaseous Hydrocarbons |
| **4,069** | Petroleum Oils & Oils Obtained From Bituminous Minerals etc. (Crude) |
| **1,763** | Petroleum Oils & Oils Obtained From Bituminous Minerals etc. (Not Crude) |
| | Major Imported Commodities Groups |
| **469** | Turbojets, Turbo propellers & Other Gas Turbines; Parts Thereof |
| **400** | Parts of Balloons Etc.; Parts of Aircraft, Spacecraft Etc |
| **241** | Electrical Apparatus For Line Telephony/Telegraphy, Telephone Sets Etc.; Parts Thereof |

Source: Qatar Monthly Statistics, June 2019by the Ministry of Development Planning and Statistics.

**Economic Diversification in Qatar**

As noted over, Qatar's gaseous petrol saves are adequate to keep up creation at current dimensions for a long time with known reserves. For the more drawn out term, in any case, Qatari strategy is to keep broadening its economy. At present hydrocarbons (counting certain esteem included items) represent 91% of export income. [14]All out export in 2016 were US$57.3 billion, while oil and gas and value included items sends out were US$51 billion.

Administrations, for example, financial services, restaurants, and hotels are also growing rapidly. Somewhere in the range of 2012 and 2016 development, administration area dramatically increased in size developing from 4.6% of GDP to 11.9% of GDP. A portion of this development is an undoubtedly because of development of offices for the 2022 World Cup, however, a great part of the development is identified with increments in the financial services division and other administration situated organizations. Oil and gas exercises currently represent, simply over 30% of GDP, a number that changes with costs for oil and gas and creation yet has been bit by bit diminishing.

Plans for diversifying the economy were inadvertently given a sharp lift by Saudi Arabia and its partners (the UAE, Bahrain, Egypt, and Yemen) when they suspended trade with Qatar. Since a huge bit of the nation's sustenance and different necessities of day by day life, either was sourced in Saudi Arabia or traveled Saud Arabia and other critical bit traveled the UAE, the unexpected suspension of exchange was stunned to the economy. Also, the unexpected withdrawal of Saudi and Emirati assets from the Qatari budgetary framework was a danger to the framework's steadiness. The Qataris had the capacity to bypass the controls, and balance out the budgetary framework rapidly, yet the suspension (which proceeds in actuality right now) made the Qatari government increment its endeavors to lessen its dependence on sustenance imports. Distributed evaluations from informal sources demonstrated the quick repercussions of the suspension this may have cost Qatar as much as US$38 billion, despite the fact that an expensive piece of that would again be accessible to the legislature as it was utilized to balance out the monetary area which is currently again on sound balance.

The exchange ban, by Saudi Arabia and its partners, has given nourishment, security issues more desperation. While Qatar had imported over 95% of its nourishment, the present point is to end up independent in dairy and poultry and increment creation of meat significantly. Expanded interest in the local street system will profit agribusiness and encourage the move far from complete reliance on imports. Given the nation's size and low precipitation, local sustenance creation is probably going to concentrate on chicken, eggs, dairy, hamburger and related items utilizing imported information sources bad habit more water serious harvests. Furthermore, Qatar is constructing substantial storage facilities at its ports which will hold supplies of grains, so an expansive save of foodstuffs and creature feed will be accessible in any consequence, regardless of whether because of a catastrophic event, political issues or market discontinuities.

Qatar has made immense interests in the port foundation which will presently empower it to improve its nourishment, security and fill in as an entrepot. The new Hamad Seaport is a $7.4 billion wagered on improving sustenance, security, and the framework for the nation. Only south of Doha's packed port, the first of three stages is as of now operational. The Hamad Port has a 17-meter draft (bad habit 12.2-meters of the main other real port in Doha) with the expectation

[14] US-Qatar Business Council "Economics in Qatar" 2017.

that it will deal with the absolute biggest Panamax vessels. Direct transporting courses from the new Hamad port to India, Pakistan, Kuwait, Oman, and Turkey were set up in the prompt result of the suspension of exchange with Qatar's neighbors.

The Hamad International Airport is the consequence of a few multi-billion dollar extensions in the course of the most recent decade. The Manateq Free Zone has turned into operational reality and, together with the port and air terminal, shapes a perplexing that will encourage industry, coordinations, worldwide exchange, and travel. Qatar Airlines worldwide reach has now made Doha a center for global voyagers, particularly between Western Europe or the US and the quickly developing economies of South Asia.

The Manateq Free Zones (in actuality three separate zones: 1. Close to the airplane terminal; 2. The new Hamad seaport; and 3. On the inside of the nation) and the cutting edge airplane terminal with the new port office structure a triple boost for business in Qatar offering current transportation, access to Qatar's abundant petroleum gas and materials taking care of the framework.

### Non-oil Foreign Trade

Furthermore, the export of hydrocarbons and items dependent on hydrocarbons, Qatar export almost US$495 million of iron and steel and US$1. 14 billion of aluminum in 2016. Imports progressively differed, yet sustenance imports, including live creatures, were US$2.9 billion out of 2016 or 9% of total imports."While non-oil sectors accounted for 51.8% of GDP in 2017, many of them are in turn reliant on hydrocarbon revenues for their growth. Manufacturing, which accounts for around 20% of non-hydrocarbons GDP, has traditionally been driven by downstream petrochemicals and metals processes during which Qatar features a competitive advantage thanks to the availability of low-cost feedstock.[15]

### Conclusion

In macroeconomics, not only enhance investment and fill the gap between domestic savings and the size of investment required to reach an economic objective, but also allow the transfer of advanced technologies to the target countries. Foreign investments stimulate competition in local markets and contribute to the development of human capital in the host country like training of employees who operate new business projects.[16] In addition, foreign investment leads to the progress of Balance of Payment due to the fund inflow, increase of exports and the decrease in imports.

[15]Group, O. B. (2019). *Qatar's economy thrives despite blockade.* Oxford Business Group.

[16]Foreign Investment Survey, QSA,2010,p.5.

Qatar has gained great ground in building up a political and authoritative atmosphere that bolsters the business part. Ventures to improve aggressiveness and pull in foreign investment have been taken to invade increasingly capital in the State's economy in a domain of a dynamic and a globalized economy.

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