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INVEST

FOREIGN DIRECT INVESTMENT

Foreign direct investment flows into Qatar have generally followed an upward trend in the past several years, thanks to the country's political stability, a stable currency pegged to the U.S. dollar, high-quality infrastructure and one of the lowest corporate tax rates in the world (10%). However, following the diplomatic crisis with countries such as Saudi Arabia, the UAE and Kuwait, the Qatari economy experienced a negative impact. This was compounded by the global economic crisis triggered by the Covid-19 pandemic. According to UNCTAD's [World Investment Report 2023](#), FDI flows stood at only USD 76 million in 2022, after a negative inflow of USD 1.09 billion one year earlier. At the end of the same period, the stock of FDI was estimated at USD 27.6 billion, around 12.2% of the country's GDP. However, Qatar is also a key international investor, thanks to its large foreign exchange reserves (the stock of outward FDI stood at USD 50 billion as of 2022). As per the figures from the Investment Promotion Agency Qatar (IPA Qatar), the country attracted USD 29.8 billion in inward FDI projects in 2022: a total of 135 new FDI projects were recorded, creating 13,972 new jobs in 2022. The largest contributors to FDI inflows are the U.S., Japan, South Korea and Singapore, while the main sectors attracting foreign investment are oil and gas, construction, public works and financial services.

Qatar aims to become a leading country in terms of its business and foreign investment environment. In May 2018, the government approved a law that allows non-Qatari investors to own 100% capital in all sectors, while many Qatar Stock Exchange listed companies have increased their foreign ownership limit to 49%. Law 1/2019 imposes a restriction on foreign ownership, capping it at 49 percent in the banking, insurance, and commercial agency sectors, unless specifically permitted by the Cabinet. Certain sectors, such as telecommunications, are monopolized by local state-owned enterprises, preventing both domestic and foreign competition. One element that limits the expansion of FDI flows into Qatar concerns its policies governing the private sector, especially due to the long amount of time it took to establish a privatisation programme. Other elements that hinder FDI are the country's relatively small domestic market, a lack of a skilled workforce and high cost of living, and the current diplomatic and commercial relations with other Arab countries. The public-private partnership programme launched recently is expected to improve the situation. According to [UNCTAD](#), Qatar has signed 67 bilateral investment treaties (BITs), 32 of which are currently in force. Moreover, as a member of the Gulf Cooperation Council (GCC), Qatar has entered into 12 treaties with investment provisions (TIPs). Qatar ranks 50th among the 132 economies on the [Global Innovation Index 2023](#) and 28th out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	-2,434	-1,093	76
FDI Stock <i>(million USD)</i>	28,627	27,534	27,610
Number of Greenfield Investments*	35	98	162
Value of Greenfield Investments (million USD)	897	1,188	29,974

Source: UNCTAD - Latest available data.

*Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.*

Country Comparison For the Protection of Investors	Qatar	Middle East & North Africa	United States	Germany
Index of Transaction Transparency*	2.0	6.4	7.0	5.0
Index of Manager's Responsibility**	2.0	4.8	9.0	5.0
Index of Shareholders' Power***	2.0	4.7	9.0	5.0

Source: Doing Business - Latest available data.

*Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.*

WHAT TO CONSIDER IF YOU INVEST IN QATAR

Strong Points

Qatar is an attractive country for FDI, with significant opportunities for investment in infrastructure, healthcare, education, tourism, and financial services.

The reasons to invest in the country include the following:

- Qatar is one of the fastest-growing economies in the world
- the country was ranked third globally by the World Bank's 2020 Doing Business Report for its taxation regime (the corporate tax rate is 10% and there is no personal income tax)
- low cost of energy
- good infrastructures
- inexpensive labour force provided by migrant workers
- the FIFA World Cup 2022 represent an occasion for investments
- the government provides various incentives to local and foreign investors
- the country enjoys one of the highest per capita incomes in the world
- political stability
- investment-friendly environment: up to 100% foreign ownership in all sectors, extensive economic zones with a tax exemption or full profit repatriation

Weak Points

Qatar's investing landscape weak points are:

- the economy's heavy dependence on hydrocarbons and foreign workforce
- a requirement for 51-49% partnership split in favour of Qatari nationals
- an expected budget deficit of USD 9,5 billion in 2021 (Qatari Ministry of Finance)
- small domestic market
- preferential treatment is given to suppliers using local products in government procurement

- import licenses issued only to individuals with Qatari nationality or companies owned or controlled by Qataris
- the country's untransparent system of rulemaking
- weaknesses in data transparency

Government Measures to Motivate or Restrict FDI

The government remains the dominant actor in Qatar's economy, though it encourages private investment in many sectors and is willing to attract more foreign investment. Indeed, as part of its [National Vision 2030](#), the government of Qatar has adopted reforms to encourage foreign investment in the economy.

A new Public Finance Law (Law No. 2/2015) aims to optimize the use of public funds and introduce international best practices and standards in Qatar's financial framework.

The government recently introduced reforms modifying the country's foreign investment regulations by allowing 100% foreign ownership of businesses in more economic sectors. The government is also implementing a regulatory regime to curb corruption and anti-competitive practices.

Qatar has several free zones ([Ras Boufantas](#) and [Umm Alhoul](#)) and business facilitation options ([Qatar Financial Centre](#) and [Qatar Science and Technology Park](#)). The government established an independent [Free Zone Authority](#) in 2018 to supervise free zones in Qatar and provide investors with opportunities and benefits.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders worldwide

[DgMarket](#), Tenders worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Qatar Investment Authority](#)

Other Useful Resources

[Invest in Qatar - GOIC](#)

[Investment in Qatar - Qatar Chamber of Commerce and Industry](#)

Doing Business Guides

[Doing Business Report - Qatar \(World Bank\)](#)

[Doing Business in Qatar - Squire Patton Boggs Guide](#)

[U.S. Department of Commerce Guide to Qatar](#)

[U.K. Department for International Trade Guide to Qatar](#)

[Qatar Tax Guide - Deloitte](#)

[Doing Business in Qatar - UHY](#)

