



A D V I S O R S

Qatar Weekly News Update

- Freedom of movement is the subject of our *In Focus* article this week as **Qatar continues to relax residency, entry and exit restrictions** with a new permanent residency law, abolished exit visa requirements and easier tourist visas
- In other news, **Qatar's Emir was in Germany** leading to pledges for large investments there in coming years, the QIA completed the acquisition of Rosneft, Qatargas signed a long-term LNG supply agreement with China, interest in new LNG investment has risen and investors remained concerned about the exposure of Qatari banks to Turkey
- The latest data pointed a seasonal soft patch through the summer; the equity market is up over the last week

Rory Fyfe
Managing Director

Ali Jaffery
Director of Modelling

info@mena-advisors.com

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In Focus

Qatar continues to enhance freedom of movement

A new permanent residency law, abolishing exit visa requirements, easier tourist visas

Qatar enacted the Gulf's first permanent residency law. Eligibility is limited to 100 expatriates per year, residents born in Qatar must have lived in the country for 10 years, while those born abroad would need to have lived there 20 years. Other requirements include some Arabic, sufficient income and sound legal standing. Automatic permanent residence will apply to children of Qatari women married to foreigners, spouses of Qataris and children of naturalised Qataris. Permanent residents will be permitted to establish companies without a local partner and participated in national economic projects.

Qatar also has plans in motion to abolish the exit permit system. The number of workers a company can bar from the leaving the country cannot amount to more than 5% of that company's total workforce. Workers barred from traveling can appeal to a committee that must reach a decision within 3 working days.

Tourist visas are also being liberalised. The recent Visa Openness Report by the World Tourism Organisation's ranked Qatar as the easiest country to visit in the Middle East and the 8th easiest globally (up from 177th in 2014).

Qatar's tourism and residency took a hit as a result of the blockade that was imposed by its neighbours in 2017. Much of the liberalisation currently underway in Qatar can be seen as a reaction to the blockade as the country has been forced to open up new horizons. Indeed, the Minister of Economy described the blockade as a "blessing" last week as it has helped open up new markets for the State.

Qatar News Highlights

- **Qatar's Emir, Tamim bin Hamad al-Thani, was in Germany** and the QIA announced **investments of €10bn** in Germany over the next five years, mainly in finance, IT, artificial intelligence and healthcare. The investments would add to stakes in German majors including Volkswagen, Siemens and Deutsche Bank. Meanwhile, QP announced that it is discussing an investment in an LNG import terminal with German companies RWE and Uniper and Merkel raised the potential for energy collaboration.
- **QIA finalised the acquisition of Rosneft.** A consortium of QIA and Swiss mining company, Glencore, announced in 2016 the purchase of 19.5% of Rosneft. In early May 2018, it was announced that the consortium would be dissolved, with the stakes split 18.9% to the QIA (worth around \$12.5bn) and 0.6% to Glencore.
- **Qatargas signed a 22-year agreement with PetroChina** to supply China with 3.4m tons of LNG a year. This equates to around 4.4% of Qatar's current output of LNG.
- **Interest in investment in new LNG production has risen**, according to a Bloomberg report, as a result of rising prices and strong demand from China. Of the 27 projects trying to achieve a final investment decision (FID), 11 are assessed as likely to achieve FID by end 2019, equating to 30% of global supply. Qatar is currently planning a 30% expansion itself, which should maintain its position as the world's largest supplier of LNG. As a well-capitalised and low-cost producer, Qatar's expansion is likely to be the earliest to achieve FID in the current round of new investment.
- **Around \$8bn was withdrawn from money market mutual funds in Korea**, possibly related to the crisis in Turkey. The connection runs through Qatar as many Korean mutual funds have invested in Qatari bank deposits and some Qatari banks have acquired banks in Turkey in recent years.
- **Qatar Financial Centre firms may soon be permitted to market funds in the EU** after the QFC signed MoUs with 21 securities regulators.

Qatar Data Update

- **The population at end-Aug was 2.56m**, lower than usual as many expatriates take holidays over the summer. Population growth is slowing down from double digit growth in prior years as Qatar’s infrastructure investment programme has peaked.
- **Qatar’s PMI fell** to its lowest level in year of 50.4 in August, down from 52 in July. The drop is, again, likely due to the seasonally slower summer months.
- **Inflation rose to 0.6% in August**. Food and rent prices are now both in deflation on an annual basis but this was compensated for by a large increase in fuel costs.
- **Yields on QCB issuance remained broadly unchanged** with QR8bn of bonds and sukuk at 3.75% for the 3 year and 4.25% for the 5 year and QR1.1bn in T-Bills at 2.19% for 3 months and 2.73% for 9 months.

