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Qatar: Background and U.S. Relations

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Summary

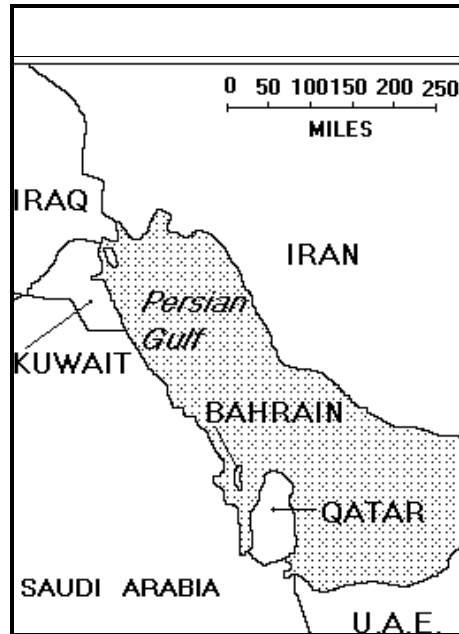
Qatar, a small peninsular state bordering Saudi Arabia in the Persian Gulf, is a monarchy governed by the Al Thani family. In recent years, the ruler of Qatar, Sheikh Hamad bin Khalifah Al Thani, has embarked upon a limited course of political liberalization. Qatar's oil production of roughly 600,000 barrels per day gives it a per capita national income comparable to that of major industrial countries. In 1992, Qatar and the United States concluded a Defense Cooperation Agreement. Qatar has adopted a more conciliatory stance toward Iraq and Iran, while supporting increased economic ties with Israel when the peace process has progressed. This report will be updated when significant changes occur. For further information, see CRS Report 97-7, *Persian Gulf: Political Reform and U.S. Policy*, and CRS Report RL 30093, *The Persian Gulf: Issues for U.S. Policy*, 1999.

Domestic Political Structure

Qatar is a near absolute monarchy headed by the Emir, Shaykh Hamad bin Khalifah Al Thani.¹ The government is headed by the monarch's brother, Prime Minister Abdallah bin Khalifa Al Thani. The country gained full independence from Britain in 1971. There is no legislature; however, an Advisory Council appointed by the Emir and composed of 35 members is authorized to review legislation and make recommendations to the Council of Ministers. The Provisional Constitution provides for a modified electoral procedure in choosing members of the Council and a three-year term; nevertheless, the Council has remained appointive in practice, and terms of the Council members have been extended in three or four year increments since 1975.

¹ The term "Shaykh" (or Sheikh) is an honorific title, which can mean a ruler, a tribal leader, or a venerable religious figure. It should be pronounced with a long A (as in "say"), not a long E (as in "see"). The term "Emir" (or Amir), often translated as prince, can also mean a monarch or a ruler in the Gulf region.

On June 27, 1995, in a bloodless palace coup, Shaykh Hamad replaced his father, Shaykh Khalifa, who had ruled Qatar for 23 years. Since 1992, the former ruler had turned over many routine affairs of state to his son, Shaykh Hamad, then crown prince, who also served as Minister of Defense and commander of the small armed forces. The ruling Al Thani family rallied behind the new ruler, Shaykh Hamad, who quickly consolidated control. In February 1996, supporters of Shaykh Khalifa unsuccessfully attempted a counter-coup. The coup attempt prompted Shaykh Hamad to initiate civil proceedings against his father to retrieve an alleged \$3-\$12 billion of state assets supposedly in his possession. Saudi Arabian mediation facilitated an out-of-court settlement, and the Emir and his father have reconciled, although the former Emir has not returned to Qatar.



Qatar and Its Neighbors

Shaykh Hamad, at age 49, has been described as representative of an emerging new generation in Gulf leadership. In his previous role as crown prince, Shaykh Hamad promoted a group of younger Western educated governmental officials to high positions. A dynamic administrator, Shaykh Hamad and his younger generation of advisers have pressed for modernization and social, political, and economic liberalization, and favor a more independent foreign policy designed to strengthen Qatar's voice in regional councils.

Economic Overview

Oil is the mainstay of Qatar's economy, accounting for approximately 70% of export earnings and 66% of government revenues. At its current production quota--determined by the Organization of Petroleum Exporting Countries (OPEC)--of 593,000 barrels per day, Qatar is not among the world's top producers, but it does have a per capita national income comparable to that of major industrial countries. Japan is the leading importer of oil from Qatar. Like other oil producing states, Qatar had to adjust to lowered oil prices during the past decade by reducing expenses and making limited cuts in the generous benefits Qatari citizens enjoy. Budget expenditures for FY 1999-2000 of \$3.88 billion represent a 6% reduction from the previous year's budget expenditures and anticipate a deficit of \$990 million.² With oil reserves likely to be exhausted by 2022 at current production rates, Qatar is moving rapidly to exploit its natural gas reserves. As part of a long-term development strategy, Qatar has tapped both domestic and international financial markets in recent years in order to finance the expansion of its liquified natural gas (LNG) production. Qatar intends to expand its yearly LNG output, which is not

² This budget deficit was based on a conservative \$10 per barrel oil price. The fact that oil prices recently have been well above this figure suggests that Qatar's actual budget deficit will be significantly less.

subject to OPEC production quotas, from 3.6 million tons in 1998 to 16 million tons within a few years, potentially doubling its GDP within a decade.³

Human Rights and Political Liberalization

The U.S. Department of State Country Report on Human Rights for 1998 states that the government of Qatar restricts citizens' rights. According to the report, "arbitrary detention in security cases, and restrictions on the freedoms of speech, press, association, religion, and on workers' rights, continued to be problems." There were no reports of political killings, disappearances, or torture. In 1996, the Emir abolished the Ministry of Information, along with its Censorship Office. Although official censorship today is rare, journalists tend to exercise a degree of self-censorship. The government maintains strict limits on the freedom of assembly and association. Political parties and demonstrations are not allowed in Qatar, and private professional and cultural associations must register

with and are monitored by the state. Citizenship is withheld from foreign workers, who outnumber native Qataris in the labor force by an estimated ratio of more than 4 to 1. As in other Gulf countries, expatriate laborers are vulnerable to mistreatment by employers who capitalize on their fear of deportation. Labor unions and collective bargaining are prohibited.

Since assuming power, Shaykh Hamad has embarked upon a limited course of political liberalization. In April 1998, the first election in Qatar's history took place. Approximately 3,700 leaders of the business community elected a Chamber of Commerce, selecting 17 members from a slate of 41 candidates. In November 1998, in a speech before the Advisory Council, Shaykh Hamad signaled his willingness to proceed with political liberalization, declaring that "to meet the requirements of the future...it is necessary to reinforce the role of constitutional institutions, activate meaningful, constructive popular participation in the process of decision-making and supervise proper

QATAR IN BRIEF

Area:	11,437 sq km (slightly smaller than Connecticut)
Population (1999):	723,542*
Literacy:	79.4%
Religion:	95% Muslim
Ethnic Groups:	40% Arab, 18% Pakistani, 18% Indian, 10% Iranian, 14% other
GDP (1998):	\$17,100 per capita
Inflation (1998):	2.0%-3.0%
Foreign Debt (1997):	\$11 billion
Oil Reserves:	3.7 billion barrels
Gas Reserves:	7 trillion cubic meters
Armed Forces:	11,800 active personnel, 34 tanks, 18 fighter aircraft

*According to a 1997 estimate, the population of Qatar includes 516,508 non-nationals.

³ For current economic statistics, see Angus Hindley, "Qatar Special Report: On a Tight Rein," *Middle East Economic Digest*, August 27, 1999, pp. 7-16, and "Qatar: Financial Report," *Middle East*, July/August, 1999, pp. 30-32.

execution of decisions.”⁴ In March 1999, the long-anticipated election for a Central Municipal Council occurred. Over 200 candidates competed for 29 seats and all adult Qatari citizens, with the exception of members of the police and armed forces, were allowed to vote and run for office. This was the first time a Gulf country enfranchised all male and female citizens in a nation-wide election. Although the council functions primarily in an advisory role to the Ministry of Municipal and Agricultural Affairs, many Qataris view it as a stepping-stone to wider political liberalization. In July 1999, Shaykh Hamad formed a committee to draft a permanent constitution for the country. Previously, the Emir had announced that this constitution would provide for a directly-elected parliament.

Foreign Policy

Qatar is a member of the United Nations, the Arab League, the Organization of Islamic Conference, and the Gulf Cooperation Council (GCC), a sub-regional organization consisting of six states (Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman) bordering the Persian Gulf and the Gulf of Oman. It is also a member of the Organization of Petroleum Exporting Countries (OPEC).

Gulf States. Despite traditionally close relations with its fellow GCC states, territorial disputes have marred Qatar’s relations with Bahrain and, more recently, Saudi Arabia. Both Qatar and Bahrain claim the nearby island of Hawar, along with an abandoned town on Qatar’s northern border. In November 1994, Qatar unilaterally submitted its case to the International Court of Justice (ICJ). In February 1995, the court determined that Qatar’s submission was admissible and that the court possesses the necessary jurisdiction to try the case. The case is still pending before the court and a judgement is expected in 2000. Border clashes between Qatar and Saudi Arabia in the fall of 1992 reportedly were followed by an agreement to exchange approximately 250 square kilometers of territory. Qatar charged Saudi Arabia with further border provocations in late 1994 and relations between the new Emir and Saudi rulers were strained in the first few years of his rule. In June 1999, Qatar and Saudi Arabia signed final maps demarcating their border after three years of negotiations. Despite accusations by Qatar that Saudi Arabia, Bahrain, and the UAE were behind an alleged plot to restore the former ruler of Qatar in 1996, relations with neighboring states have improved.

Iraq and Iran. A combination of factors--strains with Saudi Arabia and Bahrain and aspirations to a more influential role in regional affairs--has contributed to Qatar’s increasingly independent foreign policy since 1992. Although it was an active member of the allied coalition formed during the 1990-1991 Gulf crisis and has been a participant in post-war security arrangements, Qatar adopted a conciliatory stance toward both Iraq and Iran before the other members of the GCC did. Qatar restored diplomatic ties with Iraq shortly after the Gulf war, has hosted visits by the Iraqi Foreign Minister, and has called for relaxing economic sanctions against Iraq. Qatar also has signed several cooperation agreements with Iran in such fields as customs, air traffic, media, investment, youth and sports, labor, drug fighting, tourism, and industry and trade. Iranian President Muhammad

⁴ “Qatar Plans to Set up First Parliament,” *Reuters*, November 16, 1998.

Khatami visited Qatar in May 1999 as part of his Gulf tour to forge closer relations between Iran and the Gulf states.

Arab-Israeli Issues. Although Qatar and Israel do not have diplomatic ties, Qatar has been in the forefront of Arab-Israeli talks on expanding economic ties during periods of progress in the peace process. Qatar's position regarding the Arab boycott of Israel is governed by the September 1994 decision by the GCC to terminate enforcement of the so-called secondary and tertiary boycotts. Qatar has hosted meetings of multilateral Arab-Israeli working groups and then Israeli Prime Minister Shimon Peres visited in April 1996. In addition, Qatar agreed to the establishment of an Israeli trade mission in Doha, Qatar's capital city, although relations cooled after the peace process slowed down in 1996. Despite pressure from some other Arab states, Qatar did host the fourth annual Middle East/North Africa Economic Conference (MENA) in November 1997, a gathering that brought together some Arab and Israeli business and political leaders to discuss regional economic cooperation.

Defense and Regional Security

Like other Gulf states, Qatar has followed a two-track approach toward improving its defense posture: enhancing indigenous military capabilities and participating in regional security alliances. With a personnel strength of 11,800, Qatar's armed forces are the second smallest in the Middle East (Bahrain, with an estimated 11,000-member force, has the smallest). Qatar has obtained most of its military equipment from European suppliers, notably France, which has provided approximately 80% of Qatar's arms inventory. Since the Gulf war, Qatar has pursued a limited program of force modernization. By 1998, Qatar had taken delivery of 12 French-manufactured Mirage 2000-5 fighter aircraft and associated missiles under a contract worth \$1.25 billion.⁵ Between March 1997 and January 1999, Qatar acquired six additional French-manufactured AMX-30B2 main battle tanks, bringing its total to 34 main battle tanks.⁶

With its small territory and narrow population base, however, Qatar relies to a large degree on external cooperation and support. Qatar, like other Gulf states, contributes military units to a small GCC rapid deployment force of 8,000 called Peninsula Shield. In November 1997, the GCC agreed to raise the troop level of Peninsula Shield to 25,000 and to expand its capabilities through forming a common radar network for naval and air surveillance and an early warning aerial system. Qatar has concluded defense agreements with the United States in 1992 (see below), Britain in 1993, and France in 1994.

U.S.-Qatari Relations

A U.S. embassy was established in Doha in 1973, but U.S. relations with Qatar did not blossom until the 1991 Gulf war. The United States promptly recognized the assumption of power by Shaykh Hamad in June 1995. Qatar's participation in the Arab-Israeli peace process accord with U.S. efforts to foster an expanding dialogue between

⁵ Pierre Sparaco, "First Mirage 2000-5 Delivered to Qatar," *Aviation Week & Space Technology*, September 15, 1997, p. 96.

⁶ "Qatar: Armed Forces Structure," *Periscope USNI Military Database*, January 1, 1999.

Israel and Arab states. The two governments differ to some degree in their positions regarding Iraq and Iran. Qatar favors a policy of constructive engagement with these two states; by contrast, the United States favors isolating them through its policy of "dual containment."

Trade between the United States and Qatar has increased since the 1990-1991 Gulf war. U.S. exports to Qatar amounted to \$354.11 million in 1998, consisting mainly of machinery and transport equipment. U.S. imports from Qatar, mainly textiles and fertilizers, totaled \$220.36 million in 1998.⁷ Over the past five years, the level of bilateral trade has more than doubled. Although the bulk of Qatar's trade continues to be with a few European countries and Japan, several U.S. firms, including Mobil, Occidental, Penzoil, Enron, and Bechtel, are active in the exploitation of Qatar's oil and gas resources. Despite the presence of U.S. firms in the Qatari hydrocarbon industry, the U.S. imports virtually no oil from Qatar.

Bilateral defense and security cooperation have expanded since the Gulf war. On June 23, 1992, the United States and Qatar concluded a Defense Cooperation Agreement that provided for U.S. access to Qatari bases, pre-positioning of United States materiel, and combined military exercises.⁸ Since the agreement, the United States and Qatar have begun to implement plans for pre-positioning U.S. military equipment for use in a future contingency in the Gulf, including enough tanks and associated equipment for an armored brigade. A warehouse for U.S. armored equipment is being enlarged in Doha, and the United States is currently helping Qatar expand a large air base that could potentially be used to host U.S. aircraft. During a visit to Qatar in February 1999, U.S. Chairman of the Joint Chiefs of Staff General Henry Shelton stated that the pre-positioning station "is right on schedule at this time and will be a great enhancement to our capabilities as well as, I think, provide a great capability that we would not have had otherwise."⁹ Qatar also has expressed a willingness to host a forward presence for U.S. Central Command and it has begun allowing U.S. P-3 maritime patrols originating from Qatar. On several occasions, Qatar has hosted temporary deployments of U.S. Air Expeditionary Forces that enhance U.S. aircraft carrier coverage of the Gulf.¹⁰ Qatar has held informal discussions about purchasing the U.S.-built M1 A2 tank and Patriot PAC III air defense system, but no U.S. sales are anticipated at this time.

The United States has been supportive of Qatar's recent moves toward political liberalization. In March 1999, Rep. Sue Kelly (R-NY) and Rep. Carolyn Maloney (D-NY) headed a congressional delegation that observed Qatar's election for a Central Municipal Council. In the election's aftermath, Congress passed a resolution congratulating the state of Qatar and its citizens for their commitment to democratic ideals and women's suffrage (S.Con.Res. 14, March 4, 1999, and H.Con.Res. 35, April 13, 1999).

⁷ U.S. Census Bureau, "U.S. Trade with Qatar in 98," <http://www.census.gov/foreign-trade/9/9/1999>.

⁸ Library of Congress, Federal Research Division (Helen Chapin Metz, ed.) *Persian Gulf States: Country Studies*, Washington, U.S. Government Printing Office, 1994, p. 194.

⁹ "News Briefing," Office of the Assistant Secretary of Defense, February 22, 1999.

¹⁰ Phillip Finnegan, "Qatar Seeks Out Closer Military Ties with U.S." *Defense News*, June 22-28, 1998.