



Defense & Security in Qatar

Industry Report
Q2 2019



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Summary

Qatar's military force is the second smallest in the region, after Bahrain, with an estimated 12,000 personnel— 8,500 ground forces, 1,800 naval forces, and 1,500 air forces. As a small state, Qatar's defense policy is focused on self-defense and the strategy of sheltering, both of which are achieved through major investments in its military and internal security.

The State has allocated at least \$6.5 billion in defense expenditures for 2019. Such investments have been a major contributing factor in securing Qatar as one of the safest countries in the world with the seventh-lowest crime rate, according to the World Economic Forum. However, an ongoing struggle for defense forces is Qatar's limited manpower which it has sought to increase through extending its compulsory national service program from 3 to 12 months and allowing for female volunteers.

Current Landscape

Defense & Security Overview

Qatar Ministry of Defense

Qatar's Ministry of Defense includes three primary branches for ground, naval, and air forces.

Deputy Prime Minister & Minister of State for Defense Affairs:

Dr. Khalid bin Mohammed Al Attiyah

Defense Attaché to the United States:

Colonel. Nawaf Mubarak Al-Thani

Military Branches:

- Qatar Amiri Land Force:
 - Royal Guard Brigade
 - Qatari Army
 - Armored Brigade
- Qatar Amiri Naval Forces
- Qatar Amiri Air Force

Qatar Ministry of Interior

This Ministry is charged with much of Qatar's internal security. The Ministry oversees the Civil Defense, which includes Qatar's emergency response and police forces, as well as the Internal Security Force (Lekhwija).

Prime Minister & Minister of Interior:

Sheikh Abdullah Bin Nasser Bin Khalifa Al-Thani



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Ministry of Interior Security Divisions:

- General Directorate of Public Security
- General Directorate of Civil Defense
- General Directorate of Coasts & Borders Security

Military Partnerships

Historically, Qatar has been a major defense partner to the United States, starting most notably after Operation Desert Storm in 1991, when the US-Qatar Defense Cooperation Agreement (DCA) was signed. DCA has since then been renewed twice, each time for 10 years in December 2002 and December 2013. The defense pact covers US arms sales to Qatar, US troop presence in Qatar, and the importance of interoperability. The former allows for joint military and systems operations to enhance the overall effectiveness and cooperation of both sides. Interoperability has aided Qatar's familiarization with Western armed forces training, modern equipment, operational planning, and hardware capabilities.

The US and Qatar also share a strong partnership through their involvement in the 33-nation Combined Maritime Force (CMF) Task Force-152. Qatar's Navy and Coast Guard make up the largest maritime contribution to this task force, led by the US Navy's Fifth Fleet. Thus, Qatar is highly valued in the mission to protect approximately 3.2 million square miles of international waters from any security threats or illicit activities and to allow the free flow of commerce.

In January 2019, the second annual "Strategic Dialogue" between the US and Qatar took place in which both parties reaffirmed their intent to combat international terrorism. The Anti-terrorism Assistance (ATA) training program provides US assistance to local law enforcement agencies of partner nations to build their knowledge and protection in areas such as aviation security, terrorism investigations, and the protection of soft targets. In addition, a memorandum of understanding was signed to coordinate efforts on the expansion of Al Udeid Air Base in Qatar which would help to increase operational capabilities of US forces. Qatar also has strong military partnerships with Britain and France.

Military Bases in Qatar

Al Udeid Air Base, located southwest of Doha, is home to over 10,000 US troops and is considered the largest US base in the Middle East. It serves as the headquarters for the US Central Command, US Air Force Central Command and the Forward Command Center for US Special Operations. The base has key strategic importance in the US air campaign against the Islamic State in Syria and Iraq with 80% of aerial refueling in the region taking place there.



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An important upcoming project in Qatar includes a \$1.8 billion expansion of Al Udeid Air Base to include more recreational facilities and build family compounds for more than 200 officers. This is in hopes of providing more comfort to US forces and their families, in addition to promoting enduring US presence in Qatar. As Sayliyah Army Base was established in 2000 in Doha, Qatar. This US Army base stores prepositioned equipment for CENTCOM, most of which is on reserves for use in Iraq and Afghanistan.

Military & Defense Current Projects

In addition to the expansion of Al Udeid Air Base, Qatar aims to increase its naval forces from approximately 3,000 to 7,000 by 2025. The State Minister for Defense Affairs, Dr. Khalid al-Attiyah has remarked the importance of self-reliance and claims these efforts predate the current diplomatic tensions in the region.

In June 2007 Qatar began working on the world's largest "greenfield" port-development project: the Hamad Port. This commercial port south of Doha in Al Wakra will include a port, a naval base, and a canal for the planned Qatar Economic Zone 3. This project is part of the Qatar National Vision 2030 and when completed will span a total of 26.5 square-kilometer area. The port was inaugurated in 2017 and construction for the new Qatar Amiri Naval Base began earlier this year. The project includes a quay wall and basin revetments, infrastructure, utility buildings, security facilities, helicopter airfield, and access bridge. The boundary is secured with bulletproof-glass buildings, detention facilities, and security gates; the base will have special defense and surveillance towers too. The base will accommodate approximately 6,000 individuals with 200 buildings and will house the recent military purchases by the State.

Qatar US Defense Acquisitions

France was Qatar's main arms provider in the 1980s and 1990s. However, \$25 billion in new US Foreign Military Sales (FMS) and a predicted \$40 billion in the next five years of FMS purchases show a shift towards US arms. FMS to Qatar have helped create approximately 110,000 American jobs in the process.

Since 2009, Qatar has made major purchases of US-made defense equipment, along the following timeline:

- 2009: Qatar Introduces 2 C-17 Globemasters to its Fleet
- 2012-2013: US sells \$23 billion in arms to Qatar including:
 - Patriot Configuration-3 Missile Fire Units & Missiles
 - UH-60M Black Hawk Helicopters



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- MH-60R & MH-60S Seahawk Helicopters
- AH-64D Apache Block III Longbow Helicopters
- Hellfire Missiles
- Javelin Guided Missiles
- Large Aircraft Infrared Countermeasures (LAIRCM) Systems
- Terminal High Altitude Area Defense (THAAD) Fire Units
- A/N FPS-132 Block 5 Early Warning Radars
- C-17 Globemaster III Equipment and Support
- M142 High Mobility Artillery Rocket System (HIMARS)
- M57 Army Tactical Missile System (ATACMS) Block 1A T2K Rockets
- M31A1 Guided Multiple Launch Rocket System (GMLRS) Rockets
- 2014: US sells Qatar Apache attack helicopters, Patriot Missile Systems, and Javelin air-defense systems valued at \$11 billion
- 2015: Qatar purchases four Boeing C-17 Globemasters, doubling its fleet
- 2016: US State Department approves FMS sale to Qatar for RIM-116C & RIM-116C-2 Rolling Airframe Missiles worth \$260 million
- 2016: US State Department approves FMS sale to Qatar for Javelin Guided Missiles worth \$20 million
- 2016: US State Department approves FMS sale to Qatar for Mk-V Fast Patrol Boats worth \$124.02 million
- 2016: State Department approves possible FMS sale to Qatar for the continuation of logistics support services & equipment at an estimated cost of \$700 million to include:
 - Contract labor for sustainment engineering
 - On-site COMSEC support
 - Support equipment repair & spares replenishment
 - Supply Chain management
 - Maintenance & back shop support
- 2016: US approves sale of 72 F-15QA fighters to Qatar worth \$21.1 billion. The deal supports nearly 24,000 US jobs and keep the F15 production line open for several more years.
 - 2017: Qatar purchased 36 F-15 aircrafts and early warning radar system (of 72 total approved F-15QAs)
- 2018: Qatar purchased 5,000 Advanced Precision Kill Weapons Systems II Guidance Sections for use on Apache fleet.
- 2019: US approves possible FMS sale of 24 AH-64E Apache Attack helicopters and related equipment for an estimated \$3 billion



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Opportunities for US Companies

Equipment & Infrastructure

Qatar relies heavily on US defense contractors for maintenance, upkeep, and training for all the military equipment it has purchased. Part of the package of Qatar's 2016 \$21.1 billion purchase of F-15QA Fighters is US-based Lead-in-Fighter-Training, associated ground support, mission-critical resources and maintenance support equipment, personnel training, and simulators so the local forces can be well prepared for the arrival of the aircraft.

The \$1.8 billion expansion of Al Udeid Air Base provides an opportunity for assistance in services and contracting as Qatar aims to add new family housing facilities for over 200 officers. Construction efforts will also include recreational facilities, barracks, and security service buildings. The goal is to improve the quality of life of troops stationed at Al Udeid.

Border Security

The peninsula of Qatar is low-lying and thus there is not a major need for assistance with border security. Qatar has low population borders and its only land border is with Saudi Arabia to the south, spanning approximately 54 miles. Up until 2017, the only land border crossing between Qatar and Saudi Arabia was in the major town of Abu Samra on the Qatari side which is protected by the Permanent Committee for the Management of Abu Samra Border Port. Regarding Qatar's islands, Halul is the most important. It is located 56 miles east of Doha and is used as a storage area and loading terminal for oil. A main Qatari Navy base and a Coasts and Borders Security base is located on the island.

Physical Security & Training

Qatar has established various committees to enhance its security efforts. The Centre for Strategic Security Studies provides strategic security research to ministry departments and assesses the reality of emerging security issues. Furthermore, the Permanent Committee for Emergency, established in 1998, specializes in preparing plans to face potential natural, fire, or oil disasters, as well as other emergencies. In addition, despite Qatar's small police force, they have acquired top technologies like Porsche Panamera police cruisers to help secure Qatar as one of the safest countries in the world.



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However, the upcoming 2022 World Cup brings with it new challenges to national security. It is estimated that 1.3 million fans will arrive in Qatar during the tournament in addition to its approximately 2.6 million population. One way Qatar plans to handle this influx of people and limit the outbreaks of hooliganism is by having experienced international police officers present. According to Major Ali Mohammed al-Ali, deputy executive director for security with the Supreme Committee for Delivery & Legacy, officers from participating countries will be drawn to help in maintaining order during the World Cup celebrations.

Regardless of potential foreign police officers during the World Cup, Qatar can also work on improving the capabilities of its own military and armed forces through more training and operation programs for future endeavors. Currently, they have a Police College which specializes in scientific and practical training in police science and legal areas, aimed towards future officers. The first batch of 130 students from Qatar and other Arab states enrolled in their four-year bachelor degree in law and police science in 2014. Their classes are taught in Arabic. Qatar allocated around \$686 million to the college in its first year. Additionally, the National Academy for Professional Training provides professional consultation and training in various fields including the aviation, maritime, military, and security sectors. This semi-government owned organization has over 400 students scattered across their local and international locations, including in the US. They provide an estimated 74 security courses, 95 military courses, 82 police courses, 27 aviation courses, and 15 IT courses.

In terms of physical security, with the upcoming World Cup Qatar would benefit from equipment and technology that could help secure buildings and stadiums in particular. For example, control rooms with integrated systems and video surveillance, security rooms, image analysis and processing software, metal detectors, barriers, and CCTV to name a few.

Cyber Security

In May of 2017, Qatar News Agency suffered a major security breach. This breach published false articles and release private emails to the public. This was a leading cause of the current diplomatic and economic embargo between various GCC countries. In 2016, the Qatar National Bank was a victim of a 1.4 Gbs document leak that included not only sensitive consumer financial data but also files relating to the royal family of Qatar and broadcaster Al Jazeera.

Qatar has been a victim of cybersecurity breaches in the past and has thus worked to strengthen its cyberspace and relating data. Critical sectors like finance and energy are increasingly adopting ICT solutions to better their operations and transfer their data, a large scale hack on any of these sectors could be detrimental. Hence, the Qatar National Cyber Security Strategy (NCSS) was developed by the National Cyber Security Committee (NCSC) to address current and emerging threats and risks.



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The NCSS has five main objectives: safeguard national CII, respond to and resolve cyber incidents, establish a legal and regulatory framework, foster a culture of the appropriate use of cyberspace, and develop national cyber capabilities. The NCSC also established a Critical Information Infrastructure Protection (CIIP) team to protect the information assets in critical sectors essential to maintain the quality of life in Qatar. The CIIP team analyzes the cybersecurity maturity levels and risks of these sectors, as well as conducts annual national cyber drills. The CIIP team is also tasked with overseeing the public-private partnership model of IRECs - “a sector-specific trusted platform for sharing cybersecurity-related matters.”

The government also set up the Qatar Computer Emergency Response Team (Q-CERT) in cooperation with the Carnegie Mellon’s Software Engineering Institute in 2005. Q-CERT is developing a Threat Monitoring System using data from SPAMTRAPS and HONEYPOTS to create an early warning system for cyber threats and a Malware Analysis Lab to investigate the digital ‘footsteps’ of cybercrimes.

Furthermore, their Botnet Eradication project focuses on sensitive government, corporate, and individual data and how to detect compromised systems, notify infected IPs, remediation efforts, and blocking IP addresses which are defined as a bot. With these initiatives and the upcoming World Cup 2022 in mind, the Ministry of Transport and Communications launched a new cybersecurity framework. With the help of international suppliers, this framework will align ICT programs with the best digital information protection practices and create a safer cyber environment.

Key Players in the Market

The United States is Qatar’s primary trading partner, providing Qatar with nearly 20% of all imports. The trade balance between the US and Qatar reached \$26.7B (84.5% in favor of the United States). More than 753 US companies have been established in Qatar, with 118 100% fully owned by the American partner. There are over 15,000 American’s in Qatar with 5,000 currently working in the private sector.

American companies are very active in Qatar’s defense sector, with many of the construction firms operating on and around Al Udeid base being American. Base services, both for Qatari and American forces (at CENTCOM), are mainly provided by American companies. Qatar’s Deputy Prime Minister & Minister of State for Defense Affairs has made clear that Qatar’s defense forces will be comprised of 80% American-made equipment and American training. Despite a strong US presence in Qatar, Turkey, China, France, and the UK play an active role in Qatar’s private and defense sectors.

According to a Qatar Chamber report, there are approximately 205 Turkish companies in Qatar, most of which have joint ventures. Although, with the new investment laws Qatar expects to see many more Turkish companies setting up production facilities in Doha. Turkish contracting company projects total over \$12 billion, with many of them related to the World Cup 2022.



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China is Qatar's third-largest trading partner and since the 1980s China and Qatar have signed many cooperation agreements to strengthen economic and trade relations. As of late 2017, there were 14 reported fully owned Chinese companies and 181 joint ventures in Qatar in the engineering, consulting, contracting, IT, commerce and service sectors. Chinese companies are heavily involved in the construction of the Lusail Stadium for the 2022 World Cup and the Hamad Port.

Qatar depends heavily on French companies to provide military equipment and support. In 2018 the French-Qatar military relationship was worth \$2.7 billion with the major companies being Dassault Aviation, in charge of the Rafale acquisition, Safran Helicopter Engines, as engine suppliers for Qatar's new NH90 fleet, Naval Group, MBDA, and Nexter Systems.

The formation of the UK-Qatar Joint Typhoon Squadron has improved defense relationships between the two countries which have signed a multi-billion pound contract for Eurofighter Typhoon Fighter Jets and Hawk T2 Aircrafts. Big UK contractors include BAE systems and GKN. UK-Qatar relations also focus on training as the UK Royal Air Force No.12 squadron has integrated Qatar Amiri Air Force personnel for training and cooperation exercises in preparation for the World Cup 2022.

Qatar has been in talks with Russia to buy the Russian missile defense system (S400) although no agreement has been formalized.

Major US Defense Companies in the Market (Not Exhaustive)

- Boeing
- Collins Aerospace (UTC Aerospace Systems)
- DynCorp International
- Harris Corporation
- KBR
- Lockheed Martin
- L3 Technologies
- Raytheon (Raytheon Technologies)
- RosserECG Joint Venture, which serves as the Building Design Consultancy (BDC) for the Qatar Amiri Naval Forces Base (QENFB)

Entering the Market

Legislation & Regulations

As of this year, Qatar has new investment laws that allow foreign companies to directly invest in almost all sectors of the economy, including security and defense. Foreign companies no longer need to have a local partner or act in a joint venture and non-Qatari investment projects are to be exempt from customs duties on imports of machinery and equipment needed for their establishment. Further business incentives include 20 year corporate tax holiday and flexible legal frameworks with local courts or English Common Law.

The Qatar Free Zone Authority (QFZA) was established by Law No.24 of 2005 to promote foreign direct investment in its two zones. Ras Bufontas is a 400-hectare airport free zone area with recommended industries of logistics, consumer products, light manufacturing, services, technology and application, and pharmaceuticals. Umm Alhoul is a 3000-hectare port free zone located adjacent to the Hamad Port with recommended industries of maritime industries, polymers and plastics, advanced manufacturing and logistics. Applicants have the option of pre-built or land lease options which will be available by the end of 2019.

Locating within the free zones allows for 100% foreign ownership, zero custom duties and tax exemptions for both corporate tax and individual personal income. Other offerings include strong intellectual property and data protection laws, no restrictions on capital repatriation, skilled foreign workforce availability and access to an investment fund. The proximity to markets across the Middle East, Europe, North Africa, and Western Asia also provides partnership opportunities within the free zones. The QFZA provides location analysis within zones, setup navigation and support, real estate, and market entry consulting for interested applicants mostly in their key sectors of logistics, chemicals, and emerging technology.

Government Procurement Services

The Government Procurement Portal provides access to government tenders in Qatar and compiles a list of companies by service to government entities.

Forming a Company in Qatar

The new 2019 investment law in Qatar permits foreign companies and investors to maintain 100% ownership of operations whilst in Qatar. Therefore, not only will foreign companies have more control of their operation but they can also enjoy 100% repatriation of profits, no customs duties on imports, no individual income tax, and 20 years corporate tax holiday. However, having a local partner has its benefits such as intimate local knowledge of the market, infrastructure and capital, and established connections and operations.



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Regardless, local investors in Qatar must obtain a commercial registration and should submit a request to the Commercial Registration and Licenses Department at the Ministry of Commerce and Industry to obtain a commercial license and/or signage license.

Prior to being abolished, the obligation was to have a local partner holding at least 51% of the shares in any limited liability company or sponsorship. Although it is no longer a requirement, foreign companies and individuals may still opt to have a local partner. Types of company formation include a joint venture, limited liability company, branch office or a trade representative office.

The most common method for foreign investors is to set up in Qatar as a limited liability company (LLC). An LLC can fulfill an unlimited number of contracts simultaneously and is a good fit for companies wanting to stay an extended period of time or who plan to sell products and/or services to both the private and public sectors. LLC companies are recognized as a local company and are not subject to withholding tax. Establishing a branch office is recommended if a foreign company is executing a specific contract that facilitates the performance of a public service or utility. Thus, the contract must be issued by the government or a quasi-government entity. A trade representative office is a good option for manufacturing companies looking to introduce their products to local companies as a “non-trading ‘shop-window’”. This option does not allow companies to export, import or sell their products in Qatar instead they can contact a client or exporter to familiarize them with their foreign establishment. In order to set up a trade representative office, this requires Ministerial Approval based on the manufacturing license of the companies home country.

As a private company looking to do business in Qatar, one could also work as a contractor to supply the tools and manpower for a local private company. In this manner, there would not be a need to incur establishment costs such as office space as you would be working alongside an established entity.

Local Partners: Barzan Holdings

Barzan Holdings, established in 2018, is a strategic subset of Qatar’s Ministry of Defense and a commercial gateway for the defense industry in Qatar. It partners with leading international companies and organizations to collaborate on research and development, facilitate knowledge transfer, and create innovate defense and security technology. In this way, Barzan works to enhance the military capabilities of the Qatari Armed Forces through direct investments in defense or security companies and joint-venture deals. Barzan helps advise the Ministry of Defense’s procurement of strategic projects conducted by the Ministry to maximize design and implementation effectiveness.

Barzan Aeronautical has also established an office in South Carolina investing in US companies to jointly develop defense technologies for Qatar. Their goal is to procure new technologies while improving local technologies and capabilities in Qatar through technology transfer.



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Conclusion

Stability in the GCC region remains a global priority. The region's energy exports, both in natural gas and oil, are critical to global market stability and the global economy. Further, the US allies rely heavily on this energy outflow and stability in the GCC, thus making security a top priority for US foreign policy.

As Qatar continues to grow, prior to and after the 2022 FIFA World Cup, defense expenditures will continue to rise. Qatar will continue to procure mostly American-made defense articles over the coming years, and is seeking American training for its forces and personnel.

Physical security on the ground in Qatar is also critical for the State, both for the 2022 FIFA World Cup, and to prolong the growth of its private sector and the development of Doha as a regional economic hub. Thus, opportunities will continue to exist for American companies to provide security services and technologies.

About the Council

The US-Qatar Business Council is a non-profit, private sector organization which works to develop and sustain strong commercial, economic and trade relationships between the two countries and provides a forum for discussion of issues of interest to American companies doing or planning to do business in Qatar. The Council also offers business advisory services to further enhance the trade relationship.

US businesses exported \$4.4 billion in goods to Qatar in 2018 and it is estimated that one million American jobs are supported through business partnerships with Qatar. In 2018, Qatar announced a \$30-40 billion LNG expansion project, which American companies can bid on. This project will secure Qatar's place as the world's largest supplier of LNG for years to come. Qatar also announced a \$1.8 billion expansion of Al-Udeid Airbase, where US Central Command hosts over 10,000 US troops.

USQBC is the Qatar market consultant for the Virginia Economic Development Partnership.