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The External Trade Growth of the State of Qatar 1990 - 2007: A Study in the Economic Geography

Dr. Nedham Abdul K. Al-Shafai*

Abstract:

The external trade of a country highlights the status of its general sustainable development, particularly its economic development. Moreover, it shows its relationship with the world economy. Over the last decades, the state of Qatar has witnessed many positive changes in all aspects of life. As a result, the economic growth rate became one of the highest in the world. The total value of the country's external trade increased from $4.8 billion in 1990 to almost $60 billion in 2007. This paper analyzes Qatar's external trade (QET) over the period (1990-2007) for both imports and exports, aiming to explain the factors behind the extreme shifts in its trade balance.

Background:

Qatar is a small country (peninsula) located in the Arabian Gulf, with a land area (just under 11,500 km2) and a population (around 1,200,000 in mid 2007). The country depends mainly on the export of oil, gas and related industrial products. The economic history of Qatar dates back to 1949 when oil was first discovered and exported. Oil revenues since then have had a positive effect on the country's development, despite the fact that fluctuating oil prices have slowed down the development process frequently during the last 30 years. Thus, economic diversification has been one of the long-term strategic goals in Qatar. The total GDP in 2007 reached $71 billion, 27% higher than the previous year (QSA, 2008). Government revenues have increased from $3.2 billion in 1995/96 to $15.1 billion in 2004/05.

* Associate Professor of Geography, Dept. of Humanities, College of Arts and Sciences, Qatar University, Qatar.

Within the same period, out of total revenues, non-oil revenues have increased significantly from $1.2 billion to $5.1 billion, an annual growth rate of almost 42.5% (QSA, 2007). Historically, before the discovery of oil, Qatar was limited in its external trade, and until the mid-1970s, the Western Europe region, especially the UK, was the main trading partner due to its historical political relations. The importance of trade was manifested in the official opinion of the Emir of Qatar regarding the country's vision with regard to globalization:

"We find ourselves in the middle of a challenge with three main aspects: democracy, which has its own means of strength, comprehensive development which supports democracy and ongoing affairs, and free trade which supports both." (OBG, 2008).

Objectives and methodology:

This paper stems from the fact that Qatars economic structure has experienced rapid change in the past two decades. As a result, Qatar has drawn a lot of attention in international development reports. Qatar external trade (QET) is an important indicator that reflects the trade sector of the country. This study aims to achieve the following:

1 - Describe the general trends of changes in values of QET over the last two decades.

2 - Compare QET with the neighboring region - GCC (Gulf Cooperation Council countries - and some other countries, to better understand Qatar as a unique case.

3 - Identify and explain the factors behind the changes in QET.

The descriptive analysis approach is used in this study to explain the world international trade situation and the position of the developing world, in particular of small countries. Local, regional and international data are used for the purpose of comparison and understanding the characteristics of QET.

Literature and theory review:

This section will review two main group of literature: The first group concerns ideas, opinions and short theories regarding the importance of international trade for developing countries. The second group concerns the experience of Qatar external trade.

The World Trade Organization (WTO) is a very important player in achieving development of international trade among nations, especially the third world countries. The United Nations Conference on Trade and Development (UNCTAD) aims to promote progress in the developing countries' international trade by supporting them in participations and negotiations, and by encouraging them to adopt commodity and service trade diversification. The growth of the external trade in any country results in improved balance of trade, openness of economy, deeper liberalization and globalization (UNCTAD, 2008). According to the International Monetary Fund (IMF), external trade growth is the result of both technological developments and concerted efforts to reduce barriers. Further trade liberalization either in industrial or developing countries will help the poorest countries to escape from extreme poverty and will benefit the trade of the industrial countries themselves (IMF, 2001). Moreover, development of international trade has helped in reducing poverty in many countries. India is a good example where the increase in exports between 2003-2004 and 2006-2007 created 26 million jobs (Puri, 2008). Singapore is another important example, reflecting the strong impact of international trade. While most Asian countries were suffering from the economic crisis in the late 1990s, Singapore was achieving 6% annual growth and an external trade to GDP ratio of 300% (WTO, 2000).

Countries with multi-industries such as developed countries are better able to achieve a positive trade balance, and they also have a better chance of dealing with difficult economic times (Todaro, 2008). However, according to the (World Bank, 2006), many developing countries still depend highly on primary commodities in their international exports (e.g. Nigeria (98%), Venezuela (91%), Algeria (97%). On the other hand, others such as Philippines, Mexico, Tunisia and Malaysia, show low percentages of primary commodities sharesin exports with 11%, 23%, 11% and 25%, respectively. This was mainly due to diversification policies in their economies leading to a better position in international trade (potter, 2008). In Saudi Arabia, for example, the growth of non-oil exports had a very positive impact on development in the country, thus encouraging foreign investment and production in general (Al-Jarrah, 2008).

Trade protection policies are controversial and sill used by many countries such as; the United States with steel products, and the European Union measures against GCC chemical products and Chinese cloth industries. Both the United States and European Union used them in the energy sector. *" On the other hand, national security considerations are not all simply excuses, particularly in sectors like energy where operators can have all sorts of ulterior nonprofit motives. " (Beattie, 2008)*.

The recent study of UNCTAD in 2007 showed that the developing countries participation in world trade has dramatically increased in the past two decades. Many countries became major players in international trade relations and achieved sustainable economic growth over the last several years (UNCTAD, 2008). Singapore, for example, represents a dynamic country in external trade activities; despite its very limited natural resources, Singapore is striving to be one of the most important countries in international trade. Indeed, it could succeed, since the figures show it to be the highest in per capita of external trade (US$ 140,000) and a ratio to GDP of over 400% (WTO, 2000).

In researching the literature regarding Qatar external trade, very few direct studies were found. There is a chapter on Qatari external trade in "*Qatar Encyclopedia*" (Al-Oraifi, 1997), and there are very short introductions in most geography PhDs and Masters dissertations of Qatari postgraduate students. Moreover, there are some statistical reports and very short statements by the Qatari Commerce Ministry in some foreign departments such as the United States, European Union, United Kingdom and Japan for example, focusing on their status with Qatar trade. Finally, there are some studies involving Qatar, such as *Trade between the GCC countries* (Al-Owaishiq, 2004), and Arab external trade general statistical studies 1990-2000.

During the 1970s and early 1980s Qatar experienced high growth in its international trade due to rising oil prices and production- more than 570,000 barrels per day for the first time since its oil export began in 1949 (Al-Oraifi, 1997). According to Al-Owaishiq, a year after the implementation of the custom union agreement among the GCC countries, Qatar was the smallest participant with only 3% of the total volume. However, the total of international trade exchange grew 19.5% between 2002 and 2003, from $18 billion to $21.5 billion (Al-Owaishiq, 2004).

A recent study of the Arab external trade found that the Arab group is still dependent on oil as the main exporting good, accounting for almost 67%. The study also found that the GCC group was the most open to international trade, while others faced problems in broadly improving their international trade, due to administrative difficulties, political status and poor infrastructure. According to the *developing countries trade index*, in which the study of the Middle East covered five of GCC countries, excluding only Qatar, the economic openness of the GCC countries came high in the ranking- out of 147 countries, UAE and Kuwait at 39th, Bahrain 43rd, Saudi Arabia 71st and Oman 73rd (UNCTAD, 2008).

Finally, the outcome of this study will fill the gap in the studies related to Qatari external trade.

Qatar External trade in 2007:

The WTO reported a reduction of 4% in real trade growth in 2009 due to the financial crisis triggered in the second half of 2008. According to the same source, global trade grew by 8.5% in 2006 compared to the previous year, and declined to 5.5% in 2007 due to the reduction in the dollar exchang rate.

In 2007, the total value of global international trade in commodities and services, reached $14 trillion for exports and $14 trillion for imports, respectively. The 50 leading economies accounted for almost 93% of total exports and imports. The six leading exporters in 2007 were Germany, China, United States of America, Japan, France and Netherlands, exporting more than $550 billion each in total. The six main importers, with imports exceeding $550 billion were United States of America, Germany, China, Japan, United Kingdom and France. The largest trade growth over the past ten years was registered for China, India and the Gulf States. The Middle East region was one of the regions that showed sustained growth in GDP in 2007 compared to the previous year (WTO, 2008). For example, Qatar in the WTO Report 2007 was ranked 37th of the leading exporters (excluding intra European Union - 27 countries) with exports of $42 billion. In the imports ranking, Qatar ranked 44th (excluding intra European Union countries) with imports of $22 billion. The total external trade of Qatar totaled $64 billion for both the goods and service trade sectors (WTO, 2008), with a surplule in the trade balace of $20 billion.

Growing Qatar external trade before 2007:

Before the discovery of oil and gas, Qatar was a very poor country with very little trade with neighboring countries and regions such as Iran, India, eastern coast of Africa and the Gulf region. However, since 1950 the trade status has changed significantly, and the period 1930-1973 can be divided into three stages: 1) before the oil discovery, 2) up to the end of 1950s, and 3) up to 1973 when the price of oil jumped considerably (Al-Jaber, 2002).

Table (1)
Qatar external trade 1990-2007($ million)

year	Exports	Imports	Total	*Annual differ-ence %	Period annual average value	Period annual growth rate	Period Absolute Trade Balance
1990	3529	1695	5224	-	5461	7.2 %	7474
1991	3047	1720	4767	-8.75			
1992	3736	2015	5751	20.64			
1993	3181	1891	5072	-11.80			
1994	3146	1927	5073	0.02			
1995	3481	3398	6879	35.60			
1996	3752	2868	6620	-3.77	10113	14.6 %	22485
1997	3791	3322	7113	7.45			
1998	4880	3409	8289	16.53			
1999	7061	2499	9560	15.33			
2000	11409	3248	14657	53.32			
2001	10691	3753	14444	-1.45			
2002	10756	4046	14802	2.48	33863	27.7 %	76222
2003	13175	4891	18066	22.05			
2004	18426	5996	24422	35.18			
2005	25339	10061	35400	44.95			
2006	34051	16441	50492	42.63			
2007	37952	22042	59994	18.82			

Source: OPEC, Annual statistical report 2008, pp.12&14

Table (1) presents Qatar's external trade (goods only) over the period (1990 - 2007) with related averages and growth rates to verify its development and changing characteristics. During the period, the exports and imports of Qatar have grown except in four specific years (1991, 1993, 1996 and 2001). Total external trade value grew from $5.2 billion in 1990 to almost $60 billion in 2007, a twelve fold increase (annual average growth of 17%). Moreover, five years registered annual growth of 35% or more, the highest three were 2000, 2004 and 2006 with 53%, 45% and 43%, respectively. The accumulated external trade for Qatar reached $296.5 billion in 18 years, with an average of $16.4 billion per year (see Table 1).

However, the period (1990-2007) was divided into three sub-periods of 6 years each (Fig.1). The three are compared in terms of three important indicators: the average absolute value, the average annual growth rate, and the size of the trade balance.

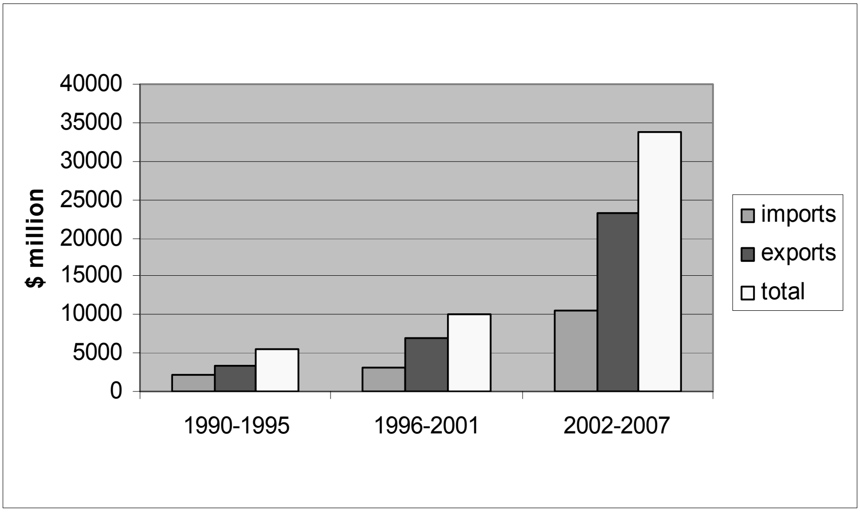

Figure (1) - The average of QET in three periods (1990-2007)

The average of absolute values has changed drastically over the years. The first sub-period represented the smallest, with an average of $5.5 billion per year, while the second sub-period was larger with almost $10.1 billion per year; but the average value jumped strongly in the third period (2002-2007) to almost $33.9 billion per year (approximately six times greater than the first sub-period).

Concerning the second indicator (average annual growth rate), the first sub-period was also the weakest with an annual increase of around 9% annually. The average growth in the second period was 14.5%, and the year 2000 showed the highest growth at 53%. More importantly, the average growth in the third sub-period was 27.7%, with no negative growth compared to the first two periods. On the other hand, the trade balance was constantly positive (surplus), but with different increments in the three sub-periods. In the first sub-period, total exports were $20.1 billion and the imports were $12.6 billion resulting in a trade balance of $7.4 billion. The second sub-period registered an improvement of almost $22.5 billion. The strongest trade balance was in the third sub-period of almost $76.2 billion. The high positive trade balance of Qatar external trade in recent years has fostered confidence in the strength of Qatar's economy.

Table (2)
the growth of the GCC countries external trade
1996 -2006 ($ millions)

Country	Exports			Imports			Exports and Imports		
	1996	2006	%	1996	2006	%	1996	2006	%
Bahrain	4700	12717	270	4263	9214	216	8973	21931	244
Kuwait	15614	52888	339	8373	15144	181	23987	68032	284
Oman	7373	21745	295	4728	10897	231	12101	32642	270
Qatar	3752	34051	908	2868	16073	560	6620	50124	757
KSA	60728	209443	335	27765	66676	240	88493	276119	312
UAE	37334	142410	382	30563	96754	317	67897	239164	352
Total	**129502**	**473254**	**365**	**78571**	**215759**	**275**	**208073**	**689013**	**331**

Source: GOIC 2007, Gulf statistical profile 2007, pp. 113 and 115.

The growth of Qatar's external trade can be verified when compared to the GCC countries. Table 2 shows the growth of the GCC countries external trade during the period 1996 -2006. The data indicate that the group in general did indeed witnessed large growth in their external trade. GCC's external trade grew from $208 billion in 1996 to $689 billion in 2006, a 3.3-fold increase, with the export sector growing 3.7 times. Qatar registered the highest growth among the six members in exports, imports and in the total external trade, with a nine-fold increase in exports, 5.6 -fold increase in imports and 7.6 - fold increase in the total external trade from \$6.6 billion in 1996 to \$50.1 billion in 2006. United Arab Emirates ranked as the second highest country after Qatar. Qatar ranked sixth in 1996, but made huge progress by 2006, rising to be the third among the GCC countries. The growth rate of Qatar external trade was the fastest (see Table 2).

Moreover, the per capita of external trade and the ratio of ET to total GDP are important indicators in determining the strength of the trade sector in any country. For example, the per capita of ET in Qatar (1997-2007) demonstrates high achievement: in 1997 it was around \$13,000 per capita; it increased to approximately \$23,000 in 2001, and then jumped to \$70,500 in 2007. As a percentage of GDP, Qatar external trade comprised almost 63% of the GDP in 1997; it increased to an average of 81.5% in 2001, and grew to 93.8% in 2007 (for further evidence of the changes in QET; see Table 3).

Table (3)
QET per capita and GDP ratio 1997-2007

	1997	1999	2001	2003	2005	2007
QET \$million	7113	9550	14444	18066	35400	59940
Population 000	553	590	649	727	796	850
Per capita \$	12863	17054	22256	24850	44472	70518
GDP \$million	11298	12393	17717	23669	42055	63870
QET/ GDP	63%	77.1%	81.5%	76.3%	84.4%	93.9%

Source: OPEC 2007, Annual Statistical Bulletin, pp. 10 -14

It is also important to check the QET by widening the scope to compare it with some other countries; according to the WTO (Table 4), Qatar had the second highest external trade per capita, with an average of \$53,000, behind Singapore with an average of almost \$140,000 per capita. The example of small country like Singapore shows that external trade is an important sector of economic development, which is now one of the richest countries in the world despite its very limited physical and natural resources.

The ratio of external trade to total GDP is one of the most important indicators for the nation in global external trade. This indicator shows that Qatar ranked fourth (90.5%) compared with other countries in terms of ratio of external trade to GDP; see Table (4), after Singapore with 444% of the GDP, Bahrain with 138% and Oman with 100%.

Table (4)
comparing Qatar with some countries in some trade indicators (2007)

Country	Population, 000	Trade per capita: $	Trade: GDP	Current balance: $	Main exporting item group = %
GCC countries					
Bahrain	753	31269	137.6	2907	F = 89.7
KSA	24196	12871	88.7	95080	F = 88.2
UAE	4365	52472	159	37170 *	F = 60.4
Kuwait	2663	33576	85.7	47471	F = 96.1
Oman	2600	12133	100.1	1918	F = 95.5
Qatar	836	53089	90.5	22095 *	F = 93.1
Other countries					
Japan	127771	10939	31.5	210492	M = 89.9
UK	61034	23249	57.6	- 78760	M = 74.1
USA	310621	11954	27.2	- 614359	M = 78.2
China	1319983	1483	71.3	371830	M = 93.2
India	1123319	389	44.7	- 9415	M = 63.6
Singapore	4589	139800	443.7	39109	M = 75.9
Germany	82266	30278	83.3	252930	M = 86.5
S. Korea	48530	15642	85.7	5954	M = 88.9

Source: WTO, 2008 (created by the author from many tables in different pages.)
* IMF 2006, country profile
(F: fuel, M: manufacture)

Case study (1) State of Qatar external trade (QET) of 2007:

Details of QET in 2007, as a case study, compared to QET in

2000, are as follows. The total value for 2007 was $60 billion (not including the service trade), $48 billion in exports and $22 billion in imports, which shows a growth of 19% over the previous year. The total also equals almost four times that of 8 years ago (2000), which means that the dramatic changes in QET have occurred in the last few years. The ratio of QET to GDP in 2007 was 94%, and per capita was $70518. Non-petroleum exports accounted for almost 9% compared with just under 6% in 2000; this shows the impact of high oil prices on the growth of other sectors, especially manufacturing, which grew from $1,000 million in 2000 to almost $3,850 million in 2007.

In 2007 Qatar had trade exchanges with more than 120 countries around the world. In the imports sector, for example, 32 countries each had an exports value of over $100 million representing almost 93% of $22 billion (the total value of Qatar's imports). The six largest were USA with almost 11.4%, Italy with 10.3%, Japan with 10%, as well as Germany, UAE and South Korea. In the exports sector there were 95 countries, 18 of them with over $100 million of imports, making a total of almost 95% of $38 billion. The main countries were Japan with 41%, South Korea with 17.7%, Singapore with 11.5%, as well as India, Thailand and UAE (QSA, 2008). This illustrates that Qatar has achieved wider trade relations; figures show the differences in this year compared with other years, and also show the Asian direction for Qatar imports trade. On the other hand, in recent years, trade with the Arab world has increased; in 2007 for example, the percentage of imports from the Arab world was almost 15.6% of total imports, compared with 14.2% from the GCC; exports to the Arab world amounted to only 4.4%, and 4% to the GCC countries (QSA, 2008).

Table (5) lists the main partners of QET in 2007; the list contains the countries with more than $300 million for both exports and imports, while the top 20 partners in total QET was for at least $350 million; see Figure (2). The Asian countries have become the main trade partners for Qatar with almost 70%, while the European region countries are the large exporters to Qatar so far with more than 40.2%; see Table (5).

Table (5)
Major Trading Partners with Qatar
($ million and more)

Exporters: $200		Importers: $200		Total: $300	
Countries	**%**	**countries**	**%**	**countries**	**%**
USA	11.4	Japan	41.1	Japan	30.3
Italy	10.3	S. Korea	17.7	S. Korea	13.7
Japan	10.1	Singapore	11.5	Singapore	8.0
Germany	7.8	India	6.4	India	5.2
UAE	7.1	Thailand	4.6	UAE	4.6
S. Korea	6.1	UAE	3.3	USA	4.4
China	5.8	Spain	2.3	Italy	3.6
KSA	4.9	Belgium	1.4	Thailand	3.5
UK	4.7	Taiwan	1.2	Germany	2.7
France	3.6	Pakistan	1.1	KSA	2.0
India	2.9	Philippine	0.9	Spain	1.9
Turkey	2.1	China	0.8	UK	1.7
Netherlands	1.6	USA	0.8	Belgium	1.3
Singapore	1.5	New Zealand	0.8	France	1.3
Switzerland	1.4	KSA	0.5	Taiwan	1.0
Malaysia	1.4	Australia	0.5	Pakistan	0.9
Thailand	1.4	-	-	Australia	0.7
Spain	1.1	-	-	Netherlands	0.7
Australia	1.1	-	-	Philippine	0.6
Indonesia	1.0	-	-	Switzerland	0.5
Oman	0.9	-	-	-	-
Sweden	0.9	-	-	-	-

Source: QSA (2007) external trade statistics, planning council, Doha

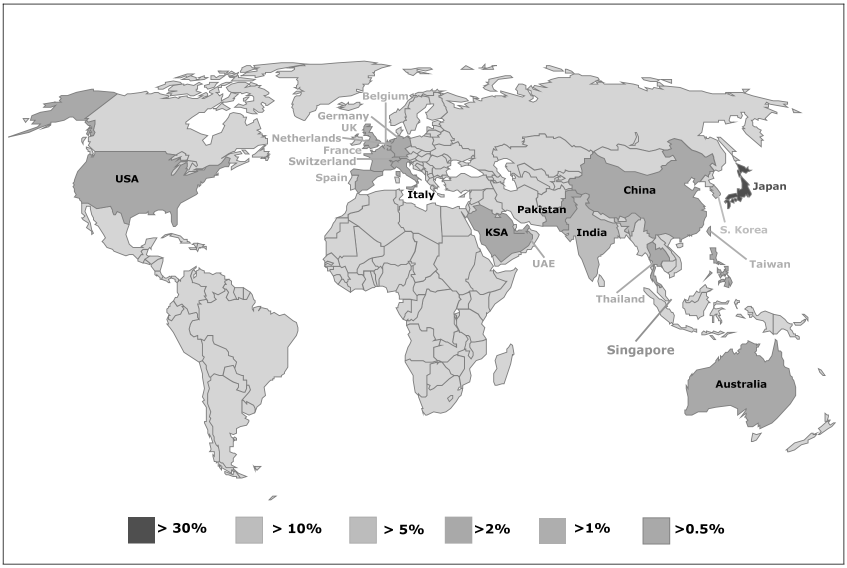

Figure (2) - The largest partner countries of Qatar external trade 2007

The Commodity Structure of QET:

The aim of this part is to shed the light on the components of goods of QET, especially the exports. Qatar as a developing country should try to diversify the sources of revenues instead of depending on only one or two; this, really, has been the main long-term goal since the nation started to invest in industries in the late 1960s. By following this path, the country should be able to gain more market opportunities, and will be on safer ground if the prices of main materials - oil and natural gas in case of Qatar - fall heavily. Historically, for example, when oil prices dropped to almost $8 per barrel in the mid-1980s, the main industries of Qatar could better survived the hard financial time than some other Gulf countries (Al-Shafai, 1996).

Oil exports without doubt dominate Qatar total exports, but there are many new additions to the list of exports, and the list is growing. Table (6) shows the growth of non-oil exports from 1998 to 2007. The difference is very high; it multiplied by almost six, from nearly $671 million in 1998 to $3820 million in 2007. Qatar's most important products, apart from oil and natural gas, are industrial products such as urea, ammonia, ethylene, polyethylene, sulfur, plastic products, cement, gypsum, cloth, steel and petroleum products (QSA, 2008). However, it is expected that in the coming years new main aluminum products will play a significant role in Qatar exports values; by the end of 2009 the factory Qatar Aluminum (QATALUM) is scheduled to produce nearly 600,000 metric tons per year (QP, 2009).

Table (6)
non-petroleum exports growth of Qatar 1998-2007

Year	Total exports $ million	Total of non-petroleum exports $ million	% of the total	Annual Growth%
1998	4866.6	670.7	13.8	-
1999	7041.9	685.2	9.7	2.2
2000	11393.2	743.8	6.5	8.6
2001	10611.8	797.5	7.5	7.2
2002	10741.6	848.2	7.9	6.4
2003	13156.4	996.9	7.6	17.5
2004	18400.6	2258.6	12.3	126.6
2005	25269.6	2439.2	9.7	8.0
2006	33534.8	3043.8	9.1	24.8
2007	41376.7	3820.3	9.2	25.5

Source: QSA (2008d), Foreign Trade statistics in ten years: 1998 - 2007 (many pages).

From another viewpoint, data from the Gulf Organization for Industrial Consulting (GOIC) show that, comparing Qatar with the GCC countries, non-petroleum exports showed the largest growth in value; growth was estimated to be almost sevenfold between 1996 and 2006, from almost $500 million to $3,470 million. The UAE ranked second with a 4.5-fold increase in non-petroleum exports, but the whole group average increased almost fourfold, from just under $27 billion in 1996 to nearly $104 billion in 2006. Data from the UAE also show the highest percentage of non-petroleum exports, almost 50% of external trade (GOIC, 2009), but most of these exports came from reexport activity which is a major economic sector for the country, especially Dubai, where large ports and free trade zones are operating, for example in Jabal Ali port and free trade zone. The new Atlas of the Real World, (Dorling, 2008) draws the maps of the world in a different way, using per capita values. Qatar is found among the top countries in the export and import of various products; for example, Qatar was ranked first, fourth and sixth, respectively, in the export of gas, refined and chemical products. With regard to imports, Qatar was ranked globally, first, second and third respectively in machinery, electronics, metal goods as well as dairy products (Dorling, 2008). This reflects the diversification of production that Qatar planned to achieve. Two examples of products are given here in detail as part of the commodity structure of QET, one is an export and the second an import.

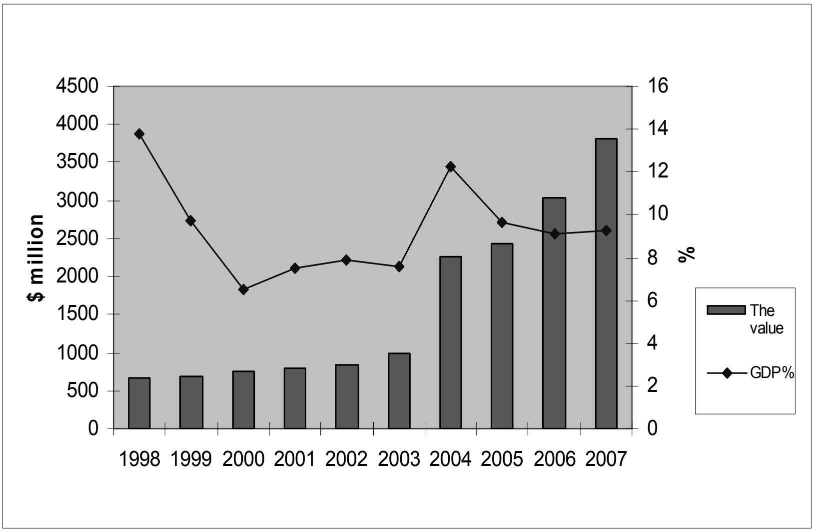

Figure (3) - The value and percentage of non-petroleum exports of Qatar (1998-2007)

Case study 2: An exported product: Urea

The Qatar Fertilizer Company (QAFCO) was the first large industrial establishment in Qatar in 1968. QAFCO is a joint venture between the Qatari government (70%) and the Norwegian hydro company, Norsk Hydro, (30%) needed for their technological and administrative experience, using the available local associate natural gas instead of flare it as used to happen in previous years (QP, 2007).

The industrial city of Mesaieed on the east coast was chosen as the location of the project. In 1972, production was started with a capacity of 900,000 tones of urea and 800,000 metric tons of ammonia per year. The company has seen huge growth since then, and it is now the largest in the world in terms of production with four plants, with a total production capacity of 2.9 million metric tons of urea and 2.2 million tons of ammonia (DID 2008). The abundance of natural gas, in addition to the government strategy of industrial development and the availability of markets around the world, were the factors that encouraged this achievement. Qatari urea reaches many countries; according to the QSA External trade statistics 2007 (Table 7), the total value of urea was $894 million; as shown in Table 7), the five largest importers are USA, Thailand, India, South Africa and the Philippines with almost 64% of the total.

Case study 3: An imported product: Bottled water

The group of food and drink goods represents one of the most important sectors in external trade of Qatar as well as of other GCC countries, because of the limitation of domestic production due to negative geographical factors. In 1996, for example, the total value of the sector was almost $311 million, 11% of the total imports. In 2006, the value reached $874 million, 5.4% of the total imports, which is $1,043 per capita.

Bottled water is in the food group classification (drinks) which includes pure water, flavoured waters and beverages, alcoholic and non-alcoholic drinks. The total value of the drinks imports was $90 million in 2007; bottled water accounts for $15 million.

Despite the fact that many filling factories such as Rayyan, Arwa, Doha and Aqua produce domestic brand bottled water, many other types of pure bottled water are imported from 23 different countries. The people in Qatar use a wide range of bottled water, thinking that it is of better quality than the public governmental water, this is especially true of high income consumers (Al-Shafai, 2005). According to the external trade statistics (2007), the main exporters of bottled waters to Qatar are Saudi Arabia, UAE, France, Bahrain, Italy and UK. The imports from these countries represent almost 80% of the total value of imports. Table (7) provides details of all the countries exporting bottled water to Qatar.

Table (7)
Urea and Bottled water in Qatar External Trade: Values and Partner countries shares (2007)

Rank	Urea exporting to:		Bottled water importing from:	
	Country	%	Country	%
1	USA	16.3	KSA	36.3
2	Thailand	15.4	UAE	35.2
3	India	14.2	France	12.4
4	S. Africa	9.7	Bahrain	5.8
5	Philippine	8	Italy	3.7
6	Australia	6.6	UK	2.0
7	Brazil	6.4	Lebanon	1.5
8	Iran	4	Kuwait	1.3
9	Sri Lanka	3.1	Oman	0.6
10	Argentina	2.7	Austria	0.3
11	New Zealand	2.6	Jordan	0.2
12	Spain	1.7	Germany	0.2
13	Sudan	1.6	Norway	0.1
14	S. Korea	1.6	Philippine	0.1
15	Ethiopia	1.4	Guinea	0.1
16	Japan	1	China	0.1
17	Mozambique	0.7	Malaysia	0.1
18	Kenya	0.7	S. Korea	0.1
19-23	France, Bangladesh, Tanzania, Yemen, Oman		Iran, USA, Netherlands, Turkey, Canada	
Total value $ million	**894**	**100**	**15**	**100**

Source: QSA (2008), External trade statistics 2007

Discussion:

In this paper many areas of QET have been described and analyzed. The findings show clear changes in all aspects presented, including the dramatic increase in the total external trade values, greater diversification of exported and imported goods and commodities, and Qatars higher ranking compared to some countries, particularly GCC countries.

There are many reasons for such changes; First, the development in the primary sector resources since the early 1990s. For example, Qatar reopened the countrys main natural resources - oil and gas - to multinational companies from all over the world, especially the Western oil companies, signing agreements for exploring, producing, and developing the fields. Billions of dollars needed to be invested by the government's petroleum company (QP) as well as other companies such as Occidental (American), Maersk (Danish) and Total (French). For example, QP invested more than $33 billion in five years (2003-2007) to develop the capacity of the old and new fields. As a result, production capacity increased rapidly (QP, 2009). For example, oil production increased at least 120%, from 143 million barrels in 1996 to almost 310 millions in 2006, and the gross natural gas production also increased from 13.7 million m3 to 48.3 million m3 (GOIC, 2007). Furthermore, the commodity prices of oil during the last 10 years with an average of $40 were an important factor in the increase of total values of QET. These factors were not only important in terms of exports, but they also had important impact on developing the import sector, particularly of heavy machinery and service equipment for the oil and gas industry.

The second factor that contributed to the development of Qatar exporting trade was the growth of the manufacturing industries for fertilizers, petrochemicals, steel and cement, in addition to oil refinery products. Large manufacturing companies have been established in Mesaieed Industrial City and in Ras Laffan city. Investment in such manufacturing industries has reached a total of $11.4 billion in 2006 (QP, 2009). Production of urea and ammonia increased from 1.63

million metric tons in 1996 to 5 million metric tons in 2006. Moreover, the production of Qatari petroleum refinery products grew to 152,000 barrel per day in 2006 from only 61,000 per day in 1996. The production of iron and steel products also increased, from 600,000 metric tons in 1996 to 930,000 metric tons in 2006 (GOIC, 2007). The industrial development can also be seen in small and medium size industries. Out of the six hundred registered establishments, hundreds need to import various raw materials. For example, the value of imported wood, paper and aluminum bars and sheets reached $ 490 million in 2007 (QSA, 2008).

The third factor influencing the changes in Qatar external trade is the dramatic growth of population and the change in demographics. For example, the total population of Qatar has increased from 522,000 in 1997 to almost 1,218,000 in 2007(QSA, 2008b), with about 95% living in urban areas (Al-Hiti, 2009). A significant percentage of the population is highly skilled workers and professionals in several different areas such as investment, communications, media, planning, industry and education. Qatar attracted many international universities, colleges and schools, such as Cornell, Texas, North Atlantic, Virginia, and international schools of all levels, to the new Education City in Doha.

Moreover, the increasing prosperity of both the country and the people has continued to affect the growth of the external trade of Qatar. For example, per capita income increased from $27,000 in 2000 to more than $75,000 in 2007. As a result, in the last 10 years, personal consumption rates have increased dramatically, which was reflected in the high demand for imported goods. For example, the value of imported food was $3.8 billion in 2000 (QSA, 2001) and grew to $9.6 billion in 2007; the value of furniture and personal electronics reached $3.7 billion in the same year (QSA, 2008). In addition, domestic consumption of petroleum products has increased 3 times from 33,000 barrels per day in 1997 to 93,000 in 2006 (GOIC, 2009). In general, the average monthly expenditure on all goods and services between 2000-2001 and 2006-2007 changed from $ 6,137 to $11,178 for Qatari household and from $ 2493 to $ 3644 for non-Qatari household (QSA, 2007)

The fourth reason behind the dramatic change in QET is the redevelopment of the urban areas since 1995. Billions of $US have been invested in Qatar to develop the infrastructure, primarily in the capital, Doha, and also in other cities, by building new cities, shopping areas, hotels, highways, and the new Doha International Airport. Between 2000 and 2005, Qatar public capital expenditures on major projects reached almost $6.3 billion (QSA, 2006), with around $3.6 billion just on roads projects and around $2 billion on the construction of the new international airport. The private sector has also spent sums to build new real estate projects and malls. For example, the primary budget of the project "Pearl-Qatar" was $2.5 billion. As a consequence, the value of building materials imports has jumped during recent years; for example, cement and glass imports reached almost $630 million and steel products reached almost $2 billion in 2007 only (QSA, 2008).

Conclusion:

The study found that in the last two decades, especially in the last few years, Qatar increased its external trade dramatically from less than $10 billion in 1997 to around $20 billion in 2003 and to almost $60 billion in 2007. The study also found that, compared to the GCC countries, Qatar external trade grew faster than all members. This was very clear in exports, imports and in total external trade, with growth multiplying almost 7.5 times during the years 1996-2006. As a result, Qatar jumped to the third rank among these six countries in 2006, from last in 1996.

When four important indicators were measured (the per capita ET and ET to total GDP, the current balance and the main exported goods), we can see that Qatar external trade was in an advanced position for the first three indicators. But in the exports diversification indicator, Qatar is still dependent on one main export group, (fuel and mining), amounting to 93% of the total exports. However, the study found that other goods, especially those from manufacturing industries, have increased year after year. The high price of oil and gas has made this increase in diversification marginal. Qatar now trades with more than 130 countries and in 2007 for almost 32 countries each had an imports value of over $100 million.

However, the countries of East and South Asia are the most important partners of Qatar external trade. These countries represent more than two-thirds of the total Qatar external trade, and more than 80% of the exports. Japan is the most important partner, accounting for almost one-third. The European Union has dropped off despite political and historical trade relations. On the other hand, the regional unity customized agreement between the GCC countries since 2002 has started to play a stronger role; their exchange trade was almost 15% of the total Qatar external trade in 2007, compared to only 1% in 2000. The study revealed four important reasons for QET changes over the last 18 years. These reasons are: (1) oil and gas production and prices, (2) industrial development, (3) the population growth in terms of numbers and demographics and (4) the urban planning of long-term infrastructure. However, Qatar policy of attracting more expert developers, aiming for stronger international investments and comprehensive development, has been an important factor influencing all four reasons for the dramatic changes in Qatar external trade during the period of the study. Finally, the study found conclusively that the economic and social development had the most important impact on all aspects of Qatar external trade.

Through the findings of this study, three recommendations can be directed to Qatari decision makers in order to continue toward strong and effective external trade. The first is to give more attention to research regarding sustainable external trade development, focusing on the experience of Singapore which is a small country like Qatar with limited natural resources. The second recommendation is to plan for more diversification of goods in Qatar exports, through development of the manufacturing sector to incorporate many diverse factors in terms of materials, energy and capital. Finally, the third recommendation is to take into account the external trade geography of the nation, as it is not less important than commodity diversification, and it can be achieved by winning new partners or at least by activating agreements already signed with many countries and economic groups.

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