

QATAR LAW Q&A: IMPORTING INTO QATAR

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INTRODUCTION

Over the past decade or so, the State of Qatar has witnessed remarkable economic performance which has resulted in it achieving the world's highest economic growth rate in 2010, with an estimated real growth rate of 16.3%. The country is characterized by a dynamic economy invested heavily in both imports and exports. In 2010, Qatar's imports were valued at USD 23.38 billion and ranged widely across industry sectors, from machinery and transport equipment to food and chemicals (see: <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>). Moreover, according to HSBC forecasts, Qatar is anticipating a 160% increase in its trade volume in the next 15 years, more than twice as fast as the world average of 73% (see: V Perumal, Santhosh, "Qatar trade volume to surge 160%," *Gulf Times* (2011)).

With numerous large-scale internal development projects planned and underway, and a rapidly growing expatriate population, Qatar has become an attractive financial market for many foreign companies looking to do business and otherwise distribute their products. This article addresses key questions which are pertinent to parties wishing to import their goods into Qatar.

HOW DOES A FOREIGN COMPANY IMPORT GOODS INTO QATAR?

A foreign company may *export to* Qatar but cannot *import into* Qatar, unless it has a local presence registered with the Ministry of Business and Trade and is licensed by the Customs Authority. In establishing a local presence, the foreign company can be, subject to meeting the relevant establishment criteria, registered locally with the Ministry as a branch office, a limited liability company or any other entity provided for under Qatar's Commercial Companies Law. The appropriateness of the various setup options for a foreign company will in each case depend on the foreign company's individual requirements and objectives, and its eligibility for each option. In the absence of such registration, the foreign company will need to source a local purchaser for its products or otherwise nominate a third party to import and distribute its goods, or act as its sales agent in the country. Where this occurs, the local purchaser or third party will themselves be required to be registered with the Ministry of Business and Trade and obtain the appropriate license from the Customs Authority.

For further information on establishing a legal presence in Qatar or appointing a local agent or distributor, please contact one of the attorneys listed below.

WHAT IS THE QATAR CUSTOMS CLEARANCE SINGLE WINDOW?

In October 2011, the Customs Authority launched the "Qatar Customs Clearance Single Window" or "QCCSW". While its operation is too new to comment on substantively, we can state that the QCCSW is an online service which is designed to assist importers to assign clearance agents and follow up on the various stages of customs clearance from anywhere around the world, *online*, with email and text message updates issued to facilitate the process. It will apparently also allow importers to apply online for the various (product specific) approvals required from government entities involved in customs clearance.

To register with the QCCSW portal, applicants should:

- Complete the online application via Hukoomi website: portal: <http://www.gov.qa/wps/portal/frontpage>; and
- Obtain a signature for the application by the company's signatory and submit it at the Customs Services Bureau.

The Customs Department has (informally) indicated that importers will be unable to "clear" imported goods if not registered with the QCCSW portal, starting in November 2011.

ARE THERE ANY RESTRICTIONS ON GOODS IMPORTED INTO QATAR? ARE THERE ANY GOODS WHICH REQUIRE A SPECIAL LICENSE TO IMPORT?

Goods which are contrary to Qatar law and morals cannot be imported into Qatar. These not only include the obvious, such as illicit substances, but also items such as pork products, pornography and gambling materials, which importers should be aware may be defined broadly by western standards. Moreover, goods such as pharmaceuticals, computers, cosmetics, chemicals, alarm systems and security cameras require special licenses to import them, which must be obtained from the relevant Authority responsible for those specific goods. In the absence of such special licenses, or in the case of importing goods which are contrary to Qatar law or morals, service charge penalties or re-export orders may apply, along with civil and/or criminal penalties, including jail terms, for the more severe contraventions of law. We accordingly recommend that, in addition to ensuring that the goods in question are legal, any requirements as to special licenses should be checked with both the Customs Authority and other applicable authorities responsible for specific categories of goods, before transporting goods for import into Qatar.

DO SPECIAL LABELING REQUIREMENTS APPLY TO IMPORTED GOODS?

Yes. Special labeling requirements apply to goods imported into Qatar, although this will vary depending on the nature of the product. In the case of food products, for example, the law Concerning the Regulation of Controlling Human Food stipulates detailed requirements with respect to the information which is required to appear on all foodstuff packaging. This includes Arabic-language information on matters such as the ingredients of the product, its net weight, its date of production and expiration, and the name of the manufacturer and producer, and their respective trademarks. On the matter of trademarks generally, we note that the Customs Authority maintains a trademark "watch list", and will not permit into the country products which bear the infringing marks appearing on its watch list. Further advice should be obtained by those seeking to import goods which may be subject to specific labeling requirements, or for trademark owners or licensees concerned about the importation into Qatar of goods bearing their marks.

WHAT DOCUMENTS ARE NEEDED TO IMPORT GOODS INTO QATAR?

To import into Qatar, current Departmental practice requires the presentation of the following documents: airway bill; delivery order; commercial invoice; packing list; certificate of origin; customs import declaration; and cargo release order. There is currently no requirement for these documents to be presented in Arabic although we do recommend re-confirming documentary requirements with the Customs Authority from time to time, as they may be subject to change. Additional documents may be required if importing certain kinds of products, such as a halal meat, which requires the presentation of a health certificate issued by the country of export and a halal slaughter certificate issued by an approved Islamic centre in that export country.

WHAT IS THE CUSTOMS DUTY FOR GOODS IMPORTED INTO QATAR?

As with most jurisdictions of the world, tariffs are imposed on all goods which are imported into Qatar, unless specifically exempted. The standard rate of the customs duties in Qatar is 5% of the total amount of the goods and their associated insurance and shipment cost, plus a legalization fee if the commercial invoice and certificate of origin have not been attested by the Qatari Embassy. Higher tariffs apply for certain products such as iron bars and rods, cement, records and musical instruments, tobacco and alcohol.

WHICH GOODS ARE EXEMPTED FROM CUSTOMS DUTIES?

Certain goods do not attract any customs duty when imported into Qatar. These include those which are stipulated as being exempt under the Gulf Co-operation Council Economic Agreement and related GCC agreements, along with specific categories of goods which are exempted under the Qatari Customs Law. Examples of these include:

- Imports for diplomatic corps, consulates, international organizations and the members of the diplomatic and consular corps accredited by the government;
- Imports for military forces and internal security forces, such as ammunitions, arms and equipment, and military means of transport and parts;
- Personal effects and household items of individuals; and
- Food products, such as fresh vegetables and fruits, grains, rice, livestock, tea, coffee, sugar, and other basic consumer items.

DOES QATAR ALLOW TEMPORARY IMPORTS?

The Customs Authority allows the temporary import of certain items into Qatar which also do not attract customs duties, but are subject in each case to the approval of the General Manager of the Authority, and require a special "temporary admission" license. These items are often pertinent to parties undertaking construction or other short term projects or events, and include, for example:

- Heavy machinery and equipment required to carry on projects or for conducting certain scientific and practical experiments related to such projects;
- Items required temporarily such as for theatres and exhibitions and the like;
- Machinery, appliances and equipment imported into the country for repair purposes; and
- Commercial samples for display.

Once imported, there are strict conditions imposed on such temporary imports, including time limits for the period in which they can stay in the country, and bank or cash guarantee obligations and re-export requirements.

WHAT SERVICE CHARGES APPLY TO IMPORTED GOODS?

The Qatari Customs Law imposes certain service charges with respect to imported goods placed in the yards and warehouses of the customs station, for their storage, handling, insurance, inspection and the like. These charges are determined in a schedule of rates issued by the Customs Authority, and vary depending on the weight of the goods and the length of time they are stored with the Customs Authority or Qatar Aviation Services Department. Notwithstanding the stipulated rates however, storage charges are capped at 50% of the estimated value of the goods. Although, where the goods are stored in warehouses administered by other, non-governmental agencies, those agencies may collect such service charges according to their own provisions and rates.

WHERE CAN AN IMPORTER OBTAIN MORE INFORMATION AND/OR ASSISTANCE WITH CUSTOMS AUTHORITY LIAISON?

The Customs Authority maintains an Arabic-language website which has some information with respect to importing into Qatar: see www.customs.gov.qa/. As the procedural aspects of importing goods into Qatar are, however, generally a matter of departmental practice, they are not always subject to written regulation and may be subject to change, without notice, from time to time.

Patton Boggs is pleased to liaise directly with the Customs Authority, on behalf of clients, in order to clarify matters with respect to importing, as well as advise on related topics such as establishment of a legal presence, appointment of a local agent, product distribution in Qatar, commercial contracting and consumer protection laws.

FOR MORE INFORMATION ON THIS SUBJECT, PLEASE CONTACT ONE OF THE PATTON BOGGS ATTORNEYS LISTED BELOW:

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