

## Chapter 3. Bahrain



*Crest of the State of Bahrain*

## Country Profile

### Country

**Formal Name:** State of Bahrain.

**Short Form:** Bahrain.

**Term for Citizens:** Bahraini(s); adjectival form, Bahraini.

**Capital:** Manama.

**Date of Independence:** August 15, 1971 .

### Geography

**Size:** 694 square kilometers.

**Topography:** Archipelago of low desert islands, of which largest is Bahrain.

**Climate:** Hot and humid, little rainfall.

### Society

**Population:** About 550,000 in early 1992, of which 66 percent Bahrainis; 1992 growth rate 3.1 percent.

**Education:** Almost all children in six- to eleven-year-old age-group enrolled in primary school system; about two-thirds of all twelve- to fourteen-year-olds enrolled in intermediate schools.

**Health:** Free, comprehensive public health care system. Two private hospitals and one military hospital. Life expectancy for Bahraini children born in 1990 seventy years for males and seventy-five years for females.

**Ethnic Groups:** Most Bahrainis are Arabs, although fairly large number of Iranian origin. Foreign residents include other Arabs, Iranians, Indians, Pakistanis, and small groups of East Asians and Europeans.

**NOTE—**The Country Profile contains updated information as available.

**Religion:** Population 85 percent Muslim, including about 70 percent Shia and 30 percent Sunni. Non-Muslim foreigners include 7.3 percent Christians and 7.7 percent Hindus and others.

## **Economy**

**Gross Domestic Product (GDP):** In 1990 about US\$4.0 billion; per capita GDP US\$7,500; real growth rate 6.7 percent (1988).

**Agriculture:** Contributed 1.0 percent of GDP (at current prices) in 1990.

**Mining and Manufacturing:** Hydrocarbons and related industries, mining, and manufacturing contributed 36.3 percent of GDP (at current prices) in 1990.

**Electricity, Water, and Construction:** Contributed 7.7 percent of GDP (at current prices) in 1990.

**Trade, Transportation, and Communications:** Wholesale and retail trade, restaurants and hotels, and transportation and communications contributed 18.1 percent of GDP (at current prices) in 1990.

**Services:** Financial, government, and other services contributed 36.9 percent of GDP (at current prices) in 1990.

**Exports:** Total exports about US\$3.5 billion in 1991. Major exports included crude oil, refined oil products, and aluminum.

**Imports:** Total about US\$3.6 billion in 1991. Major imports included crude petroleum, machinery and transportation equipment, and food.

**Currency and Exchange Rate:** Bahraini dinar. In 1994 exchange rate US\$1 = BD0.376 (fixed rate).

**Fiscal Year:** Calendar year.

## **Transportation and Telecommunications**

**Transportation:** In 1994 more than 200 kilometers of paved roads; also twenty-five-kilometer causeway to Saudi Arabia; two

major ports: Mina Salman and Sitrah; Bahrain International Airport for airline service.

**Telecommunications:** In 1994 excellent domestic and international service—telephones, submarine cables, three satellite ground stations, television station, two AM and three FM radio stations.

## **Government and Politics**

**Government:** Ruler (amir) is head of state and head of government. Shaykh Isa ibn Salman Al Khalifa became amir in 1961; his son and designated successor, Shaykh Hamad ibn Isa Al Khalifa, continued to serve as deputy prime minister in 1993. National Assembly elected in 1973, dissolved in 1975; no plans in 1993 to reestablish it.

**Politics:** No political parties. Senior members of Al Khalifa and other notable families dominate political and economic decision making.

**Foreign Relations:** Shaykh Isa ibn Salman continued in 1993 to maintain friendly relations with most countries, Iraq being the principal exception. Major diplomatic activities channeled through Gulf Cooperation Council. Member of United Nations, League of Arab States, Organization of the Petroleum Exporting Countries, and Organization of the Islamic Conference.

## **National Security**

**Armed Forces:** In mid-1993 personnel strength 7,150: army, 6,000; navy, 500; and air force, 650. Service voluntary. Army in 1991 had eighty-one M-60A3 main battle tanks and armored cars. Navy had two corvettes and four missile craft. Air force had McDonnell Douglas F-5 Tigers, General Dynamics F-16 Fighting Falcons, and Agusta/Bell-212 armed helicopters.

**Paramilitary:** In mid-1993 coast guard about 400 personnel; police about 9,000.



IN 1993 BAHRAIN CONTINUED to be ruled by the Al Khalifa family. The amir, Shaykh Isa ibn Salman Al Khalifa (b. 1933), was the eleventh ruler of the Al Khalifa dynasty, which has ruled the country since 1783. Originally, the Al Khalifa were a prominent family among the Bani Utub beduin tribes from the interior of the Arabian Peninsula who had settled on the Persian Gulf coast during the eighteenth century. The Al Khalifa initially established a successful commercial port at Az Zubarah on the western coast of the Qatar Peninsula, but this was attacked several times by rulers of Bahrain, at that time part of the Iranian Empire, which intermittently controlled Bahrain from 1602 to 1782. Eventually, with the assistance of a tribal coalition that included the Al Sabah (another Bani Utub family) of Kuwait, the Al Khalifa captured Bahrain from Iran. The first Al Khalifa ruler, Ahmad ibn Muhammad (r. 1783–96), adopted policies that enabled Bahrain's ports to develop into prosperous trade and pearling centers.

During the reign of subsequent Al Khalifa rulers, dynastic feuding among heirs, as well as wars with Oman, adversely affected Bahrain's economy and the security of regional trade. The family rivalries prompted Britain, then the paramount power in the area, to impose a series of treaties that made Bahrain a British protectorate by 1868. An important consequence of Britain's intervention was the regulation of the Al Khalifa succession on the basis of primogeniture. After the death of Shaykh Ali ibn Khalifa Al Khalifa (r. 1868–69) in a dynastic war instigated by his brother and nephew, Britain refused to accept the legitimacy of the victor's rule and forced all factions to acknowledge Ali's son, Shaykh Isa ibn Ali Al Khalifa (r. 1869–1923), as the rightful heir. Since that time, each Al Khalifa ruler has been succeeded by his eldest son. This practice was unlike succession in most other Arab dynasties, which chose the heir apparent from among several able males within the royal family. The principle of primogeniture was codified in the 1973 constitution.

In early 1993, Isa ibn Salman had ruled Bahrain for thirty-two years, having succeeded to the throne in 1961 on the death of his father, Shaykh Salman ibn Hamad Al Khalifa (r. 1942–61). At the time of Isa ibn Salman's accession, Bahrain was still a British protectorate. Isa ibn Salman negotiated the termina-

tion of the country's dependent status after Britain announced in 1968 that it would withdraw all its defense forces from the Persian Gulf region. When Bahrain achieved complete independence in 1971, Isa ibn Salman assumed the title of amir.

The Al Khalifa continued to dominate Bahrain's government and society after independence. The amir's brothers, sons, nephews, and cousins controlled the major decision-making positions. For example, Isa ibn Salman's brother, Shaykh Khalifa ibn Salman Al Khalifa, was prime minister and head of government in late 1992; the amir's eldest son, Shaykh Hamad ibn Isa Al Khalifa, was deputy prime minister and heir apparent; and six other members of the ruling family served in the cabinet, including Major General Khalifa ibn Ahmad Al Khalifa, who was minister of defense.

In 1993 Bahrain's economy continued to experience relative prosperity. Before the discovery of oil in 1932, the country's economy had been based on trade and pearling. Fortuitously, oil was discovered in commercial quantities just as the development of the cultured pearl by the Japanese caused the collapse of the Persian Gulf pearling industry. By 1935 oil wells and a small refinery were in operation, thus enabling Bahrain to claim distinction as the first Arab state in the region to benefit from the presence of oil resources. Both Shaykh Hamad ibn Isa Al Khalifa (r. 1923–42) and his son, Shaykh Salman ibn Hamad, used revenues obtained from oil concessions and production royalties to institute education and health care programs and various public services.

Although oil revenues accounted for more than one-half the government budget until the 1980s, the ruling family recognized that Bahrain's oil wells had a limited productive capacity and that oil reserves probably would be exhausted by the end of the twentieth century. Consequently, the government decided to base the country's long-term economic well-being on commercial and industrial diversification. Official efforts to encourage joint-venture projects resulted in the construction of several enterprises, including an aluminum plant (opened in 1972), a ship repair yard (1977), an iron foundry (1984), a chemical factory (1985), and a pharmaceutical facility (scheduled to open in 1993). In addition, Bahrain's efficient communications system and relatively liberal financial policies enabled the island state to emerge in the 1980s as a principal center for regional banking, insurance, and business operations.



The transformation of Bahrain's economy created new occupational groups, in particular an industrial working class and a highly educated professional class. Bahrain's large indigenous labor force was unique in the immediate area because foreign workers constituted the vast majority of the labor force in the neighboring countries of Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). Although trade unions and other labor associations were illegal in Bahrain, workers organized their first strike as early as 1943. Labor unrest erupted periodically during the next thirty years but declined after 1974, when the percentage of foreign workers in the industrial labor force began to increase significantly. The growth of an indigenous class of professionals tended to shift societal interest away from working conditions and wages in the oil industry and toward the issue of political participation. Bahrain's professionals were among the most enthusiastic supporters of the brief experiment with an elected legislature in the early 1970s; since the dissolution of the National Assembly in 1975, professionals have been consistent advocates of a return to democratic political institutions.

Two generations of economic and social changes failed to lessen sectarian tensions in Bahrain. The Al Khalifa and their historical political allies are Sunni (see Glossary) Muslims. However, at least two-thirds of Bahrain's population identify themselves as Shia (see Glossary) Muslims. Shia were the original inhabitants of the archipelago when the Al Khalifa seized it from Iranian control in the 1780s. Although the Al Khalifa have not persecuted the Shia, they have habitually excluded them from political power. Shia generally resent their subordinate political status; periodically this resentment flares up as incidents of religious strife. The Iranian Revolution of 1979, which resulted in Shia clergy controlling that country's government, tended to exacerbate Shia-Sunni tensions in Bahrain because events in Iran inspired Shia activists in Bahrain to demand more equitable political representation for their community.

The Iranian Revolution and the subsequent Iran-Iraq War (1980–88) demonstrated how much Bahrain's political stability and economic prosperity depended on overall regional security. The government sought to contain the spillover effects of these crises by joining with Kuwait, Oman, Qatar, the UAE, and Saudi Arabia in the Gulf Cooperation Council (GCC) in 1981. As a result of its membership, Bahrain obtained GCC intelli-

gence assistance in monitoring the activities of local dissident groups suspected of receiving support from Iran and profited from inclusion in regional economic development plans. In addition, it received GCC approval for a program of enhancing its military capability through the purchase of advanced United States weapons. During the Persian Gulf War of 1991, Bahrain participated in the GCC coalition that sent troops to Saudi Arabia to fight against Iraq and permitted the United States Navy to use its port facilities.

## **Geography and Population**

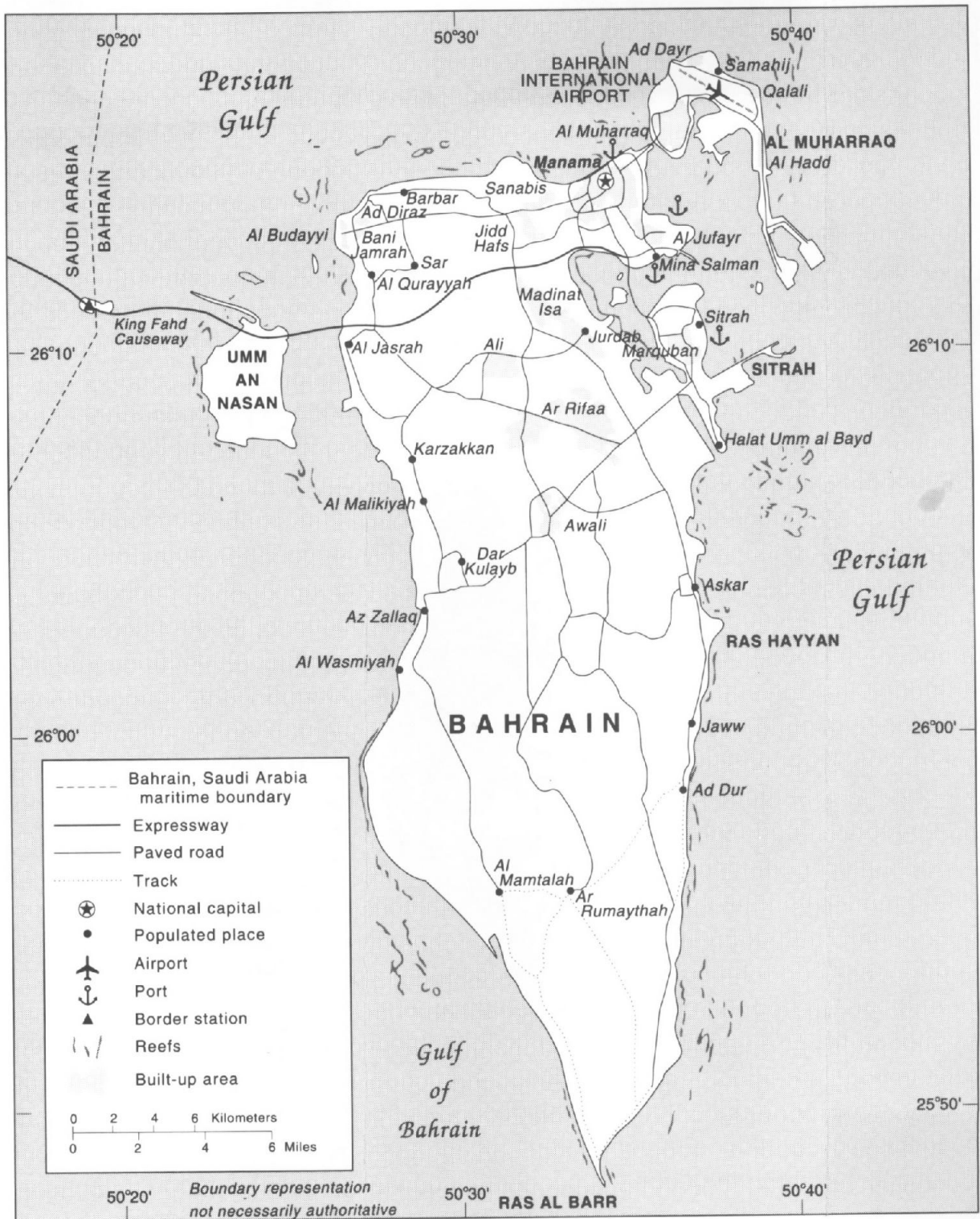
### **Geography**

Bahrain (from the Arabic word for "two seas") comprises an archipelago of thirty-three islands situated midway in the Persian Gulf close to the shore of the Arabian Peninsula. The islands are about twenty-four kilometers from the east coast of Saudi Arabia and twenty-eight kilometers from Qatar. The total area of the islands is 694 square kilometers, or about four times the size of the District of Columbia. The largest island, accounting for 83 percent of the area, is Bahrain (also seen as Al Bahrayn), which has an extent of 572 square kilometers. From north to south, Bahrain is forty-eight kilometers long; at its widest point in the north, it is sixteen kilometers from east to west (see fig. 6).

Around most of Bahrain is a relatively shallow inlet of the Persian Gulf known as the Gulf of Bahrain. The seabed adjacent to Bahrain is rocky and, mainly off the northern part of the island, covered by extensive coral reefs. Most of the island is low-lying and barren desert. Outcroppings of limestone form low rolling hills, stubby cliffs, and shallow ravines. The limestone is covered by various densities of saline sand, capable of supporting only the hardiest desert vegetation—chiefly thorn trees and scrub. There is a fertile strip five kilometers wide along the northern coast on which date, almond, fig, and pomegranate trees grow. The interior contains an escarpment that rises to 134 meters, the highest point on the island, to form Jabal ad Dukhan (Mountain of Smoke), named for the mists that often wreath the summit. Most of the country's oil wells are situated in the vicinity of Jabal ad Dukhan.

Manama (Al Manamah), the capital, is located on the northeastern tip of the island of Bahrain. The main port, Mina Salman, also is located on the island, as are the major petroleum





refining facilities and commercial centers. Causeways and bridges connect Bahrain to adjacent islands and the mainland of Saudi Arabia. The oldest causeway, originally constructed in 1929, links Bahrain to Al Muharraq, the second largest island. Although the island is only six kilometers long, the country's second largest city, Al Muharraq, and the international airport are located there. A causeway also connects Al Muharraq to the tiny island of Jazirat al Azl, the site of a major ship-repair and dry-dock center. South of Jazirat al Azl, the island of Sitrah, site of the oil export terminal, is linked to Bahrain by a bridge that spans the narrow channel separating the two islands. The causeway to the island of Umm an Nasan, off the west coast of Bahrain, continues on to the Saudi mainland town of Al Khubar. Umm an Nasan is the private property of the amir and the site of his personal game preserve.

The other islands of significance include Nabi Salah, which is northwest of Sitrah; Jiddah, to the north of Umm an Nasan; and a group of islands, the largest of which is Hawar, near the coast of Qatar (see Geography; Foreign Relations, ch. 4). Nabi Salah contains several freshwater springs that are used to irrigate the island's extensive date palm groves. The rocky islet of Jiddah houses the state prison. Hawar and the small islands near it are the subject of a territorial dispute between Bahrain and Qatar. Hawar is nineteen kilometers long and about one and one-half kilometers wide. The other islands are uninhabited and are nesting sites for a variety of migratory birds.

## Climate

Bahrain has two seasons: an extremely hot summer and a relatively mild winter. During the summer months, from April to October, afternoon temperatures average 40°C and can reach 48°C during June and July. The combination of intense heat and high humidity makes this season uncomfortable. In addition, a hot, dry southwest wind, known locally as the *qaws*, periodically blows sand clouds across the barren southern end of Bahrain toward Manama in the summer. Temperatures moderate in the winter months, from November to March, when the range is between 10°C and 20°C. However, humidity often rises above 90 percent in the winter. From December to March, prevailing winds from the southeast, known as the *shammal*, bring damp air over the islands. Regardless of the season, daily temperatures are fairly uniform throughout the archipelago.

Bahrain receives little precipitation. The average annual rainfall is seventy-two millimeters, usually confined to the winter months. No permanent rivers or streams exist on any of the islands. The winter rains tend to fall in brief, torrential bursts, flooding the shallow wadis that are dry the rest of the year and impeding transportation. Little of the rainwater is saved for irrigation or drinking. However, there are numerous natural springs in the northern part of Bahrain and on adjacent islands. Underground freshwater deposits also extend beneath the Gulf of Bahrain to the Saudi Arabian coast. Since ancient times, these springs have attracted settlers to the archipelago. Despite increasing salinization, the springs remain an important source of drinking water for Bahrain. Since the early 1980s, however, desalination plants, which render seawater suitable for domestic and industrial use, have provided about 60 percent of daily water consumption needs.

### **Population**

In 1992 an estimated 550,000 people lived in Bahrain. This number included 363,000 Bahraini citizens and 187,000 foreign nationals. Citizens accounted for 66 percent of the total population, a decline from the 70 percent they represented in the 1981 census and the 82.5 percent they represented in 1971. The unofficial estimate indicated that the population had increased by 57 percent, or at an average annual growth rate of 5.2 percent, since 1981. In 1992 the growth rate was 3.1 percent. The non-Bahraini community, which grew from 112,000 in 1981 to 187,000 in 1992, increased by 67 percent, while the number of citizens increased by 52.5 percent in the same eleven-year period.

In 1992 an estimated 58 percent of the population was male and only 42 percent female. The gender disparity resulted from the exceptionally high number of men among Bahrain's foreign residents: 76 percent of foreign residents were male. The male-to-female ratio was more balanced among Bahraini citizens: about 50.3 percent were male and 49.7 percent female. The age distribution also was skewed: about 80 percent of the foreign population was more than fourteen years of age, but less than 60 percent of citizens were more than fourteen. For the total population, 33.4 percent were in the age-group of zero to fourteen; 62.8 percent were in the age-group of fifteen to fifty-nine; and a mere 3.8 percent were in the age-group of sixty years and older. Life expectancy for Bahraini children

born in 1990 was seventy years for males and seventy-five years for females.

The population of Bahrain is overwhelmingly urban. About 85 percent of the people live in cities or suburbs. Most working-age men who reside in villages commute to jobs in urban areas. The largest city, Manama, is the principal commercial and cultural center. It had an estimated population of 152,000 in 1992. Manama's expansion since 1960, when its population was only 62,000, resulted in entire villages, fields, and palm and fruit groves—located to the east, north, and south of the city—being incorporated as part of the urban sprawl. Manama also spread to the west through the reclamation of hundreds of hectares from the sea. Traditional brick houses, built with central courtyards and wind towers in the architectural style of southern Iran, and covered bazaars are found in the old sections of the city. In the newer and less congested neighborhoods, multistory apartment complexes, high-rise hotels and office buildings, and supermarkets predominate. Because most of Bahrain's foreign workers tend to live in the city, their presence provides Manama with a cosmopolitan atmosphere.

The city of Al Muharraq, which had an estimated population of 75,000 in 1992, is the country's only other major city. Until the 1930s, the ruler lived in Al Muharraq; thus, for more than a century, the city served as Bahrain's political center, and its commercial importance rivaled that of Manama. Al Muharraq declined after the Al Khalifa family moved to the island of Bahrain, and for nearly forty years the city stagnated. During the 1970s, however, the construction of the US\$60 million Arab Shipbuilding and Repair Yard adjacent to the fishing village of Al Hadd, located southeast of Bahrain International Airport, helped to stimulate an investment and development boom in the city.

Bahrain's main towns are Jidd Hafs, Ar Rifaa, Sitrah, and Madinat Isa. Throughout the nineteenth century and during the first half of the twentieth, Jidd Hafs was a relatively prosperous village renowned for its extensive date palm groves and the manufacture of medicinal drugs from the buds, flowers, and pollen of palm trees. By 1975, however, Jidd Hafs had been transformed into Manama's largest suburb. Ar Rifaa, which originally consisted of two adjacent villages—Ar Rifaa ash Sharqi and Ar Rifaa al Gharbi, established in the nineteenth century near natural springs in the central region of Bahrain—grew rapidly after 1952 when Shaykh Salman ibn Hamad estab-

lished his official residence there. Ar Rifaa's importance as the country's political center has continued under Shaykh Isa ibn Salman, who constructed his palace in the town, as did several other members of the Al Khalifa. The town of Sitrah formerly consisted of several palm-cultivating villages, but extensive residential construction during the 1970s fused the villages into one large suburban town. Madinat Isa was a planned community built to relieve the congestion in Manama and such close suburbs as Jidd Hafs and Sanabis.

## **Society**

### **Education**

Bahrain has the oldest public education system in the Arabian Peninsula. The system was established in 1932 when the government assumed responsibility for operating two preexisting primary schools for boys. Subsequently, separate facilities for girls and various secondary programs were established. Since the 1970s, education has been one of the largest current government expenditures. Despite the intensity of government efforts, however, the literacy rate for adult citizens was only about 75 percent as recently as 1985. The literacy rate for 1990 was estimated by the United Nations Educational, Scientific, and Cultural Organization to be 77 percent for adults (82 percent for males and 69 percent for females). Nevertheless, literacy levels among Bahrainis born since independence in 1971 were high because an estimated 70 percent of primary and secondary school-age children attended school.

In the 1991-92 academic year, 99,348 students attended 129 public schools (see table 13, Appendix). Education in the public system, which included six-year primary schools, three-year intermediate schools, and three-year secular secondary schools, is free. Students receive supplies, uniforms, meals, and transportation to and from school at no charge. Almost all children in the six- to eleven-year-old age-group attend primary school, and about two-thirds of all twelve- to fourteen-year-olds are enrolled in intermediate schools. The number of girls attending public primary and intermediate schools was slightly less than the number of boys but exceeded the number of boys in secondary and vocational public schools.

In addition to the public education system, there are forty-eight private and religious schools, including the United States-operated and accredited Bahrain International School, which



offers classes from primary school through secondary school. There were 6,400 public school teachers in the 1988–89 academic year, of whom 65 percent were native Bahrainis. Egyptians constituted the largest group of foreign teachers.

In 1927 the first group of Bahrainis to receive a university education enrolled at the American University of Beirut in Lebanon. The first institution of higher education in Bahrain, the Gulf Polytechnic, was established in 1968 as the Gulf Technical College. In 1984 Gulf Polytechnic merged with the University College of Art, Science, and Education, founded in 1979, to create a national university, the University of Bahrain, offering bachelor of arts and bachelor of science degrees. During the 1991–92 academic year, more than 4,000 students, of whom more than one-half were women, studied at the University of Bahrain.

Bahrain had two additional institutions of higher education in 1993. The College of Health Sciences, established in 1976, offers various medical technology and nurses' training programs. The Hotel and Catering Training Center, established in 1974, offers postsecondary vocational courses in management and culinary arts. No longer an independent entity, the Arabian Gulf University (AGU) was established outside Ar Rifaa in 1984 and funded by the six member countries of the GCC. Construction of AGU facilities, however, was delayed by the decline in oil revenues experienced by all GCC states in the mid-1980s. The first students graduated in 1989. All courses were discontinued in 1991 except for the College of Medicine, which accepted no new students for the 1991–92 academic year.

## **Health and Welfare**

In 1925, when Bahrain was a British protectorate, the government established free medical service, including immunization, outpatient treatment, and hospitalization. The availability of preventive and curative health care led to the virtual eradication of such endemic and infectious diseases as smallpox, trachoma, and dysentery. By the 1980s, life expectancy was estimated at sixty-five years. In 1993 Bahrain's comprehensive health care system included facilities for inpatient and outpatient dental care, general medical care, maternity care, orthopedic care, pediatric care, and psychiatric care. Almost all primary and secondary treatment within the public health system is free to citizens and foreign residents.

The largest public hospital is the 1,000-bed Salmaniya Medical Center, which opened in 1978. The center is a general teaching hospital that has accident and emergency facilities and fully equipped laboratories. More than one-half of Bahrain's 400 physicians work at Salmaniya. The public health system also includes twenty-seven regional health centers that provide such primary care as diagnostic services, minor surgery, dentistry, prenatal and postnatal care, and general family medical care. In addition, the system includes sixteen child welfare centers. The government also maintains the 135-bed Bahrain Military Hospital, which is reserved for members of the armed forces and their families.

In 1992 there were two small private hospitals in Bahrain. The forty-five-bed American Mission Hospital, operated by the United States-based Arabian Mission of the Dutch Reformed Church, is the oldest hospital in the country and is one of the oldest on the Arab side of the Persian Gulf. Many members of the country's ruling elite were born at this hospital, and they continue to come to it for medical care. The newer, twenty-three-bed International Hospital caters to very wealthy patients.

The government established a social security system in 1976. The General Organization of Social Insurance (GOSI) was set up to administer the program, which provides pensions (since 1986) and compensation for work-related accidents. Only Bahraini citizens are eligible for retirement pensions, but both nationals and foreign workers are covered against accidents. GOSI requires all companies employing at least ten persons to participate in the program. GOSI collects 7 percent of an employee's monthly salary for the pension program and requires employers to contribute an additional amount equivalent to 11 percent of a Bahraini's monthly pay. Employers pay an extra 3 percent of their payrolls to cover all employees against accidents.

## **The Economy**

### **Agriculture and Fishing**

Despite the scant rainfall and poor soil, agriculture historically was an important sector of the economy. Before the development of the oil industry, date palm cultivation dominated Bahrain's agriculture, producing sufficient dates for both domestic consumption and export. At least twenty-three varieties

ies of dates are grown, and the leaves, branches, buds, and flowers of the date palm also are used extensively. From the 1950s through the 1970s, changing food consumption habits, as well as the increasing salinity of the aquifers that served as irrigation sources, led to a gradual decline in date cultivation. By the 1980s, a significant number of palm groves had been replaced by new kinds of agricultural activities, including vegetable gardens, nurseries for trees and flowers, poultry production, and dairy farms.

By 1993 Bahrain's cultivated area had been reduced from 6,000 hectares before independence to 1,500 hectares. The cultivated land consists of about 10,000 plots ranging in size from a few square meters to four hectares. These plots are distributed among approximately 800 owners. A minority of large owners, including individuals and institutions, are absentee landlords who control about 60 percent of all cultivable land. The ruling Al Khalifa own the greatest number of plots, including the largest and most productive ones, although public information pertaining to the distribution of ownership among family members is not available. Absentee owners rent their plots to farmers, generally on the basis of three-year contracts. There are approximately 2,400 farmers, 70 percent of whom do not own the land they cultivate.

The small size of most plots and the maldistribution of ownership has tended to discourage investment in agriculture. In addition, the number of skilled farmworkers progressively declined after 1975 because an increasing number of villagers obtained high-paying, nonagricultural jobs. Despite these impediments, official government policy since 1980 has aimed at expanding domestic production of crops through such programs as free distribution of seeds, technical assistance in adopting new and more efficient irrigation technologies, and low-interest credit. Although these programs have contributed to significant increases in the production of eggs, milk, and vegetables, the circumscribed extent of Bahrain's cultivable area limits the island's potential productive capacity. Consequently, agricultural imports remain a permanent aspect of the country's international trade. In 1993 the main food imports included fruits, vegetables, meat, live animals (for slaughter), cereals, and dairy products.

The waters surrounding Bahrain traditionally have been rich in more than 200 varieties of fish, many of which constitute a staple of the diet. Before the development of the oil

industry, most males engaged in some form of fishing. In addition, the pearl industry constituted one of the most important bases of the island's wealth, and more than 2,000 pearling boats operated during the late 1920s. After 1935 both fishing and pearling as occupations steadily declined. Although the prospect of steady wages attracted many pearl divers to oil-related jobs, pearling was even more adversely affected by the development in Japan of the cultured pearl. By 1953 only twelve pearling boats remained, and these all disappeared within a decade. Fishing declined more gradually, but by the early 1970s fewer than 1,000 fishermen continued to ply their trade. Fewer fishermen meant less fish available in the market despite rising consumer demand, and this situation led to the annual importation of tons of fish to supplement the local catch. In 1981 the government launched a program to revitalize the fishing industry by introducing trawlers, motorizing the traditional dhows, expanding jetties, constructing cold storage facilities, and offering training courses on the use and maintenance of modern fishing equipment. These initiatives contributed to an increase in the total fish catch, which, according to estimates of the Food and Agriculture Organization of the United Nations, was 9,200 tons in 1989.

Pollution in the Persian Gulf became a problem in the 1970s. Shrimp in the northern gulf seemed particularly sensitive to marine pollution, and by 1979 they had almost disappeared from waters near Bahrain. Pollution was seriously aggravated in 1983 and again in 1991 by major oil slicks that emanated from war-damaged oil facilities and covered several thousand square kilometers of water in the northern Persian Gulf. The slicks were detrimental to the unique marine life in the vicinity of Bahrain, including coral reefs, sea turtles, dugongs (herbivorous sea mammals similar to manatees), oyster beds and shrimp beds, numerous fish species, and water fowl. The oil slicks, especially those of 1991, adversely affected the fishing industry, but as of early 1993, marine biologists remained uncertain about the long-term ecological impact of the pollution.

### **Petroleum Industry**

In 1929 the San Francisco-based Standard Oil Company of California (Socal)—now known as Chevron—set up a subsidiary to acquire an oil exploration and production concession on the island of Bahrain. Socal drilling crews discovered oil in



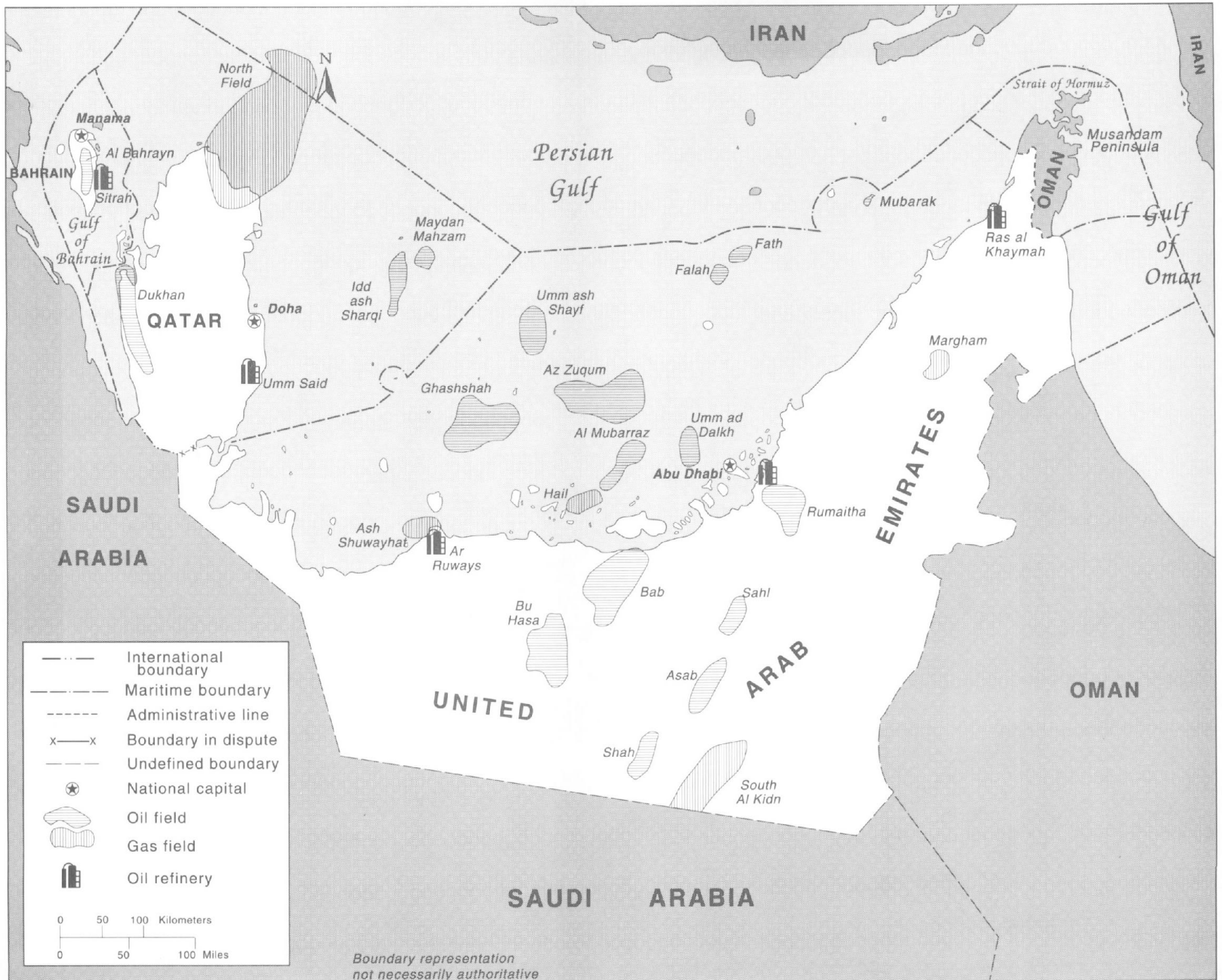


Figure 7. Lower Gulf States: Oil Fields, Gas Fields, and Refineries, 1993

1932, and two years later the first shipment of crude oil was exported from Sitrah. By 1935, when sixteen oil wells were in production and construction of the Bahrain refinery commenced, the royalties that Socal paid to the government constituted more than 40 percent of the state budget. In 1936 Socal sold half of its oil interest to the Texas Oil Company (Texaco) and, with its new corporate partner, formed the Bahrain Petroleum Company (Bapco). In the years up to independence in 1971, Bapco oil revenues annually averaged 60 percent of government income and helped to finance major development, education, and health programs. The government of Bahrain acquired a 60 percent interest in Bapco in 1975 and assumed control of the remaining 40 percent in 1980.

Bahrain's proven oil reserves are limited in comparison with the other lower Persian Gulf states (see fig. 7). As early as 1965, Bapco estimated that one-half of the island's total oil had been depleted. Oil production peaked in 1977 at 77,000 barrels per day (bpd—see Glossary) and steadily declined thereafter.

During the 1970s and early 1980s, two developments helped to maintain the government's relatively high income from oil revenues despite declining production. First was Bahrain's share of profits from the offshore Abu Safah oil field in the Persian Gulf between Bahrain and Saudi Arabia. When the two countries demarcated their marine boundaries in 1958, Bahrain ceded its claims to an area of the gulf north of the island in return for a Saudi agreement to share the profits from any oil that might be discovered there. Subsequently, oil in commercial quantities was found in the seabed, and from 1968 to 1986, revenues from the Abu Safah field contributed significantly to Bahrain's overall oil income. Since production from the Abu Safah field ceased in early 1987, Saudi Arabia has provided Bahrain with 75,000 bpd of crude oil as compensation for this loss.

The second development was the more than tenfold increase in oil revenues that followed the December 1973 decision by the Organization of the Petroleum Exporting Countries (OPEC) to triple the international price of crude oil. During 1974 and 1975, income from oil accounted for an unprecedented 80 percent of government revenues, although this percentage gradually declined in subsequent years. Nevertheless, as long as oil prices remained high, oil revenues remained high. At the end of 1985, however, Saudi Arabia significantly increased its own oil production, which resulted in a

glut of oil on international markets and caused prices to fall by more than 50 percent in just a few months. Bapco could not increase production from its declining oil fields beyond 42,000 bpd, and consequently Bahrain's oil revenues in 1986 were 65 percent less than in 1985. Oil revenues did not increase substantially until 1990, when the regional political crisis that accompanied Iraq's invasion of Kuwait precipitated a rise in oil prices. In 1991 oil revenues constituted about 62 percent of revenues in the government's budget (see table 14, Appendix).

Although Bahrain has had an oil-based economy since 1935, by 1993 proven reserves were estimated at 200 million barrels, and the government anticipated that all oil would be depleted by 2005. Nevertheless, the country's economists expected oil to remain important long beyond that date because of the large refinery Bapco has operated at Sitrah since 1937. Periodically expanded and modernized, the refinery has the capacity to process 250,000 bpd of crude oil, at least five times the amount produced by the island's oil wells (see table 15, Appendix). During 1992 the United States firm Bechtel Corporation began expanding the refinery's capacity to 360,000 bpd. More than 80 percent of the petroleum that the refinery processes comes via pipeline from Saudi Arabia. The Sitrah refinery has been refining Saudi crude oil since 1938 and expects to continue to do so well into the twenty-first century. Its refined petroleum products, most of which are exported, include aviation fuel, fuel oil, and gasoline.

Substantial deposits of natural gas are associated with Bahrain's oil fields. Before 1979, when the government established the Bahrain National Gas Company (Banagas), an estimated 3 million cubic meters per day of this gas were being vented to the atmosphere. Banagas opened a gas liquefaction plant that collected this gas and processed it into propane, butane, and naphtha. There are also large deposits of natural gas in the Khuff field, which is separate from the oil fields. Banagas has drilled more than fifteen wells to tap this gas, which is used for fuel to power the oil refinery, electric generators, and the water desalination plant. Some of the gas is reinjected into the oil fields to maintain reservoir pressure and stimulate production. In 1990 Banagas estimated total natural gas reserves at 209 trillion cubic meters; daily production averaged about 20 million cubic meters.



## **Other Industry**

By 1965 the government recognized that the island's long-term prosperity could not depend on the limited extent of its oil reserves. Accordingly, the government adopted industrial diversification as a primary objective of its economic policy. Tax incentives and low-interest loans encouraged private entrepreneurs to construct several small-scale manufacturing plants, including factories producing plastics, ceramic tiles, paper products, and carbonated beverages. The government assumed a more active role in the establishment of large-scale industry, as a result of which manufacturing contributed 13 percent of the gross domestic product (GDP—see Glossary) in 1986 (see table 16, Appendix). The two most important examples of large-scale industry were the aluminum plant and the ship-repair yard.

Aluminium Bahrain (Alba) was incorporated in 1968 as a joint government and private investment company for the construction of a mill to process imported raw alumina. Located near the Bapco refinery, the Alba plant began production in 1971 with an initial capacity of 99,000 tons of aluminum ingots. Since commencing operations, the Alba facilities have expanded considerably and by 1990 had an annual productive capacity of more than 215,000 tons. Associated with Alba are two other aluminum plants built during the 1980s. The Gulf Aluminium Rolling Mill Company (Garmco), a joint venture of the six member countries of the GCC, produces aluminum strip and sheet. The Bahrain Aluminium Extrusion Company (Balenco), owned 100 percent by the government, produces aluminum doors, window frames, and other products used by the construction industry. A third concern, the jointly owned Bahrain-Saudi Aluminium Marketing Company (Balco), markets Alba's products throughout the Middle East and Asia.

In 1977 the Arab Shipbuilding and Repair Yard Company (ASRY) was inaugurated near Al Hadd. ASRY was a joint venture of Bahrain and the six other members of the Organization of Arab Petroleum Exporting Countries (OAPEC). This large dry-dock facility has accommodations for up to ten supertankers simultaneously, and it annually repairs an average of seventy ships.

## **Labor**

Bahrain's total labor force was estimated at 160,000 in 1992. Foreign workers constituted about 55 percent of the labor

force, a slight decline from the 58 percent they had constituted in 1981. Foreign participation in the labor force increased dramatically after 1971, when such workers had constituted 37 percent of the economically active population. The composition of the foreign work force also has changed significantly. During the 1960s, more than one-half of all foreign workers came from Oman and Iran. Since the late 1970s, one-half of all foreign workers have come from South Asia, predominantly from India and Pakistan but also from Bangladesh, the Philippines, Sri Lanka, and Thailand. South Asian workers constituted 13 percent of the total population in 1990 and Iranians, 6 percent. Less than 10 percent of foreign workers come from other Arab countries. Egyptians, about one-half of whom teach in Bahrain's public schools, constitute the largest group of foreign Arabs, followed by Palestinians, most of whom hold Jordanian passports, and Lebanese. Arabs are more likely than Asians to be accompanied by dependents.

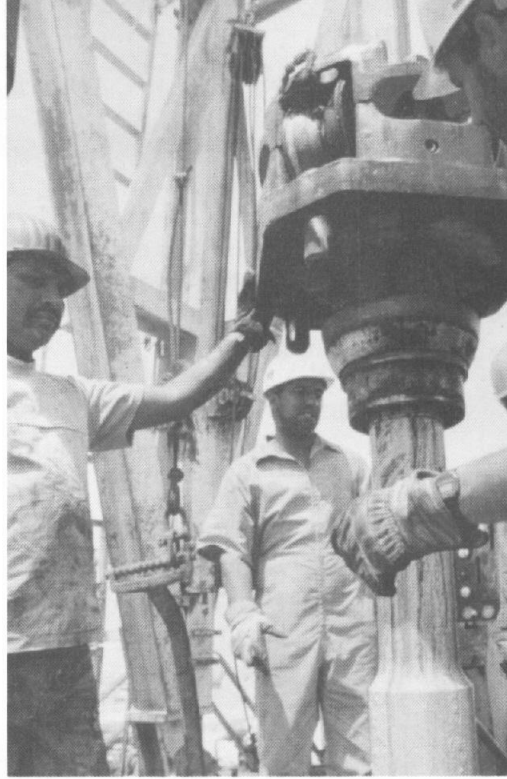
The government requires all foreign workers to possess valid residence and work permits. Although work permits are renewable after the expiration of the original contract period, authorities do not encourage long-term residency of foreign nationals. Most of the foreign workers, who are unskilled and semiskilled laborers, have few incentives to live in Bahrain permanently because their families generally remain in their home countries. These workers consequently remit a considerable portion of their employment income to their families in their countries of origin.

As the proportion of citizens declined to less than one-half the labor force, government planners drew up programs and laws designed to replace foreign workers with Bahraini nationals. Within the private sector, which provides jobs for more than two-thirds of all foreign nationals, employers have the option of designing their own special courses for training citizens or providing funds to finance government-operated training courses. Companies pay a special levy, equal to 4 percent of the salary of every employed foreigner but only equal to 2 percent for every local employee. At the completion of a foreign worker's contract, officials of the Ministry of Labor and Social Affairs urge the hiring company to take on more nationals.

Efforts to make employment indigenous encourage the participation of women in the labor force. Women, who constituted about 15 percent of all employees in the early 1990s, work outside the home in far greater numbers in Bahrain than



*Worker practicing  
traditional craft  
of weaving  
Courtesy Embassy of  
Bahrain, Washington*



*Members of an oil-  
drilling rig at work  
Courtesy Embassy of  
Bahrain, Washington*

in any other state of the Arabian Peninsula. The most dramatic rise in female employment occurred during the decade of the 1970s. Between 1971 and 1981, the proportion of women in the labor force increased from 3.8 to 13.3 percent. Bahraini women predominate in such traditionally female occupations as teaching and nursing, but, since the early 1980s, increasing numbers of women have been employed in administration, banking, commerce, finance, engineering, and the civil service. Despite the trend toward greater female participation in the work force, about 82 percent of Bahraini women do not work outside the home. The overwhelming majority of working women tend to be single women who work for two to five years after completing secondary school or university and before marriage.

In an effort to encourage continued participation of women in the labor force after marriage, the government has enacted

labor legislation favorable to working mothers. For example, all employers are required to grant new mothers forty-five days of maternity leave at full pay plus fifteen days at half-pay. In addition, employers are obligated to provide nursing periods for new mothers. The law also forbids discrimination against working mothers.

### **Transportation and Telecommunications**

Bahrain's small size and level terrain made the development of its excellent road system easy. In 1993 the country had more than 200 kilometers of paved roads linking all populated areas of the island. Two paved roads and several gravel roads run through the sparsely inhabited southern half. A twenty-five-kilometer causeway, completed in 1986, allows traffic to cross to Saudi Arabia. A second causeway links the capital with the international airport on the island of Al Muharraq. With its 3,660-meter runway, Bahrain International Airport can handle the largest airplanes in use. In 1993 it was the eastern terminus for British Airways nonstop service from London using the Concorde. Gulf Air, jointly owned by Bahrain, Qatar, the UAE, and Oman, provides regularly scheduled service to more than twenty international destinations.

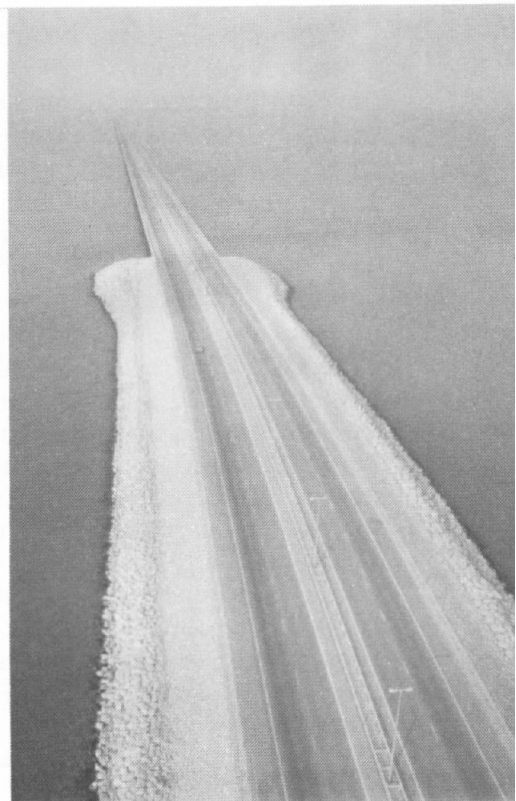
Bahrain's main port is Mina Salman on the tip of the island of Bahrain. Opened in 1962 and expanded several times thereafter, Mina Salman has sixteen berths and can handle vessels with a draught of up to nine meters. Crude and refined petroleum passes through the port of Sitrah, about ten kilometers southeast of Manama. A dry dock on the southern end of the island of Al Muharraq handles repairs of ships of up to 500,000 tons.

The telecommunications system is modern and has good domestic service and excellent international connections. In 1992 the country had some 98,000 telephones, or eighteen per 100 inhabitants, one of the highest per capita figures in the Middle East. Radio-relay and submarine cables link Bahrain with all its neighbors. Three satellite ground stations—one operating with International Telecommunications Satellite Corporation's (Intelsat) Atlantic Ocean satellite, one operating with Intelsat's Indian Ocean satellite, and one operating as part of the Arab Satellite Communication Organization (Arabsat) system—provide excellent international telephone and data links and live television broadcasts. Two AM and three FM radio stations provide broadcast services in Arabic and English.

*Control tower personnel  
at Bahrain  
International Airport,  
on Al Muharraq,  
Bahrain  
Courtesy Embassy of  
Bahrain, Washington*



*Causeway from Bahrain  
to Al Khubar, Saudi Arabia  
Courtesy Embassy of  
Bahrain, Washington*



A shortwave AM station beams programs in Arabic throughout the Middle East.

## **Banking and Finance**

Bahrain's first commercial bank, a branch of the British-owned Eastern Bank, opened in 1921. Two decades passed before a second bank, the British Bank of the Middle East, set up an office. It was not until 1957 that the first bank wholly owned by Bahraini citizens, the private National Bank of Bahrain, commenced activities. Prior to 1965, when the government introduced the Bahraini dinar (for value of the Bahraini dinar—see Glossary), the Indian rupee had functioned as the most commonly accepted currency for local transactions. The lack of an indigenous currency probably impeded the development of the banking sector. Once the Bahraini dinar replaced the Indian rupee and established itself as a strong, internationally convertible currency, banks began to find the island a more attractive location; by 1974 fourteen commercial banks operated in Bahrain.

The increase in the number of banks after independence prompted the government to consider creating a central monetary authority to regulate banking activities. In 1973 Shaykh Isa ibn Salman issued a decree that established the Bahrain Monetary Agency (BMA) as a legal entity possessing the powers of a central bank. In addition to its regulatory responsibilities, BMA issues currency, sets the official exchange rates for the Bahraini dinar, serves as a depository for government funds from petroleum production and its foreign currency reserves, and manages the government's investments.

In 1975 BMA promulgated regulations for the creation of offshore banking units (OBUs) modeled on those operating in Singapore. OBUs are branches of international commercial banks exempted from foreign-exchange controls, cash reserve requirements, taxes on interest paid to depositors, and banking income taxes that are required of other banks in Bahrain. In return for these privileges, OBUs pay the government annual license fees, are prohibited from accepting deposits from citizens and residents of Bahrain, and must refrain from transactions involving Bahraini dinars. The OBU program has been successful; twenty-six OBUs were established during the first year. The civil war in Lebanon probably stimulated the OBU boom because several international banks based in Beirut transferred their Middle East operations to Bahrain

after 1975. By the early 1980s, a total of seventy-five OBUs having assets in excess of US\$62 billion were operating out of Bahrain.

Beginning in 1985, falling oil prices and a corresponding decline in oil revenues dramatically reduced the funds deposited in both onshore banks and OBUs. Several banks decided not to renew their OBU licenses, resulting in a net loss of OBUs. Nevertheless, a majority of OBUs, including those that are branches of leading United States, Arab, European, and Japanese banks, continue to operate from Bahrain-based offices. In 1990 a total of fifty-five OBUs were located on the island. Despite the fluctuations in Persian Gulf financial markets of the 1980s, Bahrain is well established as the principal banking and financial center of the gulf region.

### **Budget**

The annual budget is the government's principal instrument of economic development and its barometer of progress. It projects total revenues from all sources, including petroleum, taxes, customs duties, investments, and foreign government transfers. It also includes projected expenditures for government salaries, services, and development projects. The annual budget is supplemented by biennial budgets and six-year development plans. The budget indicated that Bahrain's GDP for 1990 was about US\$4.0 billion, or a per capita GDP of US\$7,500.

### **Foreign Trade and the Balance of Payments**

Traditionally, Bahrain was the entrepôt and distribution center for the northern Persian Gulf region. Since independence it has lost much of its role as a result of the development of nearby Saudi Arabian ports and strong competition from Dubayy in the UAE in the southern gulf. Oil continues to be the most important item in the country's international trade, representing well over one-half of the total value of both exports and imports. The industrial diversification program has resulted in the creation of non-oil manufactured exports, while investments in agriculture have reduced significantly the importation of certain food commodities.

The total value of imports in 1989 was about US\$2.82 billion, a 34 percent decrease from the 1982 total of US\$3.7 billion (see table 17, Appendix). The cost of crude petroleum, imported from Saudi Arabia for processing at the Sitrah oil

refinery, declined to US\$1.5 billion in 1988, compared with US\$1.9 billion in 1982 and US\$2.5 billion in 1981. This significant drop, however, resulted more from the steady fall in international oil prices than from a decrease in the actual number of barrels imported. The major non-oil imports included machinery and transportation equipment, manufactured goods, alumina, chemicals, food, and live animals.

In 1989 Bahrain's principal trading partners were Britain, the United States, and Japan, accounting for approximately 16.3 percent, 12.4 percent, and 10.5 percent, respectively, of total imports (see table 18, Appendix). Other major import sources included Australia, the Federal Republic of Germany (West Germany), Italy, and Saudi Arabia.

In 1989 the value of Bahrain's exports was US\$2.83 billion, down 12 percent from 1984. Depressed oil prices, especially in the 1986-88 period, continued to erode the value of oil and oil products, the principal components of the export trade. Non-oil exports consisted of manufactured goods, in particular aluminum products but also some construction materials. The chief trading partners were Saudi Arabia, the United States, and the UAE, accounting for 18.2 percent, 7.3 percent, and 6.9 percent, respectively, of all exports in 1989. Other export markets included Japan, India, Kuwait, and the Republic of Korea (South Korea).

The value of Bahrain's imports was slightly less than the value of its exports in 1989. Preliminary estimates for 1990 indicated that the trade balance would also have a slight surplus. The favorable balance was attributed to the dramatic rise in oil prices that followed the Iraqi invasion of Kuwait.

## **Government and Politics**

In 1993 Bahrain was a constitutional monarchy in the form of an emirate with an executive-cabinet form of government and a separate judiciary (see fig. 8). The emir is head of state and also supreme commander of the Bahrain Defense Force (BDF); he exercises ultimate authority in all matters pertaining to the government. In addition to the emir, Shaykh Isa ibn Salman, principal government officials include his eldest son and heir apparent, Hamad ibn Isa, who is commander in chief of the BDF and deputy prime minister, and several other members of the ruling Al Khalifa. In accordance with the constitution adopted in 1973, the office of emir passes from father to eldest son unless the emir designates another male relative to



succeed him. This clause of the constitution is not subject to amendment.

Although the amir has substantial executive powers, in practice he has delegated decision-making authority to a cabinet since 1956, when an amiri decree created the Administrative Council, an eleven-member body that advised the ruler on policy and supervised the growing bureaucracy. In 1970 Shaykh Isa ibn Salman issued a decree that transformed the Administrative Council into a twelve-member Council of Ministers. The president of the Council of Ministers, the prime minister, serves as the head of government. The amir appoints the prime minister, who then forms a government by selecting members of the Council of Ministers, albeit in consultation with the amir. The ministers are directly responsible to the prime minister, who, like the amir, has authority to veto a decision by any member of the council.

The Council of Ministers gradually expanded to include eighteen members, including the prime minister and the deputy prime minister. In late 1992, the prime minister, deputy prime minister, and six of the sixteen ministers were members of the ruling Al Khalifa. The prime minister, Khalifa ibn Salman, is the brother of the amir. The amir's son holds the cabinet rank of deputy prime minister. The amir's uncle, Major General Khalifa ibn Ahmad, is minister of defense; and the amir's two first cousins, Muhammad ibn Khalifa and Muhammad ibn Mubarak, are minister of interior and minister of foreign affairs, respectively. Khalifa ibn Salman, the son of the amir's second cousin, is minister of labor and social affairs. A more distantly related cousin, Abd Allah ibn Khalid, a first cousin of the amir's grandfather, is minister of justice and Islamic affairs.

### **The Constitutional Experiment**

On December 16, 1971, the day Bahrain formally became independent of Britain (Bahrain technically gained its independence earlier in the year, on August 15), Shaykh Isa ibn Salman announced that the country would have a constitutional form of government. Six months later, he issued a decree providing for the election of representatives to a Constituent Assembly, charged with drafting and ratifying a constitution. The assembly was to consist of twenty-two elected delegates plus twenty additional members, including eight delegates appointed by the amir and the twelve members of the Council

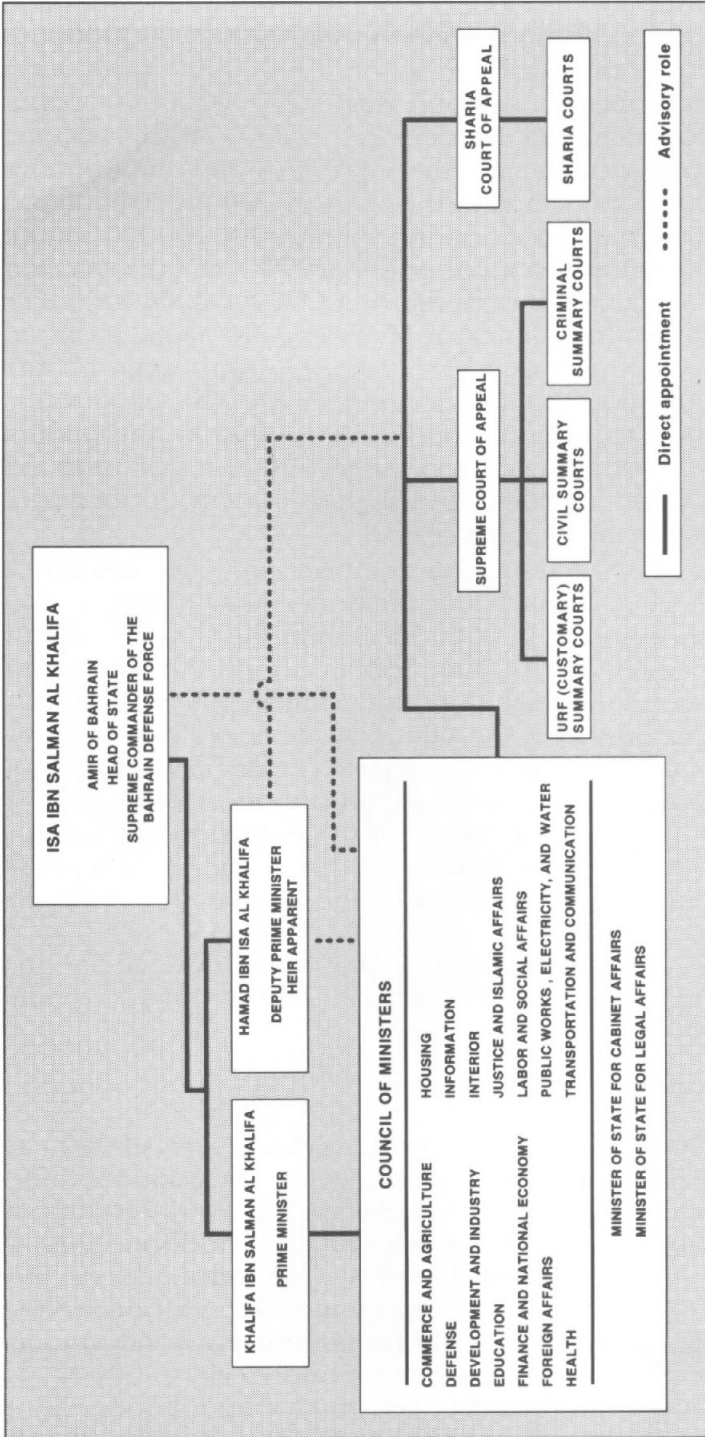


Figure 8. Bahrain: Government Structure, 1992

of Ministers. The election, which was held in December 1972, was the first national election in Bahrain's history. The electorate was restricted, however, to native-born male citizens aged twenty years and older.

The relative openness of political debate permitted during the election campaign for the twenty-two contested Constituent Assembly seats encouraged individuals dissatisfied with the lack of democratic rights to demand more civil liberties. The primary focus of concern was the 1965 Law of Public Security, a series of three amiri decrees that authorized the ruler to maintain indefinitely a virtual state of emergency in order to protect national security from suspected foreign and domestic enemies. A group of mostly university-educated professionals, led by Abd al Aziz Shamlan, unsuccessfully petitioned the amir to rescind the law's harshest provisions, especially those pertaining to arrest and detention. They believed these measures had been used arbitrarily to silence dissent and peaceful opposition. Several women's groups also organized to protest the exclusion of women from the franchise. They presented a petition to the amir requesting support for extending voting rights to female citizens, but they failed to receive a positive response.

The Constituent Assembly was in session during most of 1973. It approved a constitution of 108 articles. The constitution, enacted by amiri decree in December 1973, provided for an advisory legislative body, the National Assembly, consisting of thirty members elected for four-year terms, plus all the members of the Council of Ministers, whose terms were not fixed. The assembly was not empowered to initiate or enact legislation, but it was authorized to give advice and consent to laws proposed by the Council of Ministers. The assembly had the right to question individual ministers about policies and to withdraw confidence from any minister except the prime minister. The constitution stipulated that the amir could dissolve the assembly at his discretion, provided he make public the grounds for so doing. If the assembly were dissolved by decree, new elections had to take place within two months or the dissolution would be invalidated and the dismissed members reinstated.

Elections for the National Assembly took place in December 1973, with the franchise restricted, as in the Constituent Assembly election, to male citizens. In theory, the thirty elected representatives were independents because political parties were not permitted; in practice, several of the assemblymen openly

supported the positions and views of banned political organizations, including the National Front for the Liberation of Bahrain, which espoused Marxist economic ideas. Consequently, two distinct coalitions emerged in the assembly: the People's Bloc, consisting of eight members who advocated the legalization of labor unions and the abolition of the 1965 security measures; and the Religious Bloc, consisting of six Shia members who supported labor reforms and various social restrictions, such as a ban on the sale of alcoholic beverages. The majority of elected members—sixteen representatives—comprised a heterogeneous group of independents whose individual positions shifted with the issues. The People's Bloc and the Religious Bloc tended to refer to the independents pejoratively as the Government Bloc because they usually tried to effect compromises between the ministers and their National Assembly critics.

Although the National Assembly lacked authority to prevent the government from enacting legislation that assembly members opposed, this situation did not impede policy debates. The unprecedented public debates attracted wide interest and, from the perspective of the regime, seemed to erode its legitimacy. During the winter and spring of 1975, a prolonged debate over a new state security decree proved especially troublesome for the government. It appeared that most independents, as well as the Religious Bloc, supported the demand of the People's Bloc that the decree, issued in December 1974 without prior consultation with the assembly, be submitted to the legislature for ratification before its implementation. The issue was unresolved as of May 1975, when the assembly recessed for the summer. In August, before the members reconvened, the amir dissolved the National Assembly, citing its inability to cooperate with the government. Although the constitution stipulated that new elections had to take place within two months of a dissolution, this did not occur. One year later, in August 1976, Shaykh Isa ibn Salman announced that the National Assembly would remain dissolved indefinitely.

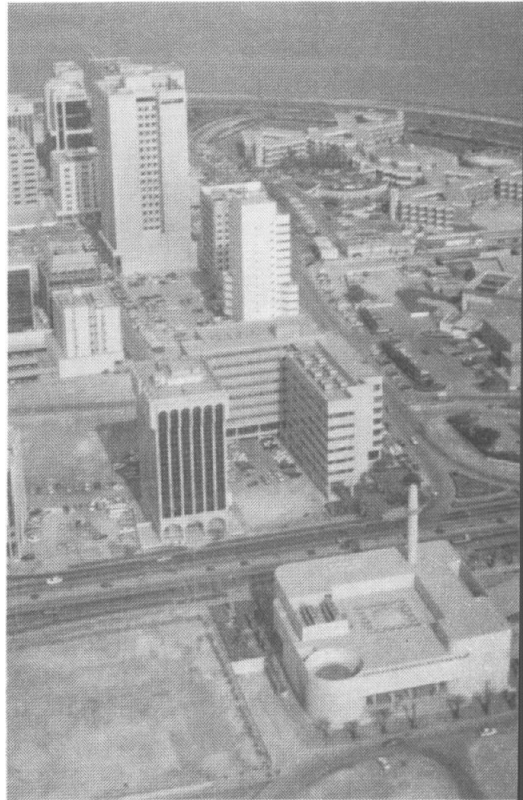
In January 1993, a new elected body, the thirty-member Consultative Council, met for the first time. The session discussed employment and training matters as groundwork for the formulation of a new labor law.

Although there are no political parties through which citizens can express views, they can petition the amir for redress of grievances. The amir holds a regular majlis, or public meeting,

*Shaykh Isa ibn Salman  
Al Khalifa, ruler of  
Bahrain  
Courtesy Embassy of  
Bahrain, Washington*



*Manama,  
capital of Bahrain  
Courtesy Embassy of  
Bahrain, Washington*



at which he listens to views of citizens and accepts petitions for his intervention in dealing with the bureaucracy or some other problem. Officials of the islands' eleven municipalities follow the amir's example and hold local versions of the national majlis.

## **Legal System**

The legal system of Bahrain in 1993 was based on several sources, including customary tribal law (*urf*), three separate schools of Islamic sharia law, and civil law as embodied in codes, ordinances, and regulations. Sharia law includes the Maliki school of Islamic law (from Abd Allah Malik ibn Anas, an eighth-century Muslim jurist from Medina) and the Shafii school of Islamic law (from Muhammad ibn Idris ash Shafii, a late eighth-century Muslim jurist from Mecca). Both of these schools are recognized by Sunni Muslims (see Sunni Islam, ch. 1). The third school is the eighth-century Jaafari (from Jaafar ibn Muhammad, also known as Jaafar as Sadiq, the Sixth Imam) school of Twelve Imam Muslims, recognized by Shia (see Shia Islam, ch. 1). Civil law is heavily influenced by British common law, inasmuch as it was developed by British legal advisers beginning in the 1920s and continuing up to the eve of independence in 1971.

According to the constitution of 1973, the judiciary is an independent and separate branch of government. However, the highest judicial authority, the minister of justice and Islamic affairs, is appointed by, and responsible to, the prime minister. The amir, who retains the power of pardon, is at the pinnacle of the judicial system.

Bahrain has a dual court system, consisting of civil and sharia courts. Sharia courts deal primarily with personal status matters (such as marriage, divorce, and inheritance). Sharia courts of first instance are located in all communities. A single sharia Court of Appeal sits at Manama. Appeals beyond the jurisdiction of the sharia Court of Appeal are taken to the Supreme Court of Appeal, which is part of the civil system (see Bahrain: Internal Security, ch. 7).

The civil court system consists of summary courts and a supreme court. Summary courts of first instance are located in all communities and include separate *urf*, civil, and criminal sections. The Supreme Court of Appeal hears appeals from the summary courts. The Supreme Court of Appeal is the highest

appellate court in the country and also decides on the constitutionality of laws and regulations.

## The Media

In 1965 the government issued a press law that required all newspapers to be licensed by the Ministry of Information before beginning publication. The same law regulated the contents of reports that could be published, prohibiting, for example, articles deemed offensive to the reputation of the ruling family or harmful to national security. Violations could result in the suspension of a publishing license and prosecution.

In 1993 Bahrain had two daily Arabic newspapers, *Al Ayam* (The Days) and *Akhbar al Khalij* (Gulf News), which had a combined circulation in excess of 45,000. In addition, there was one English-language paper, the *Gulf Daily News*, with a circulation of 11,500. Several weekly and monthly periodicals also are published.

## Foreign Relations

Since independence in 1971, one of the most important objectives of Bahrain's foreign policy has been to contain perceived threats to the country's security. As the smallest state in the region, Bahrain feels vulnerable to political influences emanating from more powerful neighbors, in particular Iran and Iraq, and it regards close ties to Saudi Arabia and other Arab monarchical regimes as a means of countering these potentially harmful influences. During the 1970s, for example, the Baath (Arab Socialist Resurrection) Party media in Baghdad frequently denounced Manama as an enemy of Arab nationalism and a puppet of Washington's imperialism because it allowed United States naval vessels to use a naval base in Bahrain. The government also believes that Baghdad has provided financial and other support to Bahraini opposition groups calling for the overthrow of the Al Khalifa dynasty. Although Iraq moderated its policies toward Bahrain in the late 1970s, the Iranian Revolution of 1979 confronted the government with new ideological challenges. Some Shia clergy in Tehran denounced the institution of monarchy as un-Islamic, and some Shia political dissidents in Bahrain embraced this message enthusiastically. During the 1980s, government officials suspected Iranian complicity in four separate plots that it maintained were aimed at the overthrow of the regime.

The outbreak of the Iran-Iraq War in 1980 aroused security concerns that Bahrain shared with the other five Arab monarchies in the gulf: Kuwait, Qatar, the UAE, Oman, and Saudi Arabia. During the 1970s, Bahrain lobbied these countries to cooperate in defense matters, but, other than bilateral agreements, little came from these efforts. By early 1981, when the fighting between Iran and Iraq appeared to have settled into a long-term conflict, attitudes changed, and all five Arabian Peninsula oil-producing states joined Bahrain in the GCC. Ostensibly, the GCC agreement emphasized economic cooperation, but the level of cooperation in security matters increased annually. For Bahrain this meant financial assistance for expanding its defense forces and facilities and the opportunity to participate in joint training maneuvers (see *Collective Security under the Gulf Cooperation Council*, ch. 7). When fellow GCC member Kuwait was invaded by Iraq in 1990, Bahrain joined the collective military effort against Iraq by sending a small contingent of troops to the front lines in Saudi Arabia. It also permitted United States military forces to use its naval and air facilities (see *Bahrain: Role in the Persian Gulf War*, ch. 7).

Since 1981 Bahrain's most important foreign relations have been with its GCC allies, although problems with individual members of the GCC have developed. The most serious problems have been with Qatar. Bahrain and Qatar have unresolved territorial disputes stemming from the nineteenth century when the Al Thani of Qatar foreswore allegiance to the Al Khalifa and established a separate amirate. In the twentieth century, the two states have contested sovereignty over Hawar and the adjacent islands, the closest of which is fewer than two kilometers from Qatar's west coast. In 1939, when both countries were still dependencies of Britain, London ruled that the islands belonged to Bahrain. Qatar never accepted this decision and periodically has raised the issue. Incidents connected with this dispute occurred in 1978, in 1982, and in 1986, but each time they were defused by the mediation of other GCC states. The most serious crisis, from April to June 1986, involved Qatari forces raiding the Fasht ad Dibal coral reef island north of Al Muharraq and seizing twenty-nine foreign workers who were building a coast guard station for the government of Bahrain. The workers were released in May, and installations on the island were destroyed. Qatar submitted the dispute to the International Court of Justice in The Hague, but Bahrain refused the jurisdiction of the court in June 1992. The dispute



was ongoing as of early 1993. In July 1991, according to reports, Qatari naval vessels violated Bahraini waters, and Bahraini jet fighters flew into Qatari airspace. In August this issue, too, was referred to the International Court of Justice to determine whether it had jurisdiction over the dispute. Other disputes have involved the abandoned town of Az Zubarah on the northwest coast of Qatar. These incidents tended to strain overall relations with Qatar (see Foreign Relations, ch. 4; Territorial Disputes, ch. 7).

Outside the Persian Gulf region, Bahrain has cordial relations with other countries. The two non-Arab countries with which it maintains the closest relations are Britain and the United States. After the Persian Gulf War, Bahrain held negotiations with Washington that culminated in October 1991 in the signing of a defense cooperation agreement. The terms of this agreement permit the United States to pre-position military supplies and equipment in Bahrain and to use its military facilities.

Bahrain is a member of several international organizations, including the United Nations, the International Monetary Fund (IMF—see Glossary), and the World Health Organization. It also belongs to several regional organizations, the most important of which is the League of Arab States, as well as to OPEC and the Organization of the Islamic Conference.

\* \* \*

Bahrain has not received much scholarly attention but generally is covered in books that deal with the Persian Gulf. Nevertheless, the country has been the focus of two important studies since independence. The most important book is Fred H. Lawson's *Bahrain: The Modernization of Autocracy*, which examines the political economy of the state in the 1970s and 1980s. Another valuable book is Fuad I. Khuri's *Tribe and State in Bahrain*. Khuri examines the impact of the oil economy on Bahraini society from the 1930s through 1975. Angela Clarke in *Bahrain: Oil and Development, 1929–1989* presents a historical retrospective of Bapco that contains useful economic data. (For further information and complete citations, see Bibliography.)



## Chapter 4. Qatar



*Crest of the State of Qatar*

## Country Profile

### Country

**Formal Name:** State of Qatar.

**Short Form:** Qatar.

**Term for Citizens:** Qatari(s); adjectival form, Qatari.

**Capital:** Doha.

**Date of Independence:** September 3, 1971.

### Geography

**Size:** 11,437 square kilometers.

**Topography:** Mostly low-lying, barren terrain.

**Climate:** Long, hot summers with alternating periods of high and low humidity; mild winters with limited rainfall.

### Society

**Population:** July 1992 estimate 484,387; 1992 growth rate 3.2 percent.

**Education:** Free in twelve-year public school system, consisting of six-year primary cycle, three-year intermediate cycle, and three-year secondary cycle. Total students in three cycles in 1985–86 academic year 51,350, of whom roughly 50 percent female. University of Qatar free.

**Health:** Comprehensive system of well-equipped public clinics and hospitals staffed by mainly foreign personnel. Most care provided free to all residents. Several private clinics located in Doha. In 1986 life expectancy at birth 65.2 years for males and 67.6 years for females.

**Ethnic Groups:** Most Qataris are Arabs; some have Iranian or African ancestry. Large foreign communities of Indians, Iranians, Pakistanis, and Egyptians. Other groups include Filipinos, Bangladeshis, Sudanese, Afghans, other Arabs, Sri Lankans, and Westerners, mostly British.

**NOTE**—The Country Profile contains updated information as available.

**Religion:** Most Qataris follow Wahhabi interpretation of Sunni Islam. Of remaining Muslims, Arabs, Pakistanis, and Afghans are Sunni, while Iranians are mainly Shia. Other religious groups include Hindus (mostly Indian) and Christians (Indians, Filipinos, and Westerners).

## **Economy**

**Gross Domestic Product (GDP):** In 1991 GDP US\$6.7 billion; per capita GDP US\$13,730.

**Industry:** In 1989 oil and natural gas extraction and processing accounted for 26 percent of GDP and most industrial activity. Other major industries fertilizers, petrochemicals, steel, and cement.

**Agriculture:** Small-scale, state-subsidized farms and fishing sector, about 1 percent of GDP in 1989, meets small portion of local needs, mostly vegetables and fodder. Some date production. Livestock includes goats, camels, sheep, and horses; also dairy and chicken farms.

**Exports:** US\$2.6 billion in 1989 (mostly oil, gas, and petroleum products). Main destinations Japan (54.4 percent), Thailand (5.0 percent), and Singapore (4.0 percent). Other partners include Persian Gulf and European Community countries.

**Imports:** US\$1.3 billion in 1989 (mostly machinery, manufactured goods, and food). Main sources Japan (18.8 percent), Britain (11.6 percent), United States (8.8 percent), Italy (7.8 percent), and Federal Republic of Germany (West Germany) (7.3 percent). Other partners include Persian Gulf and European Community countries.

**Currency and Exchange Rate:** Qatar riyal. In 1994 exchange rate US\$1 = QR3.64 (fixed rate).

**Fiscal Year:** April 1 to March 31.

## **Transportation and Telecommunications**

**Transportation:** In 1994 about 1,500 kilometers of roads, of which 1,000 kilometers paved and rest gravel. Doha main port and Umm Said petroleum export port. Doha has international airport.

**Telecommunications:** Excellent domestic and international telecommunications with twenty-three telephones per 100

inhabitants in 1992 and satellite ground stations, television, and radio stations.

## **Government and Politics**

**Government:** Ruler is Shaykh Khalifa ibn Hamad Al Thani, amir since 1972. However, heir apparent, Shaykh Hamad ibn Khalifa Al Thani, has taken over much day-to-day decision making. Government structure based on 1970 provisional constitution with Council of Ministers and Advisory Council.

**Politics:** Power held by amir and royal family. Political parties banned, and no open opposition tolerated.

**Foreign Relations:** Closely allied with Saudi Arabia on regional and global issues. Foreign policy efforts channeled through Gulf Cooperation Council and other organizations, such as Organization of Arab Petroleum Exporting Countries, Organization of the Petroleum Exporting Countries, and Organization of the Islamic Conference. Member of United Nations and League of Arab States.

## **National Security**

**Armed Forces:** In mid-1993 personnel strength 9,500: army, 8,000, of whom 30 percent Qataris; navy, 700; and air force, 800. Army had twenty-four AMX-30 main battle tanks and thirty armored infantry vehicles. Navy had three missile craft. Air force had Alpha Jet and Mirage F1 fighters and armed helicopters.





**QATAR IS A SMALL COUNTRY** dominated by the Persian Gulf's largest ruling family, the Al Thani. The amir, Shaykh Khalifa ibn Hamad Al Thani, is the country's ruler, but his son, Shaykh Hamad ibn Khalifa Al Thani, in addition to being the heir apparent and minister of defense, wields considerable power in the day-to-day running of the country. The Al Thani regime tolerates no political opposition. The social mores of the country are shaped by a somewhat milder version of Wahhabi (see Glossary) Islam than is found in neighboring Saudi Arabia. Women are permitted to drive if they obtain permits, for example, and non-Qatari women need not veil in public.

Occupying a barren peninsula scorched by extreme summer heat, Qatar was transformed between the mid-1960s and the mid-1980s from a poor British protectorate noted mainly for pearling into an independent state with modern infrastructure, services, and industries. The state was built using mostly foreign labor and expertise, with funding from oil revenues. And as in other states where oil dominates the economy, Qatar's fortunes have followed those of the world oil market. The late 1980s and early 1990s were times of relative austerity, with development projects canceled or delayed. But those years were also a period of significant transition when Qatar began its shift from an economy reliant almost entirely on oil to one that would be supported by the exploitation of natural gas from the North Field, the world's largest natural gas field.

The early 1990s also constituted a watershed period in foreign relations because the invasion of Kuwait by Iraq on August 2, 1990, changed regional and world alignments. Qatar sent troops to fight for Kuwait's liberation and, reversing its previous opposition to the presence of foreign forces in the region, permitted United States, Canadian, and French air force fighter aircraft to operate from Doha (also seen as Ad Dawhah). This placed Qatar firmly on the anti-Iraq side of the great rift that split the Arab world after the invasion and weakened the full support for the Palestine Liberation Organization that the country had previously shown.

## **Historical Background**

Human habitation of the Qatar Peninsula dates as far back

as 50,000 years, when small groups of Stone Age inhabitants built coastal encampments, settlements, and sites for working flint, according to recent archaeological evidence. Other finds have included pottery from the Al Ubaid culture of Mesopotamia and northern Arabia (ca. 5000 B.C.), rock carvings, burial mounds, and a large town that dates from about 500 B.C. at Wusail, some twenty kilometers north of Doha. The Qatar Peninsula was close enough to the Dilmun civilization (ca. 4000 to 2000 B.C.) in Bahrain to have felt its influence. A harsh climate, lack of resources, and frequent periods of conflict, however, seem to have made it inevitable that no settlement would develop and prosper for any significant length of time before the discovery of oil.

The peninsula was used almost continuously as rangeland for nomadic tribes from Najd and Al Hasa regions in Saudi Arabia, with seasonal encampments around sources of water. In addition, fishing and pearling settlements were established on those parts of the coast near a major well. Until the late eighteenth century, the principal towns were on the east coast—Al Huwayla, Al Fuwayrit, and Al Bida—and the modern city of Doha developed around the largest of these, Al Bida. The population consisted of nomadic and settled Arabs and a significant proportion of slaves brought originally from East Africa.

The Qatar Peninsula came under the sway of several great powers over the centuries. The Abbasid era (750–1258) saw the rise of several settlements, including Murwab. The Portuguese ruled from 1517 to 1538, when they lost to the Ottomans. In the 1760s, the Al Khalifa and the Al Jalahima sections of the Bani Utub tribe migrated from Kuwait to Qatar's northwest coast and founded Az Zubarah (see fig. 9). Because the Bani Utub had important trading connections with Kuwait and were close to the rich oyster banks, Az Zubarah became a thriving center of trade and pearling, despite hostilities between the Al Khalifa and the Al Jalahima.

In response to attacks on Az Zubarah by an Omani shaykh who ruled Bahrain from Bushehr in Iran, the Bani Utub of Kuwait and Qatar, as well as some local Qatari tribes, captured Bahrain in 1783. The Al Khalifa claimed sovereignty over Bahrain and ruled it for several years from Az Zubarah. This angered the Al Jalahima, who felt they were deprived of their share of the spoils, and so they moved a few kilometers up the Qatari coast to establish Al Khuwayr, which they used as a stag-



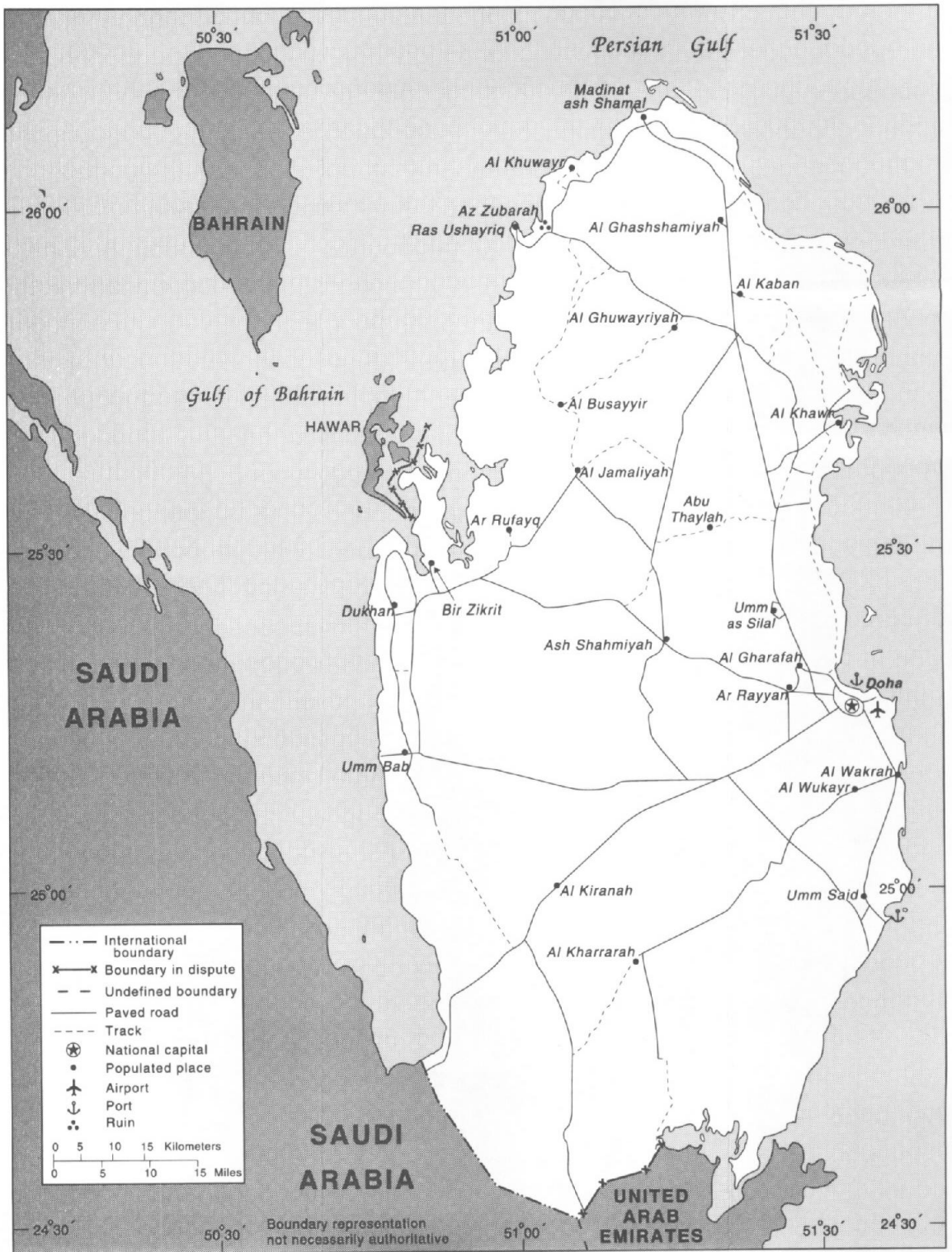


Figure 9. Qatar, 1993

ing point for maritime raids against the shipping of the Al Khalifa and the Iranians.

Most of the Al Khalifa migrated to the more desirable location of Bahrain and established a shaykhdom that endures to this day. That they left only a token presence in Az Zubarah meant initially that the Al Jalahima branch of the Bani Utub could achieve ascendancy in Qatar, with their leader, Rahman ibn Jabir Al Jalahima, earning a reputation as one of the most feared raiders on the surrounding waters. It also meant that with the economic decline of Az Zubarah (because the Al Khalifa shifted their trade connections to Bahrain), the peninsula would once more become a relative backwater. With no dominant local ruler, insecurity and rivalry characterized tribal relations. Settled tribes built walled towns, towers, and small forts to keep raiding beduin at bay.

In the late eighteenth and early nineteenth centuries, continuing bloody conflict involved not only the Al Khalifa, the Al Jalahima, and the Iranians but also the Omanis under Sayyid Said ibn Sultan Al Said, the nascent Wahhabis of Arabia, and the Ottomans. The period also saw the rise of British power in the Persian Gulf as a result of their growing interests in India. Britain's desire for secure passage for East India Company ships led it to impose its own order in the gulf. The General Treaty of Peace of 1820 between the East India Company and the shaykhs of the coastal area—which became known as the Trucial Coast because of the series of treaties between the shaykhs and the British—was a way of ensuring safe passage. The agreement acknowledged British authority in the gulf and sought to end piracy and the kidnapping of slaves. Bahrain also became a party to the treaty, and it was assumed by the British and the Bahrainis that Qatar, as a dependency, was also a party to it.

When, as punishment for piracy, an East India Company vessel bombarded Doha in 1821, destroying the town and forcing hundreds to flee, the residents had no idea why they were being attacked. The situation remained unsettled in 1867, when a large Bahraini force sacked and looted Doha and Al Wakrah. This attack, and the Qatari counterattack, prompted the British political agent, Colonel Lewis Pelly, to impose a settlement in 1868. His mission to Bahrain and Qatar and the peace treaty that resulted were milestones in Qatar's history because they implicitly recognized the distinctness of Qatar from Bahrain and explicitly acknowledged the position of

Muhammad ibn Thani Al Thani, an important representative of the peninsula's tribes. The Al Thani were originally beduin from Najd, but after settling in Qatar, they engaged in fishing, pearling, date palm cultivation, and trade.

With the expansion of the Ottoman Empire into eastern Arabia in 1871, Qatar became vulnerable to occupation. Muhammad ibn Thani opposed Ottoman designs on Qatar, but his son, Qasim ibn Muhammad Al Thani, accepted Ottoman sovereignty in 1872. Although Qasim ibn Muhammad privately complained of the Ottoman presence, he hoped that with Ottoman support he could dominate those shaykhs in other towns who opposed him and rebuff Bahrain's claims on Az Zubarah. The question of Az Zubarah became moot in 1878, however, when Qasim ibn Muhammad destroyed the town as punishment for the piracy of the Naim, a tribe that resided in the north of Qatar but was loyal to the shaykh of Bahrain. Moreover, Qasim ibn Muhammad's ambivalent relations with the Ottomans deteriorated to the point that in 1893 they sent a military force to Doha to arrest him, ostensibly over his refusal to permit an Ottoman customhouse in Doha. Fighting broke out, and Qasim ibn Muhammad's supporters drove out the Ottoman force. This defeat, and Qasim ibn Muhammad's embrace after the turn of the century of the resurgent Wahhabis under Abd al Aziz ibn Saud, marked the de facto end of Ottoman rule in Qatar.

The Ottomans officially renounced sovereignty over Qatar in 1913, and in 1916 the new ruler, Qasim ibn Muhammad's son, Abd Allah ibn Qasim Al Thani, signed a treaty with Britain bringing the peninsula into the trucial system. This meant that in exchange for Britain's military protection, Qatar relinquished its autonomy in foreign affairs and other areas, such as the power to cede territory. The treaty also had provisions suppressing slavery, piracy, and gunrunning, but the British were not strict about enforcing those provisions.

Despite Qatar's coming under British "protection," Abd Allah ibn Qasim was far from secure: recalcitrant tribes refused to pay tribute; disgruntled family members intrigued against him; and he felt vulnerable to the designs of Bahrain, not to mention the Wahhabis. Despite numerous requests by Abd Allah ibn Qasim—for strong military support, for weapons, and even for a loan—the British kept him at arm's length. This changed in the 1930s, when competition (mainly between Britain and the United States) for oil concessions in the region

intensified. In a 1935 treaty, Britain made more specific promises of assistance than in earlier treaties in return for the granting of a concession to the Anglo-Persian Oil Company.

The scramble for oil, in turn, raised the stakes in regional territorial disputes and put a dollar value on the question of national borders. In 1936, for example, Bahrain claimed rule over a group of islands, the largest of which is Hawar, off the west coast of Qatar because it had established a small military garrison there. Britain accepted the Bahraini claim over Abd Allah ibn Qasim's objections, in large part because the Bahraini shaykh's personal British adviser was able to frame Bahrain's case in a legal manner familiar to British officials. The question of domain continued in the early 1990s.

Triggered by a dispute involving the Naim, the Bahrainis once again laid claim to the deserted town of Az Zubarah in 1937. Abd Allah ibn Qasim sent a large, heavily armed force and succeeded in defeating the Naim. The British political resident in Bahrain supported Qatar's claim and warned Hamad ibn Isa Al Khalifa, the ruler of Bahrain, not to intervene militarily. Bitter and angry over the loss of Az Zubarah, Hamad ibn Isa imposed a crushing embargo on trade and travel to Qatar.

Oil was discovered in Qatar in 1939, but its exploitation was halted between 1942 and 1947 because of World War II and its aftermath. The disruption of food supplies caused by the war prolonged a period of economic hardship in Qatar that had begun in the 1920s with the collapse of the pearl trade and had increased with the global depression of the early 1930s and the Bahraini embargo. As they had in previous times of privation, whole families and tribes moved to other parts of the gulf, leaving many Qatari villages deserted. Even Shaykh Abd Allah ibn Qasim went into debt and, in preparation for his retirement, groomed his favored second son, Hamad ibn Abd Allah Al Thani, to be his successor. Hamad ibn Abd Allah's death in 1948, however, led to a succession crisis in which the main candidates were Abd Allah ibn Qasim's eldest son, Ali ibn Abd Allah Al Thani, and Hamad ibn Abd Allah's teenage son, Khalifa ibn Hamad Al Thani.

Oil exports and payments for offshore rights began in 1949 and marked a turning point in Qatar. Not only would oil revenues dramatically transform the economy and society, but they would also provide the focus for domestic disputes and foreign relations. This became frighteningly clear to Abd Allah ibn Qasim when several of his relatives threatened armed opposi-

tion if they did not receive increases in their allowances. Aged and anxious, Abd Allah ibn Qasim turned to the British, promised to abdicate, and agreed, among other things, to an official British presence in Qatar in exchange for recognition and support for Ali ibn Abd Allah as ruler in 1949.

The 1950s saw the cautious development of government structures and public services under British tutelage. Ali ibn Abd Allah was at first reluctant to share power, which had centered in his household, with an infant bureaucracy run and staffed mainly by outsiders. Ali ibn Abd Allah's increasing financial difficulties and inability to control striking oil workers and obstreperous shaykhs, however, led him to succumb to British pressure. The first real budget was drawn up by a British adviser in 1953. By 1954 there were forty-two Qatari government employees.

A major impetus to the development of the British-run police force came in 1956 when about 2,000 demonstrators, who coalesced over issues such as Gamal Abdul Nasser's pan-Arabism and opposition to Britain and to Shaykh Ali ibn Abd Allah's retinue, marched through Doha. This and other demonstrations led Ali ibn Abd Allah to invest the police with his personal authority and support, a significant reversal of his previous reliance on his retainers and beduin fighters.

Public services developed haltingly during the 1950s. The first telephone exchange opened in 1953, the first desalination plant in 1954, and the first power plant in 1957. Also built in this period were a jetty, a customs warehouse, an airstrip, and a police headquarters. In the 1950s, 150 adult males of the Al Thani received outright grants from the government. Shaykhs also received land and government positions. This mollified them as long as oil revenues increased. When revenues declined in the late 1950s, however, Ali ibn Abd Allah could not handle the family pressures this engendered. That Shaykh Ali ibn Abd Allah spent extravagantly, owned a villa in Switzerland, and hunted in Pakistan fueled discontent, especially among those who were excluded from the regime's largesse (non-Al Thani Qataris) and those who were not excluded but thought they deserved more (other branches of the Al Thani). Seniority and proximity to the shaykh determined the size of allowances.

Succumbing to family pressures and poor health, Ali ibn Abd Allah abdicated in 1960. But instead of handing power over to Khalifa ibn Hamad, who had been named heir appar-



ent in 1948, he made his son, Ahmad ibn Ali, ruler. Nonetheless, Khalifa ibn Hamad, as heir apparent and deputy ruler, gained considerable power, in large part because Ahmad ibn Ali, as had his father, spent much time outside the country.

Although he did not care much for governing, Ahmad ibn Ali could not avoid dealing with family business. One of his first acts was to increase funding for the shaykhs at the expense of development projects and social services. In addition to allowances, adult male Al Thani were also given government positions. This added to the antiregime resentment already felt by, among others, oil workers, low-ranking Al Thani, dissident shaykhs, and some leading individuals. These groups formed the National Unity Front in response to a fatal shooting on April 19, 1963, of a member of a crowd protesting against Al Thani rule by one of Shaykh Ahmad ibn Ali's nephews. The front called a general strike, and its demands included a reduction of the ruler's privileges, recognition of trade unions, and increased social services. Ahmad ibn Ali cracked down by jailing fifty leading individuals and exiling the front's leaders. He also instituted some reforms, eventually including the provision of land and loans to poor Qataris.

Largely under Khalifa ibn Hamad's guiding hand, the infrastructure, foreign labor force, and bureaucracy continued to grow in the 1960s. There were even some early attempts at diversifying Qatar's economic base, most notably with the establishment of a cement factory, a national fishing company, and small-scale agriculture.

In 1968 Britain announced its intention of withdrawing from military commitments east of Suez, including those in force with Qatar, by 1971. For a while, the rulers of Bahrain, Qatar, and the Trucial Coast contemplated forming a federation after the British withdrawal. A dispute arose between Ahmad ibn Ali and Khalifa ibn Hamad, however, because Khalifa ibn Hamad opposed Bahrain's attempts to become the senior partner in the federation. Still giving public support to the federation, Ahmad ibn Ali nonetheless promulgated a provisional constitution in April 1970, which declared Qatar an independent, Arab, Islamic state with the sharia (Islamic law) as its basic law. Khalifa ibn Hamad was appointed prime minister in May. The first Council of Ministers was sworn in on January 1, 1970, and seven of its ten members were Al Thani. Khalifa ibn Hamad's argument prevailed with regard to the federation proposal. Qatar became an independent state on

September 3, 1971. That Ahmad ibn Ali issued the formal announcement from his Swiss villa instead of from his Doha palace indicated to many Qataris that it was time for a change. On February 22, 1972, Khalifa ibn Hamad deposed Ahmad ibn Ali, who was hunting with his falcons in Iran. Khalifa ibn Hamad had the tacit support of the Al Thani and of Britain, and he had the political, financial, and military support of Saudi Arabia.

In contrast to his predecessor's policies, Khalifa ibn Hamad cut family allowances and increased spending on social programs, including housing, health, education, and pensions. In addition, he filled many top government posts with close relatives.

In 1993 Khalifa ibn Hamad remained the amir, but his son, Hamad ibn Khalifa, the heir apparent and minister of defense, had taken over much of the day-to-day running of the country. The two consulted with each other on all matters of importance.

## **Geography**

Qatar occupies 11,437 square kilometers on a peninsula that extends approximately 160 kilometers north into the Persian Gulf from the Arabian Peninsula. Varying in width between fifty-five and ninety kilometers, the land is mainly flat (the highest point is 103 meters) and rocky. Notable features include coastal salt pans, elevated limestone formations (the Dukhan anticline) along the west coast under which lies the Dukhan oil field, and massive sand dunes surrounding Khawr al Udayd, an inlet of the gulf in the southeast known to local English speakers as the Inland Sea. Of the islands belonging to Qatar, Halul is the most important. Lying about ninety kilometers east of Doha, it serves as a storage area and loading terminal for oil from the surrounding offshore fields. Hawar and the adjacent islands immediately off the west coast are the subject of a territorial dispute between Qatar and Bahrain (see Foreign Relations, this ch.).

The capital, Doha, is located on the central east coast on a sweeping (if shallow) harbor. Other ports include Umm Said, Al Khawr, and Al Wakrah. Only Doha and Umm Said are capable of handling commercial shipping, although a large port and a terminal for loading natural gas are planned at Ras Laffan, north of Al Khawr. Coral reefs and shallow coastal waters

make navigation difficult in areas where channels have not been dredged.

Qatar shares its land border with the United Arab Emirates (UAE), with which in 1993 it continued to have a dispute in the Khawr al Udayd area. The boundary with Saudi Arabia was settled in 1965 but never demarcated. Qatar's northwest coast is fewer than thirty kilometers from Bahrain.

Doha is the capital of the country and the major administrative, commercial, and population center. In 1993 it was linked to other towns and development sites by a system of about 1,000 kilometers of paved roads. Doha's international airport has an approximately 4,500-meter main runway, capable of receiving all kinds of aircraft.

The long summer (June through September) is characterized by intense heat and alternating dryness and humidity, with temperatures exceeding 40°C. Temperatures are moderate from November through March, although winter temperatures may fall to 17°C, which is relatively cool for the latitude. Rainfall is negligible, averaging 100 millimeters per year, confined to the winter months, and falling in brief, sometimes heavy storms that often flood the small ravines and the usually dry wadis. Sudden, violent dust storms occasionally descend on the peninsula, blotting out the sun, causing wind damage, and momentarily disrupting transport and other services.

The scarcity of rainfall and the limited underground water, most of which has such a high mineral content that it is unsuitable for drinking or irrigation, restricted the population and the extent of agricultural and industrial development the country could support until desalination projects began. Although water continues to be provided from underground sources, most is obtained by desalination of seawater.

## **Population**

The population of Qatar before independence must be estimated because, until oil revenues created a reason to stay on the peninsula, individuals and whole tribes migrated when the economic or security situation became intolerable. Some sought work elsewhere; others joined neighboring branches of their tribe. In 1908 a British observer estimated there were 27,000 inhabitants; 6,000 were described as foreign slaves and 425 as Iranian boatbuilders. (By 1930 the number of Iranians had increased to 5,000, or almost 20 percent of the population.) The population probably remained fairly stable until the

1930s and 1940s, when economic hardship and regional insecurity caused people to migrate to other areas, leaving Qatar with a population of only 16,000 in 1949, according to one estimate.

After oil exports increased in the 1950s, employment opportunities attracted Arabs from other Persian Gulf countries and foreign workers (mostly Indians at first) to Qatar. In 1970 the Qatari government, assisted by British experts, carried out a census that reported a population of 111,113, of whom 45,039, or more than 40 percent, were identified as Qataris. With the oil boom of the 1970s and the resultant influx of foreign workers came the largest population growth, so that by 1977 it was estimated that 200,000 people lived in the country, about 65 percent of whom were non-Qataris. During the 1960–75 period, the population grew at an average annual rate of 8.9 percent; in the 1970–75 period it grew at 12.7 percent.

The census of March 16, 1986, counted a population of 369,079. The July 1992 estimate was 484,387, with a 1992 growth rate of 3.2 percent. The 1989 birth rate was 31.8 per 1,000 population and the death rate 2.5 per 1,000, for a natural increase per 1,000 of 29.3, a high rate for a developing country.

The 1986 census showed that 84 percent of the population was concentrated in Doha and in the neighboring town of Ar Rayyan. Other towns included Al Wakrah (population 13,259) and Umm Said (population 6,094). In total, 88 percent of the population was urban. Reflecting the huge influx of foreign workers, about 67 percent of the population was male. The age breakdown was as follows: under fifteen, 27.8 percent; fifteen to twenty-nine, 29.3 percent; thirty to forty-four, 32.3 percent; forty-five to fifty-nine, 8.6 percent; and sixty and over, 2.0 percent.

South Asians (mainly Indians, Pakistanis, Bangladeshis, and Filipinos) made up about 35 percent of the population; Qataris, 20 percent; other Arabs, 25 percent; Iranians, 16 percent; and others, 4 percent. Roughly 90 percent of the population was Muslim (mostly Sunni—see Glossary), and the remainder were Christian, Hindu, Bahai, and other.

## **Education**

Before oil was discovered, there was no formal education system in Qatar. Instead, some children in villages and towns memorized passages from the Quran and learned to read and write in a *kuttab*, an informal class taught in mosques or homes

by literate men and women knowledgeable about Islam. Based on the custom of keeping women in a milieu shut off from the political, social, and economic opportunities afforded men, the development of education in Qatar focused mainly on the male population. From 1918 to 1938, for example, an Islamic school for adult males was run by Muhammad Abd al Aziz al Mana, an eminent scholar who had studied under Muhammad Abduh of Egypt and Al Alusi of Baghdad. According to a 1970 study, only 9 percent of the population born between 1895 and 1910 were literate, as were 15 percent of those born between 1910 and 1920 and 14 percent of those born between 1920 and 1930.

In 1949 Shaykh Hamad ibn Abd Allah opened a somewhat more modern school. The school, the *Islah al Muhammad-iyah*, had one teacher and fifty boys. In 1951 the school received funding from the ruling family, and the number of students and teachers increased. Subjects included Islamic religion and history, Arabic, arithmetic, geography, and English. By 1954 there were four such schools, with a total of 560 male students and twenty-six teachers. The first girls' school funded by oil money was a small *kuttab* that had been run by Amina Mahmud since 1938. After it was reorganized in 1956 as the first public school for girls in Qatar, four teachers taught 122 students the Quran, Arabic, arithmetic, ethics, and health. In the same year, the Department of Education was established. The budget for education increased from QR1 million (for value of the Qatari riyal—see Glossary) in 1955 to QR25 million in 1960. Not only was all public schooling free, but between 1956 and 1962 students received a monthly stipend. Despite inequality during the 1950s between the number of boys and the number of girls attending school, attendance was almost equal by gender in the late 1970s, with girls outperforming boys academically.

In the early 1990s, the education system consisted of six years of primary school, three years of intermediate school, and three years of secondary school (see table 19, Appendix). The secondary education program includes schools specializing in religion, commerce, and technical studies in which only males are allowed. Females, however, may attend teacher-training institutions. Instruction throughout the system is in Arabic, but English is introduced in the last two years of primary school, and there are special language-training programs for government personnel. Private facilities are available for kin-

dergarten instruction. In addition, many foreign communities have established schools for their children; the largest are the schools for the Indian community. Although the government offers assistance to private schools, they are funded mainly through tuition and private sources.

In the 1975–76 academic year, 21,402 children attended primary school; by the 1985–86 academic year, that number had risen to 31,844. Students continue to be segregated by gender. In 1986 approximately 5.6 percent of the gross national product (GNP—see Glossary) went toward public education. The state in the 1990s continued to cover education costs, including school supplies, clothing, meals, and transportation to and from school.

In the 1988–89 academic year, there were 48,097 students in ninety-seven primary schools taught by 2,589 teachers and 22,178 intermediate and secondary students in seventy-eight schools taught by 2,115 teachers. At the three secular vocational schools, there were 924 students and 104 teachers. In the 1989–90 academic year, there were 5,637 students at the University of Qatar, which had 504 instructors, mostly Egyptians and non-Qatari Arabs.

The first institutions of higher education in Qatar were separate teacher-training colleges for men and women that opened in 1973. Before that, those wishing to pursue advanced degrees either studied abroad (mainly in Egypt and Lebanon) or took correspondence courses. A decree establishing the University of Qatar was passed, and in 1977 faculties of humanities, social studies, Islamic studies, and science joined the education faculty of the teacher-training colleges. In the 1985–86 academic year, about 1,000 Qataris received government scholarships to pursue higher education abroad, mostly in other Arab countries and in the United States, Britain, and France.

## **Health**

Before oil was discovered, health care consisted of traditional medicine: barbers performed circumcisions and other minor procedures, and herbalists dispensed natural remedies. A one-doctor "hospital" opened in Doha in 1945. In 1951 Shaykh Ali ibn Abd Allah agreed to a British doctor and a small staff. The first state hospital, Rumailah Hospital, opened in 1959 with 170 beds. A 165-bed maternity hospital was established in 1965. The health budget was abused by Shaykh Ahmad ibn Ali's son and minister of health, Abd al Aziz ibn

Ahmad Al Thani. He apparently sent thousands of Ahmad ibn Ali's supporters abroad for luxurious and, in many cases, unnecessary health care in the 1960s.

The development of social services, including health care, accelerated after the accession in 1972 of Shaykh Khalifa ibn Hamad, who dramatically altered the allocation of oil revenues. This included transferring the ruler's 25 percent of oil revenues to the state budget. But the health budget suffered because of the downturns in oil revenues. In 1986, for example, there were cuts of 10 percent in clinic staff.

There are three hospitals in Doha, with a total of about 1,100 beds. Hamad General Hospital, which opened in 1982, has modern facilities for emergency care, cardiovascular surgery, tomography, nuclear medicine, and plastic surgery. Rumailah Hospital, once the only general hospital, has become a center for geriatric, psychiatric, and rehabilitative care. It also has dental and dermatology departments and a burn unit. The Women's Hospital has 314 beds. In addition, dozens of clinics throughout the country ensure accessible primary care to most of the population. For example, 90 percent of births in the late 1980s were attended by a health professional. There are 752 government physicians and many other support staff. In the 1980s, several private clinics also opened in the capital.

Life expectancy at birth in 1986 was 65.2 years for males and 67.6 years for females. The infant mortality rate in 1989 was thirty-one per 1,000 live births. In the 1988–89 period, 81 percent of one- to three-year-olds were immunized. Major causes of death in 1989 were diseases of the circulatory system, injuries and poisonings, tumors, and perinatal conditions.

## The Economy

### Oil and Natural Gas

#### *Oil*

In 1935, after years of behind-the-scenes wrangling involving the shaykh, British and United States oil companies, the British, and the Saudis, an onshore concession was granted to the Anglo-Persian Oil Company, which transferred the concession to Petroleum Development (Qatar), an affiliate of the Iraq Petroleum Company (IPC). British, French, and United States oil companies held shares in IPC. Petroleum Development

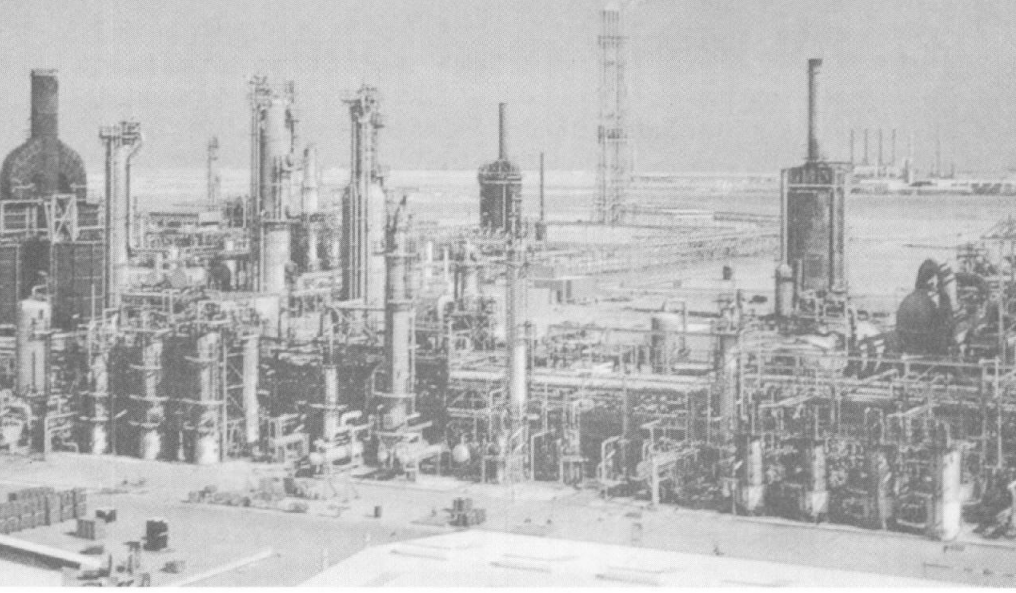
(Qatar) was renamed the Qatar Petroleum Company (QPC) in 1953.

As a result of adequate crude oil supplies at the time, exploratory drilling in Qatar did not begin until 1938. Oil was discovered in Dukhan, on the west coast, in 1939. By 1940 about 4,000 barrels per day (bpd—see Glossary) were being produced. World War II and its aftermath brought development to a halt between 1942 and 1947, and exports did not begin until 1949. The Dukhan field extends south from Dukhan along the west coast and has three oil reservoirs layered progressively deeper between limestone formations and a natural gas field underlying them all. Dukhan crude has an American Petroleum Institute (API) rating of 40° and a sulfur content of 1.2 percent. A pipeline carries crude oil from the Dukhan fields to storage, refining, and terminal facilities on the east side of the peninsula at Umm Said.

In 1952 a Royal Dutch Shell subsidiary, Shell Company of Qatar (SCQ), obtained a concession for offshore exploration on the continental shelf. Most offshore discoveries centered on the island of Halul, about ninety kilometers east of Doha. The major offshore fields and the dates they were discovered are Idd ash Sharqi (1960) and Maydan Mahzam (1963). Offshore production began in 1964. Because both Qatar and Abu Dhabi claimed the Al Bunduq field, the two parties agreed to exploit it jointly starting in 1969. Another offshore field was discovered in the summer of 1991 by Elf Aquitaine Qatar. Offshore crude had an API rating of 36° and a sulfur content of 1.4 percent. Offshore crude is stored at facilities on the island of Halul, which also has pumping stations and two single-buoy moorings for loading tankers. Combined offshore and onshore reserves as of January 1990 were 4.5 billion barrels, offering thirty-two years of production at 1989 levels.

Both concessions were for seventy-five years and gave the oil companies the right to explore, produce, refine, transport, and market all oil found in the stipulated area. In addition, the concessionaire companies were exempt from taxes and duties on imports and exports but were required to hire local labor where possible. The Anglo-Persian Oil Company (after a down payment of 400,000 rupees in 1935) was required to pay Shaykh Abd Allah ibn Qasim 150,000 rupees annually thereafter (see Money and Banking, this ch.). (During World War II, when oil operations were suspended, the annual payment was 300,000 rupees.) Before commercial production could begin,





*View of heavy industry area in Umm Said, south of Doha  
Courtesy Qatar Today  
Khalifa ibn Hamad Al Thani, ruler of Qatar, inaugurates Phase One  
of North Field natural gas development project , September 1991  
Courtesy Qatar Today*

an industry had to be assembled. The company built a jetty at Bir Zikrit and shipped in water, foodstuffs, and almost 100,000 tons of equipment and supplies from Bahrain before the first drop of oil was pumped. Once exports began, oil became extremely profitable in Qatar and in the rest of the Persian Gulf as a result of favorable concession terms, cheap labor, relatively inexpensive drilling and pumping costs, and easy access to transportation.

In 1952 the 1935 concession agreement was revised (in line with others in the region) to split profits fifty-fifty between the company and the ruler. Shaykh Ali ibn Abd Allah's share rose from about US\$1 million in 1950 to US\$61 million in 1958, after which his profits dipped to US\$53 million in 1959 and did not rise to the 1958 level until 1963. Some money reached the local economy, but the initial impact of oil exports consisted mainly of high incomes for the Al Thani and high inflation on basic commodities.

From its initial concession in 1935, QPC kept aloof from the shaykh and was seen by the ruler and workers as high-handed and inept; for example, it triggered strikes by forgetting to issue workers' coffee rations or inadvertently forcing them to work during Muslim holidays. In the 1950s, the company had its own infrastructure (power, water, communications, and housing) and provided health care to workers and police protection to its facilities.

To gain some leverage over the oil company with regard to revenues, pricing, and production, Qatar joined the Organization of the Petroleum Exporting Countries (OPEC) in 1961, one year after it was formed. Qatar has stayed close to its OPEC production quota when it has been in its economic interest but has often exceeded its quota to compensate for soft markets or to take advantage of the price increases that resulted from the Iraqi invasion of Kuwait in August 1990.

Between 1960 and 1970, annual oil production more than doubled, from 60.4 million barrels (165,000 bpd) to 132.5 million barrels (363,000 bpd). Production peaked in 1973 at 208.2 million barrels (570,000 bpd). Between 1974 and 1980, production leveled off in the range of 410,000 bpd to 520,000 bpd. The early 1980s saw a steady decline, apart from a small recovery in 1984, with an average annual production of 151.5 million barrels (415,000 bpd). After another flat period in the mid 1980s, production levels rose once again in the late 1980s and early 1990s, with 146.7 million barrels (402,000 bpd) produced

in 1990 (see table 20, Appendix). The 395,000 bpd production levels of 1989 and the first eight months of 1990 exceeded OPEC quotas.

After independence in 1971, the Qatar National Petroleum Company was created in 1972 to handle oil operations. In 1973 the government held 25 percent each of QPC and SCQ. Two years later, the Qatar General Petroleum Corporation (QGPC) was established, and the government signed new agreements with the oil companies giving QGPC 60 percent ownership. By 1977 onshore and offshore operations were fully nationalized, and service contracts were given to former concessionaires.

Production of petroleum products began in 1953 when a QPC-owned refinery started up with a capacity of 600 bpd. By 1975 refining capacity had expanded to 6,000 bpd, and by the early 1980s another 4,000-bpd-capacity had been added. A refinery opened in 1983 and added 50,000 bpd in capacity, bringing the national total to more than 60,000 bpd. The National Oil Distribution Company refined an average of 62,000 bpd in 1990; 75 percent of production was exported. As a result of the jump in prices caused by the Iraqi invasion of Kuwait, 1990 profits were 40 percent higher (US\$1 billion) than in 1989. Most of the refined products are consumed locally.

### *Natural Gas*

The Qatari government celebrated twenty years of independence in September 1991 with the inauguration of Phase One of the North Field development project. The gas project, in a 6,000-square-kilometer field off Qatar's northeast coast, is supervised by Bechtel of the United States and by Technip Geoproduction of France. The project marks a major step in Qatar's switch from a reliance on oil to gas for most of its revenues. The North Field is the world's largest natural gas field, and its exploitation will place Qatar in the top ranks of the world's gas producers. Natural gas from other fields provides fuel for power generation and raw materials for fertilizers, petrochemicals, and steel plants. With the expected depletion of oil reserves by about 2023, planners hope natural gas from the North Field will provide a significant underpinning for the country's economic development.

In the early 1970s, Qatar flared about 80 percent of the 16.8 million cubic meters of natural gas produced daily in association with crude oil liftings. In that decade, the country made

progress in using its natural gas resources despite several setbacks. Whereas nearly 66 percent of onshore gas was flared in 1974, by 1979 that proportion had fallen to less than 5 percent.

Two natural gas liquids (NGL) plants began operation in Umm Said in 1981. NGL-1 used gas produced from the Dukhan field, and NGL-2 processed gas associated with offshore fields. The combined daily capacities were 2,378 tons of propane, 1,840 tons of butane, 1,480 tons of condensate, and 2,495 tons of ethane-rich gas. However, repeated difficulties prevented the plants from coming on-line as scheduled and operating at full capacity. A massive explosion at the precursor of NGL-1 in 1977 killed six people and caused US\$500 million in damage. NGL-2 had problems with the pipelines that connected the plant with offshore fields. The sharp drop in oil production in the 1980s meant that lack of feedstock caused plant shutdowns and underproduction. As a result, downstream (see Glossary) users suffered as well. In 1982 the two plants produced 500,000 tons of propane and butane—slightly more than one-half of plant capacity. Condensate production lagged even further at 138,000 tons, or 40 percent of capacity.

This gloomy outlook is mitigated to some degree by hope for development of the massive natural gas reserves in the North Field. Discovered in 1972 by SCQ, its proven reserves of 4.6 million cubic meters (as of 1989) will be productive well into the twenty-first century. The Qatar Liquefied Gas Company (Qatargas) was established in 1984 as a joint venture with QGPC and foreign partners to market and export liquefied natural gas (LNG) from the North Field.

Phase One of the US\$1.3 billion project was officially inaugurated on September 3, 1991. By the end of the month, it was pumping 23 million cubic meters of gas per day from sixteen wells. This is expected to meet an estimated 17 million cubic meters per day of domestic demand.

QGPC plans a massive development at Ras Laffan in association with the North Field project. In addition to a new port with LNG, petroleum products, and container loading berths, project plans include a 2,500-ton per year methanol plant and a 450,000-ton per year petrochemical complex. The development is scheduled for completion in the late 1990s.

In line with its desire to diversify the firms engaged in developing its resources, Qatar signed a letter of intent in February 1991 with Chubu Electrical Power Company of Japan to supply 4 million tons per year of North Field gas for twenty-five years,

starting in 1997. This amount represents two-thirds of Qatar-gas's expected capacity of about 6 million tons per year.

## **Industry**

The government has established heavy industry to diversify Qatar's economy. The pattern has been to allow foreign firms to provide expertise in planning, construction, management, and marketing in return for minority shares in the companies. Oil revenues have funded the construction of plants and the development of infrastructure; natural gas has been used as a source of power and as feedstock. The country's main power generation and water desalination plants are at Ras Abu Abbud and Ras Abu Fintas. Electrical generating capacity in 1990 was 1,095 megawatts, and there were plans to add an additional 234 megawatts in the early 1990s. Power consumption in 1990 stood at 4,818 million kilowatt-hours and peak demand at 987 megawatts. Bureaucratic delays stalled many projects, and poor market conditions and technical problems doomed others to unprofitability. Major construction projects such as factories are seldom completed on schedule.

The Industrial Development Technical Centre (IDTC), formed in 1973, directs much of Qatar's industrialization, apart from petroleum extraction. The IDTC identifies industries to meet Qatar's medium- and long-term needs and coordinates industrial planning. In addition, the IDTC monitors the performance of all industries on a monthly basis. In the early 1980s, the center began assessing the environmental impact of industrial plants and production. The IDTC has also been involved in pilot manufacturing programs: in 1989 it announced the formation of the Qatar Industrial Manufacturing Company, owned partly by the government and designed to establish small- and medium-sized enterprises and to buy shares in existing companies.

The country's center for heavy industry is Umm Said. Smaller industries and businesses are concentrated in the As Salwa Industrial Area. The government encourages business and industry by offering, among other things, low-interest loans; free road, water, and electrical hookups; subsidized electricity and water; land leases at minimal cost; and protective tariffs and tax incentives.

The three largest enterprises are the Qatar Fertilizer Company (Qafco), Qatar Steel Company (Qasco), and Qatar Petrochemical Company (Qapco). Qafco was established in 1969

and since 1975 has been owned by QGPC (75 percent) and Norsk Hydro of Norway (25 percent). The government took over Qafco's management in 1991. The Qafco facility, which uses methane-rich natural gas from the Dukhan field as feedstock to produce ammonia and urea, has been less affected by periodic drops in oil production than plants relying on offshore natural gas. Production increased steadily in the 1970s, and a second plant opened in 1979. Nonetheless, because of a steep decline in world fertilizer prices, in 1986 Qafco faced its first operating losses since 1977, despite record levels of production (660,000 tons of ammonia and 744,000 tons of urea). In 1990 Qafco produced 710,000 tons of ammonia (down from 714,000 tons in 1989) and 760,000 tons of urea (down from 778,561 tons in 1989). It had profits of US\$40 million in that year. India and China are Qafco's main customers.

Qasco was established in 1974 with 70 percent state ownership. Kobe Steel Company (20 percent) and Tokyo Boeki (10 percent) of Japan hold the remaining shares. Japanese companies initially handled construction, production, marketing, and export. The Qasco plant, which began producing in 1978, has consistently outproduced its 330,000-ton per year design capacity. Its main products are steel bars used to reinforce structural concrete. The plant uses imported iron ore and local scrap; its direct reduction and rolling stages are rated as highly efficient. Despite high levels of output, lack of demand and low prices have contributed to millions of dollars in losses.

Production levels have risen steadily from the outset, with 1979 production at 378,544 tons of steel bars. Because of declines in world steel prices, in 1982 the plant registered its first losses despite a 485,000-ton production level. The mid-1980s saw a sharp decline in demand and increased foreign competition. The company registered a loss of US\$13.7 million in 1985. In response to cheaper Japanese and Korean imports, the government imposed a 20 percent tariff on bars similar to those produced domestically. The plant returned to profitability in 1988. Qasco took over management of the plant in 1989; Kobe Steel Company remained as consultant. In 1990 Qasco produced a record 565,000 tons of steel bars, up from 556,538 tons in 1989. Plans to expand the plant were approved. Saudi Arabia has been the principal customer, followed by the UAE and other gulf countries.

Qapco's petrochemical complex in Umm Said started production in 1981 with an annual output of 132,679 tons of ethyl-

ene, well below its 280,000-ton capacity. The plant also has a capacity to produce 140,000 tons of linear low-density polyethylene (LLDPE) and small amounts of sulfur and propylene. QGPC holds 84 percent of the company, and ORKEM of France holds the remaining 16 percent.

Shortages in feedstock caused by troubles in 1982 with gas pipelines from the offshore fields caused production to drop by one-half. Such difficulties, combined with sluggish sales in the early and mid-1980s, contributed to large operating losses: QR69 million in 1984; QR156 million in 1985; and QR57 million in 1986. The end of the decade, however, saw significant improvement, with profits of around QR420 million in 1989 and production of ethylene at 295,000 tons, LLDPE at 181,000 tons, and sulfur at 52,000 tons.

As a result of the 1989 cabinet reshuffle, the Supreme Council for Planning (SCP) was formed to coordinate the diversification of Qatar's economy by, among other things, encouraging industries linked to the North Field gas project (see *Oil and Natural Gas*, this ch.). There are plans for a US\$500 million petrochemical complex and also a 240,000-ton per year aluminum smelter at Umm Said that will use North Field gas.

Some industries that are smaller but important suppliers of the domestic market include a flour mill and several cement companies. The Qatar Flour Mills Company processes flour and bran from wheat. It began production in 1969, and output in the 1980s was 700 tons per day. The Qatar National Cement Company (QNCC), owned jointly by the government and private shareholders, uses local gypsum in cement production. QNCC was established in 1965 with a production capacity of 100,000 tons per year. By 1982 the plant had a capacity of 330,000 tons per year. Annual production varied as a result of the competition of cheap imports, and after achieving an output of 319,740 tons in 1985, production declined steadily. Following a low of 160,000 tons in 1988, in 1990 the plant produced 327,000 tons of cement in 1990.

## Labor

The discovery of oil brought wage labor to Qatar, removing many pearl divers, fishermen, and herders from reliance on a subsistence economy that was plagued with privation, debt, and other hardships and setting them in a new system of relatively steady labor for cash. But the work force did not consist entirely of free males. In the early 1950s, there were about

3,000 slaves, brought from Africa, in the peninsula. The 250 slaves who were working for Petroleum Development (Qatar) in 1949 turned over 80 to 95 percent of their wages to their owners. (After the British political agent expressed his disapproval of the practice to the shaykh, the ruler decreed reluctantly that slaves could keep 50 percent of their wages.)

Because there were no labor regulations in the 1940s and 1950s, hours, conditions, and wages varied widely. Some workers were paid less than one rupee per day, whereas others received as much as four rupees per day. (In contrast, a man working on a pearl boat might earn only sixty rupees in six months.) Sometimes overtime was compensated; at other times it was not. In the late 1930s and into the 1940s, workers put in seven-day weeks, with only one day off per month. Workers were often dismissed for minor infractions and endured humiliating treatment and difficult, dangerous conditions to hold their jobs.

The special skills of the pearl divers were used to help set up offshore rigs. Other workers were employed as drivers, cooks, and houseboys for British personnel, and still others were employed as roustabouts. There were four levels of salaries and amenities in Petroleum Development (Qatar). At the top were the British engineers and foremen, next the clerks (mostly Indians), then the drivers, and finally the laborers at the bottom of the pay and accommodation scale. Local merchants acted as representatives of the oil company and collected one rupee from Qataris and forty to fifty rupees from foreigners for work certificates.

At the outset, the unskilled laborers were Qataris and other gulf Arabs. They had frequent disagreements with the oil company's management, most of whom were non-Qataris, and some disagreements flared into strikes. Early strikes focused on wages, conditions, and benefits. In addition, the shaykh often encouraged strikes to pressure concessions from the oil company at the times he was negotiating new contracts.

During one strike in 1951, Qatari workers opposed those from the Dhofar region in present-day Oman. To resolve the matter, the Dhofaris were deported (a solution to labor disputes that, along with imprisonment, continued to be used in the early 1990s). Shaykh Ali ibn Abd Allah freed the slaves in 1952 and paid 1,500 rupees each to 660 of them. A major strike in 1955 by Qatari workers induced the shaykh to form a Qatari riot squad to be used against them. In 1956 well-organized oil



workers joined opposition forces in demonstrations against the regime and against the British. In response, the government inserted clauses in labor contracts banning political activity.

In 1959 a labor department was established to deal with oil workers. In 1962 a labor law was enacted that gave preference in hiring first to Qataris, then to other Arabs, and finally to other foreigners. Strict controls existed on foreign workers, whose visas stipulated that they must work for a specific Qatari sponsor at a specific job. In practice, there was some fluidity in employment. Trade unions were banned, but Qatari workers had workplace-based organizations, known as workers' committees, that dealt with grievances. The country's labor court was the first in the Persian Gulf. The government has sought to encourage Qataris to take jobs in the industrial work force (the process of "Qatarization"). In 1993, however, the majority of laborers and middle-level employees were foreigners.

All foreign workers require sponsorship by a Qatari, some of whom illegally charge their employees high fees for renewing sponsorship. Other abuses include breach of contract and physical or sexual abuse.

Regulations govern safety in the workplace, but these are unevenly enforced. The labor force represents 42 percent of the population, with 7 percent of the force made up of women. Those women who work outside the home are often teachers, nurses, clerks, or domestic servants. Service industries absorb 69 percent of the work force, industry 28 percent, and agriculture 3 percent.

### **Agriculture and Fishing**

Small-scale farming, nomadic herding, pearling, and fishing were the predominant means of subsistence in the region for the centuries before the discovery of oil. Although the relative importance of these activities has declined as a means of livelihood (with commercial pearling disappearing completely), the government has attempted to encourage agriculture and fishing to provide a degree of self-sufficiency in food.

Between 1960 and 1970, agriculture grew. The number of farms, for example, increased fourfold to 411. Qataris who own agricultural land or properties generally hold government jobs and hire Iranians, Pakistanis, or non-Qatari Arabs to manage their farms. The government operates one experimental farm. Of land under cultivation in 1990, about 48 percent was used for vegetables (23,000 tons produced), 33 percent for fruit and

date production (8,000 tons), 11 percent for fodder (70,000 tons), and 8 percent for grains (3,000 tons). In 1990 the country had approximately 128,000 head of sheep, 78,000 goats, 24,000 camels, 10,000 cattle, and 1,000 horses. There are also dairy farms and about 2,000 chickens for poultry. All but 20 percent of local demand for eggs is met domestically. Despite the encouragement of agriculture and fishing, these two elements of the economy together produced only about 1 percent of the gross domestic product (GDP—see Glossary) in 1989 (see table 21, Appendix).

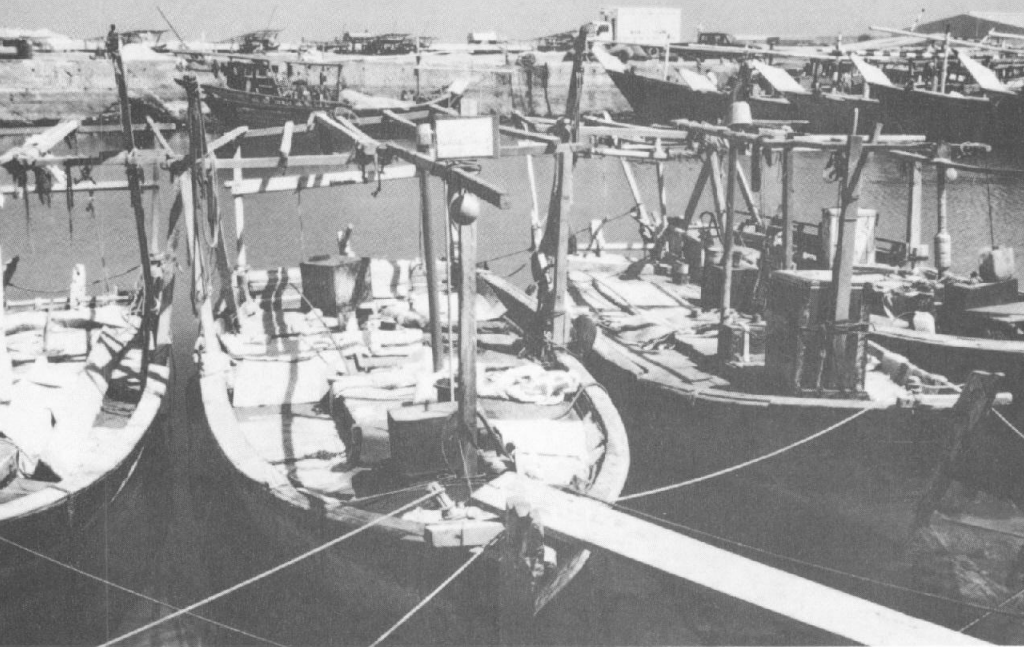
Severe conditions, such as extremely high temperatures and lack of water and fertile soil, hinder increased agricultural production. The limited groundwater that permits agriculture in some areas is being depleted so rapidly that saltwater is encroaching and making the soil inhospitable to all but the most salt-resistant crops. According to estimates, groundwater will be depleted about the year 2000. As a partial solution, the government plans to expand its program of using treated sewage effluent for agriculture. Parkland and public gardens in Doha are already watered in this way.

The Qatar National Fishing Company was incorporated in 1966 to fish for shrimp in territorial waters and to process catches in a refrigerated factory. Japan is a large market for Doha's commercial fish. The total catch of fish and other aquatic animals for 1989 was 4,374 tons.

### **Transportation and Telecommunications**

In 1993 Qatar had 1,500 kilometers of roads, 1,000 kilometers of which were paved and the rest gravel. Most paved highways are centered in the Doha area or radiate from the capital to the northern end of the peninsula, to Dukhan on the west coast, or southwest to the border with Saudi Arabia to connect with the Saudi highway system. Outside the capital and the principal highways, however, large stretches of country are accessible only by vehicles with four-wheel drive.

Facilities for air and water transportation are located in or near the capital. Doha is the main port, having four berths capable of handling ships up to nine meters in draught and five additional berths that can accommodate ships requiring 7.5 meters of water. Forty kilometers south of Doha, Umm Said handles petroleum exports. Doha International Airport, with a 4,500-meter runway, accommodates all types of airplanes. Qatar is part owner of Gulf Air, the flag carrier for



*Fishing harbor, Doha, capital of Qatar; the fishing industry is a main source of food and income for the Persian Gulf states.*

*Courtesy Anthony Toth*

Qatar, Bahrain, the UAE, and Oman. Most international air traffic to and from Qatar is shunted through Bahrain, but Gulf Air and a few international carriers offer nonstop service from Doha to other points in the Middle East, South Asia, the Philippines, and France.

Domestic and international telecommunications are excellent. In 1992 Qatar had 110,000 telephones, or twenty-three per 100 inhabitants, a per capita figure higher than many European nations. Radio-relay and submarine cables link Qatar with all the Arab states around the Persian Gulf. Three satellite ground stations, one operating with the International Telecommunications Satellite Organization's (Intelsat) Atlantic Ocean satellite, one operating with Intelsat's Indian Ocean satellite, and one operating as part of the Arab Satellite Communication Organization (Arabsat) system, provide excellent international telephone and data links and live television broadcasts. Seven AM and three FM radio stations have programs in Arabic, French, Urdu, and English. A powerful shortwave station with broadcasts in Arabic and English is heard worldwide.

## **Money and Banking**

The Indian rupee was the principal currency until 1959, when the government replaced it with a special gulf rupee in an effort to halt gold smuggling into India. In 1966 Qatar and Dubayy jointly established a currency board to issue a Qatar-Dubayy riyal. In 1973 Qatar introduced its own riyal, which was pegged to the International Monetary Fund's (IMF—see Glossary) special drawing rights (SDR—see Glossary). The exchange rate is tied to the United States dollar at a rate of QR3.64 per US\$1.00.

The Qatar Monetary Agency (QMA), established in 1973, has most of the traditional powers and prerogatives of a central bank. The QMA regulates banking, credit, and finances; issues currency; and manages the foreign reserves necessary to support the Qatari riyal. Unlike many central banks, the agency shares control over the country's reserves with what was in 1973 the Ministry of Finance and Petroleum. QMA does not act as the state's banker, which is the preserve of the Qatar National Bank (QNB).

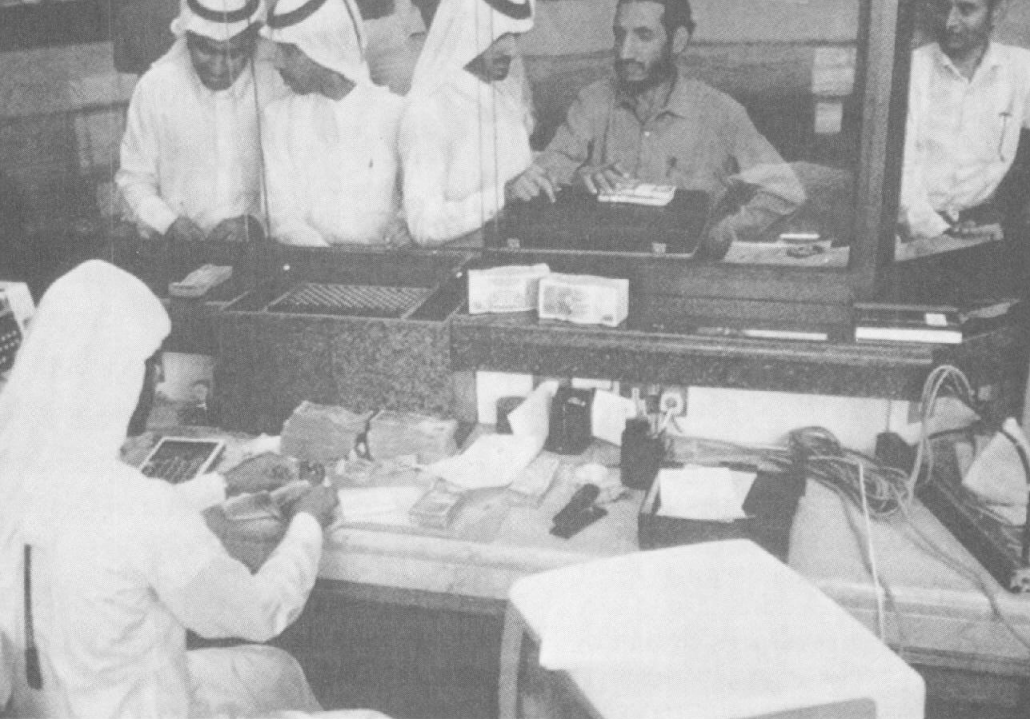
QMA's long-time governor, Majid Muhammad al Majid as Saad, was replaced in January 1990 by Abd Allah Khalid al Attiyah, who had been general manager of QNB. The position of governor was upgraded to ministerial level, signaling a more assertive future role for QMA in the country's banking sector.

Banks give loans at rates between 7 and 9 percent, and they pay 7 percent on deposits. About fifteen local and foreign banks operate in Qatar. Two banks—Qatar Islamic Bank, licensed in 1989, and Qatar International Islamic Bank, licensed in 1990—reflect a trend toward Islamic banking that started in Saudi Arabia.

Banking in the gulf has been vulnerable to the shaky regional security situation. As a result of the Iraqi invasion of Kuwait, banks in Qatar lost an estimated 15 to 30 percent of deposits in late 1990.

## **Budget**

Oil and gas revenues make up 90 percent of government revenue, and government spending is the primary means of injecting these earnings into the economy. Given the small size of the local market, government spending generates most of the economic activity. Because of increased involvement in the



*Employees and clients at one of Qatar's numerous commercial banks  
Courtesy Qatar Today*

international economic scene, in April 1989 Qatar's fiscal year was changed from the Islamic to the Gregorian calendar.

Large budget surpluses in the 1970s funded major development projects, with government spending leveling off and dropping in the 1980s, years of more modest oil revenues. After years of surpluses, the government had a deficit of nearly QR8 billion in 1983. The government has attempted to keep deficits down by reducing the number of new projects and delaying those under way. In addition, the fiscal situation of the regime can often be gauged by the amount of time required to pay contractors.

Budgets offer only a rough estimate of actual government spending. Many significant items, such as military and amirate expenses, do not appear. Projections are consistently conservative, and deficits often are lower than predicted. In the 1986–87 period, when oil prices plummeted, the government did not even announce a budget. Restrained spending in recent years has meant frustration for contractors relying on government contracts, but the policy has also led to ever-shrinking deficits. The budget continued to show a deficit in the early 1990s (see table 22, Appendix).

Overseas assets are estimated at between US\$10 and US\$14 billion. These assets have been periodically tapped to make up for shortfalls in oil revenues.

## **Trade**

The main export and source of revenue is oil, although the government's efforts to diversify Qatar's industrial base have resulted in the growth of other exports. Crude oil, petroleum products, and LNG accounted for 82 percent of exports in 1989, chemicals (ammonia and urea) accounted for 12.4 percent, and manufactures (mainly steel) accounted for 5.1 percent. Total earnings for the year were QR9.7 billion (see table 23, Appendix). Japan was the largest customer at 54.4 percent of purchases, followed by Thailand (5.0 percent) and Singapore (4.0 percent) (see table 24, Appendix).

Because imports are financed by oil revenues, the level of goods coming into the country rises and falls with the oil economy. Between 1969 and 1979, for example, the value of imports grew an average of 40 percent annually. Imports declined in the early to mid-1980s, sinking to a low of QR4.0 billion in 1986, then rising gradually until they reached QR4.8 billion in 1989.

Machinery and transportation equipment accounted for 37.0 percent of imports in 1989, manufactured goods for 23.9 percent, food and live animals for 15.1 percent, and chemicals and chemical products for 6.0 percent. The main import sources were Japan (18.8 percent), Britain (11.6 percent), the United States (8.8 percent), Italy (7.8 percent), and the Federal Republic of Germany (West Germany) (7.3 percent).

In keeping with a Gulf Cooperation Council (GCC) agreement, Qatar raised tariffs from 2.5 to 4.0 percent in 1984. In addition, there is a 20 percent duty on steel products similar to those produced by Qasco. Qatar plays a small role in the region's entrepôt trade. Most imports arrive by sea and are for local use, with only a small percentage reexported to Saudi Arabia and the UAE.

## **Government and Politics**

The 1970 provisional constitution (sometimes called the basic law) declares Qatar a sovereign Arab, Islamic state and vests sovereignty in the state. In fact, sovereignty is held by the amir, but, although he is supreme in relation to any other indi-

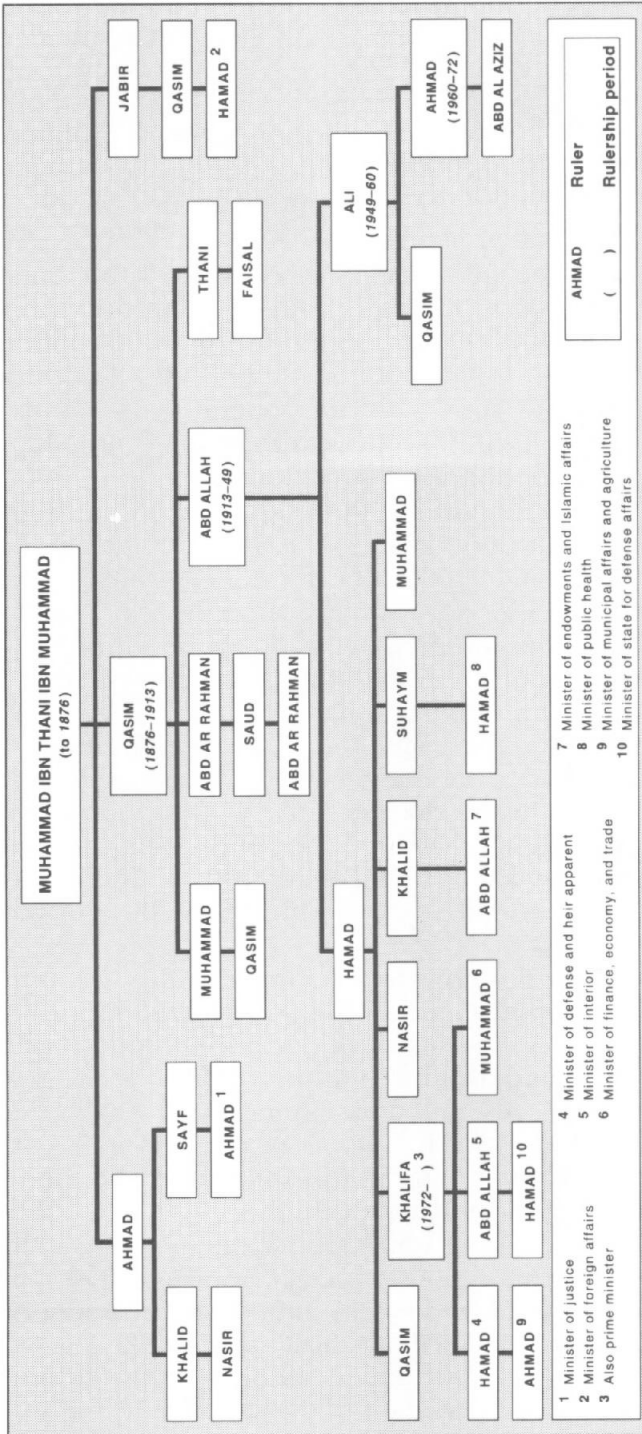
vidual or institution, in practice his rule is not absolute. The constitution also provides for a partially elected consultative assembly, the Advisory Council. The first council's twenty members were selected from representatives chosen by limited suffrage. The size of the council was increased to thirty members in 1975. Among the council's constitutional prerogatives is the right to debate legislation drafted by the Council of Ministers before it is ratified and promulgated.

The amir is also obliged to rule in accordance with Islamic precepts, which include fairness, honesty, generosity, and mutual respect. Islamic religious and ethical values are applicable to both the ruler's personal life and his rule. Thus, the ruler must retain the support of the religious community, which often asserts itself in such areas as media censorship, education regulations, and the status of women.

The state political organs include the ruler, the Council of Ministers, and the Advisory Council. The ruler makes all major executive decisions and legislates by decree. The constitution institutionalizes the legislative and executive processes in the functions of the ruler, in effect formalizing his supremacy. Among the ruler's constitutional duties are convening the Council of Ministers, ratifying and promulgating laws and decrees, commanding the armed forces, and appointing and dismissing senior civil servants and military officers by decree. The constitution provides that the ruler possess "any other powers with which he is vested under this provisional constitution or with which he may be vested under the law." This means that the ruler may extend or modify his powers by personal decree.

The constitution also provides for a deputy ruler, who is to assume the post of prime minister. The prime minister is to formulate government programs and exercise final supervisory control over the financial and administrative affairs of the government. When the constitution was promulgated, Khalifa ibn Hamad was concurrently prime minister and heir apparent, but the constitution did not specify that the post of prime minister must be held by the heir apparent.

The Council of Ministers, which resembles similar bodies in the West, forms the amir's cabinet. A major government reshuffle in July 1989 reorganized several ministries, bringing in younger men loyal to Khalifa ibn Hamad's son, Shaykh Hamad ibn Khalifa. The Al Thani continued to dominate the government, with the most influential (after the amir and heir appar-



Source: Based on information from John Duke Anthony, *Arab States of the Lower Gulf*, Washington, 1975, 78; United States, Central Intelligence Agency, *Chiefs of State and Cabinet Members of Foreign Governments*, Washington, 1992, 72; and "Qatar," in *The Middle East and North Africa*, 1993, London, 1992, 758.

Figure 10. Qatar: Abbreviated Genealogy of the Al Thani, with Government Positions, 1992



ent) being Shaykh Abd Allah ibn Khalifa, minister of interior; Shaykh Ahmad ibn Hamad, minister of municipal affairs and agriculture; and Shaykh Muhammad ibn Khalifa, minister of finance, economy, and trade (see fig. 10). In October 1992, of the eighteen Council of Ministers posts, ten were occupied by the Al Thani and eight by commoners.

The Council of Ministers is responsible collectively to the ruler, as is each minister individually. The ruler appoints and dismisses ministers (technically on the recommendation of the prime minister when that post is occupied by someone other than the ruler). Only native-born Qataris can become ministers, and the constitution prohibits the prime minister and other ministers from engaging in business or commercial activities while holding state office.

The Advisory Council debates laws proposed by the Council of Ministers before they are submitted to the ruler for ratification. If approved by the ruler, a law becomes effective on publication in the official gazette. In 1975 the amir empowered the Advisory Council to summon individuals to answer questions on legislation before promulgation. The Advisory Council also debates the draft budgets of public projects and general policy on political, economic, social, and administrative affairs referred to it by the prime minister. The Advisory Council can request from the Council of Ministers information pertaining to policies it is debating, direct written questions to a particular minister, and summon ministers to answer questions on proposed legislation. Ministers have the right to attend and address Advisory Council meetings in which policy matters within their purview are being discussed; in practice, no use has been made of this constitutional guarantee because members of the Council of Ministers are also members of the Advisory Council.

As the constitution stipulates, Qatar is divided into ten electoral districts for the purpose of forming the Advisory Council. Each district elects four candidates, of whom the ruler selects two, making a total of twenty; they constitute the relatively representative portion of the council. The members represent all Qataris, not just those in their districts. The Advisory Council was increased to thirty members in December 1975 and to thirty-five members in November 1988. Membership is limited to native-born citizens at least twenty years of age. The constitution states that members are to serve three-year terms, but in May 1975 members' terms were extended for an additional

three years and then for additional four-year terms in 1978, in 1982, in 1986, and in 1990.

Before the implementation of the constitution, the ruler's legislative authority frequently overlapped or encompassed judicial functions because he personally adjudicated disputes and grievances brought before him. The constitution marks the beginning of an attempt to organize the judiciary. The secular courts include a higher and lower criminal court, a civil court, an appeals court, and a labor court. Civil and criminal codes, as well as a court of judicial procedure, were introduced in 1971. All civil and criminal law falls within the jurisdiction of these secular courts. A labor court was created in 1962, primarily because few of the country's existing judicial customs and codes were applicable to contemporary labor relations.

The sharia court is the oldest element in Qatar's judiciary. The court's law is based on the Hanbali legal school of Islam, wherein judges (qadis) adhere to a strict interpretation of the Quran and sunna, or traditions of the Prophet Muhammad (see Sunni Islam, ch. 1). Originally, the sharia court's jurisdiction covered all civil and criminal disputes between Qataris and between all other Muslims. Beginning in the 1960s, the court's jurisdiction was successively restricted by decree. In the early 1990s, its responsibilities were confined primarily to family matters, including property, inheritance, divorce, and Islamic ethics. Non-Muslims were tried in secular courts unless they were married to Muslims.

The constitution establishes the legal presumption of innocence and prohibits *ex post facto* laws. It also stipulates that "judges shall be independent in the exercise of their powers, and no party whatsoever may interfere in the administration of justice." The judiciary is nominally independent, not so much as a result of a constitutional guarantee but because its jurisdiction is unlikely to confront the ruler's exercise of power. Secular courts adjudicate on the basis of the ruler's past decrees, and religious courts are restricted to questions of personal status. No provision exists for judicial review of the constitutionality of legislation.

According to the preamble to the 1970 constitution, the government was undergoing a transitional stage of development. The constitution was thus provisional and was to be replaced with a new constitution after the transitional period ended. Shaykh Khalifa ibn Hamad has usually legitimated government changes that he decrees by reference to the constitu-

*Khalifa ibn Hamad  
Al Thani,  
ruler of Qatar  
Courtesy Embassy of Qatar,  
Washington*



tion. As of early 1993, however, there had been no indication that the full implementation of the constitution was imminent (for example, the electoral aspects of selection to Advisory Council membership) or that the transitional period was ending and a new constitution forthcoming.

In addition to describing and delineating governmental authority, the constitution sets forth such protections as equality among Qataris regardless of race, sex, or religion; freedom of the press; sanctity of the home; and recognition of both private and collective ownership of property. Such guarantees, however, are limited by the public interest and must be in accordance with the law—which is determined by the ruler. In practice, freedom of the press means that incoming foreign publications are screened by a government office for potentially objectionable material, and the indigenous press exercises self-censorship and is subject to sanction if it fails to deal appropriately with political and religious issues (see *The Media*, this ch.).

The constitution also includes a commitment to certain economic, social, and cultural principles, including state provision of health care, social security, and education. Housing, pension, education, and medical programs were begun in the 1960s and expanded by Shaykh Khalifa ibn Hamad as oil reve-

nues permitted throughout the years. There were no state taxes on individuals, and the state subsidized the prices of basic commodities to minimize the effects of inflation. Although these programs appeared to reflect West European statism, they were manifestations of the ruler's sense of duty, based on obligations inherent in Islamic ethics.

## **The Al Thani**

In the early 1990s, the Al Thani ruling family comprised three main branches: the Bani Hamad, headed by Khalifa ibn Hamad (r. 1972– ); the Bani Ali, headed by Ahmad ibn Ali; and the Bani Khalid, headed by Nasir ibn Khalid (minister of economy and commerce in 1984). The family had 20,000 members, according to one estimate.

The two preindependence rulers, Ali ibn Abd Allah (r. 1949–60) and his son, Ahmad ibn Ali (r. 1960–72), had no particular interest in supervising daily government, content to hunt in Iran and Pakistan and spend time at their villa in Switzerland. Thus, somewhat by default, those duties were assumed, beginning in the 1950s, by Ahmad ibn Ali's cousin, Khalifa ibn Hamad, the heir apparent and deputy ruler. By 1971 Khalifa ibn Hamad not only had served as prime minister but also had headed the ministries or departments of foreign affairs, finance and petroleum, education and culture, and police and internal security.

On February 22, 1972, with the support of the Al Thani, Khalifa ibn Hamad assumed power as ruler of Qatar. Western sources frequently refer to the event as an overthrow. Qataris regarded Khalifa ibn Hamad's assumption of full power as a simple succession because leading members of the Al Thani had declared Khalifa ibn Hamad the heir apparent on October 24, 1960, and it was their consensus that Ahmad ibn Ali should be replaced.

The reasons for the transfer of power were not entirely clear. Khalifa ibn Hamad reportedly stated that his assumption of power was intended "to remove the elements that tried to hinder [Qatar's] progress and modernization." Khalifa ibn Hamad has consistently attempted to lead and to control the process of modernization caused by the petroleum industry boom and the concomitant influx of foreigners and foreign ideas so that traditional mores and values based on Islam can be preserved. He and other influential members of the ruling family are known to have been troubled by the financial

excesses of many members of the Al Thani. Ahmad ibn Ali reportedly drew one-fourth, and the entire Al Thani between one-third and one-half, of Qatar's oil revenues in 1971. The new ruler severely limited the family's financial privileges soon after taking power.

Family intrigue may also have played a part in the change of rulers. Factionalism and rivalries are not uncommon, particularly in families as large as the Al Thani. Western observers have reported rumors that Khalifa ibn Hamad acted to assume power when he learned that Ahmad ibn Ali might be planning to substitute his son, Abd al Aziz, as heir apparent, a move that would have circumvented the declared consensus of the Al Thani.

### The Merchant Families

The merchant sector in Qatar differed from other gulf Arab countries before the exploitation of oil in its small size (Doha was an insignificant port compared with ports in Kuwait, Bahrain, or Dubayy), in the absence of foreigners (the Indians were forced out in the late 1800s, leaving Qatar the only gulf emirate without Indians until the 1950s), and in the dominant role of a single family, the Al Thani. Although there were merchants before oil, there was no merchant class as in Dubayy or Kuwait. Two important families before oil were the Darwish and the Al Mana, who made their living through trade, pearling, and smuggling and who competed for favor with the ruler. The Darwish and the Al Mana maintained their influence by trading loans and advice to the shaykh for monopolies and concessions.

With the arrival of Petroleum Development (Qatar), the Darwish reaped huge profits through their monopoly on supplying labor, housing, water, and goods to the oil company. This monopoly ended, however, when workers, small merchants, and anti-British Qataris used Abd Allah Darwish, the patriarch of the Darwish family, as one of several convenient targets for an antiregime strike in 1956. By this time, however, with oil revenues growing, the shaykh could remove himself from financial dependence on the merchants, who lost a measure of political influence.

A series of citizenship and commercial laws promulgated in the 1960s helped to channel economic benefits in the direction of Qatari nationals in general and the merchants and ruling family in particular. Only Qataris were permitted to own

land, for example, and companies were required to be at least 51 percent Qatari owned. In the 1970s, some laws were enacted that worked against merchant interests by limiting prices and profits.

As they had before the discovery of oil, the Al Thani continued engaging in trade and in other enterprises. Sometimes they used their family connections to win lucrative contracts for themselves or for firms in which they had more common business partners, such as the Jaidah, the Attiyah, and the Mannai families.

## **Opposition**

Because no public dissent is tolerated in Qatar, opposition usually manifests itself in royal family intrigue or behind-the-scenes grumbling by aggrieved parties. The apparent public tranquillity is cultivated by the amir and by the private but closely controlled media. Incidents in the 1980s, however, demonstrated that opposition to the regime existed.

In September 1983, for example, a conspiracy to assassinate the ruler or a GCC head of state was uncovered by Qatari authorities, and seventy people were arrested. Contradictory press reports said that either some military people were involved or that the plot reflected a squabble among members of the ruling family. Qatari security forces learned of the plot from Egyptian intelligence via the Saudi Arabians. Informed that the plotters were backed by Libya, Qatar declared the Libyan chargé d'affaires persona non grata. The target of the plot, according to conflicting reports, was either Shaykh Khalifa ibn Hamad or one of the GCC heads of state who were coming to Doha for a November summit. Since then, there have been other reported assassination attempts.

In August 1985, it was reported that Shaykh Suhaym ibn Hamad Al Thani, one of the amir's brothers, disappointed that the position of crown prince was given to Shaykh Khalifa ibn Hamad's son, Hamad ibn Khalifa, plotted a coup and maintained a cadre of supporters and a cache of weapons in the northern part of the country. When Shaykh Suhaym ibn Hamad died suddenly, his sons blamed Minister of Information and Culture Ghanim al Kuwari for not responding promptly to the call for medical help. After supporters of Suhaym ibn Hamad and his sons attempted to kill Ghanim al Kuwari, they were imprisoned.

Soon after the Iraqi invasion of Kuwait, Palestinians and Iraqis living in Qatar came under intense government scrutiny. Dozens were deported, and many more were forced to leave after their contracts were not renewed.

### The Media

Qatar has no official censorship, but newspapers recognize the need for self-censorship in not publishing material critical of the ruling family, the government, or religious issues. The privately owned press consists of three Arabic dailies—*Ar Rayah* (The Banner), *Al Arab* (The Arab), and *Ash Sharq* (The East)—and an English daily, *Gulf Times*. The Ministry of Information and Culture operates the Qatar News Agency, the Qatar Broadcasting Service, and the Qatar Television Service.

### Foreign Relations

The Iraqi invasion and occupation of Kuwait and the resulting threat to other small Persian Gulf states forced Qatar to alter significantly its defense and foreign policy priorities. For example, whereas Qatar had supported Iraq financially in its 1980–88 war against Iran, Qatar quickly joined the anti-Iraq coalition after the invasion. Formerly a political and economic supporter of the Palestine Liberation Organization (PLO), Qatar bitterly condemned the alliance between the PLO and many Palestinians on the one hand and Saddam Husayn on the other hand. Moreover, Qatar's previous opposition to superpower naval presence in the gulf turned into an open willingness to permit the air forces of the United States, Canada, and France to operate from its territory.

The GCC, which for years had been aimed, in part, at dealing with a perceived Iranian threat (both external and, in the cases of Kuwait, Bahrain, and Saudi Arabia, internal), became a forum for condemnation of Iraq and a venue for building a concerted defense against further Iraqi advances. After the Iraqi defeat, Qatar and other GCC members focused their energies on improving cooperation and coordination on mutual defense issues while also continuing to work together in social, cultural, political, and economic spheres. Qatar, like Saudi Arabia, has been historically sensitive to outside military intervention in the gulf and was eager to bolster regional security measures.

The war also drew Qatar and other GCC members closer to Egypt and Syria, the two strongest Arab members of the anti-Iraq coalition. The Qatari-Egyptian rapprochement began in 1987 when the two countries resumed diplomatic relations after the League of Arab States (Arab League) summit that adopted the resolution allowing members to reestablish diplomatic links at their discretion. After the war, Egypt and Syria received large sums from the Persian Gulf states in appreciation for their roles. Qatar and Syria signed an agreement on trade and economic and technical cooperation in January 1991.

Even before August 1990, Qatar historically had close relations with its larger and more powerful neighbor, Saudi Arabia. Because of geopolitical realities and the religious affinity of the two ruling families (both adhere to the conservative Wahhabi interpretation of Islam), Qatar followed the Saudi lead in many regional and global issues. Qatar was one of the few Arab countries that observed the full forty-day mourning period after the assassination of Saudi Arabia's King Faisal ibn Abd al Aziz Al Saud in March 1975 and the death of King Khalid ibn Abd al Aziz Al Saud in 1982. The two countries signed a bilateral defense agreement in 1982, and on several occasions Saudi Arabia acted as mediator in territorial disputes between Qatar and Bahrain.

Qatar also has had cordial relations with Iran, despite Qatar's support of Iraq during the Iran-Iraq War. In 1991 Shaykh Hamad ibn Khalifa welcomed Iranian participation in Persian Gulf security arrangements. Iran was one of the first countries to recognize Shaykh Khalifa ibn Hamad in 1972. Relations were based partially on proximity (important trade links exist between the two countries, including a ferry service between Doha and Bushehr) and partly on mutual interests. Plans were being formulated in 1992 to pipe water from the Karun River in Iran to Qatar. The Iranian community in Qatar, although large, is well integrated and has not posed a threat to the regime. Iran's claim in May 1989 that one-third of Qatar's North Field gas reservoir lay under Iranian waters apparently was resolved by an agreement to exploit the field jointly.

Relations with Bahrain continue to fluctuate between correct and strained, with tensions rising regularly over territorial disputes dating back for decades. Most of the friction involves Hawar and the adjacent islands, which both countries claim. Tensions rose most recently in July 1991 when, according to



reports, Qatari naval vessels violated Bahraini waters, and Bahraini jet fighters flew into Qatari airspace. The issue was referred in August to the International Court of Justice in The Hague to determine whether it had jurisdiction over the dispute. Other disputes have involved the abandoned town of Az Zubarah, on the northwest coast of Qatar. The most serious crisis took place in the spring of 1986, when Qatari forces raided Fasht ad Dibal, a coral reef in the gulf north of Al Muharraq in Bahrain that had been artificially built up into a small island. They took into custody twenty-nine workers who were sent by Bahrain to build a coast guard station. The workers were released in May, and installations on the island were destroyed. Qatar submitted the dispute to the International Court of Justice at The Hague, but Bahrain refused the jurisdiction of the court in June 1992. The dispute was ongoing as of early 1993 (see Foreign Relations, ch. 3).

Britain's historical role in the Persian Gulf has guaranteed a special relationship with its former protectorates. Qatari-British relations are tempered by a complex blend of suspicion and cordiality. On the one hand, Qataris are wary of the former colonial power because they remember instances when they were ill-served by their "protector," especially regarding the exploitation of oil. On the other hand, the long-term British presence in the gulf has fostered many fruitful political, economic, and cultural ties between the two countries. The British Embassy in Doha, for example, is the only foreign mission that owns its land outright. In addition, many Britons advise or work for the Qatari government at high levels. British banks and other businesses are well represented in Doha. Many Qataris attend university in Britain, own homes there, and visit regularly.

Relations with the United States have been generally proper but took a sudden turn for the worse in March 1988 when United States-made Stinger missiles (obtained through unsanctioned channels) were observed at a military parade in Doha. When the Qatari government refused to relinquish the weapons to the United States or to allow an inspection, the United States instituted a policy of withholding military and economic cooperation. The Stinger issue was settled when Qatar destroyed the missiles in question in 1990. Furthermore, both sides acknowledged the need to cooperate militarily in the face of Iraq's invasion of Kuwait. Operation Desert Shield and Operation Desert Storm greatly improved Qatar's image of the

United States as a desirable security partner and resulted in changed bilateral military relations. On June 23, 1992, Qatar and the United States signed a bilateral defense cooperation agreement that provided for United States access to Qatari bases, pre-positioning of United States matériel, and future combined military exercises.

Following Saudi Arabia's lead, Qatar refused for many years to have diplomatic relations with the Soviet Union. This changed in the summer of 1988, when Qatar announced the opening of relations at the ambassadorial level with the Soviet Union and with China. In the wake of the dissolution of the Soviet Union in 1991, Qatar established relations with newly independent Russia.

Qatar became a member of the United Nations in September 1971, soon after it proclaimed independence. It is a member of several of its specialized agencies, including the International Civil Aviation Organization, the Food and Agriculture Organization, the International Labour Organisation, the World Health Organization, the Universal Postal Union, and the United Nations Educational, Scientific, and Cultural Organization.

\* \* \*

A number of books on Qatar appeared in the 1980s. The most useful, particularly in its interpretation of history and politics, based largely on British Foreign Office records, is Jill Crystal's *Oil and Politics in the Gulf*. Less analytical but still helpful, especially for understanding the disputes concerning Az Zubarah and Hawar and the adjacent islands, is Rosemarie Said Zahlan's *The Creation of Qatar*. Information on the oil industry is presented uncritically in *Qatar: Energy and Development* by Ragaei El Mallakh. Zuhair Ahmed Nafi gives a similarly sanguine appraisal in *Economic and Social Development in Qatar*. Somewhat more enlightening is Sheikha al-Misnad's *The Development of Modern Education in the Gulf*, which contains a wealth of statistical information. Naser al-Othman's *With Their Bare Hands* gives a Qatari's proud view of his country's history and includes several fascinating interviews with Qataris who worked in the first years of oil exploration. Abeer Abu Saud gives a personal view in *Qatari Women, Past and Present*.

For an encompassing overview of the country, the "Qatar" section in *The Middle East and North Africa* is an informative annual reference. An excellent source of statistics is the "Qatar"

section in another annual, the *Britannica Book of the Year*. P.T.H. Unwin compiled the *Qatar* volume of the World Bibliographical Series and wrote a helpful historical introduction. Up-to-date information on business and economic matters appears in the indispensable *Middle East Economic Digest*. (For further information and complete citations, see Bibliography.)

