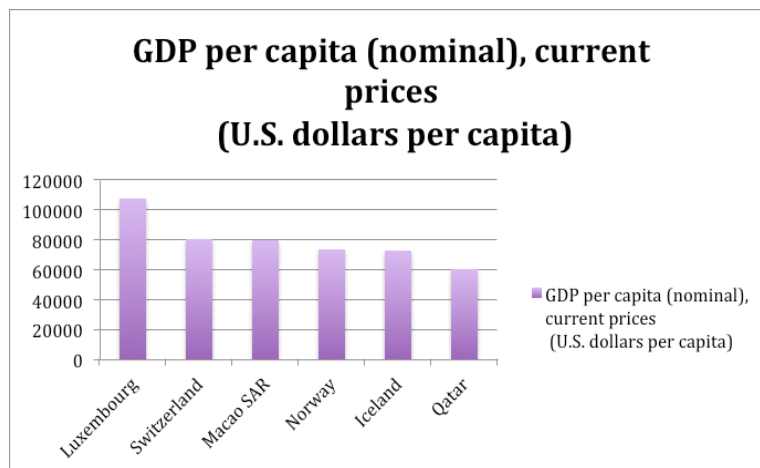
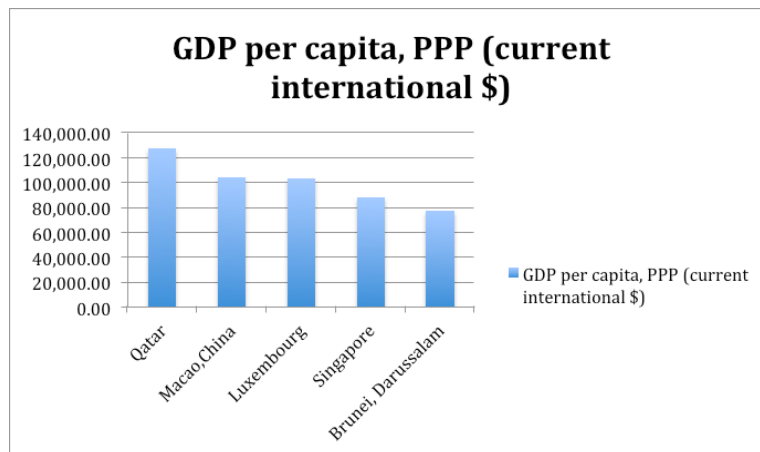


Why Qatar is so rich ?

Qatar is a sovereign country located on the west coast of Persian Gulf in the Western Asia. It is one of the six members of the Gulf Cooperation Council (GCC), the others being Saudi Arabia, the United Arab Emirates, Kuwait, Oman and Bahrain (Qatar Tourism Authority, n.d.). Qatar is one of the richest countries in the world based on GDP (PPP) per capita and GDP (nominal) per capita. In 2016, it is first ranked of GDP (PPP) per capita with the value of \$127,708 and in the sixth ranked of GDP (nominal) per capita with the value of \$59,331 (World Bank, 2017). **(Figure 1)**

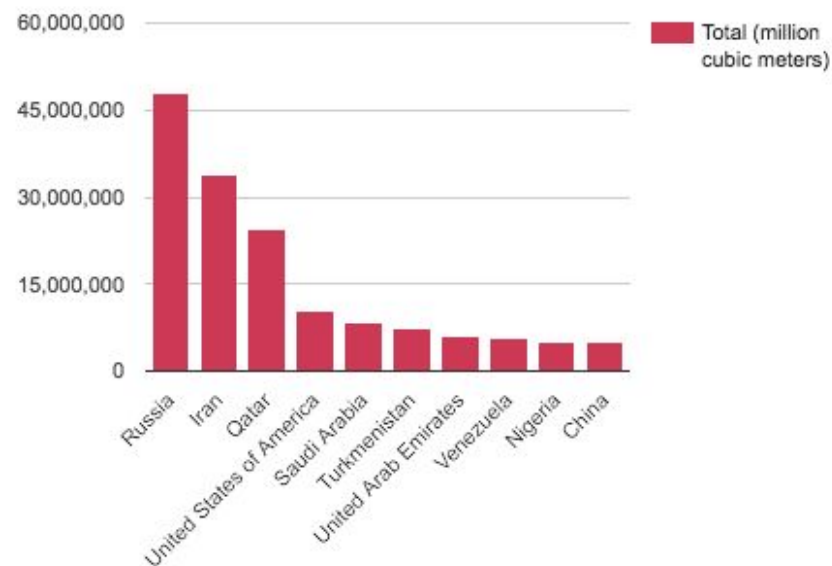
Figure 1



Source : World Bank

Figure 2

Estimated natural gas reserves as of 2017

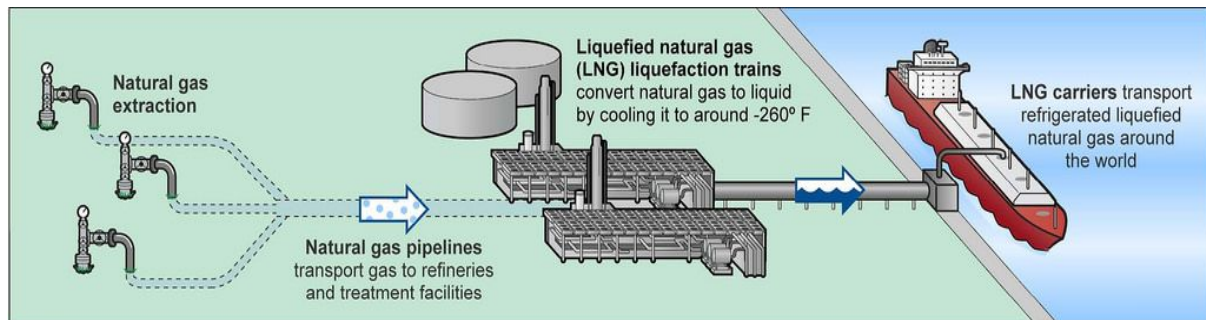


Source : BP statistical review of world energy

According to Qatar's geography, Qatar has the largest natural gas fields in the world which located in offshore north field. Also, the country has the petroleum reserves along the offshore of both western coast and eastern coast. Qatar is the world's third largest reserve of natural gas, behind Russia and Iran. **(Figure 2)** From this massive amount of physical capital, Qatar want to develop a process of exporting natural gas since in the past a natural gas was transported through gas pipelines which Qatar is far away from importing country. Therefore, Qatar has developed and invested in liquefaction technology which is an ability to carry a natural gas in the form of liquid and can be transported by the large ships as oil. **(Figure 3)** So, this made Qatar to gain larger market and profit from lower cost of natural resources and higher productivity from innovation and technology investment. In 2016, Qatar is the world's largest exporter of liquefied natural gas (LNG) and the second largest exporter

of natural gas. The main revenue of Qatar's government come from oil and gas sectors which has a portion of more than 50% of revenue. (Anthony and Crystal, 2017)(Kukemelk, n.d.)

Figure 3



Source: GAO. | GAO-16-104

Additionally, Qatar setup a Qatar Investment Authority to manage the country's revenue. QIA is a state-owned holding company which specializes in strategic investment in both domestic and foreign investment. The mission of QIA is to create a long term value and return. The company has invested around the world in both real and financial assets especially in real estate and multinational company like Volkswagen, Iberdrola, Tiffany & Co ,Shell and etc. In 2016, Qatar is the 4th largest investor in the United States. (Bloomberg, 2017) (Kumar, 2017)

Furthermore, Qatar is be able to escape from the curse since, The government of qatar has good management with vision to increase research and development in production process. Qatar's government are focusing on innovation and technology that can improve an exportation of its resources. As Qatar is rich in natural gas, this create more advantage from lower cost of physical capital together with technological improvement like liquefaction which would generate more market and higher revenue which will increase economic growth of the country.

In conclusion, the reason why Qatar is so rich are First, Qatar has an advantage from their geography which has a huge amount of physical resources endowment that is natural gas. Second, the country improve their productivity growth in natural gas production by investing in liquefaction technology that can rise exports of natural gas. This create a physical capital deepening. Lastly, Qatar has an institution named QIA to manage revenue and create return in the long run.

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