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| 2/73     | H.H. The Amir, Sheikh Khalifa Bin Hamad Al Thani  
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| 3/22/73  | Sheikh Abdul Aziz Ben Khalifa, Minister of Metroleum and Finance  
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| 4/7/75   | H. E. Abdullah Saleh Al-Mana, Ambassador to the U. S. (Lunch)                                                                             |
| 9/1/75   | Abdul Aziz Khalifa Al-Thani, Minister of Finance and Petroleum                                                                           |
OFFICE MEMORANDUM

TO: Files
FROM: Abdel Meguid

DATE: November 29, 1972

SUBJECT: QATAR: Visit of Ambassador

1. His Excellency Abdelah Almana, Qatar's Ambassador to the USA, called on Mr. McNamara yesterday evening. Mr. Votaw also attended the meeting and I acted as interpreter.

2. The ambassador handed Mr. McNamara a letter from His Highness The Prince of Qatar, which conveyed an invitation for Mr. and Mrs. McNamara to visit Qatar during their visit to the Middle East early next year. The Ambassador, on behalf of the Prince, strongly expressed his hopes that the McNamaras will be in a position to include Qatar in their itinerary particularly as the Prince knows of their stopping in Kuwait and Abu Dhabi. He also conveyed the greetings of the Minister of Finance of Qatar, the Prince's son, who has reported to the Prince on Mr. McNamara's inspiring address and warm welcome at the recent Bank Annual Meeting.

3. Mr. McNamara thanked the Ambassador and briefly outlined the purpose of the short visit he is contemplating for a week or ten days in February. He expressed the hope that the Bank Group can find a way to expand its developmental role in the area through joint financing with the oil producing countries of the region. He emphasized the importance of oil earnings being used for the development of the region and the need to explore a number of issues on how the Bank can help: As a channel/trustee for the funds of surplus countries? As economic and technical adviser to those who wish to lend directly? As financial partner?...

4. Mr. McNamara promised to respond to the invitation as soon as plans for his visit have been made firm.

cc: M. P. Benjenk
   Anders Ljungh (2)

Ameguid:bjp

President has seen
OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (Through Mr. Benjenk)  DATE: November 28, 1972

FROM: Gregory B. Votaw

SUBJECT: Qatar: Visit of Ambassador

1. This evening at 6:45 p.m. His Excellency Abdelah Almana, Qatar's Ambassador to the USA, will call on you. This is his first visit and we do not know the exact purpose.

2. Our information on Qatar is rather scanty. Qatar became a member of the Fund on September 8, 1972 and a member of the Bank on September 25, 1972. Its subscription to the capital stock of the Bank is 171 shares, with a total value of US$17.1 million. I attach some background material from the Fund which might be of interest, namely (i) calculation of quota, (ii) request for technical assistance from the Fund, and (iii) a MEED report. The first Bank economic mission to Qatar will take place in March 1973, although a 1969 economic mission analysed the economic problems and prospect of all the Emirates, including Qatar. This mission was led by Mr. Asfour. Qatar's GNP per capita is $1,600.

3. The Government approached the Bank in June 1970 about financing a bridge between Qatar and Bahrain, to cost about US$12-15 million. The Bank replied that it would be happy to consider any available reports and documents. These have not been received, but we learned from the Bahrain Delegation that Bahrain is hostile to the idea.

4. Mr. Edmond Asfour, Bank senior economist, will act as interpreter.

Attachments

WM:jhof:saw

President has seen
TO: Files  
FROM: Omar Dajany  
SUBJECT: Mr. McNamara's Visit to Qatar

DATE: March 13, 1973

Mr. McNamara visited Doha, capital of Qatar from February 12 to February 13th. He was accompanied by Mrs. McNamara, Mr. and Mrs. Mohamed Shoab, Mr. Anders Ljungh and Mr. Omar Dajany. Because of delay in the arrival in Doha, the meetings scheduled for the morning of February 12th were canceled and rescheduled for the following morning. On February 13th, therefore, Mr. McNamara met with His Highness the Amir, Sheikh Khalifa Bin Hamad Al Thani, H.E. Sheikh Abdul Aziz Bin Khalifa; Minister of Petroleum and Finance and H.E. Sheikh Suaim Bin Hamad Al Thani; Minister of Foreign Affairs.

In addition, Mr. McNamara visited the fertilizer plant at Umm-Said; toured the city of Doha and attended a dinner given in his honor by the Minister of Petroleum and Finance at the Marmar Palace.

1) Meeting with H.H. The Amir, Sheikh Khalifa Bin Hamad Al Thani

The Amir welcomed Mr. McNamara to Qatar and asked if this was his first visit to the Gulf. Mr. McNamara said that except for a brief visit to Kuwait in 1969 this is the first time he is visiting the Gulf and has been looking forward to it very much. The Amir said that in Qatar he may not see evidence of vast construction or a lot of activity. This in part is due to the fact that the change in the regime in Qatar is not yet one year old and their efforts have thus far been concentrated on internal reforms, government reorganization, closing of ranks and weeding out the dead wood that his regime has inherited. Despite this big and time consuming undertaking, Qatar is trying at the same time to plan for the future. He pointed to the fertilizer plant, the port improvement, the agricultural projects in Northern Qatar which transformed a desert Qatar into a vegetable exporting country and said, in addition, that they now have approximately one thousand students studying in the United States and Europe who will soon form the backbone of the Qatar of the future. Mr. McNamara said that he has learnt of the progress being made and realizes that it will take time to get all these things accomplished. However, Qatar is blessed with wealth from oil which, if prudently used, could insure prosperity not only for its people but for other Arabs in other Arab countries. He said that he had suggested in Kuwait and would like to suggest here and to the officials in the United Arab Emirates, a common approach in the utilization of revenues from oil. Mr. McNamara went on to say that since no one knows precisely the amount of oil reserves present in each country it would be prudent to diversify by investing both within and outside each country in a manner which would insure the continued prosperity of the people when and if the oil reserves are exhausted. It is only natural, Mr. McNamara said, that a country should first take care of its own house and assure the well being of its people. Next would come the welfare of ones neighbors and after that the build up of reserves. Here is where a country should periodically review what may, for the lack of any other word, be called a five-year plan, in which estimated revenues are compared to estimated
commitments and other requirements. This would leave a close enough estimate of anticipated surpluses annually for which prudent plans could then be made. Naturally the World Bank would like to attract some of these surplus funds but the main emphasis should be on investment, in long-term plans both within and outside Qatar which would form the basis of a diversified economy.

The Amir agreed with Mr. McNamara's sequence for economic planning. He said Qatar has not participated as much as it would have liked to in IBRD bonds but hoped to do so more in the future. Right now, because of Qatar's obligations under the oil participation agreement it would be difficult to spare any funds but beginning 1974 the situation should improve and from then on he hoped that Qatar would be a greater participant in IBRD bonds. Mr. Dajany referred to the special bond issues made in Kuwait in Kuwaiti dinars and the contemplated special bond issue for the United Arab Emirates as soon as the United Arab Emirates has its own currency. The advantages of such issues in local currencies were pointed out and the Amir said that this would be a matter for the Minister of Finance to consider although he personally was in favor.

Mr. McNamara said that there had been some discussion on the possibility of sending a mission to Qatar some time this spring and wanted to know if the Amir has any views on the mandate for such a mission. The Amir did not react one way or the other and again said that these were matters for the Minister of Finance to handle. It is a good feeling to know, Sheikh Khalifa said that the Bank is willing to provide technical assistance when we need it and I am sure we are going to be needing it. The Amir then went into a lengthy discussion about the need for unity first in the Gulf and then in the Arab world. If the Russians and the Americans have agreed to coexist, then why can't the Arabs who in reality are one and the same people, learn to coexist as well. He said that he has been calling for an Arab common market in which the Gulf would have a unified currency and its own zone similar to that of the sterling and dollar areas. He drew attention to important statements he made in this regard to "Al-Hawadess Magazine" which appeared in that magazine's issue on January 19, 1973. A translation of this article is attached.

2) Meeting with the Minister of Petroleum and Finance, H.E. Sheikh Abdel Aziz Bin Khalifa
Since Sheikh Abdel Aziz accompanied Mr. McNamara to the fertilizer plant and was with him most of the time during the visit, the subjects that they discussed cannot, of course, be included in this memorandum. During the brief visit to Sheikh Abdel Aziz in his office, Mr. McNamara spoke again, elaborating on his view for the need of a continuous review of possible surpluses and the long-term investment of these funds. Sheikh Abdel Aziz said that he has had some talks with Mr. Dajany on the subject but plans to have continuous contact with him in order to formulate a
plan along the lines which Mr. McNamara suggested. He hoped to go to Vienna in March and then come to the United States. He intends to contact Mr. Dajany for a possible meeting in Europe or the United States and wanted to make such meetings as regular as possible in order to maintain the closest touch with the Bank on this subject.

When the subject of a roll over by Qatar of the amount they hold in our two-year bond issue maturing on March 15, 1973 was raised by Mr. Dajany, Sheikh Abdel Aziz called in the Director of Finance and, after a brief discussion, it was agreed that the amount will be rolled over. Since then we have had official confirmation to this effect.

3) The meeting with Sheikh Suhaim Bin Hamad Al Thani; Minister of Foreign Affairs was brief and more in the nature of a courtesy call. The Minister, accompanied by some of his aides welcomed Mr. McNamara to Qatar and wished that his stay could have been longer. The Minister also was glad that Qatar managed to complete the formalities in time to join the last Annual Meeting as a full member and looked forward to a period of long and close cooperation between the Bank and Qatar.

cc: Mr. McNamara (2)
    Mr. Aldewereld
    Mr. Shoaib
    Mr. Benjenk (2)
    Mr. Rotberg

Attachments

ODajany:dlh
THE AMIR OF QATAR SUGGESTS:

The creation of an Arab Common Market in the Gulf.

* If the Russians and the Americans have agreed to coexist... can our Arab region remain fragmented?

* Democracy is an advanced modern weapon, and like every weapon needs training and familiarization in order to serve its purpose.

* The Arabs of the Gulf must have a unified dinar with a zone equal to that of the sterling and the dollar.

Interview by: Salim Al-Louzi.

Salim Al-Louzi prepared this important interview with H.H. Sheikh Khalifa Ben Hamad, Amir of Qatar, to be published in the special issue being prepared by the "Ismadith" to be issued on the eve of the celebrations commemorating the first Anniversary of the Reform Movement which His Excellency led on February 22, 1972. In view of the importance of this interview, and the questions raised by H.H. the Amir, we saw fit to publish it in this number... and reprint it in the commemorative issue.

Qatar was changed, within one year, from a calm quiet Emirate into a workshop bustling with action, preparedness, and ambition. It was about a year ago, that the Heir Apparent, Sheika Khalifa Ben Hamad, carried out a Reform Movement in which he took the reins of the country into his own hands, thus ending a reign characterized by confusion and stagnation, and beginning an era characterized by action, development, and a race against time.

One year only, at the end of which more constructions, projects, and achievements were completed than could be envisioned by the greatest admirers of the qualities of Khalifa Ben Hamad. The man is dynamic, and works 12 hours a day if not more. Those who were privileged to enter his bedroom saw how dossiers, studies and reports were piled up on the chiffonnier, on small tables, and sometimes on the floor. He reads everything and wants to know everything that goes on in his country, and the surrounding region. Khalifa Ben Hamad does not own palaces anywhere in the world; and he seldom leaves his country, even in the hottest summer days. His main hobby is building, to the extent that whoever leaves Doha for a few months need some time to recognize its landmarks because of the constant change the city is undergoing.

A few years ago, Sheikh Khalifa Ben Hamad was one of those who worked day and night to achieve the union of his country with the Emirates of the Trucial Coast which was organized in a seven-state Federation. He was the dynamo who prepared the studies and arranged the meetings, traveling
from one emirate to another to overcome obstacles and bring about a consensus of opinion... Then came the tragedy when the nine-state Federation was dissolved due to differences of political opinions regarding the area, in addition to the rivalry between the rulers, and other reasons we don't need to go into here.

Be it as it may... I entered the office of Sheikh Khalifa in the Government Building in Doha and saw in front of him a number of proposed drawings for the new currency which the State of Qatar intends to issue. I said to His Highness: I have noticed, since the collapse of the Federation, that the trend in the area is towards greater autonomy. If such is not the case, how should one interpret your move towards the abolition of the joint currency between yourself and Dubai and its replacement by a Qatari currency?

He immediately answered: We are not the ones striving towards the currency split. Dubai, on the other hand, has become a member of the Federation of Arab Emirates and must follow the monetary system which is being set up for the Federation, and currency like Nature cannot tolerate a vacuum. It was, therefore, indispensable that we prepare ourselves to issue our own currency at the time such an action is imposed on us by the very nature of things.

I said: Regardless of the circumstances which dictated such a currency split, does it mean that the idea of a nine-state Federation has been abandoned?

His Excellency became restless when he heard these words, and said: The idea of the Federation cannot die out. It has been postponed for various reasons. But it must come back under a different form. If any official in the Gulf region, puts in front of himself the data, numbers and realities which constitute the present of this region and its future, he will soon realize to what extent our country needs some kind of union, federation, or joint coordination and planning; and this is the weakest hopes. Oil revenues of Arab states in the Gulf have reached today about $5000 million. This revenue will double in 1975. It will reach, in 1980, about $25,000 million. All the financial circles in the world, and specially the international ones, have projected that within the next 15 years, the Gulf region will be an international money market center. Oil will not be the sole Arab wealth, but so shall be Arab money. Such huge potentials will need the consolidation of forces, abilities and experiences to make it a constructive energy. It is no secret that our region is coveted, and the differences in orientation, and the conflict of narrow regional interests might spoil our chance of taking advantage of the wealth God gave us. We shall have no excuse if we do not seize this opportunity given to us to build in this cherished spot of the Arab World a pioneering unitary experiment...

His Highness remained silent for a few instants then went on to say: You know the efforts I have made, and the capabilities and experiences I have marshalled to set the constitutional, political, economic, and military bases for the nine-state Federation. The studies, law projects, and
regulations are still considered as models for any project of unification or federation in the region. This is not the place to search for the responsible or responsible for the failure of the nine-state Federation. I often tell myself "Maybe it would have been better if the Federation had started with the practical aspects so it may not have clashed with the different political tendencies." Anyway, the Federation has passed us by. We can still establish a Confederation in which each state would retain its regional sovereignty. Yet such an arrangement could still bring about what would look like a Common Market of the Arab states of the Gulf, not unlike the Common Market of Western Europe.

I said to His Highness: In fact, I have heard a lot of talk from more than one ruler on the necessity of setting up some sort of economic union for the region, but these are words that have remained but words.

He answered: Actually, everybody wants it. The important thing now is for a joint committee or authority to be created in order to establish an economic and industrial development plan for the region as a whole. It is not possible, without studies, to know the point of departure. In my opinion, if we could unify our oil policy via OPEC, it would be possible to unify our projects in the production of oil derivatives. There are many projects now set up in the region. Every state undertakes development projects based on caloric energy provided by waste gas. There is the chemical fertilizer industry; there is the aluminum industry; there is the iron and cement industry. There are, in fact, a number of projects that need coordination...

I said: Am I to understand from what your Highness is saying that you are calling for the creation of an economic authority or organization on the pattern of the OPEC to study industrialization projects?

He said: As a matter of fact, I do think along these lines. The study of industrialization problems is more than necessary. When we have in our hands feasibility studies for the area; for its needs; and a development plan, it will then be possible — in the light of these studies — to determine the needed industries, and to distribute them among the various areas according to their needs, production capabilities and the availability of required expertise. There are also problems of administration, production and marketing.

I said: Speaking of chemical fertilizer industry, one notices a race to build fertilizer plants in every country. There is a fertilizer plant in Saudi Arabia; another in Kuwait, and here you have just completed the construction of a third plant. Mistakes were made in the establishment and construction of the fertilizer plant in Kuwait that have cost the State tens of millions. Do you believe that the region can sustain three major chemical fertilizer plants?

His Excellency answered: The production of fertilizer is not necessarily for local consumption, but also for foreign export. We have the raw materials for this industry. What shall we do with them? Shall we leave
them go to waste and burn? The mere fact of their industrialization is a benefit. The important thing is that we have available the expertise for production, administration, and marketing. We have profited from the Kuwaiti experiment in particular. We did not want to shoulder all the responsibilities, and contracted with international companies specialized in administration, production and marketing. We gave these companies - which, actually, carry out the production and marketing of fertilizers in all parts of the world - 27% of the shares, and kept for ourselves a majority of 63% of them. On the eve of production, we have now secured outlet markets in China, India, and various countries in the Far East.

I said to His Highness: I have learned that you have proposed to Bahrain to undertake various joint projects. I heard, for example, that you have proposed a joint bank.

He answered: This is true. There is now a Qatari-Bahraini Commission still studying these projects. But the question now is to generalize the joint ventures to include all the Arab states in the Gulf region: setting joint banks; joint stock companies; unify economic and financial legislation regulating banks and companies; unify trade legislation; create easy means of communications and services...What is important...is that we meet, study, and know where we should start. Exactly as it happened, and is still happening, with the states of the Common Market in Western Europe.

I said: I fear that you are over-optimistic. An Arab Common Market was indeed established in the past under the aegis of the Arab League. Needless to say that this market exists only on paper.

He said: We have two experiments before us: the Arab Common Market, and the Oil Producing Arab States Organization. The new experiment will result in either failure or success. Both possibilities will provide us with the benefits of experience.

His Highness continued: Politics of the whole world today is based on economic premises. Today's states fight for the sake of Progress and Development. When Russians and Americans get together - in spite of their ideological differences - and agree on coexistence and cooperation...is it permitted that our Arab region - which is blessed with a fantastic wealth - remain fragmented and dispersed without any understanding, coordination and unification between its states?

I said: Sir, what ought to be is one thing, and the reality is something else.

He said: But should we surrender to the reality, when reality is detrimental and against every logic and national interest?

I said: Regarding evolution, one notices that the members of the Qatari Legislative Council are all appointed. Is there any thinking to open the way and - for example - elect half of its members?
He answered: We, here, don’t like to jump into the unknown, and to adopt the experience of others. We believe in evolution. The fundamental idea of democracy is participation. That is what we are trying to achieve. We select the members of the Legislative Council among the qualified and experienced, and on the basis of their representing popular tendencies. We draw many ideas from the discussions held at the Council, which help us correct the form of government, and strive to answer the demands of the people. After a certain period of time, this Council will, undoubtedly, develop some sort of experience and parliamentary traditions. When we are trained for playing the democratic game, we could, then, move to a more advanced phase of this experiment. We try to profit from the experience of others, and do not adopt them in toto, but we adapt them to fit the conditions of our country. Our ambition is to develop a parliamentary life where competence is the measure for representation, and not he who owns more wealth; or he who relies upon a system of allegiance and partisanship; or he who succeeds in appealing to the instincts of the masses and their seduction. Democracy is an advanced modern weapon, and like all weapons we must be trained in its usage in order to be familiar with it and use it to serve our goals towards progress, and not for it to become an obstacle to progress.

I said: Let us move to the international scene...what is the nature of your relations with the surrounding Arab States in the Gulf?

His Highness smiled and said: Normal relations. As I told you, we hope to make them solid relations based on a unity of interests and economic "complementarity." This is a foregone matter, which must, sooner or later, impose itself on the future. We are not stronger than the countries of Western Europe. Common interest has imposed on them the creation of the Common Market; and here they are today seriously considering a monetary union, in spite of the magnitude of interests linked to monetary independence. We are, here, in a better position; our balance of payments are somewhat equal. The volume of foreign currencies entering this region is greater than that going out of the region, which means that the monetary surplus is ample. This surplus - if we were to put it under the supervision of a common banking authority to be established by the interested states of the Gulf, and given the required guarantees to invest in the region and the Arab World - can change the life of millions in the Gulf and the Arab Homeland, and push forward, much faster than is happening now, the wheel of progress.

The Amir digressed, as he stood and contemplated the extension of the waterfront avenue from behind his office glass window saying: Frankly, we in Qatar believe that the Gulf Arabs should have a great ambition, namely that their Arab Dinar becomes a "Zone" equal, in world monetary power, to the Dollar zone, or the Sterling zone. They should also exploit their surpluses in a bold and organized way to bring about the required change in the way the world sees them; and to impose respect to the other world powers by a positive cooperation in the development of their region; by an effective contribution in advancing the wheel of progress in the Arab World; and by cooperating with all the peoples in achieving man's dreams of a better life.
OFFICE MEMORANDUM

TO: Files
FROM: Omar Dajany
DATE: March 22, 1973

SUBJECT: Minister of Petroleum and Finance Visit to the Bank - Qatar

Sheikh Abdul Aziz Ben Khalifa, Qatar's Minister of Petroleum and Finance accompanied by Mr. Jasim Jamal, the Ambassador of Qatar to the United Nations met with Mr. McNamara yesterday.

Present from the Bank were Messrs. Shoaib, Benjenk and Dajany.

Mr. McNamara welcomed Sheikh Abdul Aziz and told him how much he enjoyed his recent visit to Qatar and the meeting with H.H. the Amir. Following the cordialities, Mr. McNamara asked Sheikh Abdul Aziz if there were any developments on any of the subjects discussed with the Amir. The Minister said that his father had asked him to meet with Mr. McNamara and pursue discussion on a couple of points that were discussed in Doha. Right now, he said, there is a Bank mission in Qatar but he specifically wanted to discuss the following matters:

1) Possible joint operations with the Bank and,
2) Advice on the investment of their surplus funds.

1) The Minister said that they would like to participate with the Bank in joint projects involving Bank operations in some of the Arab countries and wanted to know how to go about this. Mr. McNamara said that this was a very easy proposition. Mr. Benjenk will be happy to prepare a list of projected Bank operations in his area and all the Minister would have to do is to let us know the countries he is interested in, the kind of projects and the amounts he is thinking of. He suggested that Sheikh Abdul Aziz meet with Mr. Benjenk in the afternoon or this morning but the Minister had other commitments that afternoon and was planning to leave Washington today so a meeting was not possible.

It was then suggested that Mr. Benjenk would arrange to have such a list prepared and given to Mr. Dajany who in turn will deliver it to Sheikh Abdul Aziz sometime prior to his departure.

2) The Minister said that they now have some surplus funds in Qatar and wanted the Bank's advice on how to invest them. Mr. McNamara said that this was the most difficult of the two matters raised by the Minister but that, nevertheless, the Bank would try to do its best to help them.

Before the Bank could express an opinion or be of practical help to them, Mr. McNamara recalled what he had suggested to the Amir in Doha regarding the advisability of working out projections of a five-year plan or a longer period which would give us an idea of the amounts of their anticipated surpluses. This could be arrived at by projecting
the estimated revenues for each year and deducting their estimated requirements, obligations and other commitments thus leaving an approximate amount of the surpluses for each year. Mr. McNamara said he realized these projections may not be very accurate, but they would at least give us and Qatar an idea of the magnitude of what we are talking about. It is only then that we can usefully try to work out a plan for them.

Mr. Dajany said that since Mr. McNamara's visit to Qatar he has been discussing this point with Sheikh Abdul Aziz and had explained what is involved and offered his help in making these projections. He said he would continue to work with Sheikh Abdul Aziz to assist him in this exercise. It was agreed, however, that while we in the Bank may have the information regarding oil revenues yet, the basic information for these projections must come from them and Mr. McNamara suggested that they stay in touch with Mr. Shoaib or Mr. Dajany when they have this basic information. It was also recognized that this information had a direct bearing on the first subject discussed above.

Mr. McNamara requested the Minister to convey his respects to H.H. the Amir and to thank him again for their hospitality during his visit to Qatar.

Today, I had a long meeting with Sheikh Abdul Aziz prior to his departure from Washington. We reviewed again both matters raised by him in the meeting with Mr. McNamara yesterday and Mr. Dajany expanded a little suggesting to the Minister ways of how we could work together on both subjects which he had raised yesterday. We agreed on the following:

1) He will call me when he returns to New York next week and I will meet with him to deliver the list of potential joint operations for his consideration.

2) He will send us from Doha the projections of revenues, expenditures, etc. for the period 1973 through 1978. If he encounters any problems in preparing these figures he will inform the Bank and I have agreed that I would be willing to go to Doha and assist him if that was needed.

cc: Mr. McNamara (2)
Mr. Aldewereld
Mr. Shoaib
Mr. Benjenk
Mr. Rotberg

ODajany: dlh
Mr. McNamara:

March 21, 1973

Visit of Finance Minister of Qatar

To Mr. Dajany's notes, I would like to add the following:

1. In preparation for a possible economic mission in early 1974, Bank economists Larsen and Ali are scheduled to be in Qatar now together with Mr. Upper, Division Chief.

2. Qatar subscribed to $100,000 of our recent issue of 2-year bonds. This is equal to the maturing amount held by Qatar.

AL
OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Omar Dajany
DATE: March 19, 1973
SUBJECT: Visit of the Minister of Petroleum and Finance to the United States – Qatar

Sheikh Abdel Aziz Bin Khalifa Al-Thani spoke to me over the weekend from New York. He arrived there Saturday coming from Vienna where he attended the OPEC meeting.

He said he would like to meet with you to pursue discussing some of the points raised in the meeting between you and his father, the Amir. In particular, he said, he wanted to talk about possible joint operations with the Bank in the Arab countries. He indicated that Wednesday would be the most suitable day for him.

I should like to mention that since your visit to Qatar I have been pursuing with Sheikh Abdel Aziz (and with the Kuwaitis as well) the subject of a systematic periodic review of a five-year plan in which their estimated revenues and estimated expenditures and other obligations are tabulated which would give them and us an idea of what surpluses can be expected for each year. This in turn will give them and us an idea of how much will be available for investments whether in IBRD bonds or other long-term investments.

If you agree to meet with Sheikh Abdel Aziz I should like to suggest that you include this point among the other subjects to be discussed.

cc: Mr. Shoaib

ODajany: dlh

President has seen
OFFICE MEMORANDUM

TO: For the Record
FROM: Saad S. El Fishawy
SUBJECT: Qatar: Mr. McNamara's Visit - March 13, 1975

DATE: April 10, 1975

Summary of the Meeting with H.E. Sheikh Abdul Aziz Al-Thani, Minister of Finance and Petroleum

Others present were Messrs. Abdul Kadir Qadi, Director of Financial Affairs, El Fishawy and Burmester.

Mr. McNamara explained the purpose of his visit and elaborated on each of the three topics he came to discuss, in the same way as he did previously in Kuwait and Saudi Arabia 1/.

1 - Capital Increase:

Mr. McNamara emphasized that this issue is not a financial one. He would try hard to negotiate an increase from 5% to 15% in the voting power of OPEC countries to reflect their newly acquired economic strength and assert their position in the new economic order. He could not even start before being assured that this is the wish of the OPEC countries and that they would subscribe to the special capital increase that would be offered to them. He pointed out that the results could not be guaranteed since the other member countries which presently have about 95% of the voting power would have to give up their pre-emptive right in order to enable OPEC countries to increase their relative voting power by the additional 10%.

The Minister asked about the outcome of Mr. McNamara's meetings in Kuwait and Saudi Arabia and with whom he had met. Mr. McNamara informed the Minister about the meetings he had just completed in Kuwait and Saudi Arabia. The Minister stated that he is in full support of the increase in the voting power of OPEC countries to 15% and that he would prepare a working paper and a plan of action to be presented to the Ruler and the cabinet soon.

2 - Third Window:

Mr. McNamara described the adverse circumstances with which the least developed and poorest countries were faced: draught, increase in fertilizer and food prices, inflation, increase of import and oil prices, recession in the developed countries and decrease in volume and prices of exports of the developing countries. Mr. McNamara explained how the "Third Window" scheme was designed to enable the Bank to increase its lending by an additional one billion dollars. These funds would be used to assist in financing economic development projects. He stated that Kuwait and Saudi Arabia had expressed strong support of the "Third Window" and that Kuwait has indicated that it was prepared to contribute 20 million dollars or more to this scheme. The

1/ Cf. my memos on Summaries of Meetings in Kuwait and in Saudi Arabia on March 8 and 11, respectively.
Bank was in touch with other OPEC and OECD countries. The United Kingdom, the Netherlands and Canada had announced their support. Mr. McNamara expressed his hope that Qatar would contribute 15 million dollars to this intermediary lending facility.

The Minister felt that the plight of the poorest should be relieved by both OECD and OPEC countries. He stated that Qatar was experiencing a reduction in oil production and that it has made very sizeable commitments towards bilateral aid. OECD countries should contribute more in relieving the plight of the poorest countries. Qatar is just starting to be in a position to develop itself. Twenty years ago when they were among the poorest of the poor, nobody cared to extend any help to them. Mr. McNamara explained that the amounts proposed for contributions to the "Third Window" did not reflect any burden-sharing formulae and were envisaged as an expeditious way of getting the scheme started soon on a voluntary basis. He informed the Minister of the Bank's plan to get the Executive Directors' agreement in principle to the scheme on March 25 and of holding a meeting of the prospective donors some time in April. The Bank was aiming at getting the scheme operational and commencing lending under it at the beginning of the Bank's FY1976, which started July 1, 1975. The OECD countries contributed about 1.5 billion dollars a year to IDA. Qatar's past sufferings should make the country more sympathetic towards the plight of others.

The Minister asked how long was this scheme to be for, and Mr. McNamara said that it was designed for only one year. The Minister also inquired about who would the beneficiaries be, and Mr. McNamara said that the "Third Window" loans would be extended to countries with a per capita income of less than 375 dollars a year. The Minister said that he personally supported the establishing of the "Third Window" and that he would present the request to the Ruler and would let the Bank know as soon as possible.

3 - Borrowing Program:

Mr. McNamara explained that the Bank borrowed from surplus capital markets at commercial rates. Up to 1968, it used to borrow mainly from the United States market. After that it borrowed from the German market and then from Japan. It had also been borrowing for the past few years from OPEC surplus countries. For the Bank's FY1976, borrowing from Qatar at the level of 100 million dollars had been included. The Minister said that in their budget they have included 200 million dollars both for the IMF and the Bank combined. With regard to specific transactions, he would like to delay this for 3-4 months. Their financial situation would become clearer by that time.

SELFishawy/rh

c: Messrs. McNamara Knapp Cargill Benjenk Kochman Burmester
SUMMARY NOTES FROM QATAR, March 13, 1975

Meeting in the Ministry of Finance, 10:45 a.m.

Present: Mr. Al Thani, Minister of Finance, and Mr. Qadi, and Messrs. McNamara, El Fishawy, and Burmester

Mr. McNamara first explained the proposed increase in voting power for OPEC countries and stressed that this was mainly a political problem. The Minister asked with whom Mr. McNamara had spoken about this in Kuwait and Saudi Arabia. Mr. McNamara answered that he had talked with the Prime Minister Sheikh Jabir in Kuwait and King Faisal in Saudi Arabia. The Minister said that he fully supported the increase in voting power for OPEC countries. He would prepare a working paper and a plan of action to be presented to The Ruler and Cabinet.

Mr. McNamara said that events of the last three years had had an inverse impact on the development prospects of many LDCs. He mentioned the drought, the increase in food imports, the increase in oil prices, the price increase of manufactured goods and fertilizer and finally the decline in export growth of the LDCs. These events had led to a demand for increased finance on concessional terms. The Bank therefore intended to establish a "Third Window" to lend at 4-1/2%. The finance ministers of several OPEC countries had supported this at the Development Committee meeting in January. Kuwait and Saudi Arabia would contribute to the subsidy fund. So would the Dutch and possibly the British, Germans and Canadians. Mr. McNamara would hope that Qatar could contribute with $15 million to the subsidy fund. The Minister of Finance explained that the financial position of Qatar was somewhat difficult. Production had been cut back and Qatar had other commitments to Arab and African countries. To a question from Mr. Qadi, Mr. McNamara responded that the commitment was only for one year. The Minister felt that the plight of the poorest should be relieved by both OECD and OPEC countries. Nobody had helped Qatar 20 years ago. Mr. McNamara said that the OECD countries already contributed strongly to the Bank Group through IDA. He also felt that Qatar's past suffering should make the country more sympathetic towards the plight of others. A lengthy discussion on moral obligations towards developing countries followed. Finally, the Minister said that he personally agreed to the establishment of the Third Window. He would present the request to The Ruler and would let the Bank know as soon as possible.

Mr. McNamara said that he would like to borrow $100 million from Qatar during FY76. The Minister said that $200 million had been included in the budget for the IMF and the Bank combined. He said that he would like to talk to the Bank again about lending in approximately four months.

cc: Mr. El Fishawy

Sven Burmester
March 24, 1975
OFFICE MEMORANDUM

TO: For the Record
FROM: Saad S. El Fishawy
DATE: September 26, 1975
SUBJECT: QATAR: Meeting with His Excellency Sheikh Abdel Aziz Althani, Minister of Finance, during the Annual Meetings 1975

The Minister met Mr. McNamara on Monday, September 1. Present were Messrs. Cargill, Paijmans, El Fishawy and Burmester.

1. Mr. McNamara recalled his two previous visits to Doha and the big strides Qatar was making towards economic development. Mr. McNamara inquired from the Minister about the level of oil production. The Minister said that oil production went down substantially in the early months of the summer, but it had picked up again. It was the policy of the government, however, to maintain the level at 400,000 barrels a day. This was considered adequate to meet all the present needs of Qatar.

2. Mr. McNamara recalled that the Minister had mentioned to him during his visit to Doha last March that the government had budgeted $100 million for investment in Bank bonds and said that he hoped that details of this transaction could be worked out shortly.

SEF:rm

cc: Mr. McNamara's office (2)
Messrs. Cargill
Rotberg
Paijmans
BIOGRAPHICAL SKETCHES

Sheikh Abdel Aziz bin Khalifa Al Thani
Governor, IMF and IBRD

The Sheikh, who is the son of the Emir of Qatar, was born in 1949. He was schooled in Doha. He subsequently studied abroad for several years: 1967-1970 in England, September, 1970-June, 1971 at Southern Illinois University (Carbondale), June-September, 1971 at Miami State University and September, 1971 to March, 1972 at a small college in Chicago, from which he graduated.

He returned to Qatar in 1972, when he was appointed Acting Minister of Finance. He represented Qatar at the IMF Meeting in September, 1972. Last year, he became the Minister of Finance and Petroleums.

Mr. Mahbub Abdul Latif Masoud
Alternate Governor, IMF and IBRD

None available.

EM1DA
August 14, 1975