



Lifting of restrictions with Qatar - what you need to know

Signing of the “Al-Ula Declaration” ending trade and other restrictions against Qatar

As reported in our previous [client update](#), on 5 January 2021, the Kingdom of Saudi Arabia, the United Arab Emirates (**UAE**), Bahrain and the rest of the Gulf Cooperation Council (**GCC**) member states, along with Egypt, signed the "Al-Ula Declaration" at the 41st GCC Summit held in the city of Al-Ula. This marks the end of a three and a half year boycott against the State of Qatar, which was put in place in June 2017. Although the formal text of the “Al-Ula Declaration” has not been made public, it is clear from public statements made by senior Saudi, UAE, Egyptian, Bahraini and Kuwaiti officials that the instrument paves the way for the re-establishment of political and economic ties between Qatar and each of the UAE, Saudi Arabia, Bahrain and Egypt (the **Quartet**).

Re-opening of borders and resumption of air and sea travel

In the past ten days, Saudi Arabia and the UAE have taken steps to re-open all land, sea and air corridors for inbound and outbound movement to and from Qatar, and the relevant authorities in both countries have issued directives and circulars to this effect.

The UAE’s General Civil Aviation Authority (**GCAA**) announced the re-opening of airspace and the resumption of air traffic between the UAE and Qatar which took effect from 9 January. The announcement stated that the GCAA will resume scheduled and unscheduled flights between the two countries, in coordination with the civil aviation authorities and national carriers in the UAE, which has been facilitated through the issuance of NOTAMs (Notices to Airmen). In addition, on 8 January (and implemented on 9 January), the Chief Harbor Master (**CHM**) at Abu Dhabi Ports issued a Direction (CHM Direction No. 01/2021) which formally lifted the restriction on access to Abu Dhabi ports for Qatar vessels and vessels departing the UAE for Qatar as the next port of destination. This was further to a circular issued by the UAE Ministry of Energy & Infrastructure (**MOEI**) on 8

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January, confirming that the UAE has ended all measures restricting trade with Qatar and that it has re-opened land, sea and airspace borders with Qatar. Given the MOEI's circular and the Abu Dhabi CHM Direction, we expect that the other port authorities across the UAE (e.g. Dubai Maritime City Authority, Government of Sharjah Department of Seaports and Customs, RAK Ports and Saqr Port Authority, the Jebel Ali Free Zone Authority, and the Port of Fujairah) will have also issued their own CHMs or Notice to Mariners lifting the Qatar restrictions.

Similarly, Saudi Arabia had previously announced similar measures that took effect from the evening of 4 January. Based on the proposal by Sheikh Nawaf Al-Sabah, the Emir of Kuwait who led the recent mediation efforts, the agreement was reached to open airspace and land and sea borders between Saudi Arabia and Qatar. We understand from our discussions with Saudi Airlines that for the time being, only commercial flights have resumed between Saudi Arabia and Qatar.

The Civil Aviation Affairs (**CAA**) at the Ministry of Transportation and Telecommunications of Bahrain also announced the opening of Bahraini airspace for Qatar-registered aircraft, commencing 11 January. Similarly, according to the Egyptian Ministry of Civil Aviation, Egypt had reopened its airspace on 12 January, allowing Egypt Air and Qatar Airways as well as other Qatari airlines, to resume air traffic. Egypt and Bahrain can be expected to issue official instruments in relation to maritime and port access in due course.

Customs clearing procedures

In response to our inquiries, Dubai Customs has confirmed that the import and export of products to and from Qatar have resumed with effect from 9 January. We have made similar inquiries with the Saudi Customs Authority, and received verbal confirmation that all formal restrictions in relation to imports and exports between Saudi Arabia and Qatar have been lifted.

In relation to land transportation of goods, based on our discussions with customs brokers operating in the Salwa region (the Saudi-Qatar border), the import and export of products between Saudi Arabia and Qatar have still not resumed, due to technical, administrative and operational measures that still need to be put in place to clear products. Since the border has been closed for more than three years, it may take some time for the customs clearance equipment and resources at the Salwa border to be installed and to be operational. Customs brokers expect commercial activities between both countries to resume this week.

In relation to air cargo transportation, we understand that Saudi Cargo has still not resumed cargo flights between Saudi Arabia and Qatar.

Bahraini and Egyptian customs authorities have yet to release any official statements in this respect.

As of the date of this alert, Qatari authorities have not issued any circulars or similar instruments in relation to resuming trade or travel between Qatar and the Quartet, despite reports of the re-opening of the Abu Samra border as of 9 January announced by the General Customs Authority (**GAC**). However, we understand that the position of the GAC is that, until the issuance of an official circular, all shipments from the Quartet will be rejected and will not be cleared for import.

Financial flows and designations under Counter-Terrorism Laws

The restrictions originally imposed on Qatar in June 2017 included measures introduced by a UAE Central Bank (**UAECB**) circular that placed six Qatari banks on a 'watch-list', which mandated UAE banks to undertake enhanced due diligence and screening of any remittances from those banks.

Pursuant to UAE Federal Law No. 7 of 2014 on Combatting Terrorism Offences (the **UAE CTF Law**) and UAE Cabinet Resolution No. 35 of 2014 concerning the UAE's Terrorist Watch List System (the latter of which has since been repealed and currently replaced by Cabinet Resolution No. 74 of 2020), the UAE issued Cabinet Resolution No. 18 of 2017 Endorsing the List of Designated Terrorist Organizations and Individuals (**Cabinet Resolution 18**) on 9 June 2017.

Cabinet Resolution 18 designated 59 individuals and 12 entities that were either Qatari, Qatari-based or Qatari-linked, as 'Designated Terrorist Organizations and Individuals'. Those providing support, including financial support, to such individuals or entities faced criminal penalties under the UAE CTF Law. As the UAE CTF Law is fully applicable in both of the UAE's financial free zones (the Dubai International Financial Centre (the **DIFC**) and the Abu Dhabi Global Market (the **ADGM**)), the restrictions on dealing with such individuals and entities fully extended to financial institutions based in those jurisdictions.

On the same day, the UAE Central Bank (**UAECB**) issued two Notices - Notice 156 and Notice 157. Notice 156 required those regulated by the UAECB to immediately check existing clients accounts and instruments against the designations made under Cabinet Resolution 18, and to inform the UAE Central Bank accordingly. Notice 157 required all UAECB regulated entities to implement Enhanced Due Diligence measures (as defined under the UAE's AML Law and AML Implementing Regulations) for any accounts or transactions involving the following six Qatari Banks: (i) Qatar Islamic Bank, (ii) Qatar International Islamic Bank, (iii) Barwa Bank, (iv) Masraf al Rayan, (v) Qatar National Bank, and (vi) Doha Bank. Notice 157 also required weekly update reports on its implementation to be sent to the UAECB.

The DIFC's financial regulator - the Dubai Financial Services Authority (the **DFSA**) - and the ADGM's financial regulator - the Financial Services Regulatory Authority (the **FSRA**) - issued letters on 12 June 2017, requiring their regulated entities (both financial institutions and designated non-financial businesses and professions - **DNFBPs**) to implement the same requirements under UAECB Notices 156 and 157.

Following the signing of the "Al-Ula Declaration", we have yet to see any announcement being made by the UAECB, the DFSA or the FSRA. As such, the position outlined above remains applicable until further notice.

Next steps

Based on official announcements and various measures introduced by public authorities in the Quartet, all restrictions on trade with Qatar that were put in place in June 2017 have now been lifted and Saudi and UAE companies are no longer prohibited from engaging in direct commercial dealings with Qatari counterparties. This includes resuming prior distribution and shipping arrangements between Saudi or the UAE and Qatar.

However, despite the formal lifting of the prohibitions against Qatar, it will likely

take some time before the administrative decisions are implemented to fully restart the shipment of goods between the Quartet and Qatar, and before customs clearance procedures are normalized. This is particularly noteworthy in light of the absence of any official statements or circulars issued by the State of Qatar in relation to resuming trade or travel between Qatar and the Quartet or lifting of any countermeasures imposed by Qatar in response to the boycott put in place in 2017.

Accordingly, it is still too early to tell how the lifting of the trade restrictions in relation to Qatar will be implemented in practice. We are watching this space carefully, and we continue to engage with various government agencies and authorities in Qatar and the Quartet for clarification and updates. We will issue follow up updates as new developments emerge.

For future updates, you can visit and subscribe to our Middle East Insights blog: me-insights.bakermckenzie.com/.

This client alert is not meant to constitute legal advice, and as the situation is constantly evolving, specific advice should be sought from relevant professionals. Should you have any queries, please contact one of our lawyers above.