

Trade Digest

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Middle East Update: Latest Action from Qatar

As a follow up to our previous article (Vol. 4 Issue 11 dated 16 June 2017) regarding the Qatar diplomatic crisis, there was a new development on Monday 31 July 2017 when Qatar launched a legal complaint at the World Trade Organization (WTO) against the diplomatic and trade boycott by Saudi Arabia, Bahrain and the United Arab Emirates.

The crisis began on 5 June 2017, when the coalition of nations in the Persian Gulf and Northern and Western Africa, led by Saudi Arabia, reduced or completely severed diplomatic ties with Qatar, in addition to imposing trade and travel bans. The coalition accuses Qatar of sponsoring terrorism organizations, including al-Qaeda and ISIL, and maintaining a relationship with Iran, accusations which were vehemently denied by Qatar. In mid-June, Saudi Arabia and its allies issued a list of demands, which Qatar has rejected. Colloquially known as the 13 points ultimatum, the demands include the severing of ties with Iran, the cessation of funding to terrorist groups, and the shutting down of Al Jazeera, in return for the lifting of the sanctions currently imposed on Qatar by the Saudi-led coalition. The status of negotiations is currently on-going, with Saudi Arabia having made a concession by submitting a narrower 6-point ultimatum.

The legal complaint issued by Qatar describes the sanctions as "coercive attempts at economic isolation". The complaint further elaborates by stating that the boycott undermines Qatar's right to trade in goods, services and intellectual property. Under WTO rules, this filing of complaint is the first step toward a WTO-convened dispute resolution, in the event that consultations between Qatar and the three countries named in the complaints cannot bring about resolution to this embargo within 60 days. Ali Alwaleed al-Thani, Qatar's representative to the WTO, stated that Qatar remains hopeful of resolving this crisis through talks and negotiation.

This move is seen as an outward-looking strategy. With immense pressure on its economy, Qatar is looking for help from the international community and organizations. Last week during the meeting of the United Nations' International Civil Aviation Organization (ICAO), Qatar also raised the matter of the airspace ban, which has heavily affected its flag carrier Qatar Airways.

It remains to be seen how the situation will unfold. Meanwhile, the crisis is receiving enormous attention from around the world. Due to the region's originally volatile nature, major powers are calling for a peaceful resolution.

So far the effects of this embargo on Thai citizens residing in Qatar have been limited, with rising food prices and limited transportation options the most notable consequences. Thailand's oil and gas imports from Qatar are currently being routed through the Strait of Hormuz, an area controlled by Iran and Oman. In the coming negotiations, if Qatar is forced to cut ties with Iran in exchange for the Saudi-led coalition lifting the sanctions, retaliatory action from Iran may place an upward pressure on oil prices, affecting Thailand as well as the rest of the world.

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