

Recent Developments in Qatar: Risk Management Implications

Recent political turmoil in the Middle East may impact several organisations doing business in the region. On 5 June, Saudi Arabia, Egypt, Bahrain, the United Arab Emirates (UAE), and Yemen cut diplomatic ties with Qatar, with the Maldives and Libya's eastern-based government later following suit. These countries have accused Qatar of supporting extremist groups.



The coordinated move has already caused disruption in the region, which has so far impacted the following:

- **Goods and services.** Borders have been closed with Qatar, with no direct transportation currently possible between Qatar and Bahrain, Egypt, Saudi Arabia, or the UAE. This has resulted in the restriction of physical movement of goods and transportation services between these territories.

Meanwhile, banks and other financial institutions in the UAE have been instructed to search for and freeze any accounts, deposits, or investments held by individuals or entities designated as terrorists or terrorist organisations; apply enhanced customer due diligence to any customers with dealings linked to six Qatari banks; and undertake detailed reporting to the UAE Central Bank.

- **People.** Qatari nationals visiting or residing in Saudi Arabia, Egypt, Bahrain, the UAE, and Yemen have been given two weeks to leave those countries. Meanwhile, nationals from Bahrain, Saudi Arabia, and the UAE are not allowed to travel to, stay in, or transit through Qatar. Non-Qatari nationals who are Qatar residency holders are now required to apply for a visa to enter the UAE. They should check with their embassy for further details.

- **Airlines.** On 6 June, several airlines, including Emirates and Etihad, announced the suspension of flights to and from Qatar. Saudi Arabia, Egypt, Bahrain, and the UAE have all subsequently closed their airspace to Qatari aircraft, forcing Qatar Airways aircraft to re-route. Qatar Airways offices in Saudi Arabia and the UAE closed immediately.
- **Food.** Approximately 40% of Qatar's food flows into the country via truck crossing over from Saudi Arabia.

MARSH SERVICES

For Marsh clients, there are currently no regulatory or trade restrictions on services being provided to or from Qatar-based providers that have relationships with Saudi Arabia, Egypt, Bahrain, or the UAE.

We are closely monitoring developments in the event any direct trade restrictions are imposed by one or more governments.

CONSIDERATIONS FOR MULTINATIONALS

While this situation is developing, organisations that do business in or with Qatar may want to consider the following:

- If the borders with Qatar remain closed, the situation will likely result in a scarcity of goods in the country.

This will have a significant impact on Qatari-based operations, given that the country is heavily reliant on the importation of goods. Suppliers may look to decline contracts where Qatar is a named destination, or where transportation routes connect with or transfer through Bahrain, Egypt, Saudi Arabia, or the UAE. This may result in the further scarcity of all imports over time.

- Projects reliant on “just-in-time” imported products may be disrupted in the near term, and the rescheduling or rerouting of shipments is anticipated. Transshipment through Bahraini, Egyptian, Saudi Arabian, and UAE air and seaports may be equally disrupted.
- Long-term projects may be suspended until certainty and stability of trade relations is established.
- Services for Qatari residents that are provided by third-party providers located in Bahrain, Egypt, Saudi Arabia, or the UAE — for example, medical insurance services — may be affected and should be monitored.

As with any fluid situation, a key risk management strategy is to maintain a clear line of sight to current events, with the ability to distinguish speculation from reality of the situation.

For more information, contact your Marsh representative.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

In the United Kingdom, Marsh Ltd is authorised and regulated by the Financial Conduct Authority.

Marsh Ltd, trading as Marsh Ireland is authorised by the Financial Conduct Authority in the UK and is regulated by the Central Bank of Ireland for conduct of business rules.

Copyright © 2017 Marsh Ltd. All rights reserved. GRAPHICS NO. 17-0558