

THE AL-ULA DECLARATION - GCC DIPLOMATIC RELATIONS RESTORED

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Legal Briefings - By **Stuart Paterson, Nick Oury and Janine Mallis**

In June 2017, Saudi Arabia, the United Arab Emirates (the “**UAE**”), Egypt and Bahrain announced that they would sever diplomatic ties with, and cut off transport links to, Qatar. Three and a half years later, the states have agreed to restore diplomatic relations. While details of the reconciliation continue to emerge, we highlight below some key opportunities for businesses.

On 5 January 2021, the Al Ula Declaration (the “**Declaration**”) was signed with Qatar during the 41st Gulf Cooperation Council Summit at Al-Ula in Saudi Arabia. Although the Declaration has not been published, we understand that the participating states have agreed not to “*infringe on the sovereignty, threaten the security or target the social fabric*” of the other participating states. While acknowledging that more work needs to be done following the June 2017 rift, the UAE Minister of Foreign Affairs, Anwar Gargash, has said that the move is aimed at ensuring “that the security, stability and prosperity of our countries and people are the first priority”.

WHAT THIS MEANS FOR BUSINESSES

While it remains unclear how the Declaration will be implemented and how long it will take for any benefits of the Declaration to be felt, it is a positive step for industries and sectors which have been hard-hit by the blockade.

Saudi Arabia and the UAE have announced the re-opening of their land, air and sea borders to Qatar, and Bahrain has similarly said that its airspace will re-open shortly. Although it is still unclear if and when there will be the complete restoration of transportation links and border controls to pre-June 2017 levels, this will be welcome news. With this will likely come a facilitation of business across all sectors. We anticipate there being immediate advantages for the hospitality and tourism sectors, which have been hard hit by COVID-19.

WHAT THIS MEANS FOR INVESTMENT DISPUTES

Qatar has issued a number of claims against the UAE, Saudi Arabia, Egypt and Bahrain since the blockade. Most recently, in July 2020, Qatar Airways commenced proceedings against these countries seeking damages of no less than USD 5 billion. Other claims include those relating to the suspension of postal services and pharmaceutical investments.

Initial reports suggest that a condition of the Declaration is that Qatar will withdraw its claims arising out of the blockade issued against the UAE, Saudi Arabia, Bahrain and Egypt, but it remains to be seen whether this will materialise.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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