



### QATAR-IRAN MARITIME TRADE

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*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



**"In a meeting with CEO of Ports and Maritime Organization of Iran Mohammad Rastad in Doha on December 25, 2017, Qatari Minister of Transportation and Communications Jassim Saif Ahmed Al Sulaiti, the Ministry of Roads and Urban Developments has stressed the importance of facilitating maritime trade with Iran."<sup>1</sup>**

Amidst the current turmoil in the Middle East where the countries are indulged in a series of conflicts, a new alliance is in the offing between Qatar and Iran. Following the rift between Iran and Saudi Arabia, Qatar had faced Saudi wrath immediately after the visit of President Trump's visit to Saudi Arabia in June 2017.<sup>2</sup> Saudi Arabia along with United Arab Emirates, Bahrain, Egypt, Yemen and Maldives broke off their diplomatic relations with Qatar. With majority of the Gulf Cooperation Council (GCC) countries turning against it, Qatar found the most suitable ally in the form of Iran.

Back in 2015, as a show of solidarity with Saudi Arabia, Qatar downgraded its relations with Iran, but after the diplomatic embargo by Saudi Arabia and its allies, it restored its diplomatic relations with Iran.

<sup>1</sup> Iran, Qatar Target Maritime Trade Ties, "Financial Tribune" 27 December 2017  
<https://financialtribune.com/articles/economy-domestic-economy/78756/iran-qatar-target-maritime-trade-ties>

<sup>2</sup> Qatar rift: Saudi, UAE, Bahrain, Egypt cut diplomatic ties, "CNN" 27 July 2017  
<http://edition.cnn.com/2017/06/05/middleeast/saudi-bahrain-egypt-uae-qatar-terror/index.html>

Now that the tables have turned, Iran has become one of the most important trading partners of Qatar. The exports of Iran to Qatar saw a 117.5% increase in the first 9 months of 2017. The non-oil exports from March to August 2017 were approximately \$ 139 million, and this figure is expected to double by the first quarter of 2018. After Iran's Exclusive Food Exhibition held in September in Doha, the October 2017 exports saw a boom and the export numbers were over \$ 50 million.<sup>3</sup> Prior to the diplomatic embargo, Qatar was importing approximately \$1 billion of non-oil items from the GCC, and now Iran is all set to fill this void.<sup>4</sup>

Torang Darya Shipping Line, the largest private shipping company in Iran has also announced its intention of expanding its operations in Qatar. Valfajr Shipping Line, affiliated to the Islamic Republic of Iran Shipping Line has said it will launch a direct shipping route between Bushehr Port in the south of Qatar and Doha.<sup>5</sup> Prior to this, mostly due to the cold relations between Saudi Arabia and Iran, the two countries did not have direct shipping routes. Also, with direct maritime routes between Qatar and Iran, Iran has the option to improve its naval surveillance in the region without looking as the aggressor.

With the trade volumes seeing growth with every passing month, the two countries have also started to improve their banking relations. The two sides have decided to address this key impediment to strengthen and streamline the banking transactions between Qatar and Iran. Currently, trade between Doha and Tehran stands at about \$ 1 billion and the two countries aim to expand it to \$ 5 billion.<sup>6</sup>

After the visit of Qatari Minister of Transportation and Communications Jassim Saif Ahmed Al Sulaiti in December 2017, it is evident that the two countries are expanding the horizon of their relations. According to a press release, "The two sides scrutinized ways of eliminating obstacles to exports and transit from Iran's southern ports to Qatar and of

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<sup>3</sup> Iran exports to Qatar up 117%, "*Customs Today*" 20 November 2017  
<http://www.customstoday.com.pk/iran-exports-to-qatar-up-117/>

<sup>4</sup> Qatar import growth turns positive as sanctions impact fades, "*Reuters*" 27 November 2017  
<https://www.reuters.com/article/qatar-trade/qatar-import-growth-turns-positive-as-sanctions-impact-fades-idUSL8N1NW06I>

<sup>5</sup> Qatar keen on boost of maritime trade with Iran, "*Xinhuanet*" 28 December 2017  
[http://www.xinhuanet.com/english/2017-12/28/c\\_136855841.htm](http://www.xinhuanet.com/english/2017-12/28/c_136855841.htm)

<sup>6</sup> Iran, Qatar to Boost Banking Relations, "*Iran front Page*" 18 December 2017  
<http://ifpnews.com/exclusive/iran-qatar-boost-banking-relations/>

increasing private sector investments from both countries in the fields of logistics and maritime transportation.”<sup>7</sup>

Qatar has also offered special concession to Iranian traders to boost the maritime trade and now offers 6 months visa to Iranians on arrival. This is in line with its policy to self sustain and gives Iran a much needed breathing space to revive its crumbling economy.

This mushroom growth in the relations between Qatar and Iran is also a sour point for United States of America which maintains the largest military base in the region in Qatar.<sup>8</sup> Moreover, Qatar also buys arms worth billions of dollars from the United States. Even immediately after the diplomatic embargo, it signed a \$12 billion deal for 36 F-15QA fighter jets with Qatar.

It can be argued here that the Saudi regime slightly miscalculated its move. With Qatar moving towards Iran, the US interests in the region may feel challenged, particularly with Iran on the hit list of the Trump administration, and, it may even raise concerns for Saudi Arabia. Americans now have to worry more about Middle East as their largest military base in the region is in Qatar. Saudi Arabia on the other hand now has more to address as it considers both Qatar and Iran a joint concern. Conversely, the new alliance gives both Qatar and Iran a sense of security on both economic and military terms.

But even as Qatar is improving its maritime relations with Iran, at the same time it held a drill with the US Navy in response to an exercise carried out by Iran and China in the Strait of Hormouz.<sup>9</sup> With the US-Iran relations deteriorating at an alarming rate and Iran blaming the US government for sponsoring the protest in its capital, the regional dynamics could get more complicated.

<sup>7</sup> Iran, Qatar Target Maritime Trade Ties, “*Financial Tribune*” 27 December 2017  
<https://financialtribune.com/articles/economy-domestic-economy/78756/iran-qatar-target-maritime-trade-ties>

<sup>8</sup> Qatar hosts largest US military base in Mideast, “*CNN*” 6 June 2017  
<http://edition.cnn.com/2017/06/05/middleeast/qatar-us-largest-base-in-mideast/index.html>

<sup>9</sup> China and Iran carry out naval exercise near Strait of Hormuz as US holds drill with Qatar, “*South China Morning Post*” 19 June 2017  
<http://www.scmp.com/news/china/diplomacy-defence/article/2098898/china-and-iran-carry-out-naval-exercise-near-strait>