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What Does the Iran Deal Have to Do with the Price of Rice in Dubai?

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I. Executive Summary

This article explores the deep trade relationship between Iran and Dubai, including its origins, apex in the 21st century, and the reasons for its sudden collapse in 2011, including sanctions by the United States, Dubai's market crash of 2008, and collapse of the Iranian currency. Next, this article provides an argument that as a result of the recent lifting of sanctions, trade between the two nations will return—and maybe exceed—pre-2011 levels.

II. Trade Between Dubai & Iran Before 2011 Sanctions

This section details the trade relationship between Iran, first covering the historic events that brought the two countries' trade together, then overviewing the details of the trade itself. Next, this section will assess the status of trade before the 2011, covering the revenue, contents, and growth of trade between Dubai and Iran at the time.

A. History

Dubai and Iran have many reasons to be easy trading partners: First, they are separated only by the Persian Gulf.[1] Second, Dubai hosts a large Iranian expatriate population,[2] and finally, Iran invested billions into Dubai's development as a trade hub.[3] However, this trade relationship does not exist without some background tension. Abu Dhabi—the most wealthy and influential emirate in the United Arab Emirates[4]—

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[1] *See* BRYAN EARLY, BUSTED SANCTIONS: EXPLAINING WHY ECONOMIC SANCTIONS FAIL, 106 (2015).
[2] Jure Snoj, *UAE's Population—by Nationality*, BQ MAGAZINE (Apr. 12, 2015), http://www.bq-magazine.com/economy/socioeconomics/2015/04/uae-population-by-nationality.
[3] SUZANNE MALONEY, IRAN'S LONG REACH: IRAN AS A PIVOTAL STATE IN THE MUSLIM WORLD, 63 (2008).
[4] *Abu Dhabi Economy Grows 5.2% in 2013, Slower than Expected*, REUTERS (June 3, 2014, 4:10 PM), http://www.gulfbusiness.com/articles/industry/finance-and-investment/abu-dhabi-economy-grows-5-2-in-2013-slower-than-expected/#.VCKLLlAo7qA.

sees Iran as a threat to be kept at arm's length.[5] Also, Iran and Dubai dispute ownership of islands in the very Gulf that facilitates their trade.[6]

The Persian Gulf stretches 1259 kilometers, separating Iran on the North side from the United Arab Emirates, and several other Gulf countries on its South side.[7] As Figure 1 shows, a mere 150 kilometers separate Dubai's coast from Iran's.[8] As a result, shipments travel from Dubai's largest port, Jebel Ali,[9] to Iran's Bandar Abbas with ease.[10]

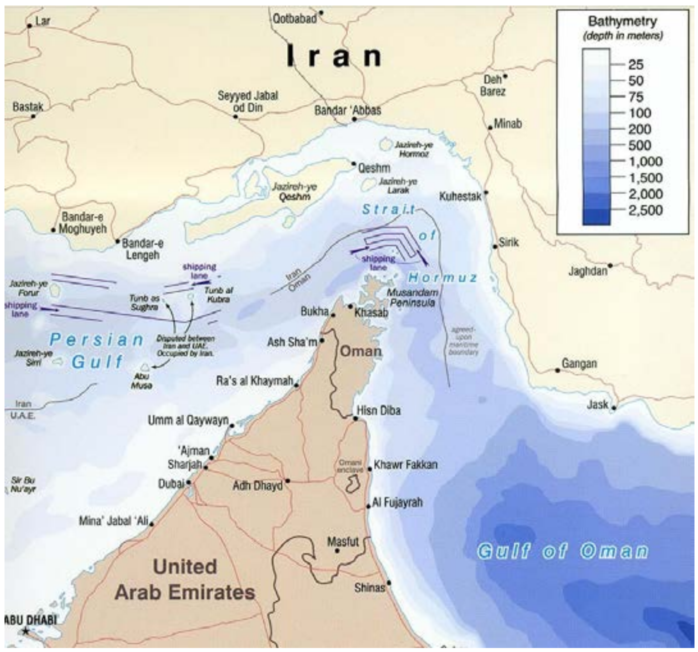

Figure 1

[5] Afshin Molavi, *Iran and the Gulf States*, UNITED STATES INSTITUTE OF PEACE (Aug. 2015) http://iranprimer.usip.org/resource/iran-and-gulf-states.
[6] Bernard Schell, *Iran-UAE Three Islands' Dispute Unresolved*, INDEPTHNEWS (Mar. 10, 2014), http://www.indepthnews.info/index.php/global-issues/2091-iran-uae-three-islands-dispute-unresolved.
[7] There is an ongoing dispute about whether the name of this body of water is the Arabian Gulf or the Persian Gulf. International bodies and several nations, including the United Nations and United States of America, suggest Persian Gulf is the appropriate name for historical reasons. *See e.g.*, Edmund Bosworth, *The Nomenclature of the Persian Gulf*, *in* THE PERSIAN GULF STATES: A GENERAL SURVEY xvii-xxxvi (Alvin Cottrell ed., 1980. This paper elects to follow these practices, though the other side is not without merit. Ali Najib, البحرين بين الاستقلال وتبعيتها لفارس, ALI WASAT (June 19, 2008) (Bhr.), *available at* http://www.alwasatnews.com/news/301124.html, *translated in* GOOGLE TRANSLATE, https://translate.google.com/.
[8] Strait_of_hormuz_full.jpg, WIKIMEDIA (last visited Jan. 29, 2016), https://upload.wikimedia.org/wikipedia/commons/a/ae/Strait_of_hormuz_full.jpg.
[9] *Jabel Ali Port*, DP WORLD (last visited Jan. 29, 2016), http://www.dpworld.ae/en/content/71/47.
[10] *Bandar Abbas, Iran To Port Of Mina Jabal Ali (Jebel Ali) , United Arab Emirates: 173 Nautical Miles*, PORTS.COM (last visited Jan. 29, 2016), http://ports.com/sea-route/bandar-abbas,iran/port-of-mina-jabal-ali-jebel-ali,united-arab-emirates/.

Not only is it easy to ship goods from Dubai to Iran, but there are many Iranians in Dubai who have the experience, knowledge, and interest in doing so. According to the local Iranian Business Council, some 8,000 Iranian traders and trading firms work in the emirate.[11] Additionally, some 200,000 Iranians call the United Arab Emirates home, making up 10% of the emirates' population.[12]

This population consists of Iranian emigrants who came to Dubai in two waves. In the first wave, Iranians came to Dubai at the turn of the 20th century, when the ruling family of Dubai offered Persian traders a tax-haven for shipping goods to Iran.[13] This incentive coincided with Iran's Constitutional Revolution of 1905-1911, giving educated elite of the period plenty of motivation to cross the Gulf.[14] Next, the Islamic Revolution of 1979 resulted in a similar displacement of Iranians who now trade with their former home.[15]

Finally, Iran has invested heavily into Dubai's future. According to some, the traders first arriving in the early 20th century helped establish the foundations for Dubai's future as a trading community. [16] More recently, however, Iran is known for its heavy investment in Dubai's real-estate market. In 2010, Iranian purchases made up 12 percent of real estate transactions in Dubai. Making them the fourth-largest purchaser of real estate in the nation.[17] In 2010, the trade volume between the two stood at $20 billion, rising to $23 billion in 2011 and then dropping to $17 billion in 2012 and $15 billion in 2013.[18]

B. Overview of Trade between Iran and Dubai until 2011

Iran and Dubai are major trading partners, though neither of them are reliant on each other to continue their economy. The United Arab Emirates is Iran's biggest non-trading oil partner, making up an

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[11] IRANIAN UAE, http://www.iranian-uae.com/ (last visited Jan. 29, 2016).
[12] *Supra* note 2.
[13] Shirin Hakimzadeh, *Iran: A Vast Diaspora Abroad and Millions of Refugees at Home,* MIGRATION POLICY INSTITUTE (Sept. 1, 2006), http://www.migrationpolicy.org/article/iran-vast-diaspora-abroad-and-millions-refugees-home.
[14] *Id.*
[15] *Id.*
[16] *MIDEAST MONEY – Sanctions sap Dubai's Role as Iran Trade Hub,* REUTERS (Feb. 15, 2012), http://www.reuters.com/article/iran-business-dubai-idUSL5E8DC0CE20120215.
[17] Matt Smith, *Iranian Investment In Dubai Property To Rise If Sanctions Ease -Report*, REUTERS (Sep. 1, 2015), http://www.reuters.com/article/emirates-dubai-realestate-idUSL5N11633J20150901.
[18] Bijan Khajehpour, *Iran-UAE Trade Talks Another Sign of Gulf Thaw*, AL MONITOR (June 4, 2014), http://www.al-monitor.com/pulse/en/originals/2014/06/iran-uae-talks-signal-gulf-thaw.html.

estimated 10% of Iran's total imports.[19] Dubai is the largest trading partner within the emirates, accounting for up three-fourths of all of the United Arab Emirate's trade with Iran. Iran, on the other hand, was Dubai's largest trading partner throughout the 20th century.

1. Size

Official government data on the size of trade between Iran and Dubai is difficult to come by. For example, the Dubai government does not release granular data on exports to various nations, instead opting to share a graphic of its "top" export partners (China, India, and the United States, with another 73% of all other trade going to "Other" nations).[20]

Despite the lack of clarity, different sources of data may color the size of the trade relationship between Iran and United Arab Emirates. From 2000 to 2011, the United Arab Emirates exported roughly $65 billion in goods to Iran.[21] Trade between the two nations doubled between 2009 and 2011, from around $7 billion to $14 billion. If three-fourths of the UAE's exports came from Dubai, then Dubai's Iranian export industry looks something more like $10.5 billion.[22]

[19] M. R. Raghu, *What The Lifting Of Iranian Sanctions Will Mean For GCC Countries*, THE NATIONAL (Oct. 21, 2015), http://www.thenational.ae/business/economy/what-the-lifting-of-iranian-sanctions-will-mean-for-gcc-countries.
[20] *Dubai General Total Trade by Top Countries During 2014*, DUBAI TRADING CUSTOMS (last visited Jan. 29, 2016), http://www.dubaicustoms.gov.ae/en/TradeStatistics/Pages/GeneralTotalTradeTopCountries.aspx.
[21] *UN Comtrade Database*, UNITED NATIONS (set "Periods (year)" to "All," set "Reporters" to "All," then "Partners to "Iran," finally, click "Download CSV") (last visited Jan. 29, 2015) http://comtrade.un.org/data/.
[22] *Re-exports to Iran from UAE Drop*, GULF NEWS (Dec. 26, 2012) http://gulfnews.com/business/economy/re-exports-to-iran-from-uae-drop-1.1124241.

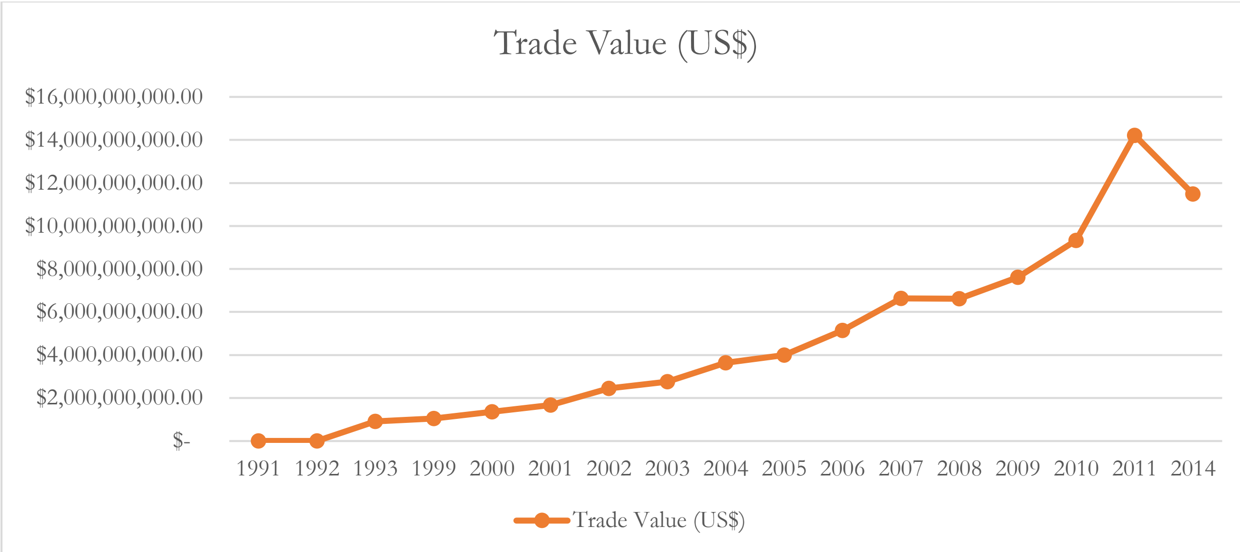

Figure 2

UAE is Iran's biggest non-oil trading partner.[23] When 2011 sanctions against Iran took place, trade between Iran and Dubai fell by 30% according to a 2012 consultation paper of the International Monetary Fund.[24]

2. Contents

Information on the contents of trade between Dubai and Iran are just as opaque as the exact size of trade. Luckily the Massachusetts Institute of Technology's Media Lab aggregates data on trade content from across international sources and makes them available to the public. This data indicates most of the goods Iran imports from the UAE are the goods unavailable because of U.S. and E.U sanctions, including machinery, electronics, health care products and metals.[25]

[23] Raghu, *supra* note 19.
[24] International Monetary Fund [IMF], *United Arab Emirates 2012 Article IV Consultation*, IMF Country Report No. 12/116 (May 2012).
[25] Observatory of Economic Complexity, *What Does the United Arab Emirate Export?*, MASSACHUSETTS INSTITUTE OF TECHNOLOGY (click "Exports to Destination," filter "Partner" to "Iran," select "SITC" under "Dataset," then set "Year" to "2013." Click build visualization. After, select "Show All Years," and "SITC2") (last visited Jan. 29, 2016), http://atlas.media.mit.edu/en/visualize/tree_map/sitc/export/are/irn/show/2013/.

The treemap below—generated by the Media Lab—is a breakdown of the roughly $65 billion dollars in trade between the two countries. Dubai's size of trade-share with Iran would suggest that a picture of the content of UAE's trade with Iran is similar to the content Dubai exports.[26]

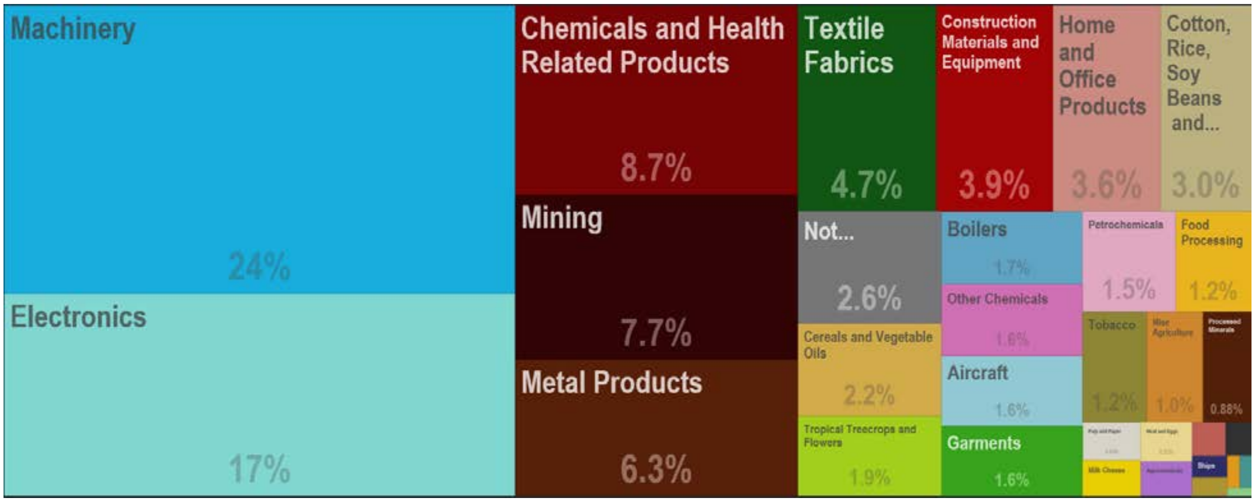

Figure 3

3. Growth

As noted in Figure 2, trade between Dubai and Iran boomed between 2000 and 2011, specifically doubling from 2009's $7 billion in trade to 2011's peak at $14 billion. Trade data suggests this trend was fueled by growth in precious metal and machinery exports, together making $12.3 billion of the $31 billion in exports between 2009 and 2011.

Additionally, the two nations spent this ten-year period taking steps to facilitate trade between the two, including new shipping lines in 2002 between Bushehr in Iran and the rest of the Gulf.[27]

III. Trade Between Dubai & Iran between 2011 and 2015

In 2011, trade between Dubai and Iran plummeted. According to the International Monetary Fund, trade dropped by nearly a third from 2011 to 2012.[28] Three reasons are cited for this drop-off. First, the

[26] *Id.*
[27] *Dubai Leading Iranian Re-Export Market*, ALBAWABA (Jan. 21, 2003), http://www.albawaba.com/business/dubai-leading-iranian-re-export-market.
[28] IMF, *supra* note 23.

United States passed sanctions related to Iran's nuclear program.[29] These sanctions cut off anyone—U.S.-based or not from dealing with Iran from U.S. financial systems.[30] Thus, countries like India and Japan, who sought to use the UAE as an export hub, were cut off from a major route of access to Iran.[31] Next, Abu Dhabi bailed Dubai out of its fiscal crisis in 2009, buying $10 billion worth of bonds. Finally, Iran's currency collapsed shortly after the 2011 sanctions took effect. By mid-2012, the official Iranian exchange rate was 12,500 rials for a U.S. dollar, with black markets charging more than 39,000 rial for a dollar.[32]

Data on the trade between Dubai and Iran is not published for the years of these sanctions. Specifically, the UAE does not publish trade data for the years 2012 and 2013—two of the harshest years of the sanctions. However, some news reports do provide some glimpse into the trade of these two nations during this period. For example, Dubai sought to send its goods elsewhere. Trade with Iran during this period accounted for only 2% of Dubai's overall trade. Dubai found new partners in India and Africa.[33] Also revealing are the types of goods Dubai exported to Iran. Exporters replaced machinery and car exports with small valuables like gold, and jewelry.[34] Finally, many Iranian businessmen in Dubai felt the pressure, experiencing drops in sales or even going out of business.

Interestingly, some trade in Dubai benefited from the sanctions, as larger exporters stopped dealing with Iran. One example is the Indian rice export community. Basmati rice leaving India, finds its way to Iran through Dubai. Basmati rice is India's biggest agriculture export and Iran is the biggest buyer of the rice.[35]

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[29] *Iran Sanctions*, U.S. DEPARTMENT OF THE TREASURY (last visited Jan. 29, 2016), https://www.treasury.gov/resource-center/sanctions/Programs/pages/iran.aspx.
[30] *Fact Sheet: New Sanctions on Iran*, U.S. DEPARTMENT OF THE TREASURY (last visited Jan. 29, 2016), https://www.treasury.gov/press-center/press-releases/Pages/tg1367.aspx.
[31] John Hudson, *Why Did Abu Dhabi Bail Out Dubai World?*, THE WIRE (Dec. 14, 2009 1:05 p.m.) http://www.thewire.com/business/2009/12/why-did-abu-dhabi-bail-out-dubai-world/26124/.
[32] Steve Hargreaves, *Behind Iran's Currency Crash*, CNN (Oct. 5, 2012) http://money.cnn.com/2012/10/05/news/economy/iran-currency/.
[33] Simeon Kerr, *US Sanctions Finally Bite on Dubai's Trade with Iran*, FINANCIAL TIMES (Mar. 26, 2013 08:15 a.m.), http://blogs.ft.com/beyond-brics/2013/03/26/us-sanctions-finally-bite-on-dubais-trade-with-iran/.
[34] *Supra* note 22.
[35] Namrata Acharya, *Basmati Rice Exports to Iran via Dubai Soar*, BUSINESS STANDARD (Nov. 10, 2015), http://www.business-standard.com/article/markets/basmati-rice-exports-to-iran-via-dubai-soar-115111001536_1.html.

However, Iran—in retaliation for U.S. sanctions—stopped issuing licenses to Indian exporters.[36] According to media coverage the result was a major drop: India exported 0.93 mt of basmati rice in 2014-2015 to Iran compared with 1.4 mt in 2013-14.[37] This lack of access forced Indian traders to route their goods through Dubai. As a result, rice exports from the UAE surged. In 2014, the UAE exported 15,000 tons of Batsami rice to Iran, but in 2015, it exported over 80,000 tons. Exporters claim that over 80% of this volume goes to Iran.[38]

1. Sanctions in 2011

International sanctions against Iran were the root cause of the drop in trade between 2011 to 2015. In November of 2011, the U.S. passed two actions that worked together to drop trade with Iran. First, the U.S. Department of Treasury dubbed Iran's bank a "primary money laundering concern," meaning it was shut out of the U.S. banking system and prohibited from conducting any transactions in U.S. dollars. Next, the President signed National Defense Authorization Act (NDAA) for fiscal year 2012.[39]

The NDAA 2012 extended sanctions to any financial institution found dealing with Iran's bank. As a result, "most non-oil trade with Iran remains perfectly legal under the sanctions" but UAE-based banks refused to fund trade, citing fear of running the risk of running afoul of U.S. sanctions."[40] If traders cannot obtain letters of credit or other finance, they cannot ship the goods."[41]

2. Financial Crisis

Some suggest that trade between Dubai and Iran have also decreased because Dubai had less political clout in the federal government of UAE after Abu Dhabi bailed it out of financial crisis in 2009. Abu Dhabi

[36] Namrata Acharya, *Exporters Expect Iran to Issue Fresh Basmati Rice Permits by Dec*, BUSINESS STANDARD (Oct. 31, 2015) http://www.business-standard.com/article/economy-policy/exporters-expect-iran-to-issue-fresh-basmati-rice-permits-by-dec-115103100557_1.html.
[37] *Id.*
[38] Acharya, *supra* note 35.
[39] Public Law 112-81; 125 Stat. 1630.
[40] Ben Flanagan, *Countries Violating Iran Sanctions Hit UAE Trade Says Billionare,* AL ARABIYA (Mar. 28, 2013), http://english.alarabiya.net/en/business/economy/2013/03/28/Countries-violating-Iran-sanctions-hit-UAE-trade-says-billionaire.html.
[41] *Sanctions Sap Dubai's Role As Iran Trade Hub*, REUTERS (Feb. 15, 2012), http://www.reuters.com/article/iran-business-dubai-idUSL5E8DC0CE20120215.

is known to have cooler relations with Iran, and many speculate Abu Dhabi made sure UAE banks did not try too hard to facilitate trade between Iran and Dubai.[42]

In end of 2009, Dubai World—the holding company for many of Dubai's state-owned enterprises—was in trouble. After the Global Financial Crisis, Dubai's real estate market took a dive, falling 50% in a year. In particular, the Nakheel, the real-estate arm of Dubai World had a 3.5 billion dollar bond coming due, with no plans to pay it. In addition, Dubai World sat on nearly $60 billion liabilities. Days before Nakheel's bills came due, Abu Dhabi swooped to the rescue of its free-wheeling sister-emirate with a $10 billion bailout.[43]

No official government policy clearly stated the political ramifications of this bailout, however, pundits and private intelligence experts quickly speculated on the consequences of this bailout, guessing that Dubai will fall into line with Abu Dhabi, which preferred relationships with Saudi Arabia—a long-time rival of Iran. These experts cite Abu Dhabi's preference for Saudi Arabia because of "worry about the threat of Iran's 'hegemonic' intentions, and is acutely worried about their nuclear programme."[44]

3. Currency Exchange

The final force pummeling the trade between Dubai and Iran was the currency exchange. In the end of 2011, when sanctions came into force, Iran's rial traded around 11,000 rial per 1 dollar. By the same time in 2013, the same dollar cost over 24,000 rial.[45]

During this period, Iranian reports trade dipped to under $3 billion in the first half of 2013. Even those traders who could get goods across the Gulf in exchange for rials would find themselves with nowhere to spend them. In 2012, currency traders in Dubai stopped accepting rials, citing they were "not able to sell

[42] Afshin Molavi, *Iran and the Gulf States*, UNITED STATES INSTITUTE OF PEACE (last visited Jan. 29, 2016), http://iranprimer.usip.org/resource/iran-and-gulf-states.
[43] Richard Spencer, *Dubai's Financial Crisis: a Q&A*, THE TELEGRAPH (Nov. 27, 2009), http://www.telegraph.co.uk/finance/financialcrisis/6668281/Dubais-financial-crisis-a-QandA.html.
[44] Laura Jepson, *Relations Between Iran and UAE Begin to Improve*, GLOBAL RISK INSIGHTS (Jan. 29, 2014), http://globalriskinsights.com/2014/01/relations-between-iran-and-uae-begin-to-improve/.
[45] Hargreaves, *supra* note 32.

the currency."[46] Perhaps indicating how bad trade had become at this point, currency traders were not too upset by the inability to sell, saying, they "were only dealing with it in small numbers."[47]

IV. The Iran Deal of 2015

Trade between Iran and Dubai may have continued to decline if it not for the Joint Comprehensive Plan of Action signed on July 15, 2015 by the P5+1 (China, France, Russia, United Kingdom, United States, plus Germany) and Iran.[48] Under this agreement, Iran agreed to curb its nuclear program in exchange for a gradual easing of sanctions. Throughout the end of 2015, the U.S. and other partners began to lift sanctions. On January 16, 2015 sanctions began to lift, specifically ones relating to non -U.S. persons and -financial institutions seeking to trade with Iran. This section details the components of lifted U.S. sanctions that impact trade between Dubai and Iran.

A. Overview

The lifting of select U.S. sanctions on Iran pose the biggest opportunity for Dubai to regain the lost trade revenue from the mid-2010's because under the new framework, foreign companies may conduct trade with Iran without incurring U.S. sanctions of their own. While the Department of Treasury still heavily controls the re-export of U.S. goods, traders in Dubai are now open to export goods from other nations, though some risks exists, as the U.S. reserves the right to reinstate sanctions at any time.

1. Content

On January 16, 2016, the United States rescinded its nuclear-related sanctions against Iran. One of the results of "Implementation Day" is that non-U.S. entities may now conduct business with Iran.[49] Activities once prohibited by non-U.S. entities, including banking, financial, and trade, and petrochemical production are now permitted. These new permissions are best understood as broad carve-outs to the general

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[46] *Money Exchanges Stop Accepting Iranian Rial*, EMIRATES 24|7 NEWS (Mar. 12, 2012), http://www.emirates247.com/news/emirates/money-exchanges-stop-accepting-iranian-rial-2012-03-12-1.447925.
[47] *Id.*
[48] *Joint Comprehensive Plan of Action*, U.S. DEPARTMENT OF STATE (July 14, 2015) http://www.state.gov/e/eb/tfs/spi/iran/jcpoa/.
[49] *The JCPOA Timeline*, CENTER FOR STRATEGIC & INTERNATIONAL STUDIES (last visited Jan. 29, 2016), http://csis.org/ppp/index.htm.

sanction regime, which still prohibits any sale without authorization from Treasury. Finally, the deal includes "snapback" provisions – the possibility to reimpose sanctions Iran does not live up to its end of the bargain.[50]

Treasury regulates the trade with Iran through General License H: Authorizing Certain Transactions Relating to Foreign Entities Owned or Controlled by a United States Person (GL-H). Although the name suggests otherwise, this license also details Treasury's regulations for entities with no link to the U.S.[51] On Implementation Day, entities with no U.S. nexus found themselves free to conduct several activities with Iran, including:

> **Finance and Energy**[52] **–** Dubai's trade with Iran is considerably easier, as it may now use the Iranian rial in deals with Iran, give U.S. dollars to the Iranian government, trade with Iranian sovereign debt, and conduct trade in Iranian revenues. Additionally, Treasury freed billions of dollars of Iranian assets, giving the government the revenue necessary to engage in trade with Dubai once more. In energy, Non-U.S. entities may trade in Iranian energy products, like petroleum and natural gas, provide Iran with refined petroleum or other petrochemical products, invest and generally support in the Iranian energy sector.
>
> **Shipping and Trade**[53] **–** Trade with Iranian shipping industries is now permitted to use major shippers and operators, like South Shipping Line and Islamic Republic of Iran Shipping Lines. Exporters may also ship many products that used to be hallmarks of Dubai and Iranian trade, including:
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> - precious metals;
> - raw metals or steel and aluminum;
> - software for industrial processes; and

[50] Ashish Kumar Sen, *What Will Lifting Iran Sanctions Mean for US Firms?*, ATLANTIC COUNCIL (Dec. 17, 2015), http://www.atlanticcouncil.org/blogs/new-atlanticist/what-will-lifting-iran-sanctions-mean-for-us-firms.
[51] 31 C.F.R. Part 560.
[52] Ed Krauland et al., *JCPOA Implementation Day Ushers in Extensive, but Still Risk-Fraught, Iran Sanctions Relief*, STEPTOE & JOHNSON LLP (JAN. 21, 2016), *available at* http://www.steptoe.com/publications-11020.html.
[53] *Id.*

- automotive goods and services;

These exceptions are carve outs to the broad regime of restrictions still in place. Treasury restricts any transaction involving:

- the transport of U.S. goods without authorization from Treasury,
- dealings with any entity on Treasury's specially designated nationals list, or military or law enforcement entity in the Iranian government
- any transaction involving a terrorist organization, Syria, Yemen, or an abuse of human rights.[54]

Finally, any of the P5+1 nations may unilaterally impose "snapbacks" on Iran. These snapbacks do not occur retroactively. Instead, should re-imposition of sanctions occur, they would "not apply with retroactive effect to contracts signed between any party and Iran or Iranian individuals and entities prior to the date of application, provided that the activities contemplated under and execution of such contracts are consistent with this JCPOA and the previous and current UN Security Council resolutions."[55] While snapbacks do not apply retroactively, the Department of Treasury does say that they will not allow contracts to "grandfather" into the future, meaning that should snapbacks occur, Treasury would allow current contracts between Dubai and Iran to complete, but it would sanction new ones or extensions of current ones.[56]

V. Trade between Iran & Dubai after the Iran Deal

At the time of writing, the Iran Deal was passed less than a month ago. As a result, it is too soon to know exactly what effect the deal may have on trade. After all, two of the three factors leading to the plummet of Iranian trade –Abu Dhabi's bailout of Dubai and the inflation of Iran's currency – still remain in

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[54] Margaret M. Ghatti & Louis Rothberg, *"Implementation Day" Arrives, Triggering Relaxation of US Sanctions against Iran*, MORGAN LEWIS (Jan. 20, 2016), https://www.morganlewis.com/pubs/implementation-day-arrives-triggering-relaxation-of-us-sanctions-against-iran.
[55] S.C. Res. 2231, 7488th meeting, U.N. Doc. S/Res/2231 (July 14, 2015) *available at* https://www.iaea.org/sites/default/files/unsc_resolution2231-2015.pdf.
[56] Krauland, *supra* note 52.

effect. Analysists and merchants have not been dissuaded from predicting, however, that trade is set to return and maybe even exceed pervious. Exports may be one of the few industries with links to Iran to benefit from eased sanctions, however. Reports suggest real estate markets in Dubai are unlikely to rebound, as Iranians still lack the purchase power necessary to buy land in Dubai. While reports of the exact estimate of trade growth vary, some indicate trade between the two reached $17 billion. Unfortunately, this number combines total trade between the Iran and Dubai, not the total number of exports from Dubai to Iran. [57]

VI. Conclusion

Iran and Dubai have a long and deep history of trade. As sanctions battered the Iranian economy, Dubai continued to supply Iran with goods. Only when three forces conspired together: U.S. sanctions, Dubai's fiscal crisis, and the collapse of Iran's rial did trade finally begin to slow. Today, the Iran Deal presents a possibility to resume trade, even if still in a very restricted form. While the future for the trade relationship remains unsure, trade between the two will likely increase should sanctions continue to recede in the face of Iran's compliance with its international obligations.

[57] Isaac John, *Boost for UAE-Iran Trade,* KHLEEJ TIMES (July 15, 2015), http://www.khaleejtimes.com/business/economy/boost-for-uae-iran-trade.