

United Arab Emirates

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1 Joint ventures

Must foreign designers or contractors enter into a joint venture with a local contractor to design, build and be paid for their work? Does the law require that the local contractor control the joint venture?

There is no federal requirement stipulating that foreign designers or contractors must enter into a joint venture with a local contractor; they are free to conduct business in the UAE independently. However, Federal Law No. 8 of 1984 (as amended by Law No. 13 of 1988), known simply as the Companies Law, states that foreign contractors (in addition to local companies) must have a trading entity set up in the UAE in order to operate.

Joint ventures are an option, not a mandatory requirement. They are an alternative which can prove to be well suited to the objectives of many contractors. For example, the foreign contractor is able to utilise the local partner's established presence in the UAE, its trade licence and links with specialist recruitment consultants in the industry. Article 56 of the Companies Law describes a joint venture as:

'an association between two or more partners to share the profits or losses of a commercial business or businesses carried out in the private name of one of the partners. Evidence of the association can be substantiated by any manner of attestation'.

Broadly speaking, there are three different frameworks for setting up: limited liability company (LLC), branch office and free zone incorporation.

LLCs are local companies where the liability of the shareholders is restricted to the share capital of the company, 51 per cent of which should be owned by a UAE national (the Ministry of Economy is, however, currently considering whether this requirement should be relaxed for specific sectors).

Branch offices are a popular option for foreign companies wishing to have a presence in the UAE, while retaining 100 per cent ownership of its shares, as the branch is part of the same legal entity as the parent company.

Free zones also allow 100 per cent foreign ownership and are generally easy to set up. However, the commercial activities of the entity are restricted to the geographical area covered by the free zone. Branch offices can operate within the entire emirate in question.

2 Foreign pursuit of the local market

If a foreign designer or contractor wanted to set up an operation to pursue the local market what are the key concerns they should consider before they took such a step?

Aside from joint venture agreements (which do not need to be registered or incorporated in any way) it will be necessary to apply to the municipality or economic department in the relevant emirate for a trade licence. This includes, but is by no means limited to, registering the business name and any trademarks, finding suitable commercial premises and arranging the necessary connections (ie, telephone, fax

and internet, etc). The accommodation is perhaps the most problematic in the current climate, particularly if the designer/contractor is coordinating the application from overseas and intends to set up in the Emirate of Dubai where there is a general shortage of good commercial property.

Early thought should also be targeted to the identity of the personnel to be operating out of the UAE as all the necessary work permits must be submitted prior to the application for the trade licence being made.

3 Licensing procedures

Must foreign designers and contractors be licensed locally to work and, if so, what are the consequences for working without a licence?

Yes, foreign designers and contractors must be licensed locally before they can undertake their business activities. Such licences are issued by the municipality or economic department in the emirate in which it has established its office, and will only permit the applicant to establish a place of business in that particular emirate, and not in any of the other emirates within the UAE.

Furthermore, all businesses in the UAE are registered with the chamber of commerce and industry in the emirate in which they obtain their licence.

There are several kinds of construction licence relating to different fields of construction activity. A general construction licence, which authorises the licensee to carry out all types of construction, including civil, mechanical, electrical, petroleum and other related activity, is also available. It should, however, be pointed out that it is not a foregone conclusion that a licence will automatically be given, as evidence of experience in the relevant sector over a substantial period of time (usually up to approximately 15 years) must be provided at the time of the application, and that the rules in this regard are subject to frequent change.

Failure to hold a valid licence is taken very seriously, and can result in not only a fine, but immediate closure. There is also a multitude of fines that apply to other breaches with the amount depending upon the severity of the violation.

4 Labour requirements

Are there any laws requiring a minimum amount of local labour to be employed on a particular construction project?

The employment of labour within the UAE is governed by UAE Federal Law No. 8 of 1980 as amended by UAE Federal Law No. 12 of 1986 (the Labour Law), although there is no reference to any obligation to employ local labour, whether in a construction project or otherwise.

The Ministry of Labour will only issue a non-national with a work permit if it considers that the non-national has suitable vocational

and educational qualifications, the UAE is in need of such persons and there are no UAE citizens who would be able to fulfil the role. Bearing in mind the ratios between UAE nationals and expatriates, these conditions are usually very easy to satisfy.

The Ministry of Labour has also introduced an 'emiratisation policy' which is a proactive policy in support of its drive to employ UAE nationals and generally reduce the dependence upon foreign workers. The policy is sector based and provides that certain roles must be filled by UAE nationals, such as human resource managers and secretarial staff, as well as limiting the percentage of foreign workers that can be recruited from any one country. The policy does not have any specific rules or guidance targeted to the construction industry although this position may invariably change as the policy matures.

For the time being, the fact still remains that in practice a very high percentage of construction workers are from foreign countries, particularly India, Pakistan and Bangladesh. This is also reflected in the qualified staff in construction projects who continue to hail from western countries such as the United Kingdom and the United States of America.

5 Local labour law

Are there any labour laws applicable to construction and infrastructure projects?

The normal maximum working hours under the Labour Law is eight per day or 48 hours per week. This is reduced to six hours per day during the month of Ramadan (the ninth month of the Muslim year during which time Muslims abstain from eating or drinking during the daytime) without deduction from their wages. At all times throughout the year, employees must not work for more than five hours without a rest.

Throughout July and August working hours are also reduced in the Emirate of Dubai to allow for break at midday for up to three hours due to the high temperatures. Such regulations are released around May or June of the particular year to which the regulations apply.

The UAE has yet to reach a decision as to whether to introduce a minimum wage although studies by the Labour Ministry are underway, therefore it is anticipated that a minimum wage will be introduced at some point in the future.

Most construction companies in the UAE already have an in-house minimum wage policy in place and are in favour of the introduction of an official minimum wage. In a recent poll conducted by a construction law journal the 'ideal minimum wage in the GCC', was considered to be an average salary of 1,635 UAE dirham (US\$445) per month.

6 Healthy and safety regulation

Are there any specific health and safety rules regulating the construction industry?

Some aspects of the Labour Law are applicable to the health and safety of workers. In particular this law regulates:

- the employees' hours of work and leave (Part IV, Articles 65 to 90);
- industrial safety, preventive measures, health and social care for workers (Part V, Articles 91 to 101);
- compensation in respect of employment accidents and occupational diseases (Part VIII, Articles 142 to 153 and Table at Schedule 1).

Federal Ministerial Orders have also been issued to amplify on various aspects of the Labour Law and the most relevant ones are as follows:

- Ministerial Order No. 6(1) of 1981 specifying operations for

which it is unlawful to employ women, such as handling certain chemicals, etc.

- Ministerial Order No. 32 of 1982 specifying measures to be taken for protection of workers from work related risks. In particular Article 19 of this Ministerial Order contains protective measures applicable to digging, demolition and construction works.

In addition to the above, measures relating to fire prevention standards and general fire related safety of buildings are overseen by the Department of Civil Defence.

The UAE Ministry of Labour is in the process of forming an independent agency for the sole purpose of inspecting health and safety standards on construction sites. The Institute of Occupational Safety and Health (IOSH) has also been working closely with the Ministry of Labour to revise health and safety laws, which will extend to labour accommodation standards, with tougher penalties for violations.

According to the Dubai Health Authority (DHA), construction companies operating in the emirate, have until the end of 2008 to comply with the new requirement introduced on 9 June 2008 relating to health insurance provision for workers employed by them. Of course, the companies that this requirement will be more relevant to in terms of financial exposure are contractors employing significant numbers of labour.

7 Close of operations

If a foreign contractor, who has been legally working, decides to close its operations, what are the legal obstacles to closing up and leaving?

Closure of operations would need to be formally carried out with the authority overseeing the particular entity and the procedure would vary between the Emirates and between the various free zones.

In Dubai, deregistration of an entity would not be possible unless the contractor can satisfy the Dubai economic department that it has fulfilled its contractual obligations and liabilities towards third parties. To achieve this, the contractor would need to sanction appointment of an auditor (who will also act as the liquidator) and publicise the intended closure of the entity in two Arabic newspapers, leaving the interested parties a grace period of 45 days to object. The contractor would also need to cancel employment visas for all its personnel with the Ministry of Labour and comply with all Dubai Economic Department's licence cancellation formalities. Failure to comply with the deregistration requirements would attract penalties on the part of the contractor and could result in calling of the bond that was deposited with the authorities upon setting up the entity.

8 Standard forms of construction contracts

What standard-contract forms are used for construction and design?

FIDIC-based contracts (International Federation of Consulting Engineers), or at least derivatives of them, are still widely used in the UAE region. However, one will tend to find that the contracts have invariably been substantially modified to bring them in line with local practice.

The Abu Dhabi government has recently issued a new form of contract entitled 'The 2007 Abu Dhabi Government Conditions of Contracts' for construction projects being undertaken in the emirate on behalf of public entities. These contracts, in general terms, maintain the principle features of the FIDIC 1999 forms of contract. However, they are more onerous for the contractor shifting the balance of power in favour of the employer.

9 Price escalations

In typical construction contracts, who assumes the risk of material price escalation and shortages?

Ordinarily in the UAE, it is the contractors who face the risk burden of any material price escalation or shortages by offering a fixed-price contract in an effort to clinch the bid for a new project in what is still a competitive market.

The UAE Civil Transactions Law No. 5 of 1985 (as amended) provides that if exceptional circumstances of a public nature arise, that could not have been foreseen, and result in the performance of the contractual obligation becoming so oppressive as to threaten grave loss, it shall be permissible for a judge to reduce the oppressive obligation to a reasonable level if justice so requires.

The circumstances giving rise to the loss must have been of a public nature, exceptional and unforeseeable. The law would not afford relief simply because a party has entered into a bad bargain, particularly if it was apparent that costs of raw materials were increasing substantially at the time the contract was entered into.

Above all, in considering whether to vary the contractual rates, the court or arbitral tribunal would be asked to depart from what the parties have expressly agreed to in the contracts, and therefore the evidential burden would be on the affected party to convince such tribunal to exercise its discretion in its favour.

Cost caps for essential commodities such as cement and steel are frequently reviewed by the Ministry of Economy to curb inflation and prevent exploitation of the current construction boom in the UAE by monopolies and cartels within the industry.

10 Competition

Do local laws provide any advantage to domestic contractors in competition with foreign contractors?

No, the local law does not provide any official advantage to domestic contractors. Therefore, provided that the foreign contractors are locally registered with a valid trade licence, they are able to tender for local projects in the same fashion as domestic contractors.

That being said, one of the most difficult experiences newly established foreign contractors will inevitably face (unless they enter into a joint venture agreement with a local contractor) is sourcing reliable skilled labour. This is less of a problem for local contractors who are well established in the region and are able to boast direct links to recruitment agencies with pools of international labourers, or employ their own. This in itself is therefore a significant factor for foreign contractors when considering whether to enter into a joint venture agreement or go it alone.

11 PPP and PFI

In certain forms of construction such as PPP and PFI, where the contractor is responsible for long-term quality control and maintenance, how is the risk of additional future costs considered and mitigated?

As with any other form of construction contract the risk of additional future costs should be managed either by agreeing a fixed price for the duration of the term, or with reference to predetermined contractual formula allowing the contractor to budget accordingly.

Such contracts also usually contain provisions for the scheduling of regular meetings to ensure early warning of problems and advance information so as to maintain control over change and risk management.

12 Payment of fees

How may a contractor secure payment of its fees from an owner? May the contractor place liens on the property?

This is indeed an effective weapon available to a contractor under the UAE Civil Transactions Law.

It is important, however, to observe the contractual dispute resolution procedures (if any) before embarking upon the above course of action, especially if the employer perceives there to be a valid reason as to why it has withheld the funds, as this could inadvertently result in more drastic action being taken such as the employer's application for the removal of the contractor from the site. The contractor can then use the relevant dispute resolution procedures to secure payment of the outstanding fees (eg, by requesting that an Order is made for part of the arbitral award).

13 Tort claims and indemnity

Do local laws permit a general contractor to be indemnified against all acts, errors and omissions arising from the work of a subcontractor, even when the general contractor is negligent?

No, there is no automatic protection under federal law. A contractor must therefore have an express contractual indemnity in order to benefit from such protection.

It should also be noted that under the UAE Civil Transactions Law, a subcontractor shall have no claim against the employer for anything due from the main contractor unless an assignment has been made to it against the employer.

14 Insurance

Do local laws require the maintenance of any specific type of insurance on construction projects?

Other than the recent developments regarding compulsory health insurance, there is no provision under UAE law rendering it compulsory for parties to take out insurance cover for construction projects in the UAE; however, it will almost certainly feature as a contractual requirement. Typical policies taken out in most construction projects are as follows:

- Contractor's all risks.
- Professional indemnity insurance.
- Legal costs insurance (all the more crucial when considering that the UAE does not generally allow the recovery of costs between one party and the other in court). In the event that a dispute arises and legal costs insurance is not in place, after-the-event insurance is generally available.
- Environmental liability insurance.
- Insurance for health and safety liability.
- Public liability.
- Employees health insurance (this may soon become compulsory on a federal level).

When considering the value of most of the projects in the UAE, particularly Abu Dhabi and Dubai, it is not surprising that the premiums can be high; however they are of course factored in to the overall contract price.

15 Insolvency and bankruptcy

If a contractor files for insolvency, or is declared insolvent, may its contract be terminated for default and a new contractor retained to prevent delay on the project?

Under the UAE Civil Transactions Law, a construction can only be terminated through either completion of the project, amicable

agreement, or by a court order. The concept behind this is that if employers were able to terminate construction projects for convenience, the fine line that separates what was built by the terminated contractor and what has been built by the new one could become distorted.

Employers will often seek the addition of a clause allowing them to terminate if the contractor files for insolvency or is declared insolvent. If a dispute occurs, the burden of proof is on the employer to establish the breach. Once a construction contract has been terminated (through whichever avenue) the employer is free to engage a new contractor to complete the remainder of the project.

16 Contracting with government entities

Can a government agency assert sovereign immunity as a defence to a contractor's claim for payment?

No, government agencies within the UAE do not benefit from sovereign immunity.

However, before any court action is taken specifically against Dubai government departments, whether in the form of a court action or enforcement of an arbitral award, the consent of the Dubai Ruler's Court must first be obtained. Such consent, although usually forthcoming, can take up to three months to be issued. In the event that this preliminary step is not taken, it is likely that the claim will be struck out.

17 Bribery

If a contractor has illegally obtained the award of a contract, for example by bribery, will the contract be enforceable?

There are numerous laws applicable to bribery at both federal and regional level, which carry severe penalties targeted to the offender.

In practical terms, construction contracts will invariably contain a warranty that each party has not secured the contract through bribery. If such a warranty is breached, provisions within the UAE Civil Transactions Law allow an employer to terminate the contract. The contractor will then be liable for any loss or damage that the employer has suffered.

18 Arbitration

Can a government agency agree to arbitrate disputes privately rather than go to court?

Yes. Most government contracts therefore contain an arbitration clause but on the basis that it dictates the seat of the arbitration and the governing law and the arbitration rules.

The Dubai Municipality and Roads and Transport Authority (RTA) has its own standard terms of contract, which includes its own arbitration rules.

The 2007 Abu Dhabi Government Conditions of Contracts also contain an arbitration clause (in the event that the dispute cannot be resolved by the appointed dispute adjudication board), again evidencing that the UAE government agencies' open willingness to arbitrate.

19 Foreign corruption

Do local laws prohibit illegal actions in foreign jurisdictions?

The UAE is a signatory to the UN Convention against Corruption, and ratified it on 22 February 2006. The UAE is also a member of the International Monetary Fund (IMF) which play an important role in the fight against money laundering and terrorism. There are no further local laws that expressly deal with illegal actions in foreign jurisdictions.

20 Force majeure and acts of God

Under local law are contractors excused from performing contractual obligations owing to events beyond their control?

The position with regard to limitation of liability is set out in the UAE Civil Transactions Law, which provides that while the contractor's liability for defects affecting the stability or safety of the structure is unlimited, an exception applies to events which could not have been prevented. These cover the usual force majeure events such as war, unpredictable weather, riots etc. The burden of proof to establish the existence of such an event lies firmly with the contractor.

21 Dispute resolution mechanisms

What dispute resolution procedures are successfully used to solve construction disputes?

The favoured mode of dispute resolution in the construction industry remains to be arbitration and seems to be continuing that way as the pool of arbitrators within the UAE becomes more experienced and specialised.

However, a UAE arbitral award must be authenticated before the UAE courts which involves potentially having to proceed through the Court of First Instance, Court of Appeal, and Cassation Court before the award can be enforced.

On 17 February 2008 the Dubai International Finance Centre (DIFC) with the support of the London Court of International Arbitration (LCIA) opened the DIFC/LCIA Arbitration Centre in the DIFC. When fully operative, any awards issued by the DIFC/LCIA Centre will be fully enforceable anywhere in the UAE with a much faster authentication process via the existing DIFC Court, which not only sits directly opposite, but also has, for the moment, plenty of capacity. The draft DIFC Arbitration Law No. 1 of 2008 also allows non-DIFC entities to elect the DIFC/LCIA Centre as their set of arbitration.

Aside from arbitration, other forms of alternative dispute resolution (such as mediation, negotiation, expert determination, and conciliation) are still recognised and adopted in the UAE as well as the conventional litigation route.

22 Courts and tribunals

Are there any specialised tribunals that are dedicated to resolving construction disputes?

No, construction disputes continue to fall under the general jurisdiction of the UAE courts pursuant to Articles 20 to 23 of UAE Federal Law No. 11 of 1992 (the Law on Civil Procedure).

23 Dispute review boards

Are dispute review boards (DRBs) used?

While the 1999 standard FIDIC forms of contract incorporate DRBs as the first step in the contractual framework for the resolution of disputes between the employer and the contractor, the short answer is 'no', or at least 'not yet'.

However, the government of Abu Dhabi has elected to use the ad hoc type of DRB in its new contract conditions of 2007.

24 Mediation

How is mediation defined? And is it commonly used to resolve project disputes?

Mediation is by no means a new concept locally but the reality is that it is relatively unpopular in the UAE. When considering the overall context of resolution of disputes within the UAE, parties to

construction disputes predominantly favour the more established routes such as arbitration and conventional litigation which offer the certainty of a binding decision.

25 Confidentiality in mediation

Are statements made in mediation confidential?

Whereas mediation in most jurisdictions is by default conducted on a 'without prejudice' basis, there is no automatic protection in the UAE.

The parties are of course able to agree that the mediation should be held on a confidential basis, in which case such agreement should be confirmed in writing before commencement of the mediation to ensure its validity in the event that the dispute proceeds to arbitration or litigation.

26 Arbitral award

Is there any basis upon which an arbitral award issued by a foreign or international tribunal may be rejected by your local courts?

The UAE acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 on 19 November 2006. Prior to this, with the exception of bilateral treaties, the UAE would not normally recognise any foreign arbitral awards. However it remains to be seen how forthcoming UAE courts will be to the enforcement of arbitral awards from the other 130 plus member states.

27 Governing law and arbitration provider

If a foreign contractor wanted to pursue work and insisted by contract upon international arbitration as the dispute resolution mechanism, which of the customary international arbitration providers is preferred and why?

With the advent of the New York Convention, applying in the UAE since November 2006, the significance of the arbitration venue for UAE-based projects has decreased significantly. Construction arbitrations conducted in London, Paris or New York (pursuant to the Rules of ICC, UNCITRAL, AAA, etc) would be suitable alternatives to local dispute resolution. Despite that, a strong preference remains in the construction industry to conduct arbitrations locally in the UAE pursuant to the Rules of Dubai International Arbitration Centre, Dubai Municipality and Road and Transport Authority.

Certain UAE aspects will invariably apply to the contract by virtue of the project being located in the UAE irrespective to the parties' agreement to the contrary. These include matters such as decennial contractor's liability relating to the safety and stability of the structures, building regulations and fire safety requirements. As a result, it is preferable that contracts pertaining to UAE-based projects are governed by UAE law to ensure uniformity of application.

28 International environmental law

Is your jurisdiction party to the Stockholm Declaration of 1972? What are the local laws that provide for preservation of the environment and wildlife while advancing infrastructure and building projects?

No, the UAE is not yet a party to the Stockholm Declaration of 1972.

However, the UAE created a federal agency in 1993 to manage the environment of the emirates and to implement national environmental laws. Subsequent to that, the Environmental Research and Wildlife Development Agency (ERWDA) was created in 1996 (Law No. 4). ERWDA was established to protect the natural wealth of the Emirate of Abu Dhabi, and to promote sustainable development. Law No. 16 of 2005 called for the restructuring of ERWDA giving it more authority on all environmental efforts.

In addition to the above, there is one other relevant local law: No. 21 of 2005 concerning waste management in the Emirate of Abu Dhabi.

The UAE is also subject to the following regional conventions:

- Kuwait Regional Convention for Cooperation on the Protection of the Marine Environments from Pollution (Ratified in 1979);
- Protocol Concerning Marine Pollution Resulting from Exploration and Exploitation of the Continental Shelf (Ratified in 1990);
- Convention on Conservation of Wildlife and its Natural Habitats in the GCC Countries (Ratified in 2003);
- Protocol on the Control of Marine Transboundary Movements and Disposal of Hazardous Wastes and Other Wastes (Ratified in 2005).

29 Other international legal considerations

Are there any other important legal issues that may present obstacles to a foreign contractor attempting to do business?

As mentioned in the first question, if a foreign contractor wishes to set up a LLC, 51 per cent of the share capital must be handed over to a UAE national. This in itself is sometimes regarded as an obstacle to contractors who seek the protection of an LLC while remaining independent.

So far as branch offices are concerned, it will be necessary to appoint an agent who carries a local presence and deals with all procedural requirements. Difficulties can arise if and when the branch office is to be deregistered, as before being able to do this the Ministry of Economy must be satisfied that all of the agent's fees and entitlements have been received (the agent must evidence this by way of a letter).

As agents are often paid a percentage of the profits or contract value of the deals the branch is involved with and as many business' in the region experience growth in the UAE, there is a tendency for disputes to arise over payment in this context. That being said, foreign contractors will strive to avoid any formal disputes in this regard where possible so as to maintain an untarnished reputation within the regional market. Pending the closure of a branch, it is unlikely that it would be possible to set up a LLC.

30 International treaties

Is your jurisdiction a signatory to any investment agreements for the protection of investments of a foreign entity in construction and infrastructure projects? If so, how does your model agreement define 'investment'?

The UAE has entered into 32 bilateral investment treaties pursuant to which investments made by the nationals of the contracting countries would be provided with certain protection within the territory of UAE including investments made by the nationals of United Kingdom, France, China, Italy and Malaysia. Pursuant to such treaties the aggrieved individuals and entities would be entitled to refer disputes arising out of measures taken by the government of the UAE directly to arbitration constituted under ICSID Convention or to ad hoc arbitral tribunals created pursuant to a particular treaty.

There is no model bilateral investment agreement developed by the UAE. However, the bilateral investment treaties that the UAE has already entered into generally define the 'investment' in very broad terms to include any kind of asset legally invested in any form within the territory of UAE including movable, immovable and intellectual property, shares, debentures and pledges.

Update and trends

An important law about to take effect in December 2009 is Federal Law No. 17 of 2004, combating business fronting (the Fronting Law). The Fronting Law prohibits all fronting, defined as: 'Enabling a foreigner, whether an individual or corporate person, to carry on any economic or professional activity prohibited for him by the laws and resolutions in force in the United Arab Emirates.'

Examples of such activities from a construction perspective are:

- Arrangements between shareholders of limited liability companies which create the appearance of transferring ownership of more than 50 per cent of the shares to non-nationals.
- Arrangements between a local engineering practice and a contractor or foreign consultant whereby the local consultant agrees to act as 'engineer of record' so as to obtain a building permit.

The fine levied for fronting may not exceed 100,000 UAE dirham or, for repeat offenders, imprisonment for up to two years. In addition, an offender's registration for the fronted activity shall be cancelled for a period of between two and five years.

The Dubai government has demonstrated a clear drive to incorporate 'green solutions' into the design and construction of new developments. So far, all that exists is a directive from the Dubai government for all buildings in the emirate to become 'green', however, it is to no surprise that this has little or no impact in practice. This is so notwithstanding the frequency in which the word appears in developers' promotional material.

This will undoubtedly raise overall costs within the industry during and post construction, depending upon whether such regulations are to have retrospective effect.

32 Currency controls

Are there currency controls that make it difficult or impossible to change operating funds or profits from one currency to another?

There are no legislative currency controls on exchange of currencies in the UAE either in terms of the type of the currency or the amount that may be exchanged, save that the exchange rates between US dollar and UAE dirham are fixed at 3.669 UAE dirham for one US dollar. There is one exception to this, however, as it would not be possible to exchange currencies to and from Israeli shekels or have any dealings in this currency in the territory of UAE pursuant to the Arab boycott of Israel.

33 Removal of profits and investment

Are there any controls or laws that restrict removal of profits and investments from your jurisdiction?

There are no controls or laws restricting removal of profits and investments from the UAE.

34 Contractual matrix of international projects

What is the typical contractual matrix for a major project in your jurisdiction in terms of the contractual relationships among the various construction project participants?

The most common practice remains for the developers to engage architectural firms to provide the architectural concepts and designs, pursuant to which the construction contracts are awarded to the contractors on a build-only basis. Project managers are usually appointed by the developer to oversee the execution of the project but they do not have a direct contractual relationship with the contractor and derive authority solely from their contract with the developer.

Exceptions to this practice can be sometimes found whereby a construction manager is appointed by the developer to contractually engage different contractors for the design and construction of the projects. In such a case collateral warranties are executed by the individual consultants and contractors in favour of the developer to address the liability issues.

Design-and-build and turnkey contracts are also gaining popularity in UAE, but these are mostly limited to technically complex projects, power plants and oil installations.

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