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Legal News of the Gulf

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April 2012

**Meyer-Reumann &
Partners**

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United Arab Emirates**Turning Point for Dubai's Developer?!****Guiding Principle**

The first owners associations got approved by RERA and announced to invite tenders for the maintenance, previously done by their developer.

A. Introduction

When the dream of infinite growth in Dubai collapsed in 2008, many investors were brought back to the harsh reality. No incredible returns, but lots of law suits and delays. In many cases the fully paid apartment or villa was not more than an empty patch of sand or a half complete ruin.

Whoever thought a trial would help him to retrieve his money from the developer was disappointed as, although there are a few positive examples, the majority of the cases brought nothing more than costs and the hope that the project might continue someday.

But even for those who got their homes delivered, it was a nasty surprise in the aftermath with drastically declining rents and skyrocketing service charges.

B. Improving Regulations

It did not take long and Dubai announced new laws and regulations in the wake of the crisis. While these changes required more time than expected to be implemented and truly effective, finally the first signs of a turning point are there. Firstly, courts are no longer willing to dismiss claims

against developers so quickly by force majeure or to delay the law suit, so that a reasonable settlement is not possible. Second, RERA, the Dubai Real Estate Regulatory Authority, started to control the market more efficient. Beginning of 2012, all lease contracts have to be registered with RERA. This shall provide a realistic overview of the rental market in Dubai, help to provide safe and compliant tenancy agreements as well as push unregistered and low quality agents out of business.

In addition, RERA pushes the formation of Owners Associations (OAs) for most freehold zones (areas with permission for foreigners to own properties).

C. Owners Associations

Until now individual buyers were relatively helpless against developer, because even after the purchased apartment was handed over, the management of the building, and all related open areas and facilities continue to be served by the developers (or a related company). The service charges were non-transparent and the related fees hard to verify. Beside that there was no chance to get out of the contract as owners couldn't change the service provider.

In some cases this led to services charges of AED 20,000 p.a. and more, consuming half of the rental income, if any. It has long been speculated, that this was a new way for developer to refinance themselves after the crash, but courts and RERA refused to review the charges in detail.

OAs could provide the solution to this problem. Owners Associations are formed by all owners of a specific

building or compound. Together they can get registered with RERA and have the power to make most of the decisions for the building. The first OAs (until now 56) were interim associations, as they didn't have the time to have a general assembly. However, in February 2012 RERA finally registered the first five OAs, therefore giving them full power. Interestingly this happened in the Palm Jumeirah Beach Residences, an area with heavy disputes between the developer Nakheel and the owners over service charges, access to house facilities and beach access. As a logical consequence of the registration with RERA, these OAs now invited tender for the maintenance of their buildings and stated, Nakheel would be out as fast as possible.

D. Consequences for the Market

What looks like a small victory for a couple of apartment buildings at the first glance could become a knock-on effect. The management of the project was a reliable source of income after the completing for the big developers and meant a secured source of income for them in times where new developments were rare and law suits together with a lack of investors caused severe damages.

Should the new situation spread among developments in Dubai, allowing effectively all owners to control their property once again, the major developer like Nakheel, Emaar, Deyaar and Damac might have serious problems as they could be squeezed out of all their projects and in the end lose control over the market.

Basically there are only two ways out of this situation: Either the developers

finally honour their duties towards the owners and tenants, increasing the quality of the maintenance and service drastically while reducing unnecessary costs, or they will back out and try to delay the changes as far as possible to stay in the game for as much longer as they can. It is hard to say what will happen and most likely there will be a mixture of both. In the end the changes can lead to a better environment for people in Dubai and more faith for potential new investors that investments in Dubai are no longer a pact with the devil.

Tobias Speer
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Office

Oman

Sohar Free Trade Zone and the Establishment of a Sohar Free Zone Company

Guiding Principle

Sohar Free Trade Zone is a location with distinct strategic advantages. The Sohar Free Zone has considerable benefits in terms of wide market access and smooth global logistics. Moreover, the Sultanate nowadays enjoys a basic complementary infrastructure due to the availability of industrial regions, lands, utilities of electricity, water, gas, post, communication services and different transport means. Oman encourages the setup and operation of foreign business in its Free Trade Zone which entitle such business with special incentives, merits and facilities according to the Free Zones Law.

A. Strategically Located

Sohar Free Trade Zone lies at the gateway of the booming markets of the Gulf and sub-continent. Excellent road systems, international airports and key rail links offer unlimited growth potential. Sohar lies on the crossroads of east and west offering easy access to global markets. Its location and relationship with the Port of Sohar present significant benefits. Furthermore, its position before the Strait of Hormuz avoids increased insurance premiums associated with passing through this waterway and ensures immediate access to the world's shipping lanes.

Sohar Industrial Area which is considered the second industrial area in Oman was founded in November 1992. It is situated in Batinah Region which is 200 km from Muscat and 180 km from Dubai. The Sohar Free Trade Zone is connected to a state of the art transport network which includes current highways Muscat-Al Ain-Dubai road and planned expressways such as the new 275 kilometre Southern Batinah super-highway with rapid links to Muscat and other GCC countries. Plans include the Batinah rail system connecting directly with the dry bulk port in Barka and running up the Batinah coastline. The international airports of Muscat and Dubai are less than 220 km away and the construction of Sohar International Airport is already underway.

Sohar Port, which is located nearby the industrial area, is a deep sea port in the Middle East, 220km northwest of Omani capital Muscat, which encompasses the fifth generation of containers. The management of this industrial port lies with Sohar Industrial Port Company SAOC (SIPC), a 50/50 joint venture between the Government of Oman and the Port of Rotterdam. With current investments exceeding \$14billion it is one of the world's largest port development projects.

The first phase of Sohar Free Trade Zone covers an area of 500 hectares and forms part of the 4,500 hectare Sohar Free Trade Zone master plan. Sohar offers modern infrastructure and is operated on the basis of the Landlord model. Phase One includes a number of downstream industrial and petrochemical ventures (to mention only

a few: trading and logistics - 121 hectares, light manufacturing - 68 hectares, petrochemicals - 26 hectares, aluminium related activities - 18 hectares, iron and steel - 100 hectares, cement grinding - 7 hectares, education and services - 20 hectares).

B. The Procedure of the Registration of a Company at Sohar Free Trade Zone

The following documents shall be prepared and are required in order to start with the registration of a Free Zone Company at Sohar Free Trade Zone:

- Name of the main investors with country of origin,
- Plot size required,
- Project summary,
- Total capital investment,
- Feedstock details,
- Aimed market,
- Projected cargo volume,
- Total Electricity requirement,
- Total Water requirement,
- Total Employment generation,
- Feasibility study / business plan (if available),
- Address details of main investor,
- Contact person for this project,
- Oman based representative (not mandatory)

Step 1: Submit a complete Plot Application Form (PAF)

Submitting a complete and correct Plot Application (including the requested annexes) is very important. SIPC (Sohar Industrial Port Company L.L.C) requires the PAF for several approvals, commercial proposal and due diligence. A reference to the PAF is made in the eventual Land Lease Agreement.

Step 2: Agreement on the Commercial terms

Before SIPC's "One Stop Shop" department starts obtaining the required pre-contract clearances. SIPC requires an agreement on the Commercial terms, basically the land lease price (USD/m2/year) and the contract term. The reason for this is to avoid unnecessary deployment of resources with all parties involved.

Step 3: Pre contract clearances

For Industrial projects SIPC always seeks a "No Objection Letter" (NOL) from the Ministry of Environment and Climate Affairs (MECA) in the pre-contract phase. This NOL is not the final clearance for the project but it is a statement from MECA that there is no principal objection to the project and that the project can be realized under good management and international best practices. Process time is expected to be one week. For large power and/or water consumers SIPC seeks principal acceptance from the utility companies. Although Sohar Free Trade Zone has secured large quantities of power and water, SIPC introduces large consumers to the utility companies in the pre-contract phase (the utility companies will bill directly to Free Zone Sohar Companies).

Step 4: Due Diligence

Due diligence will be performed on the main shareholders/promoters of the proposed Free Zone Working Company. For stock listed companies it will be quit basic and therefore quick. For individual promoters SIPC looks for background, past projects and clients. Maximum process time is one month.

Step 5: Plot Selection and Approval of the Plot Application

Even though plot options will have been discussed before, at this stage SIPC requires to select the definitive plot size and location. Once selected, SIPC's technical department will issue the final plot plan with all technical data of the plot and the surrounding infrastructure.

Step 6: Payment of first Quarter Lease, Incorporation and License Fees

SIPC requests payment of the first Quarter lease (regardless of the effective date of the contract), as well as the Incorporation and License Fees.

Step 7: Incorporation of the Free Zone Company

The Land Lease Agreement will be signed between the Sohar Free Trade Zone Authority and the new Free Zone Company. Incorporation of this new company prior to contract execution is therefore a must. Incorporation includes registration with the Ministry of Commerce and Industry (MoCI), membership in the Oman Chamber of Commerce and Industry and the issuance of the Free Zone license.

Step 8: Signing of the Land Lease Agreement

A draft of the very comprehensive Land Lease Agreement (LLA) will have been circulated in an earlier phase, including the separate terms and conditions. Normally SIPC will aim to organize a signing event to commemorate this important moment. However if a joint signing is difficult the document can be signed by circulation. Once signed, you are officially a Free Zone Company and we will be able to proceed with the

various pre-construction clearances.

C. Fees and Expenses for the Formation of a Free Zone Company

Official Fees for Registration

- OMR 1050 – OMR 1550 (one time only) business registration,
- OMR 385 p/a commercial / logistics licence,
- OMR 385 p/a industrial / manufacturing licence,
- OMR 201 for 2 years- visa for expatriate workers,
- 10-25 years tax exemption,
- 5 years minimum lease,
- 100 % ownership possible.

Further initial costs depend on the license(s) for which you intend to apply. In addition to these official fees costs as for maintenance, annual service, electricity, telecommunication and yearly renewal will apply.

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Office***

Qatar

Intellectual Property Rights Border Measures in Qatar

Guiding Principle

The new Law No. 17 of 2011, regarding the Intellectual Property Rights Border Measures has been introduced in Qatar. The Law came into force in the country upon its publication in the Official Gazette No. 12 of January 11, 2012.

A. The Main Important features of the new Law

The significant features of Law No. 17 of 2011 include the following:

- (1) The rights owner can request for the inspection of the imported merchandises which involve an infringement. The application must be supported by a sufficient evidence of the occurrence;
- (2) The rights owner can submit an application at the Qatari Customs for the registration of all the information related to his rights.
- (3) The Qatari Customs Authority can suspend entry into Qatar of alleged counterfeit and pirated products infringement;
- (4) The Qatari Customs Authority shall inform the importer and the rights holder of its decision. The decision may be appealed before the Court.

B. The items which are not subject to the provisions of this Law:

- (1) Merchandises in transit;

- (2) Merchandises put on the market of the country of origin by or with the consent of the rights owner;
- (3) Merchandises of a non-commercial nature and gifts contained in travelers' personal luggage or sent in small consignments;
- (4) Merchandises entering from a neighboring country that is member of a Customs Union with Qatar where all controls over movement of goods across said borders have been substantially removed.

On the basis of the Law No. 17 of 2011, anyone importing infringed products and knowingly doing so, will be punishable by imprisonment of a term not exceeding one (1) year or a fine of not more than ten thousand (QR 10,000.00) Riyals or both.

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Iran

Trade Relationships between the United Arab Emirates and Islamic Republic of Iran

Guiding Principle

Iran and the UAE have close economic and historic relations for many years. The trade volume between Iran and Dubai alone is estimated at 10 billion dollars per year, mostly imported to the Emirate. With Iran facing growing Western pressure, its ties with Dubai have drawn scrutiny from the United States. In order to comply with international sanctions, the UAE has imposed some restrictions on its relation with Iran. The effect of international sanctions is reflected in different aspects, the most important of which are banking, shipping, insurance sectors and providing the facilities for Iranians to make investment and to set up their company and branch offices in the UAE.

A. The Effect of International Sanctions against Iran on Dubai Policy towards Iran

Iran and the United Arab Emirates (UAE) have enjoyed strong bilateral relations for many years. Iran and the UAE have close economic and historic relations. Though the two countries have been in a low-level dispute for many years over the ownership of three islands in the Persian Gulf - the Greater and Lesser Tunbs and Abu Musa - they nevertheless enjoy close relations based largely on mutually beneficial economic relations.

Iran is a significant trading partner with the UAE. The trade volume between Iran and Dubai alone is estimated at 10 billion dollars per year, mostly imported to the Emirate. Tens of thousands of Iranians live and work in trade hub Dubai and elsewhere in the UAE, many of them involved in the multi-billion-dollar, re-export trade to Iran. About 8,000 Iranian traders are registered in Dubai, and re-export trade between Iran and the UAE - goods sent to the UAE for on-shipment to Iran, and Iranian goods sent to the UAE for on-shipment to other countries - totalled 31.9 billion Dirhams (\$8.7 billion) in the first nine months of 2011, being the latest data from the UAE Customs authority. The UAE's re-export market, however, has been crippled as of late by several new rounds of U.S. sanctions.

With Iran facing growing Western pressure, its ties with Dubai have drawn scrutiny from the United States. A substantial deterioration of ties in late 2009 led to a reduction in trade relations between the two countries. The primary cause of the strain was initially UAE concerns over Iran's nuclear program and its support for UN and unilateral sanctions, but later, in 2011, Iran's interference in Bahrain's domestic affairs further inflamed tensions. Nevertheless, Iran and the UAE have largely managed to overcome these difficulties and in 2011 the Persian Gulf neighbors signed an agreement that would have Iran provide the Emirates with significant quantities of natural gas.

Sanctions against Iran have been grouped into 1) UN sanctions against Iran; 2) Multinational sanctions against Iran; and 3) National sanctions against

Iran.

United Nations Security Council passed several resolutions against Iran for failing to stop its uranium enrichment program. The main provisions of the last resolution (i.e. UN Security Council Resolution 1929 - passed on 9 June 2010) are as follow:

- Iran could not participate in any activities related to ballistic missiles.
- A ban on all countries providing military vehicles, aircraft or warships and missiles or missile systems and related materiel to Iran;
- A ban on training, financing or assistance related to such arms and materiel and restraint over the sale of other arms and material to Iran;
- A travel ban on individuals listed in the annexes of the resolution, with exceptions decided by the Committee established in Resolution 1737; and
- The freezing of funds and assets of the Army of the Guardians of the Islamic Revolution and Islamic Republic of Iran Shipping Lines.

EU Council Regulation No 961/2010 implements additional restrictive measures against Iran, the main of which are as follow:

- Freezing of funds and economic resources of specific Iranian persons and entities;
- Restrictions on transfers of funds to and from an Iranian person, entity or body;
- Vigilance over activities with Iranian banks;
- Dealing with the Iranian banking sector;
- Restrictions on Iran's access to the EU's bonds markets;

- Restrictions on Iran's access to the EU's insurance and reinsurance markets; and
- Restrictions on financing certain Iranian enterprises.

Furthermore, EU foreign ministers decided on 23 January 2012 to ban new contracts to import petroleum and petroleum products from Iran and to end existing contracts by 1 July 2012.

One of the most important national sanctions against Iran include an embargo on dealings with Iran by the United States, and a ban on selling aircraft and repair parts to Iranian aviation companies. Since July 2010, Canada, Australia, South Korea and Japan have also set unilateral sanctions against Iran.

In order to comply with international sanctions, the UAE has imposed some restrictions on its relation with Iran. The effect of international sanctions is reflected in different aspects, the most important of which are banking, shipping, insurance sectors and providing the facilities for Iranians to make investment and to set up their company and branch offices in the UAE.

The UAE has implemented UN Security Council Resolution No. 1929. The UAE blacklisted three firms controlled by Islamic Republic of Iran Shipping Lines (IRISL) and 15 belonging to the Revolutionary Guards, and also calls for establishing a cargo inspection regime.

B. Dubai Policy on Iranian Shipment

Dubai's economy partly depends on trade with nearby countries such as Iran. Iran has been circumventing restrictions on goods blacklisted by sanctions and much of the trade goes via the UAE. The UAE fully supports and enforces UN Security Council resolutions barring shipment of sensitive materials and technologies to Iran and is taking aggressive measures to enforce export-control laws that prevent the transshipment of illicit materials. In 2007, Dubai imposed export-control laws designed to combat smuggling of military goods to Iran.

Based on the inquiry made from some Iranian traders, who have close shipping transactions with Dubai, there is still trade relation between Iran and Dubai, although international sanctions made Dubai more sensitive to the shipments made to/from Iran. In general, Dubai puts restriction on the shipment of the following cargos:

- Any vessel containing any cargo related to Iranian oil and gas industry, Iranian military fields, uranium enrichment programs and petroleum resources, military vehicles, aircraft or warships and missiles or missile systems and related materiel to Iran;
- Any vessel containing any dual-use goods and technology which may have utility to Iran's nuclear and missile programmes;
- Any cargo the end-customer of which is one of the Iranian individuals (whether legal or natural person) who have been banned and listed in the UN, U.S., EU sanction regulations.

From practical point of view, in order to comply with international sanction regulations against Iran, Dubai examines the manifest and other shipping documents of each container. In case there is a doubt whether a container loaded with any sensitive and blacklisted cargo, Dubai Customs Authority orders to inspect the container carefully to make sure that only allowed goods are going to Iran. If the container contains any illicit items, Dubai Customs Authority does not give permission for the shipment to Iran and the vessel shall be sent back to the country of origin.

According to UN Security Council Resolution 1929, the funds and assets of the Islamic Republic of Iran Shipping Lines (IRISL) have been frozen. Therefore, IRISL is not authorized to make any shipment to/from Dubai ports and the international shipments are made by foreign shipping companies and/or by Iranian private shipping companies.

In general, as a result of international sanction, there is a considerable decline in the business of Iranian shipping companies. Because of the restrictions imposed by EU and U.S. recent sanctions regulations, the process of purchasing and opening L/C gets so difficult. As a result, the shipment from Europe declined considerably. Even if any shipment be made, the problem of transferring money and the freight cost from Iran to abroad and vice a versa is not possible. So the freight cost shall be made only in the country in which the shipping company is located. Therefore, Iranian traders cannot discharge a shipping company located abroad for example.

Because of the above stated difficulties,

most shipments are made from China and India to Iran and vice versa.

C. The Effect of International Sanctions on Insurance Section

According to EU Council Regulation No 961/2010 there are restrictions on Iran's access to the EU's insurance and reinsurance markets. Therefore, European insurers or those UAE companies the re-insurer of which have European origin are banned from insuring cargo going to Iran.

D. Dubai Policy on Rendering Banking Services to Iranian Traders

UAE has a long history of trade with Iran, especially in Dubai where there is a large Iranian trading community. Nevertheless, since the enactment of UN Security Council Resolution No. 1929, which includes freezing of some bank accounts, UAE Central Bank ordered financial institutions in the country to immediately freeze the bank accounts and stop remittances of money in the names of 41 Iran-linked firms, whose assets worldwide are to be frozen for assisting Iran's nuclear or missile programmes.

Therefore, the circular No. 3601/2010, issued on 24 June 2010 by the UAE Central Bank, has ordered the banks, moneychangers, investment and finance companies and other financing entities operating in the country to 'freeze any accounts, deposits and stop any remittances in the names of (natural/juridical) persons, designated as being involved in the Iranian nuclear or ballistic missile activities.'

More than anything else, two U.S. steps

have damaged the relationship between the two countries. On 21.11.2011, the United States named Iran as an area of 'primary money laundering concern', making it legally more dangerous for banks around the world that have any U.S. business to deal with Iranian banks. Moreover, on 31.12.2011, U.S. President Barack Obama signed into law a bill imposing sanctions on financial institutions that deal with Iran's central bank, which is the main conduit for its oil revenues. Sanctioned institutions would be frozen out of U.S. financial markets.

For many banks in Dubai and around the world, the two measures made financing even the most innocent trade with Iran prohibitively risky. In response, in February 2012, Banks in Dubai were asked by the UAE central bank to stop issuing letters of credit to finance trade with Iran. Therefore, businessmen can no longer open a letter of credit to overseas suppliers if the port of discharge is an Iranian port.

Currently, the UAE stopped money transfers into Iranian banks. According to the Iranian Business Council, a Dubai-based group that promotes economic ties, the volume of trade between Dubai and Iran has been reduced by 50 percent compared to before the latest round of sanctions, mainly due to bank restrictions.

At the moment, Iranian traders in Dubai cannot get letters of credit. All financial transactions with Iranian traders are done in cash rather by letter of credit. According to Iranian traders in Dubai, in the last three months, most non-oil trade with Iran remains perfectly legal under the sanctions - but if traders cannot

obtain letters of credit or other finance, they cannot ship the goods.

The Iranian rials fell to a record low against the dollar within last two months following US bill dated 31.12.2011 on imposing fresh sanctions against the country's central bank. This issue had considerable effect on the rate difference between Iranian rials and Dirham. Currently, the exchange rate hovered at 5,200 rials to the Dirham, marking a record low. The traders in Iran and Dubai are reluctant to make any new order to purchase or sell any goods and many have stopped to launch their products into Iranian market.

Trade is also suffering at the Dubai Creek, a shallow waterway snaking through the northern part of the city, where wooden dhows are loaded with boxes of clothing and household electronics heading across the Persian Gulf to Iran's Bandar Abbas and Kish Island ports. Trade at the Dubai Creek is simple and straight-forward, in which merchants send goods and receive cash in return. But even that business is weakening, according to a trader at Dubai Creek, the number of trips has decreased and collecting money from Iran has become harder.

E. Conclusion

Iran's economy is mainly under the control of the government and the government has an essential role in the economy of the country. Therefore, the Iranian state companies and organisations are largely targeted by international sanctions. Such crucial point has had an important effect on the trade relations between Iran and UAE.

There is considerable speculation among

Dubai's merchants over how Iran will seek to circumvent the obstacles to its trade. Based on the inquiry made from Iranian merchants in Iran and Dubai, because of extensive economic ties between Iran and UAE and the financial benefits both countries obtain from such relations, it is relatively unlikely that within incoming two or three years, the trade relations will break off completely. Nevertheless, it is likely that such relation may be suspended for some months. As a result of restrictions imposed by international sanctions, Iranian traders have approached traditional business methods. Some plan to use the hawala system of informal money brokers who operate outside conventional banking channels; they are well established in the Middle East and South Asia.¹ Iranian importers have approached to barter trade as well.

¹ In the most basic variant of the hawala system, money is transferred via a network of hawala brokers, or hawaladars. It is the transfer of money without actually moving it. A customer approaches a hawala broker in one city and gives a sum of money to be transferred to a recipient in another, usually foreign, city. The hawala broker calls another hawala broker in the recipient's city, gives disposition instructions of the funds (usually minus a small commission), and promises to settle the debt at a later date.

The unique feature of the system is that no promissory instruments are exchanged between the hawala brokers; the transaction takes place entirely on the honor system. As the system does not depend on the legal enforceability of claims, it can operate even in the absence of a legal and juridical environment. Trust and extensive use of connections, such as family relations and regional affiliations, are the components that distinguish it from other remittance systems.

It is probable that Turkey could emerge as a new re-export hub for Iran, since at least one bank there, Halkbank, has continued to handle customers' payments for Iranian oil. Iraq, which has a common border and political ties with Tehran, could also play a bigger role.

Zahra Tahsili
Meyer-Reumann & Partners - Iran

United Arab Emirates

UAE is taking further Steps to Implement the Emirates ID

Guiding Principle

Emirates ID becomes the central and only identification document in the UAE.

A. Introduction

The Emirates ID is the identification card for the United Arab Emirates. It was first introduced by the Emirates Identity Authority (Eida) in 2006, in an initiative of the GCC to create an identification documents for it's mainly expat population beside the passport. After a long and complicated process to introduce the card, the UAE now are taking final steps to ensure that the Emirates ID will become the central identification document.

I. History

Prior to 2012 Eida was already planning to make the Emirates ID mandatory for all citizens and expats in the UAE. However, the move proved to have only limited success as the ID had no large benefits for the users, but only created additional costs. The first deadlines were missed by all Emirates and neither the citizens nor the expats followed the order of Eida. In 2010 Eida began to build up pressure by implementing fines and linked the visa application with the Emirates ID, forcing people to apply for an ID together with the renewal of their residence visa. In addition, public services started to require Emirates IDs. Especially the registration of cars and

renewal of driving licenses as well as services of the telecommunication provider Etisalat required the presence of the Emirates ID. This led to large problems, as many people could not get essential services and the application for the National ID was overloaded. Therefore, the largest Emirates Abu Dhabi and Dubai were forced to waive the requirement of Emirates IDs again. But also as the Emirates ID became more popular the majority of the low paid workforce did not register for the ID for organisational reasons.

II. Current Status

Only when the second round of deadlines was announced in 2011 the registration numbers came close to 75% of the residents. By linking the Emirates ID to the renewal process of residence visa, the success finally came also for the low paid sector. Expatriates in the Emirate of Sharjah were required to register and renew their Emirates ID before February 1, 2012; Abu Dhabi residents had to do it before April 1, 2012; and the deadline for Dubai is before June 1, 2012. The other Emirates had their deadlines already in 2011.

B. Recent Changes

To increase the popularity of the Emirates ID, Eida has increased its usability of the card. As described before the Emirates ID was already required for car registration and driving license, and it also allowed the user to activate an E-Gate feature, which allows speedy passport and identity controls at the airports in the UAE, skipping the long queues.

I. Deadline for Children

Until now children below the age of 15 years were exempted from the requirements of having an Emirates ID. However in a recent announcement, Eida has set a deadline for children below the age of 15 years on October 1, 2012. Therefore the Emirates ID becomes mandatory for all residents with a penalty of AED 20 per day, up to a maximum of AED 1.000 for people failing to apply. However, exception will be given to children whose parents have residence visa up to November or December 2012. They can apply for the Emirates ID when they renew their visa to ease the burden on the residents going to the respective offices more than once.

The children applying for an Emirates ID do not need to be present while registering and the process can be completed by the parent.

II. Self Service Machines

Furthermore, Emirates ID holders will no longer need to wait in long queues at crowded registration centers to have their card renewed as they will soon be able to do so by themselves through ATM-machines. Eida plans to install these self service machines beginning of May 2012. The machines will provide different services to clients, including renewal of the ID, amendment of the card data, cancelling the card in case it is lost and changing the card's password.

III. Replacement of other Documents

In order to establish the Emirates ID as central and only identification documents, it will start to replace other documents previously required. For example there will be no need for expatriates to have labour cards starting from July 2012. The labour card, which was essential for any employee in the UAE, will be replaced by the Emirates ID and there will no longer be a need to have a labour card by the end of June, when the deadline for registering expatriates in the ID system expires.

The Emirates ID will also soon replace all other identification cards for the residents such as driving license and health card. The Emirates ID is usable at nearly all authorities except for opening bank accounts, as the UAE central bank still requires banks to check the passport of the applicant.

IV. Emirates ID for Students

Finally, the Emirates ID is not only essential for the working population, but also for students as universities and schools start to use the Emirates ID for registration and application procedures. Therefore students require their Emirates ID to register for courses and to renew their registration at the university. With the implementation of the Emirates ID for children below 15 years, schools will also start to use the card for their processes.

C. Outlook

After a long time of slow implementation the Emirates ID is on the way to become the card to identify each person in the UAE at all authorities and

like the European Union, the GCC is also working on exchanging the data from the Emirates ID (and their equivalent in the other GCC countries) allowing them to travel freely without the need of passports and visa. However, this move is just starting and shall not be expected before 2017 when the GCC rail network is going to be opened.

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