

News from Dubai

May 2008

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Recent Dubai events

It is not just all work and no play in Dubai.

Dubai Sporting Season

Although Dubai and international sport aren't always thought of as going together, Dubai does have a very active international sporting season during the "winter" months from December to April.

The season commenced in December 2007 with the Dubai Rugby Sevens tournament (won by New Zealand), traditionally the first game in the international rugby sevens season. It was followed in January by the Dubai Marathon, the world richest running race, won by Haile Gebrselassie in the world's second fastest marathon time.

February saw Tiger Woods come from behind to overhaul Ernie Els to win the Dubai Desert Classic golf tournament and it also saw the AFL pre-season opening game between the Adelaide Crows and Collingwood Magpies being played in front of about 8,000 mainly Australian crowd, with a direct television telecast back to Australia.

Late February and early March marked the start of both the women's and the men's Dubai Open tennis tournaments, both of which featured upset winners, with Dementieva winning the women's event, after Henin was eliminated in the quarterfinals, and Federer falling in the opening round of the men's event to Andy Murray, with the title eventually being won by Andy Roddick.

The end of March featured the world's richest horse race, the Dubai Gold Cup, which was won by Curlin, the overwhelming favourite from the US. At about the same time the four month long camel racing season also came to end.

While the main sporting season is now finished, there are a couple of upcoming events in June of interest to Australians. On 7 June the Socceroos play their return Football World Cup qualifying game against Iraq in Dubai - the security situation in Iraq being too unstable for the game to be played there - and on the following Saturday, the Socceroos play another return World Cup qualifier, this time against Qatar in Doha, only 40 minutes by plane from Dubai. There is plenty to keep Aussie sporting fans entertained.

US\$2 million paid for beauty contest winner

Abu Dhabi (just 140km down the road from Dubai) also recently hosted a number of prominent international sporting events, including the first round of the Red Bull Air Race. Abu Dhabi was also the venue for the most prestigious camel beauty contest to be held in the Middle East. The Crown Prince of Dubai was so impressed with the standard of the contestants that he paid over US\$2 million for the winner. We can now expect a lot of beautiful camels to come out of Dubai's camel breeding program!

The Ruler of Dubai also recently made a substantial investment in the Australian thoroughbred horse racing industry by purchasing the Ingham operations for \$500 million.

Jeddah Economic Forum

CBP's partner, Alex Ostermayer was invited to attend the recent Jeddah Economic Forum as part of the Australian delegation. Amongst the keynote speakers was Alan Greenspan, the former longstanding head of the Federal Reserve Board (the US central bank) and a hot topic of discussion was the falling US dollar.

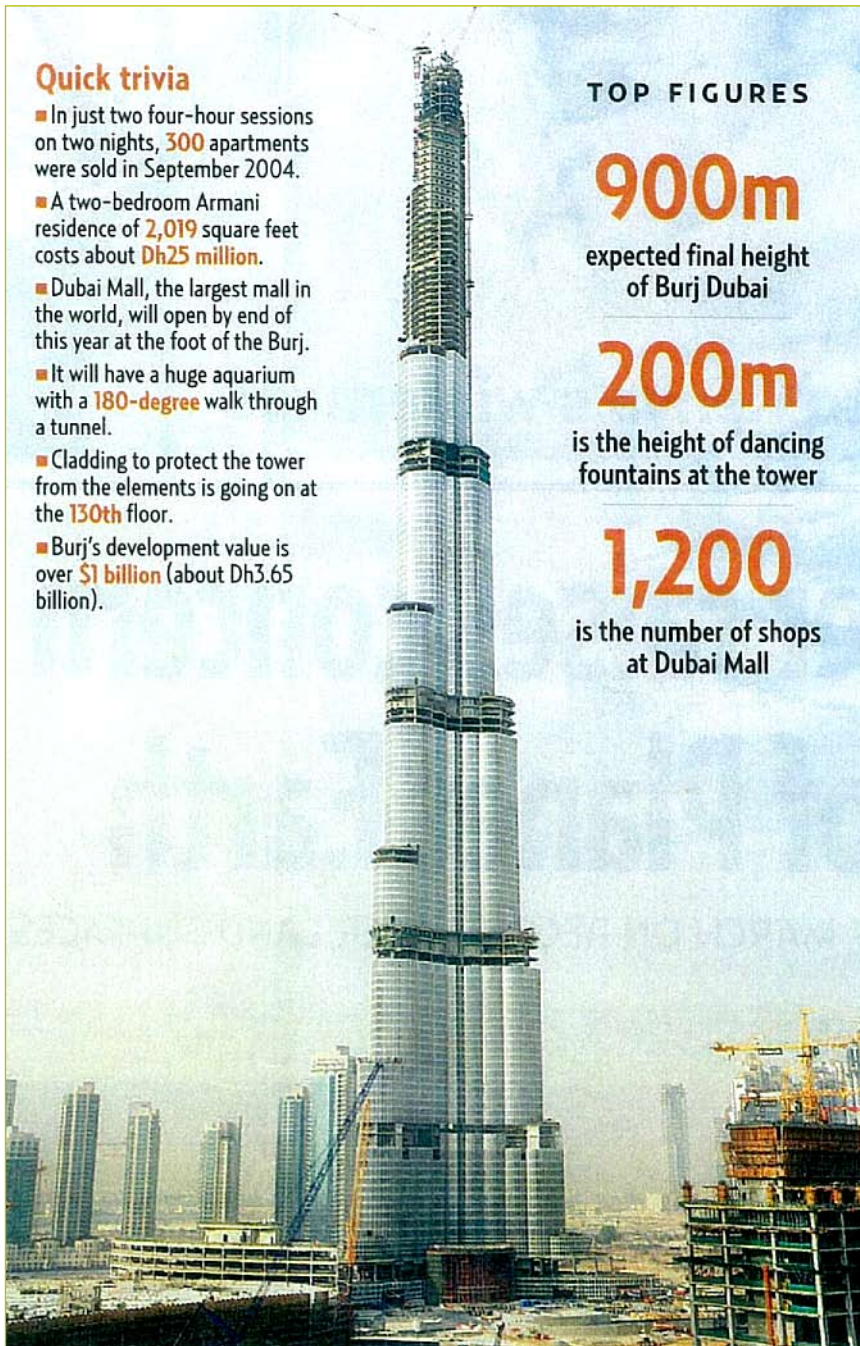
Along with most Gulf region countries (with the notable

exception of Kuwait), the United Arab Emirates currency, the dirham, is currently tied to the value of the US dollar at a fixed exchange rate of US\$1 = AED3.67. The falling US dollar is causing concerns in the Gulf region because it is dragging down the value of the local currencies, with major adverse effects on the levels of inflation in the region. The official stance of the Saudi Arabian central bank at the Jeddah Economic Forum was that Saudi Arabia would continue to maintain the US dollar peg, and this is also the view of the UAE central bank. However, it is interesting to note that while supporting the continuing US dollar peg, the Ruler of Dubai has recently established a committee to investigate the continued benefit of maintaining the peg. The committee is expected to report back in about three months.

With Kuwait having already severed ties with the US dollar, it will be interesting to see what effect a low US dollar has on the timely prospects of a common currency (akin to the Euro) amongst the Gulf Cooperation Council countries of Saudi Arabia, Oman, UAE, Qatar, Bahrain and Kuwait.

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Article taken from Gulf News April 19 2008,
by Mahmood Saberi - Senior Reporter



Burj Dubai is the height of success

Supertower's high-density population will reduce energy use, says expert

The sky's the limit for building a tall tower today, says Greg Sang, projects director of Emaar Properties, who is overseeing construction of Burj Dubai. Asked whether building a 1km tall tower is possible, he said: "There's no limit. Anything's possible. You can design anything. It's not a technical question, but an economical one."

At the bottom of a super-tall tower there will be massively thick walls, leaving room for nothing else and hence making the floors useless. The taller the tower, the thicker the walls. "Will that be economically feasible," he asked.

Burj Dubai, presently at 629 metres is an impressive structure close-up. But to get an idea of the scale of this tower you have to step back all the way to Jebel Ali or catch a glimpse of it driving on Al Khail Road. It is said that when the tower is completed, the top of the spire will be visible 95 kilometres away.

Highest observatory

When the observatory is built at the top, it will be the world's highest deck accessible to the public. One can be taken there by an elevator travelling at 10 metres per second. "This has broken all sorts of records. It is the tallest man-made structure built on the

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planet,” said the project director, who has 7,000 workers on the site, besides a 300 strong management, supervision staff and contractors and engineers. “It is a huge achievement for Dubai.”

The challenge for such tall structures is how to tackle the powerful winds at that height. Technology allows the building to sway while an internal damping device absorbs the wind energy and stabilises the building.

Burj Dubai will sway 1.5 metres, that’s about the height of an average person. Asked whether people on the top will get seasick, Sang gave an analogy.

“When a building sways, what people feel is not the amount of movement, they feel the acceleration and deceleration. As an example, if you are driving your car at a constant speed of 100km/h you don’t feel any motion. But step on the brakes or the accelerator and that is when you feel it. The motion is below the acceptable limits,” he said. Asked what it is about tall towers that fascinate people, Sang said it goes back thousands of years to the Tower of Babel.

“The height says something about the strength of the economy. He said in the 1900s when skyscrapers were first built in the United States, it wanted to show industrial might. Then in the 1980s to the 1990s when Asian economies took

off, there were structures like the Petronas Towers in Malaysia and Taipei 101 in Taiwan. “Now it is the Middle East where the growth rates are in double digits,” he said.

Ron Klemencic, chairman of the Council of Tall Buildings and Urban Habitat, remarked that once buildings get above 80 storeys or so they start to lose their economic viability. “Beyond 80 floors prestige is the driving factor,” he said.

But Sang said high-rises make a lot of sense because they are efficient. When you have such a dense population in one place, per capita energy consumption is a fraction of that in villas in the suburbs, he said. And you don’t have to hop into your gas guzzling SUV to go shopping.

The mixed-use Burj will have 35,000 people living and working in the tower.

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Possible changes to allow greater foreign ownership of companies

Since 1984 under UAE Federal Law dealing with Commercial Companies, maximum foreign ownership in UAE companies has been limited to not more than 49% of the issued shares, with the majority 51% interest being required to be held by UAE nationals. While speculation has been rife for a number of years that this restriction may be relaxed, the reform process appears at last to be gaining momentum with reports in the press in March that the UAE Commercial Companies law would be substantially amended within the next six months, with the effect of those amendments being to allow foreigners to own more than 49% of shares in UAE companies, with 100% ownership being allowed in certain areas of business, trade and professions.

Dubai vs Sydney in Metro race

In March the New South Wales government announced that Sydney would get a driverless metro system to link the northwest Hills district with the City. The Sydney metro system will be 38km long and is anticipated to be operational in 2017.

Compare this with Dubai which commenced work on its driverless metro system in 2006, with an initial 54km metro line which is

expected to become operational in 2009. By 2015 (before the 38km Sydney system becomes operational) Dubai expects to have a 318 km metro system, as well as a 270km light rail system.

Brief update on CBP's current UAE work

In the last edition, we provided a listing of the types of matters that CBP has been undertaking in the UAE. One of the reasons for CBP's success in attracting this type of work is the close working relationship that CBP has with the local UAE partners at Lutfi&Co.

The CBP/Lutfi team:

- recently obtained the speedy issue of a UAE insurance broker's licence for a US insurance company seeking to set up operations in Dubai and Abu Dhabi
- is acting for a US entity representing some of the biggest names in world entertainment in advising on possible projects in the UAE
- is advising one of the largest property and construction groups in Saudi Arabia, with significant interests throughout the Gulf region, on a dispute involving an iconic franchised Dubai landmark.

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UAE labour laws

While the UAE had a reputation for having employer friendly labour laws, the UAE Federal Law on Labour Relations has since 1980 given employees certain statutory entitlements which cannot be overridden by an employment contract. Businesses seeking to employ staff in the UAE should be aware that employees have statutory entitlements to:

- paid leave on 10 statutory public holidays
- paid annual leave of two days a month, if employed for more than six months but less than one year, and 30 days a year, if the period of employment is more than one year
- sick leave after 90 days of employment, being 15 days sick leave on full pay, and thereafter 30 days sick leave on half pay
- a severance gratuity being equal to 21 days pay for each year of the first five years of service and 30 days pay for each additional year of service thereafter, up to a maximum of two years pay.

In addition the Emirate of Abu Dhabi has launched its own compulsory health insurance

scheme for expatriate workers and since January 2007 the scheme has imposed a legal duty on employers and sponsors of Abu Dhabi resident expatriates to ensure that those in their employ, or under their sponsorship have valid health insurance in place. Employers are not only responsible for the insurance of their employees, but also their employee's spouses and up to three children under the age of 18 years. While the health insurance scheme only currently applies to expatriates resident in Abu Dhabi, given the health industry reforms currently taking place in the UAE and the increased costs of medical treatment, there is every possibility that other emirates will follow the Abu Dhabi example.

CBP seminar

In the last edition we reported that CBP was planning a seminar to be held in May in Dubai. It now has been decided that given various other activities taking place in Dubai in the next few months, the seminar will be postponed until later in the year. More details for the CBP seminar will appear in the next newsletter.

If you would like to discuss how CBP can assist you in Dubai, please call:

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