

Tribunal Set Up for Claims Related to Dubai World

Posted at 9:00 PM on December 27, 2009 by Xiaomin (Samantha) Hu

Mary Nammour and Zoe Sinclair

DUBAI - His Highness Shaikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, in his capacity as the Ruler of Dubai, issued on Monday a decree establishing a tribunal to settle financial disputes related to Dubai World and its subsidiaries.

The decree came as part of the Government of Dubai's efforts to develop a framework based on international standards for transparency and creditor protection. This mechanism would be available to creditors if Dubai World and its subsidiaries were unable to achieve an acceptable restructuring of its obligations.

"The decree is based on the keen interest of Dubai Government in preserving the rights of Dubai World creditors," state news agency *Wam* said. The statement said the government was committed to strengthening the position of Dubai in the global economy "as well as on its pledge to make sure financing establishments will get all their financial rights".

According to the decree, the tribunal will have the power to hear and decide any claim against Dubai World and its subsidiaries, including hearing and deciding any demand to dissolve or liquidate the corporation.

Alec Emmerson, legal consultant with Clyde and Co. said that setting up the tribunal would enable Dubai World or any of its subsidiaries to make use of modern forms of insolvency and restructuring laws.

"The proceedings to be taken by that tribunal would give Dubai World breathing space, as they would provide a very quick and practical way for the body to sort its problems out, while still pretty much viable and in business," Emmerson told *Khaleej Times*.

Similar tribunals exist in the United States and were established in the United Kingdom more than a decade ago. “The insolvency laws are already here. But now, with this tribunal in place, it would be possible to apply them to Dubai World and its subsidiaries,” Emmerson said. As an example, he referred to General Motors, which was restructured upon bankruptcy.

“According to a voluntary arrangement, any scheme of restructuring would be put before that special tribunal. If the scheme was okayed by the members, the restructuring proceedings would go on automatically,” Emmerson concluded.

Disgruntled investors in Dubai World and its subsidiaries are among those that saw the tribunal a step in the right direction. “I can see, a lot of issues can be resolved,” said Aarti Chana, spokesperson for a group of more than 600 Palm Jebel Ali investors that want progress on their development. It could be quite fair.”

The decree said that the tribunal shall have its seat and hold its hearings in the Dubai International Financial Centre.

The tribunal will be composed of a Chairman, Sir Anthony Evans, and two members, Michael Hwang and Sir John Chadwick. The chairman can recommend two other people to sit on the tribunal, which can have up to five people.

The tribunal may assign or appoint as experts persons having expertise and competence in the matters submitted to it. The tribunal’s decisions would be regarded as final and formed after a majority vote.

Diaz, Reus & Targ, LLP
Bank of America Tower at International Place
100 S.E. Second Street, Suite 2600 Miami, Florida 33131

P: (305) 375-9220 F: (305) 375-8050