

Decree No. 34 of 2021 Concerning the Dubai International Arbitration Centre Impacting DIFC-LCIA Arbitration – Update

Update

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Described as aggressive yet progressive, on 14 September 2021, Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, issued Decree No. 34 of 2021 (the “**Decree**”), accompanied by the Statute of Dubai International Arbitration Centre (the “**Statute**”). The Decree, came into effect on 20 September 2021 (the “**Effective Date**”) and took many within the dispute resolution community by surprise, as it introduced fundamental amendments to the arbitration framework in the Emirate of Dubai, including the offshore freezone commonly known as the Dubai International Financial Centre (DIFC). In essence, the Decree:

- abolishes both of the: (i) Emirates Maritime Arbitration Centre and; (ii) DIFC’s Arbitration Institute (DAI) understood to mean the institution founded by the Dubai government in 2014 under whose auspices the London Court of International Arbitration (LCIA) administers around 140 international arbitrations in the DIFC annually using the DIFC-LCIA Rules (collectively the “**Abolished Centres**”);
- provides for the Dubai International Arbitration Centre (“**DIAC**”) to assume the rights and obligations of the Abolished Centres and thereafter administer cases; and
- lays down key details relating to the objectives, scope and organisation of DIAC.

Established by the Dubai Chamber of Commerce and Industry in 1994 as the ‘Centre for Commercial Conciliation and Arbitration’, DIAC provides local and international businesses with arbitration services. In the coming months, it is expected for DIAC to issue new rules of arbitration, form a new arbitration court similar to that of the ICC International Court of Arbitration, as well as a new board and a new administering body.

Related People

Christopher R. Williams
Managing Partner – Dubai
DUBAI
+971.4.350.6807
chris.williams@bracewell.com

Martin Gusy
Partner
NEW YORK
+1.212.508.6112
martin.gusy@bracewell.com

Shayan Najib
Senior Associate
DUBAI
+971.4.350.6823
shayan.najib@bracewell.com

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The following are certain key considerations for parties today: (i) currently engaged in arbitration within an Abolished Centre; (ii) with an agreement which currently provides for arbitration within an Abolished Centre in the event of a dispute occurring; or (iii) entering into new agreements post the Effective Date or with standard terms and conditions which apply to the supply of (for instance) goods or services post the Effective Date.

Further clarification on how the Decree will impact parties, as well as how the transition from the Abolished Centres to DIAC will work from a practical perspective are expected to be released in the coming weeks. Once further information is available we will publish a follow up to this alert. In the meantime, any references in existing standard terms and conditions, or existing and/or new contracts that are being currently negotiated that provide for arbitration in an Abolished Centre should be urgently reviewed and revised to take into account the ensuing period of uncertainty arising from the surprise Decree.