



Dear Friends and Clients,

We have entered a new area! Our license in Iran has been granted. We are the 1st law firm in the country with 100% foreign shareholders. It took quite some effort from our local associates, Arjomandi & Arif, to make the impossible possible. But now we know the way and we can serve our clients even better, all while having good connections with the registration department.

The standardization of UAE employment contracts is not really welcomed by the legal profession. It hardly leaves any option for individual drafting. It may protect the blue collar workers from being overreached, but it also means that no term of the contract can be altered or substituted unless approved by the Ministry and no clauses can be added to any contract unless compliant with and approved by the Ministry of Labour. This is far too much standardization. However, recipients of higher incomes shall be given more freedom to negotiate and draft their own contracts.

The unhealthy development in the Dubai housing prices made this emirate the 4th most expensive place to live in the world. According to a recent study by UBS Prices and Earnings, which studies worldwide wages, rents, expenses and more, Dubai came fourth only to: New York, Geneva and Zurich. Compared to other places in the Middle East, Dubai is the most expensive city to live in, and the salaries do not reflect this high cost of living.

Sure it is admirable what innovation, creativity and money can make out of a piece of desert, but, nevertheless, we expats have to live there and afford our accommodation. Often the housing costs make up nearly 50% of the salaries and sometimes even more. Then most expats begin to consider if it really pays to live in this artificial city with four months of hardly bearable heat. Therefore, I think that stricter rent caps and other regulations by law should be implemented to keep this place attractive to skilled expats.

Yours,
Theodor Strohal

Office News:

Our senior partner, Theodor Strohal, will be a member of the AHK delegation to Iran taking place this October or December.

He will also be the keynote speaker at the Singapore Business Council event on the 22nd of October at the Dusit Thani Hotel, Dubai/ He will be speaking about "Iran: business despite sanctions? How to enter the market".

On the 22nd November, the event "Austria Connect" will take place in the Raffles Hotel in Dubai. Strohal will also be a panel speaker there.

UAE further reduces fuel prices for October

The Fuel Price Follow-up Committee, chaired by Dr. Matar Al Nyadi, Under-Secretary for the UAE Ministry of Energy, concluded its meeting at its headquarters in Abu Dhabi and announced fuel prices for the month of October.

The petrol prices in the UAE have been reduced further for the month of October in line with the fall in global crude price.

<u>Month</u>	<u>Super 98</u>	<u>Special 95</u>	<u>E-plus 9</u>
July	1.83	1.72	1.61
August	2.25	2.14	2.07
September	2.07	1.96	1.89
October	1.79	1.79	1.72

In October, Super 98 is reduced by 8.21% at Dh1.79 per litre and Special 95 by 8.6% at Dh1.79 per litre while the E Plus-91 price was lowered by 8.99% to Dh1.72, in line with international market trends. Diesel was slightly increased for the first time to Dh 1.89. Not a big difference for car owners, but a big one for the production industry in the UAE.

New Labour Laws will kick in 1 January 2016

Three new rules have been announced by the Ministry of Labour covering the new standard work contracts, conditions for terminating employees and labour permits from 1 January 2016 on.

The three ministerial decrees are aimed at enhancing the UAE labour market conditions and consolidating the contractual nature of labour relations.

All employees across the country will be presented with a unified, standard employment offer that contains clear and enforceable terms and conditions of employment, prior to the worker's entry in the UAE. All contracts will need to be signed by both the employer and the worker.

The new contract, which is divided into 11 clauses, details the obligations and rights of both employer and employee. One clause stipulates that the duration of the limited-term employment contract may not exceed two years. The contract's rules will still be effective during the notice period ahead of the contract's termination. The parties can agree on a notice period between one to three months.

UAE banks shun lending to SMEs

On the one hand, banks have abundant liquidity and can overcome financial woes of small and medium enterprises (SMEs) provided the sector incorporates fundamental changes in its day-to-day operations. However, on the other hand, Mahdi Kilani, head of the SMEs Committee at the UAE Banks Federation said the SME sector's true potential could not be tapped despite the best incentives and support given by the federal and local governments.

Mr. Mahdi Kilani said that SMEs neither have assets to pledge with nor do they maintain proper accounts to show their financial history and health. So, many banks have to provide unsecured lending, which is expensive and one of the main challenges in promoting this sector. Furthermore, he said SMEs lack proper bookkeeping and a management structure in most cases. SME's provide a lot of risks and financial worthiness to most UAE banks.

The UAE Banks Federation, representing 43 banks in the UAE, is working with the Central Bank of the UAE, the Ministry of Economy (MoE) and Ministry of Finance (MoF) on several initiatives to bring about changes. Their ideas are: to create a new definition of SMEs based on annual sales turnover, to introduce a mandatory corporate governance

code with the requirement of maintaining accounts, and to promote the law on bankruptcy. The law on asset registry, if implemented, will change the situation between banks and SMEs. This seems to be a long way away, maybe far too long for the increasing number of SMEs in the UAE.

Dubai rents push expats out to the suburbs

Dubai's real estate sector has been among the most volatile globally over the past decade as it turned from boom to bust to boom again. Property prices and rents have mainly steadied in the past year, but are still 50% higher than two years ago and are expected to be on the rise again by 2017 as Dubai prepares to host the EXPO 2020.

While Dubai continues to pump out new apartment complexes, for a rising number of expatriates the city is no longer offering the luxurious lifestyle that lured many foreigners to the Gulf. A shortage of affordable homes is pushing foreign staff on middle incomes out to less glamorous areas of Dubai, and even Sharjah, far away from their workplace in Dubai.

Most of the expatriates — from architects, accountants and IT managers to legal secretaries and HR executives — are often on household incomes of 10,000-30,000 AED (\$2,720-\$8,170) a month. They can afford annual rents of up to 72,000 AED (\$19,600) or could buy a property for around 790,000 AED. This is just a fraction of the price in expatriate neighborhoods like the Dubai Marina or Dubai Downtown, where two-bedroom apartments sell for up to 4 million AED.

The only districts offering accommodation within an affordable price range for many middle-income earners are rundown areas near Dubai's creek and parts of the city's outskirts, such as International City, Dubai Outsource Zone and some go as far as Sharjah, which is an hour's drive to most Dubai offices in rush hours. Employers will have to increase wages or housing allowances to retain and attract staff in the near future.

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