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British lawyers in Dubai

Money for old laws

New international courts in Dubai are giving British legal firms a boost

WHEN the United Arab Emirates gained its independence from Britain in 1971, little did it expect a second wave of colonialists: British lawyers. Clifford Chance, a London-based legal giant, opened a small office in Dubai in 1975 as it began to emerge as a commercial centre. Allen & Overy followed in 1978. As Dubai boomed, lawyers from Britain and other countries flooded in, soon crowding its legal market. A new type of court may yet give British legal minds an advantage over both local lawyers and foreign rivals.

Hoping to become the Middle East's legal hub, in 2011 Dubai International Financial Centre (DIFC) threw open its courts to disputes from any country, provided both parties agree to be bound by its decisions. The attraction is that the courts use the English language and operate in public under English-style common law (Scotland has a different legal system). This makes the legal process more transparent and much less risky for Western firms, which are put off by the reputation of Dubai's local civil-law courts for favouring Emiratis over foreigners, according to Will Buckby at Beale & Company, a law firm.

British firms already appear to be benefiting. Since 2011 British lawyers in Dubai say they have been inundated by requests to draw up commercial contracts stating disputes have to be resolved in the DIFC courtrooms. More new work has been generated since the courts opened up. In their first year after the change,

the value of disputed contracts under their consideration increased by 400%. And as a forum for arbitration, the DIFC courts are doing well. Around 95% of cases are resolved before they are heard formally. Inspired by the DIFC's success, Qatar has already opened its own international courts. Abu Dhabi plans to follow suit next year. And Saudi Arabia has in the past expressed interest in setting up a private arbitration court in London.

British lawyers are well placed to take advantage of this trend towards international courts. It is handy that the courts speak their language and use their law. And many of the judges have an English legal background. Not only have big firms such as Allen & Overy expanded operations in Dubai; smaller firms are rushing to set up offices there too. More than 30 are now based in the DIFC area alone.

English law is likely to remain first choice for commercial contracts in the Middle East. Unlike civil- code systems, English law evolves through case law to stay more up to date with the wider world. For instance, recent rulings loosening the requirements for foreign companies wanting to liquidate themselves in English courts have boosted the use of some parts of corporate law. British law firms will also benefit from Dubai's resurgent finance and construction sectors. Well over half of all financing agreements in Dubai are already written using English law.

A more serious threat to British legal firms would be if "American law firms start to outcompete them", according to James Martin, a lawyer at Linklaters based in Dubai until recently. Some American law firms, such as Cleary Gottlieb, have started to expand in the Middle East, and more will surely do the same. There is a strong case to be made that British firms are leading the way in the Gulf, but the jury is out on whether they can stay ahead for the long haul.