

Employment Law UAE

In December last year, the Dubai International Finance Centre Authority introduced some key amendments relating to the rules governing employment relationships for firms operating within the DIFC. To find out more, *Lawyer Monthly* speaks to Stuart Walker, Partner at leading full-service business law firm Afridi & Angell.

Can you please introduce yourself and your firm?

Afridi & Angell is one of the oldest law firms in the UAE, and was established in 1975, not long after the formation of the UAE in 1971. I joined Afridi & Angell in 2003 having trained and practiced with what was then Lovell White Durrant (now Hogan Lovells) in London, Hong Kong and New York.

What are the key types of employment-related cases you deal with?

Afridi & Angell is fairly unique: as an independent legal firm headquartered here in the UAE, we do not have the entrenched global legal relationships that some of our competitor international law firms have. At the same time we do have strong relationships with specific global institutions having offices in the UAE. What this means in practice is that we routinely act for both employers and employees. Many of our international competitors will not act for individual employees in disputes with large institutions due to the fact that they may have a global relationship with that institution. Afridi & Angell has been able to pick and choose our way through these conflicts and take on what we consider to be interesting matters.

What are the main challenges you face?

Until recently, the main challenge, when representing an individual, was that the UAE Labour Law imposes a relatively modest cap on the compensation that is due to an employee who has suffered arbitrary termination. A further challenge when representing employees was that legal costs are generally not recoverable before the local courts. Employers tend to have deeper pockets than employees and as a consequence some deserving employees were unable to fund otherwise justifiable litigation. These challenges are not a feature of the Dubai International Financial Centre ("DIFC") courts, and it is now the case that even parties with no prior connection to the DIFC can specify that their disputes are heard before the DIFC courts.

Please explain the key amendments to the Dubai International Finance Centre Employment Law.

Various amendments to the DIFC Employment Law came into force in late 2012. The office of the Director of Employment Standards has been abolished. As a practical matter, this is not a significant change as that office never played a particularly prominent role in resolving employment disputes within the DIFC. There have been some changes to leave entitlements, including sick leave and maternity leave, and the prohibition on employees working "excessive" hours has been strengthened. Perhaps the most significant amendment to be made to the Employment Law is that employers must now expressly state in writing in the contract of employment which terms of a contract shall be subject to the employer's policies and may be changed at the employer's discretion.

What will the effects of these be on business in Dubai?

The amendments to the DIFC Employment Law are unlikely to have any material effect on business in Dubai. Although the amendments have been in gestation for some considerable time they do not present a radical reworking of the Employment Law.

What are the main business migration and cross-border issues you face within employment cases?

A situation we come across from time to time is where a senior employee of an organization in Europe or the United States is transferred to an office in the DIFC. They have existing employment agreements and typically pension agreements in their home jurisdiction and are then given some form of local employment agreement or a secondment letter. These documents may set out the terms of a temporary assignment but do not typically contemplate termination of employment during the period of temporary assignment. If and when termination occurs, there can be

considerable uncertainty as to what the respective rights and obligations of the parties are at that time.

Do you feel the law should be altered any further for the best outcome in employment-related disputes? If so, please explain.

At this point any alterations of the DIFC Employment Law appear to be uncalled for. What would be helpful would be a greater number of DIFC decided cases on various issues of employment law. In our experience, nearly all employment disputes result in settlement. This is frequently the most appropriate outcome for those particular parties, but does not provide the benefit of setting precedents for future disputes. The DIFC is a young jurisdiction and DIFC Employment Law is a growing area of jurisprudence. **LM**

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