



# THE INTERNATIONAL LAWYER

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## Middle East

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### I. Overview\*

This article reviews significant legal developments affecting the Middle East and North Africa in 2009. While the world's economies struggled and began to recover, the Middle East continued to make legislative and judicial progress in many areas, including the economy, employees' rights, and human rights.

The Middle East witnessed several noteworthy economic developments in 2009. Syria finally opened the Damascus Stock Exchange with a modest six companies listed and a goal of listing twenty companies before the end of 2009. Saudi Arabia passed a law that allows licensed banks and telecommunications companies to establish an unlimited number of single-shareholder subsidiaries. Saudi Arabia also passed legislation removing all restrictions on Gulf Cooperation Council nationals, including companies engaging in economic activities and professions in Saudi Arabia. The United Arab Emirates (UAE) removed a minimum capital requirement for companies and now requires companies to have sufficient capital as determined by the company's shareholders.

Israel, Bahrain, Kuwait, and the UAE reworked legislation with the goal of enhancing employees' rights. Bahrain abolished a law that prevented employees from transferring to new jobs without permission from a sponsor. Israel passed a Wage Protection Law that requires employers to disclose more detailed information on employee paystubs. Kuwait issued new regulations that allow foreign national employees to transfer employment within Kuwait more freely. The UAE issued decrees that allow registered UAE employers to transfer employees' salaries in UAE dirhams directly to UAE bank accounts and that restrict the ability of employers to terminate UAE national employees.

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The Middle East also witnessed several important events affecting human rights. Ethiopia enacted legislation that on its face regulates charities, but which Human Rights Watch claims is part of a broader trend toward political repression and which criminalizes most human rights work in the country. Iran tried to stifle opposition to Ahmadinejad's alleged win in the June 2009 election and detained hundreds of protestors, all while severely restricting international media from entering the country. On a positive note, Bahrain enacted legislation that will ensure free health care to any child who has at least one Bahraini parent.

U.S. President Barack Obama did much to reach out to the Arab and Muslim world in his first year in office. He delivered a speech in Egypt at Cairo University aimed at forging a new relationship between the United States and the Middle East. While Muslims and Arabs around the world welcomed his overtures, they await action to achieve that new relationship. The responsibility to improve relations belongs to both the United States and Middle Eastern nations, and the Middle East's progress in democracy and development during 2009 assisted in this ongoing effort. The special topic and country reports in this article elaborate on these and other legal developments pertaining to the Middle East region.

## **II. Special Report: Arbitration Update in the Middle East\***

### **A. ENFORCEMENT OF DIFC ARBITRAL AWARDS AND JUDGMENTS IN DUBAI**

The Dubai International Financial Center (DIFC)<sup>1</sup> arbitration law entered into force on September 1, 2008.<sup>2</sup> The new arbitration law, closely modeled after the UNCITRAL Model Law, expanded the DIFC arbitral center's jurisdiction beyond disputes involving DIFC-based entities and DIFC-related disputes. (Conversely, DIFC courts may only adjudicate disputes involving DIFC-based parties regarding a DIFC-related subject matter.)

With respect to enforcement of an award, the DIFC arbitration law is clear that "[a]n arbitral award, irrespective of the State or jurisdiction in which it was made, shall be recognized as binding within the DIFC and, upon application in writing to the DIFC Court, shall be enforced" provided that certain conditions are met.<sup>3</sup> The arbitration law provides limited grounds for setting aside or refusing enforcement of an award.<sup>4</sup> A DIFC award may be vacated or may not be recognized if it is contrary to the United Arab Emirates' public policy.<sup>5</sup> As such, the DIFC has adopted a pro-arbitration policy that may be invoked before DIFC courts to secure enforcement of DIFC and foreign awards. Conversely, the UAE has not yet adopted a modern arbitration law. As such, some UAE

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\* This section was authored by Yasmine Lahlou, an associate at Chaffetz Lindsey LLP in New York.

1. The DIFC is an onshore financial center established in 2004 by the Dubai authorities to attract foreign financial and commercial operators. Conceived as a free zone, the DIFC is exempt from the UAE civil and commercial laws. Accordingly, the DIFC has created its own set of laws and regulations, greatly modeled after the English common law, enforced by its own set of DIFC courts, separate and distinct from the UAE courts.

2. Arbitration Law, No. 1 (2008) D.I.F.C., art. 42.

3. *Id.*

4. *Id.* arts. 41, 44.

5. *Id.* arts. 41(b)(iii), 44(b)(vii).

judges may at times demonstrate hostility against arbitration, undermining the enforceability of awards.

To address this, the DIFC and Dubai courts entered a memorandum of understanding and a protocol in June 2009 to facilitate enforcement of DIFC judgments (including judgments enforcing arbitral awards) in Dubai.<sup>6</sup> Under the protocol, FDIC judgments (including judgments recognizing and enforcing FDIC awards) should be recognized if the award: (i) is final, *i.e.*, not subject to an appeal and appropriate for enforcement; (ii) has been translated into Arabic; and (iii) is accompanied by a letter requesting enforcement from the DIFC Courts' clerk to the chief justice of the Dubai courts of first instance. Of particular importance is the protocol's provision that, in judgment enforcement proceedings, the Dubai courts have "no jurisdiction to review the merits of a judgment, award or order of the DIFC courts."<sup>7</sup>

The condition that awards be "appropriate for enforcement" leaves litigants and Dubai judges room to resist enforcement of an award. Dubai judges will hopefully defer to their DIFC homologues' determination that the award is enforceable in the DIFC, a condition precedent to enforcing a judgment in Dubai. In particular, the DIFC judges' determination that the award is not contrary to UAE public policy should weigh heavily in the Dubai courts' determination that the award is appropriate for enforcement. Dubai judges' reluctance to engage in arbitration may be overcome when a modern arbitration law is adopted in the UAE, an event that may happen in 2010 as the Gulf Cooperation Council (GCC) nations weigh a draft arbitral law.

**B. THE SIX-NATION GULF COOPERATION COUNCIL (GCC) PLANS SINGLE ARBITRATION LAW**

Following the example of the DIFC, the six Gulf States (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) are planning to adopt a single arbitration law. This adoption signals an acknowledgment by the governments of these states that investors view a reliable and modern arbitration law as essential to settling transnational disputes.

**C. LCIA AND AAA HAVE STRONG Footholds IN THE MIDDLE EAST**

Reliable international arbitral institutions are central to the development of arbitration and its acceptance by users. In February 2008, the London Court of International Arbitration (LCIA) partnered with the DIFC to establish the DIFC-LCIA Arbitration Center.<sup>8</sup> On August 17, 2009, the Bahrain Ministry of Justice and the American Arbitration Association (AAA) signed an operating agreement to establish the Bahrain Chamber for Dispute Resolution, which is now operating.<sup>9</sup>

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6. *DIFC Courts and Dubai Courts Sign Landmark Cooperation Memorandum*, AMEINFO.COM, June 16, 2009, available at <http://www.ameinfo.com/200732.html>.

7. Craig Shepard, *United Arab Emirates*, THE EUROPEAN & MIDDLE EASTERN ARBITRATION REVIEW 2010, § 3 (Global Arbitration Review, 2010).

8. DIFC/LCIA, FAQs, <http://www.difcarbitration.com/base/faqs/> (last visited Feb. 10, 2010).

9. Press Release, Ministry of Justice & Islamic Affairs, Kingdom of Bahrain, Bahrain Establishes Alternative Dispute Centre (Aug. 17, 2009), available at <http://www.adr.org/si.asp?id=5787>.

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**III. Afghanistan\***

Afghanistan enacted a family law measure that strongly impinges on women's rights.<sup>10</sup> Earlier legislation was withdrawn under international pressure, but the current law retains much of the earlier bill's controversial provisions.<sup>11</sup> One such section of the current legislation provides that "[*amkeen* is the readiness of the wife to submit to her husband's reasonable sexual enjoyment, and her prohibition from going out of the house, except in extreme circumstances, without her husband's permission. If any of the above provisions are not followed by the wife she is considered disobedient."<sup>12</sup> Men may deny their wives food for violation of these provisions.<sup>13</sup> The legislation, aimed at Shia women,

gives a husband the right to withdraw basic maintenance from his wife, including food, if she refuses to obey his sexual demands. It grants guardianship of children exclusively to their fathers and grandfathers. It requires women to get permission from their husbands to work. It also effectively allows a rapist to avoid prosecution by paying "blood money" to a girl who was injured when he raped her.<sup>14</sup>

The measure is considered a violation of Article 22 of the Afghanistan Constitution, which states that men and women "have equal rights and duties before the law."<sup>15</sup>

**IV. Algeria\***

In the wake of the global economic crisis, the Algerian government passed the Complementary Finance Law of 2009 (*Loi de finances complémentaire* 2009) on July 26, 2009.<sup>16</sup> Most significantly, the 2009 law implements controversial measures regarding foreign investments and imports.

The new law restricts foreign direct investments to partnerships in which local shareholders own at least fifty-one percent of the capital.<sup>17</sup> The majority share requirement on the Algerian side may be satisfied by either a single party or by several partners/entities.<sup>18</sup> All foreign investments must be approved by the National Agency for Investment Development (ANDI) and must maintain a positive balance sheet during the life of the invest-

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\* The remainder of this article gives reports on individual countries. The report on Afghanistan was prepared by C. Scott Maravilla.

10. Joe Boone, *Afghanistan Passes 'Barbaric' Law Diminishing Women's Rights*, GUARDIAN, Aug. 14, 2009, available at <http://www.guardian.co.uk/world/2009/aug/14/afghanistan-womens-rights-rape>.

11. *Id.*

12. *Id.*

13. *Id.*

14. Human Rights Watch, *Afghanistan: Law Curbing Women's Rights Takes Effect*, Aug. 13, 2009, <http://www.hrw.org/en/news/2009/08/13/afghanistan-law-curbing-women-s-rights-takes-effect>.

15. *Id.*

\* Lamia Dalichaouch is a California-licensed attorney affiliated with the Housing Opportunities Collaborative.

16. Ordinance No. 09-01 of July 26, 2009, Journal Officiel de la République Algérienne N 44, available at <http://www.cg.gov.dz/media/PDF/lfc2009.pdf>.

17. *Id.* art. 298.

18. U.S. Department of Commerce, *Doing Business in Algeria: Algerian Market Snapshot*, [http://www.buyusa.gov/algeria/en/investment\\_climate\\_statement.html](http://www.buyusa.gov/algeria/en/investment_climate_statement.html) (last visited Feb. 1, 2010).

ment.<sup>19</sup> In addition, foreign investors must secure local financing beyond their capital investment to cover the project costs.<sup>20</sup>

With respect to imports, the new Complementary Finance Law stipulates that individuals or foreign entities can engage in import activities within partnerships only where resident national shareholding accounts for at least thirty percent of the share capital.<sup>21</sup> Importers must use documentary credit or letters of credit from approved banks to pay for imports<sup>22</sup> and buyers must set aside a deposit of twenty-five percent of the import value of their purchases.<sup>23</sup> The new law also places a bank domiciliation fee of 10,000 dinars (USD \$150) for each import transaction of goods and three percent of the transaction amount for each import of services.<sup>24</sup> The new measures also require that the holder of the trade registration or the company's general manager completes all bank and customs procedures and applications in-person.<sup>25</sup>

The Algerian Finance Minister justified the new measures as an attempt to rectify the country's economic imbalances.<sup>26</sup> The Algerian economy depends heavily on the energy market, with hydrocarbon products representing about ninety-seven percent of the country's exports and seventy percent of its fiscal revenues.<sup>27</sup> The volatility in the world energy market makes Algeria's position all the more precarious.<sup>28</sup> The Algerian government passed the new law in the hope that it would stimulate diversification in the country's economy.

Critics claim that the new requirements of foreign investment and trade will neither boost local production nor result in economic diversification.<sup>29</sup> Rather, they claim the new restrictions will slow foreign investment, increase the cost of business, and hurt small- and medium-sized businesses that lack the deposit funds necessary to pay for imports.<sup>30</sup> But advocates believe that the new measures will reduce credit risks and defaults.<sup>31</sup> They argue that restraining imports will allow for local production growth, thereby creating economic diversification.<sup>32</sup> It remains to be seen how these new measures will affect Algeria's economy and what effect, if any, they will have on Algeria's trade relationships with its global partners.

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19. *Id.*

20. *Id.*

21. *Id.*

22. *Id.*; Samir Turk, *Algeria to Slow Imports, Seeks to Reduce Credit Risk with New Finance Law Measures*, N. AFR. J., Aug. 6, 2009, [http://www.north-africa.com/naj\\_economy/economy\\_trade/1augseven09.html](http://www.north-africa.com/naj_economy/economy_trade/1augseven09.html).

23. *Id.*

24. Imports of raw materials and capital goods are excluded from the bank fee so long as they state in writing that the imported goods will not be resold. U.S. Department of Commerce, *supra* note 18; Ordinance 09-01, art. 63.

25. Ordinance 09-01, art. 66; Turk, *supra* note 22.

26. Lachen Achy, *Algeria's Belated and Inadequate Response to the Economic Crisis*, AL HAYAT, Aug. 20, 2009, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=23737>.

27. *Id.*

28. *Id.*

29. *Id.*

30. Turk, *supra* note 22.

31. *Id.*

32. Achy, *supra* note 26.

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**V. Bahrain\***

The most significant legal development in Bahrain in 2009 was the revamp of the controversial sponsorship system for foreign employees. Other significant developments dealt with improving Bahrain's tourism industry by a ban on liquor sales in certain establishments and providing healthcare services to children of a Bahraini parent.

**A. LABOR LAW**

Effective August 1, 2009, Bahrain set precedent as the first country in the Gulf to abolish the controversial labor laws that prevent employees from transferring to new jobs without permission from their employer-sponsor.<sup>33</sup> Employees will no longer be under the sponsorship of an employer, a process criticized for giving employers excessive control over employees and as a form of modern-day slavery.<sup>34</sup> Rather, the Labor Market Regulation Authority (LMRA) will be responsible for issuing employees a two-year visa upon signing an employment contract.<sup>35</sup> Employees will be able to transfer jobs freely on the visa so long as they provide a three-month notice period to the current employers.<sup>36</sup>

Although the move has gained support and praise from Human Rights Watch and other groups, the new regulations stop short of protecting all employees.<sup>37</sup> The new system fails to extend the same protections and rights to domestic workers such as drivers and maids.<sup>38</sup> It has also been met with strong opposition from the Bahraini Chamber of Commerce and several businesses that believe the new regulations will create instability.<sup>39</sup>

Bahrain also formed a panel to investigate accommodations provided to laborers and to ensure that such accommodations conform with the safety standards set by the government.<sup>40</sup> The panel consists of representatives from the Ministry of Labor, Ministry of Health, Ministry of Defense, and the Municipality.<sup>41</sup>

**B. LIQUOR BAN**

In April, the Minister of Culture and Information banned approximately forty-five one- and two-star hotels from permitting discos and bars, the sale of alcohol, or female singers

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\* Anas A. Akel, a senior associate with the law firm of Bafakih & Nassief in Saudi Arabia, prepared the report on developments in Bahrain. Anas can be reached at a.akel@bnfirm.com.

33. *Era of Sponsorship Ends in Bahrain*, MAKTOOB BUS., Aug. 1, 2009, [http://business.maktoob.com/20090000360772/Era\\_of\\_sponsorship\\_ends\\_in\\_Bahrain/Article.htm](http://business.maktoob.com/20090000360772/Era_of_sponsorship_ends_in_Bahrain/Article.htm).

34. Larry Ferguson, *Bahrain Scraps Sponsorship System, Gulf First*, MAKTOOB BUS., May 5, 2009, [http://business.maktoob.com/20090000002433/Bahrain\\_scraps\\_sponsorship\\_system\\_Gulf\\_first/Article.htm](http://business.maktoob.com/20090000002433/Bahrain_scraps_sponsorship_system_Gulf_first/Article.htm).

35. *Era of Sponsorship Ends in Bahrain*, *supra* note 33.

36. *Id.*

37. Dylan Bowman, *HRW Praises Bahrain Labour Law Reforms*, MAKTOOB BUS., May 14, 2009, [http://business.maktoob.com/20090000003161/HRW\\_praises\\_Bahrain\\_labour\\_law\\_reforms/Article.htm](http://business.maktoob.com/20090000003161/HRW_praises_Bahrain_labour_law_reforms/Article.htm).

38. *Id.*

39. Andy Sambidge, *Contracting Industry Chief Slams Bahrain Sponsor Move*, ARABIAN BUSINESS.COM, May 10, 2009, <http://www.arabianbusiness.com/555083-contracting-industry-chief-slams-bahrain-sponsor-move>.

40. Habib Toumi, *Facilities Inspection Panel Set Up in Bahrain*, GULF NEWS, June 2, 2009, <http://gulfnnews.com/news/gulf/bahrain/facilities-inspection-panel-set-up-in-bahrain-1.2102>.

41. *Id.*

in their restaurants.<sup>42</sup> The ban was part of an initiative to crackdown on illicit activities and to clean up Bahrain's tourism sector.<sup>43</sup> Hoteliers condemned the ban and pushed to form a committee that may result in a grace period before implementing the ban on bars and discos.<sup>44</sup>

### C. HEALTH CARE

Despite the health ministry granting free health care to children born to Bahraini fathers and non-Bahraini mothers, several non-Bahraini mothers complained that they still had to pay out of pocket for health care costs at local hospitals.<sup>45</sup> These complaints prompted the government to endorse a plan by the Bahraini parliament to implement the regulations extending free health care to any child who has at least one Bahraini parent.<sup>46</sup> Local health centers issued special cards allowing children to obtain free health services.<sup>47</sup> In other health matters, an initiative requiring mandatory health care for all expatriate residents is currently being studied by the government.<sup>48</sup>

## VI. Egypt\*

Tremors have been sent throughout Egypt's legal and social fabrics by a developing regulation of the *niqab*.<sup>49</sup> On October 3, 2009, during a visit to an all girls' school, the Grand Sheikh of Egypt's Al-Azhar,<sup>50</sup> Mohamed Sayed Tantawi, objected to an eleven-year-old girl's wearing of *niqab*.<sup>51</sup> On October 7, 2009, Al-Azhar—Egypt's most prominent theological institution—imposed an official ban on the *niqab* for all students and teachers in all of its affiliated schools.<sup>52</sup> Spreading outside the religious institution, two days later, the Egyptian Minister of High Education, Hani Hilal, banned the *niqab* inside

42. Neeraj Gangal, *Bahrain Plans Ban on Liquor, Female Singers*, ARABIAN BUSINESS.COM, Apr. 18, 2009, <http://www.arabianbusiness.com/552937-bahrain-plans-ban-on-liquor-female-singers>.

43. Habib Toumi, *Bahrain Islamist Societies Press for Closure of Bars, Discos*, GULF NEWS, Apr. 22, 2009, <http://gulfnws.com/news/gulf/bahrain/bahrain-islamist-societies-press-for-closure-of-bars-discos-1.1880>.

44. Habib Toumi, *Lawmaker Slams Delay in Banning Bars and Discos in Bahrain*, GULF NEWS, Apr. 29, 2009, <http://gulfnws.com/news/gulf/bahrain/lawmaker-slams-delay-in-banning-bars-and-discos-in-bahrain-1.1924>.

45. Habib Toumi, *Children Born to a Bahraini Parent to Get Free Healthcare*, GULF NEWS, Aug. 20, 2009, <http://gulfnws.com/news/gulf/bahrain/children-born-to-a-bahraini-parent-to-get-free-healthcare-1.504084>.

46. *Id.*

47. *Id.*

48. *Id.*

\* Omar Hafez Ayad, Associate Counsel for CHF International in the Washington D.C. metro area, prepared the report on developments in Egypt.

49. The *niqab* is a garment worn by Muslim women that covers the entire face and head, except for the eyes. Only a minority of Islamic scholars regard the *niqab* as obligatory in Islam. See *Woman Sues, Claims Judge Forced Her to Remove Hijab*, CNN, Aug. 26, 2009, <http://www.cnn.com/2009/CRIME/08/26/michigan.hijab.lawsuit/index.html>; see also *Religion and Ethics-Islam, Niqab-Introduction*, BBC HOME, [http://www.bbc.co.uk/religion/religions/islam/beliefs/niqab\\_5.shtml](http://www.bbc.co.uk/religion/religions/islam/beliefs/niqab_5.shtml).

50. Al-Azhar Mosque and University is widely regarded as the chief center of Sunni-Islamic knowledge and learning of the world. See ENCYCLOPEDIA BRITANNICA ONLINE, Oct. 25, 2009, <http://www.britannica.com/EChecked/topic/46851/al-Azhar-University>.

51. See Reem Leila, *Veiled Reasons*, AL-AHRAM, Oct. 15-21, 2009, <http://weekly.ahram.org.eg/2009/968/eg7.htm>.

52. See *id.*

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women's hostels at public universities, citing security concerns.<sup>53</sup> Both Al-Azhar and Hilal defend their actions on the grounds that the purpose behind the *niqab*, to shield females from being seen by men, is unnecessary in female-only environments where they have imposed the bans.<sup>54</sup>

With an increase in the number of women wearing *niqab* and the growth of conservative Islam in Egypt generally, official opposition to the *niqab* has the potential to divide Egyptian society. Observers characterize this latest action as part of a greater government campaign to crack down on ultra-conservative Islam in Egypt, while opponents claim illegal state intrusion in religion and personal choice.<sup>55</sup> Caught in this crossfire, Egyptian human rights groups appear to oppose regulation of the *niqab*.<sup>56</sup> In particular, the Egyptian Initiative for Personal Rights issued a statement defending the rights of female students to dress as they please and explained it would defend the right of individuals to determine their dress codes.<sup>57</sup> Considering the divisive and sensitive nature of this issue, the role that Egyptian law and Egyptian human rights activists play in resolving this dispute may speak to greater issues of the rule of law and democratic processes in Egypt.

## VII. Ethiopia\*

### A. REGULATION OF CHARITIES

On January 6, 2009, the Ethiopian Parliament enacted the Proclamation for the Registration and Regulation of Charities and Societies, which defines "Ethiopian Charities and Societies" as excluding any organization receiving more than ten percent of its income from a foreign source<sup>58</sup>—including Ethiopian citizens living abroad. The organizations not labeled "Ethiopian" under this law are constrained in the causes they may address,<sup>59</sup> including human rights and the promotion of equality of gender and religion.<sup>60</sup> The new law effectively prohibits foreign organizations (such as Human Rights Watch or Amnesty International) from supporting human rights-related work in Ethiopia.<sup>61</sup>

Government officials hailed the Proclamation as a means to "redefine" charities' "areas of operation" amidst concerns that "charities have been used by political activists who are working on 'other issues' [rather than] 'catastrophes that require aid and assistance.'"<sup>62</sup>

International human rights agencies and governments have condemned the law and critics fear it is part of a broader trend toward political repression leading up to Ethiopia's

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53. *See id.*

54. *See id.*

55. *See id.*

56. *See id.*, *No Covering Up Egypt's Niqab Row*, BBC NEWS, Oct. 10, 2009, available at [http://news.bbc.co.uk/2/hi/programmes/from\\_our\\_own\\_correspondent/8299830.stm](http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/8299830.stm).

57. *See* Leila, *supra* note 51.

\* Jenna DiCocco, J.D., prepared the 2009 report on Ethiopia.

58. Ethiopian Proclamation for the Registration and Regulation of Charities and Societies of Jan. 6, 2009, § 1.2.2; *Ethiopia: New Law on Charities Passed Despite Objections*, ALLAFRICA.COM, Jan. 6, 2009, <http://allafrika.com/stories/200901070659.html>.

59. Ethiopian Proclamation § 3.1.14.5.

60. *Id.* § 3.1.14.2(j)-(n).

61. *Id.* §§ 3.1.14.2(j)-(n), 3.1.14.5.

62. *New Law on Charities Passed Despite Objections*, *supra* note 58.

2010 elections.<sup>63</sup> After mass arrests of opposition figures in April 2009, these fears may be well founded.<sup>64</sup> The European Parliament issued a resolution “regretting” the passage of the Proclamation.<sup>65</sup> The Human Rights Watch maintains that because this law “criminalizes most human rights work in the country” and violates the fundamental human rights to freedom of association and expression, donor states should use their political capital to insist upon changes to the Proclamation.<sup>66</sup>

#### B. BIO-SAFETY LAW

The Ethiopian government passed a Proclamation on Bio-Safety in July 2009 to regulate the import, research, and exploitation of Genetically Modified Organisms (GMOs).<sup>67</sup> Drafted by the Federal Environmental Protection Authority (FEPA), the legislation aims to protect human and animal health and biological diversity.<sup>68</sup> The law stipulates that the transit, import, and production of GMOs may be done only with written consent of the FEPA.<sup>69</sup> As of November 2009, the government is reviewing the Bio-Safety Proclamation, saying that lawmakers approved it without realizing its potential consequences on foreign food aid.<sup>70</sup> There are concerns that the government could use this law to restrict imports of food aid at a time when millions of its people are struggling with malnutrition.<sup>71</sup>

#### C. ANTI-TERRORISM LAW

Ethiopia’s new Anti-Terrorism Proclamation was introduced in July 2009. The government asserted that this legislation is essential to “address threats from internal rebel groups”<sup>72</sup> and rejected some claims by activists that its ambiguous terms may be used to “quash political dissent.”<sup>73</sup>

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63. Human Rights Watch, *Ethiopia: New Law Ratchets Up Repression*, Jan. 8, 2009, <http://www.hrw.org/en/news/2009/01/08/ethiopia-new-law-ratchets-repression>.

64. David Dudge, *Ethiopia's New Climate of Fear*, *GUARDIAN*, May 19, 2009, <http://www.guardian.co.uk/commentisfree/2009/may/19/ethiopia-human-rights>.

65. Resolution of 15 January 2009 on the Situation in the Horn of Africa, EUR. PARL. DOC. P6 TA (2009), available at <http://www.europarl.europa.eu/sides/getDoc.do?language=EN&reference=B6-0033/2009>.

66. *Id.*

67. *Ethiopia Approves Biosafety Law*, *WALTA INFO. CENTER*, July 19, 2009, [http://www.waltainfo.com/index.php?option=com\\_content&task=view&id=13029&Itemid=45](http://www.waltainfo.com/index.php?option=com_content&task=view&id=13029&Itemid=45).

68. Kirubel Tadesse, *Ethiopia: Landmark Bio-Safety Legislation Approved*, *CHECKBIOTECH*, July 16, 2009, <http://checkbiotech.org/node/26693>.

69. *Id.*

70. Peter Heinlein, *Ethiopia Biodiversity Law Threatens Food Aid Shipments*, *VOANEWS*, Nov. 2, 2009, <http://www.voanews.com/english/2009-11-02-voa47.cfm>.

71. *Id.*

72. Christian Ehret, *Ethiopia Lawmakers Pass Controversial New Anti-Terrorism Law*, *JURIST LEGAL NEWS & RES*, July 9, 2009, <http://jurist.law.pitt.edu/paperchase/2009/07/ethiopia-lawmakers-pass-controversial.php>.

73. Mandeep Tiwana, *Zambia's New Bill Hijacks NGOs*, *GUARDIAN*, July 29, 2009, <http://www.guardian.co.uk/commentisfree/2009/jul/29/zambia-legislation-ngos-civil-society>.

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D. ERITREA-ETHIOPIA CLAIMS COMMISSION

The Permanent Court of Arbitration at The Hague made a decision on the Eritrea-Ethiopia Claims Commission in August 2009. Ethiopia was awarded US\$174,036,520 and Eritrea was awarded \$161,455,000, because of violations of international law.<sup>74</sup>

VIII. Iran\*

Iran made international headlines almost every day in 2009. The media focused primarily on Iran's economic reforms, the fallout of the presidential election, and the ongoing nuclear dilemma.

A. ECONOMY

Starting in 2004, Iran has taken steps to reduce government control of key industries, including banking, steel, petrochemical, mining, energy, and telecommunications, in order to provide some stimulus to the ailing economy. There have, however, been concerns as to the extent of the privatization program. Questions arose regarding the sale of fifty percent plus one share of the Telecommunications Company of Iran (TCI), Iran's state-owned telecommunications company that is the largest cellular operator and Internet service provider.<sup>75</sup> The majority share of TCI was sold to Etemad Mobin Development, a consortium of three Iranian companies.<sup>76</sup> While Tehran hailed this \$7.8 billion transaction as the largest privatization sale in Iranian financial history,<sup>77</sup> it appears that a key player and beneficiary of the sale may have been the government's Islamic Revolutionary Guard Corps (IRGC), which the United States designated as a terrorist organization in 2007.<sup>78</sup>

Other internal and external pressures are also holding up the privatization process. The program offers attractive opportunities for foreign investment, though U.S. sanctions on Iran may hinder investment by European and Asian companies.<sup>79</sup> Additionally, while cutting food and fuel subsidies is a key component to reducing government spending, the government has been hesitant to cut subsidies on fuel and food for fears of increased

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74. Abigail Salisbury, *International Arbitration Commission Splits Ethiopia-Eritrea Border War Damages*, JURIST LEGAL NEWS & RES., Aug. 18, 2009, <http://jurist.law.pitt.edu/paperchase/2009/08/international-commission-awards-damages.php>; Yulia Andreeva, et al., *International Courts*, 44 INT'L LAW. (forthcoming 2010).

\* Anahita Ferasat, editor of the Middle East Committee's contribution to the 2009 Year-in-Review article, prepared the report on developments in Iran. She is an attorney with Baker, Olson, LeCroy & Danielian in Los Angeles, California.

75. MVZ, SC & DT, *50 Pct of Iran's Telecommunications Privatized*, PRESS TV, Nov. 9, 2009, <http://www.presstv.ir/detail.aspx?id=110809&sectionid=351020102>.

76. *Iran's Telecom Privatization May Prompt Reform*, FORBES, Oct. 9, 2009, <http://www.forbes.com/2009/10/08/iran-telecommunication-ahmadinejad-business-oxford.html>.

77. *50 Pct of Iran's Telecommunications Privatized*, *supra* note 75.

78. Paul Steinhauser & Sasha Johnson, *Iran Becoming New Iraq on Campaign Trail*, CNN, Oct. 25, 2007, <http://www.cnn.com/2007/POLITICS/10/25/iran.campaign/>. While the Iranian government has not openly admitted terrorist connection, the Iranian government's General Inspection Organization cast doubt on the transaction because of undefined "uncertainties" in the deal. See *50 Pct of Iran's Telecommunications Privatized*, *supra* note 75.

79. Nader Habibi, *Iran's Privatization Judgment; Rush to Judgment*, N.Y. TIMES, Aug. 12, 2008, [http://www.nytimes.com/2008/08/12/opinion/12iht-edlet.1.15208091.html?\\_r=1](http://www.nytimes.com/2008/08/12/opinion/12iht-edlet.1.15208091.html?_r=1).

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inflation<sup>80</sup> and uproar among the struggling middle class.<sup>81</sup> In October 2009, the Iranian Parliament approved a proposal to cut food and fuel subsidies over a gradual five-year term in order to avoid mass protests.<sup>82</sup> The final obstacle to full-fledged privatization is the protests by thousands of workers who anticipate layoffs during Iran's restructuring program.<sup>83</sup>

**B. PRESIDENTIAL ELECTIONS AND AFTERMATH**

On June 12, 2009, over eighty percent of Iranians eligible to vote turned out in the presidential election in which incumbent Mahmoud Ahmadinejad's main challenger was Mir Hussein Mousavi.<sup>84</sup> Hours after the polls closed, in a country where ballots are still tabulated by hand,<sup>85</sup> the Interior Ministry announced<sup>86</sup> that Ahmadinejad "had won in a landslide victory."<sup>87</sup> Iranian men and women of all ages and income levels immediately took to the streets, charging that the vote had been rigged.<sup>88</sup> Unknown numbers of Iranians were killed<sup>89</sup> and detained (including well-known international journalists and scholars),<sup>90</sup> and others have been jailed following mass trials.<sup>91</sup> The government's control of the media meant that the Iranian people were responsible for broadcasting their experience on the streets via the Internet, propelling YouTube and Twitter to serve as default journalistic sources for news outlets such as CNN in relaying details of the post-election unrest.<sup>92</sup>

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80. MVZ, TG & DT, *Abmadinejad, Subsidy Bill Stops Squander*, PRESS TV, Oct. 12, 2009, <http://www.presstv.ir/classic/detail.aspx?id=108450&sectionid=351020102>; AKM & HGH, *Iran MPs Approve Cutting Food Subsidies*, PRESS TV, Oct. 20, 2009, <http://www.presstv.com/detail.aspx?id=109156&sectionid=351020102>.

81. Mitra Farnik, *Iran-Parliament Procrastinates on Subsidy Reform*, GLOBAL ARAB NETWORK, Oct. 30, 2009, <http://www.english.globalarabnetwork.com/200910303420/Opinion/iran-parliament-procrastinates-on-subsidy-reform.html>.

82. AKM & HGH, *supra* note 80.

83. Ian Morrison, *Iran's New Labor?*, PBS: TEHRAN BUREAU, Jan. 28, 2010, <http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2010/01/irans-new-labor.html>.

84. MT & HGH, *Leader Hails Record Turnout in Presidential Vote*, PRESS TV, June 13, 2009, <http://www.presstv.ir/detail.aspx?id=98010&sectionid=351020101>.

85. Lauren Secor, *Why Tebran Matters*, THE NEW YORKER, June 15, 2009, <http://www.newyorker.com/online/blogs/newsdesk/2009/06/laura-secor-why-tehran-matters.html>.

86. Thomas Erdbrink, *Abmadinejad Vows New Start as Clashes Flare*, WASH. POST, June 14, 2009, available at <http://www.washingtonpost.com/wp-dyn/content/article/2009/06/13/AR2009061300627.html>.

87. Michael Slackman, *Iran Releases Protesters, But Still Holds 500*, N.Y. TIMES, July 9, 2009, available at <http://www.nytimes.com/2009/07/10/world/middleeast/10iran.html>.

88. *Id.*

89. Nazila Fathi & Michael Slackman, *Unrest in Iran Sharply Deepens Rift Among Clerics*, N.Y. TIMES, June 21, 2009, available at <http://www.nytimes.com/2009/06/22/world/middleeast/22iran.html>.

90. See Ian Austen, *Canada and Newsweek Seek Release of Reporter Detained in Iran*, N.Y. TIMES, June 23, 2009, available at <http://www.nytimes.com/2009/06/24/world/middleeast/24canada.html> (regarding the detention of journalist Maziar Bahari); *Iran: Scholar Arrested in Tebran*, N.Y. TIMES, July 11, 2009, available at <http://query.nytimes.com/gst/fullpage.html?res=9407E6D61F3FF932A25754C0A96F9C8B63> (regarding scholar Kian Tajbakhsh).

91. Robert F. Worth & Nazila Fathi, *Conspiracy Trial for 100 Dissidents Begins in Iran*, N.Y. TIMES, Aug. 1, 2009, available at <http://www.nytimes.com/2009/08/02/world/middleeast/02iran.html>.

92. Brian Stelter & Brad Stone, *Stark Images, Uploaded to the World*, N.Y. TIMES, June 17, 2009, available at <http://www.nytimes.com/2009/06/18/world/middleeast/18press.html>.

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To appease protestors, the government reviewed the election results but concluded that “the possibility of organized and comprehensive disruption and irregularities in the election is almost close to zero.”<sup>93</sup> Many notable religious leaders and politicians have disputed the presidential election, which amounts to a rare act of defiance against the country’s Supreme Leader and which analysts say was the most public sign of a rift in Iran’s clerical ruling elite.<sup>94</sup> The Obama administration maintained a reserved approach toward post-election fallout, stating that U.S. involvement would deflect the emphasis on the hardliners’ alleged misdeeds and instead make the United States the focus of the crackdown.<sup>95</sup>

President Ahmadinejad was sworn in for a second term on August 5, 2009.<sup>96</sup> As of November 2009, it appears that the opposition to his election is still active.<sup>97</sup>

C. THE NUCLEAR DILEMMA

Iran claims it is enriching nuclear power for civilian use as permitted under the Nuclear Non-Proliferation Treaty. Western powers, particularly the United States, have claimed since 2003 that Iran is enriching uranium to produce a nuclear bomb.<sup>98</sup> The exchange between Iran and the Western powers has been punctuated by threats, sanctions, and visits to uranium enrichment facilities in Iran. Despite the West’s threats, Iran appears to be continuing its enrichment of uranium, and there have been reports that Iran has more enriched uranium than originally thought,<sup>99</sup> has increased its number of centrifuges,<sup>100</sup> and has perhaps collected enough enriched uranium to construct a nuclear bomb.<sup>101</sup> On November 27, 2009, the board of the International Atomic Energy Agency (IAEA) passed a resolution to censure Iran for its defiant nuclear policies and demanded an immediate halt to work on a uranium enrichment plant south of Tehran.<sup>102</sup>

Following the shift in administrations from Bush to Obama, the United States signaled a willingness to engage with Tehran over the nuclear issue, but it is unclear whether Tehran is as equally open. On November 29, 2009, Tehran announced plans to build ten new uranium enrichment facilities<sup>103</sup> and suggested it may exit the Nuclear Non-Prolifer-

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93. *Iran Media: Council Rejects Claims of Voting Irregularities*, CNN, June 21, 2009, <http://www.cnn.com/2009/WORLD/meast/06/21/iran.election/>.

94. *Id.*

95. Fathi & Slackman, *supra* note 89.

96. Parisa Hafezi & Zahra Hosseinian, *Protests as Ahmadinejad Sworn in as President*, REUTERS, Aug. 5, 2009, available at <http://www.reuters.com/article/topNews/id USTRE5735QE20090805>.

97. Saeed Kamali Dehghan, *Iranian Students Plan Return to Street Protests*, GUARDIAN, Nov. 1, 2009, available at <http://www.guardian.co.uk/world/2009/nov/01/iran-election-protests-students>.

98. *Iran Said to Have Nuclear Fuel for One Weapon*, N.Y. TIMES, Nov. 20, 2008, available at <http://www.nytimes.com/2008/11/20/world/middleeast/20nuke.html>.

99. William J. Broad & David E. Sanger, *Iran Has More Enriched Uranium Than Thought*, N.Y. TIMES, Feb. 19, 2009, available at <http://www.nytimes.com/2009/02/20/world/middleeast/20nuke.html>.

100. William J. Broad & David E. Sanger, *Iran Has Centrifuge Capacity for Nuclear Arms, Report Says*, N.Y. TIMES, June 5, 2009, available at <http://www.nytimes.com/2009/06/06/world/middleeast/06nuke.html>.

101. Thom Shanker, *U.S. Says Iran Has Enough Material to Construct an Atomic Bomb*, N.Y. TIMES, Mar. 1, 2009, available at <http://www.nytimes.com/2009/03/02/washington/02military.html>.

102. Borzou Daragahi & Greg Miller, *IAEA Board Votes to Censure Iran*, L.A. TIMES, Nov. 28, 2009, <http://articles.latimes.com/2009/nov/28/world/la-fg-iran-nuclear28-2009nov28/3>.

103. Ali Akbar Dareini, *Iran Approves Plans for 10 New Uranium Enrichment Plants in Defiance of UN Censure*, STAR TRIB., Nov. 29, 2009, <http://www.startribune.com/world/78086862.html>.

ation Treaty.<sup>104</sup> The United States has not ruled out additional sanctions, although increased sanctions would burden the Iranian people and make further negotiations difficult.<sup>105</sup>

## IX. Israel\*

Notable legal developments in Israel in 2009 include changes to the country's Consumer Protection Law, Research and Development Law, Communications Law, and Labor Law. This section also includes a special report on other employment laws in Israel.

### A. CONSUMER PROTECTION LAW

In February 2009, the Knesset (Israel's Parliament) amended the country's Consumer Protection Law.<sup>106</sup> The amendment was enacted to prevent service providers from automatically renewing certain transactions without the prior consent of consumers. According to the amendment, service providers must give consumers thirty to sixty days notice before expiration of the service or transaction and must receive express consent from consumers before renewing the service or transaction.<sup>107</sup> Exceptions exist for essential services, such as gas service and basic phone services.<sup>108</sup>

### B. RESEARCH AND DEVELOPMENT LAW

The Office of Chief Scientist (OCS), a governmental research committee, instituted a new set of guidelines (the OCS Instructions) to instruct Israeli groups or businesses seeking to qualify for governmental funding under the Law for the Encouragement of Industrial Research and Development Law, 5744-1984 (the R&D Law).<sup>109</sup> Under the R&D Law, the Israeli government, acting much like a venture capitalist, offers to invest in Israeli groups or businesses in exchange for the payment of royalties by the group or organization performing research or development programs. But the R&D Law also comes with a specific set of restrictions governing the transfer of technological or intellectual property, which the OCS Instructions identify.<sup>110</sup>

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104. Associated Press, *Iran May Exit Nuke Treaty*, PITTSBURGH TRIB. REV., Nov. 29, 2009, [http://www.pittsburghlive.com/x/pittsburghtrib/news/nation-world/s\\_655404.html](http://www.pittsburghlive.com/x/pittsburghtrib/news/nation-world/s_655404.html).

105. Shanker, *supra* note 101.

\* Mark Youakim works as Commercial Counsel in the Global WorksPlace Solutions division of Johnson Controls, Inc.

106. *See Amendment to Israeli Consumer Protection Law*, GROSS, KLEINHENDLER, HODAK, HALEVY, GREENBERG & CO., Feb. 2009, <http://gkh-law.com/Eng/D4Content/MenuID/870/ID/21/>.

107. *Id.* The Amendment will impact Israeli consumers and also businesses, which must now determine how they to structure membership and subscription services going forward.

108. *Id.* These services may be automatically renewed before expiration, without consent, but still require notice to the consumer no later than thirty to sixty days before expiration or renewal of the service.

109. *See Renana Dolev Harel, New OCS Instructions for Special Applications & Approvals of the R&D Law*, GROSS, KLEINHENDLER, HODAK, HALEVY, GREENBERG & CO., Feb. 2009, <http://gkh-law.com/Eng/D4Content/MenuID/870/ID/20/>.

110. *Id.* The OCS Instructions became effective as of December 2008 and relate to the following events in which such groups or companies would be subject to scrutiny by the OCS in the event of a sale or acquisition: (i) transfer of rights and obligations inside Israel; (ii) transfer of manufacturing activities abroad; (iii) transfer

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C. COMMUNICATIONS LAW

Amendment 40 to the Israeli Communications Law (Telecommunications and Broadcasting), 5742-1982, which became effective on December 1, 2008, was enacted with the intent of minimizing the public's exposure to SPAM.<sup>111</sup> The Amendment prohibits sending commercial material by electronic means, such as emails, faxes, automated telephone systems, and cellular text messages (SMS), unless the addressee provides prior consent. Under the amendment, consent is determined to have been given if it is in writing (including email) or by an automated phone system. A person may revoke consent at any time with no prior conditions or requirements (fees or others) in the same manner in which the consent was given.<sup>112</sup>

D. LABOR LAW

Two amendments to Israel's labor laws, enacted this year strengthen transparency in the relationship between employer and employee. These amendments require an employer to document an employee's work more closely in the event of a conflict between employer and employee regarding overtime payments and the like.<sup>113</sup>

The first of these amendments is Amendment 24 to the Wage Protection Law, 5718-1958 (Wage Protection Law). The Wage Protection Law, which became effective on February 1, 2009, requires that an employer include additional information in pay slips to its employees, including information regarding the employee (such as name, ID, and term of employment) and details regarding salary.<sup>114</sup> The second amendment, Amendment 12 to the Work and Rest Hours Law, 5711-1951 (Work and Rest Hours Law),<sup>115</sup> obligates employers to maintain records of their employees' working time.

E. SPECIAL REPORT: OTHER EMPLOYMENT ISSUES IN ISRAEL\*

With a new government coalition coming to power in Israel in 2009, a roundtable was established with various members, including employee representative organizations such

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of manufacturing rights abroad; (iv) transfer of know-how abroad; and (v) change in control or in the holding of the means of control of the company that had received investment from the government.

111. *The New Israeli Amendment to the Communication Law (Telecommunications and Broadcasting) 1982*, LEGAL 500, Jan. 2009, <http://www.legal500.com/c/israel/developments/6276>. See also Amir Seraya & Ofra Gordon, *The Delivery of Advertising Material Amendment 40 to the Communication Law (Bezeq and Transmission) 1982*, HERZOG, FOX & NEEMAN, Nov. 17, 2008, available at <http://www.acc.com/chapters/israel/upload/HFN-Amendment-40-Communication-Law-Eng.pdf>.

112. *Legal 500*, supra note 111.

113. Ofer Dekel, *Israeli Labor Law Updates, Gross*, KLEINHENDLER, HODAK, HALEVY, GREENBERG & CO., Feb. 2009, <http://gkh-law.com/Eng/D4Content/MenuID/870/ID/22/>.

114. *Id.* The Wage Protection Law also requires that payments deducted from an employee's salary and transmitted to third parties must be deducted within thirty days of deduction. An employer's failure to meet this requirement may incur a fine of NIS 1 million or imprisonment for up to two years.

115. *Id.*

\* Orly Gerbi, a partner at Herzog, Fox & Neeman in Tel Aviv, Israel, and the head of the Labor and Employment Practice Group, prepared this special report on developments in employment law in Israel, with the assistance of Ifat Steinman, a senior associate at Herzog, Fox & Neeman. Eric A. Savage, a shareholder in the Newark, New Jersey office of Littler Mendelson, P.C., a national management-side labor and employment firm, collaborated on the report.

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as the New General Labor Federation—the Histadrut—to work with the government to initiate progressive labor-related legislation.

One significant outcome was the enactment in July 2009 of the Economic Efficiency (Legislative Amendments for the Purpose of Implementing the Economic Plan for the Years 2009 and 2010) Law, 5769-2009<sup>116</sup> (Arrangements Law).<sup>117</sup> The Arrangements Law introduced important changes in various areas of law, not the least of which in the field of employment law.

One such amendment concerns the Sick Pay Law, 5736-1976 (Sick Pay Law).<sup>118</sup> The amendment prohibits an employer, in most circumstances, from dismissing an employee who is absent from work due to illness while the employee is utilizing accumulated sick leave, either under the Sick Pay Law or under a collective bargaining agreement (subject to a maximum of ninety days). This amendment reinforces the trend by Israeli courts to limit the freedom of employers to dismiss employees.

Two other noteworthy pieces of labor-related legislation emerged from the government's collaboration with the Histadrut. One of these laws imposes a duty on employers to negotiate with an employee representative organization,<sup>119</sup> even at the initial stages of establishment in the workplace, with respect to any of the following matters: hiring and firing of employees, employment terms and conditions, and the rights and obligations of the employee organization. The duty is limited to negotiation, and the law stops short of requiring the employer to sign a collective bargaining agreement with the employee organization.<sup>120</sup> The other noteworthy piece of legislation is the Wage Protection (Monetary Sanctions) Law, 5769-2009, which aims at combating delays in the payment of employee salaries by imposing various measures and sanctions (including criminal sanctions) on employers guilty of such delays.

These legislative initiatives follow on the heels of other significant developments in the field of labor law over the last year. Principal among these is the Wage Protection (Amendment No. 24) Law, 5768-2008,<sup>121</sup> which became effective on February 1, 2009, and introduces substantial changes to the Wage Protection Law, 5718-1958<sup>122</sup> (Wage Protection Law). Although ostensibly technical in nature, the amendment has potentially far-reaching consequences in the workplace.

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116. See Economic Efficiency Law, 2009, S.H. 2203.

117. The Arrangements Law, passed on July 23, 2009, serves as a supplement to the Annual Budget Law and is comprised of a broad range of important legislative amendments in various areas.

118. See The Sick Pay Law, 2009, S.H. 1668.

119. "Representative Organization with respect to Special Collective Bargaining Agreements" is defined as "an employee organization which, through its membership numbers, represents the largest number of organized employees to whom a collective bargaining agreement will apply, or which represents employees with respect to the particular agreement, provided that the number is no less than one-third of all of the employees to whom the agreement will apply." Collective Bargaining Agreements Law, 1957, S. H. 221 at 63.

120. This legislative amendment gives statutory underpinning to a principle that had already been established in a recent decision of the National Labor Court. On the other hand, the court decision left open whether employers are obligated to sign a collective bargaining agreement. The legislative amendment answers this question in the negative.

121. See Wage Protection (Amendment No. 24) Law, 2008 S.H. 2162 at 612.

122. See The Wage Protection Law, 1958, S.H. 247 at 86. The Wage Protection Law governs issues relating the payment of employee salaries and social benefits by the employer, and imposes sanctions upon employers who delay or fail to follow the statutory payment-related provisions.

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Specifically, the amendment requires employers to maintain a detailed salary logbook and to include various details in an employee's salary slip or pay stub, including the number of days and hours worked during the payment period. In addition, the amendment has shifted the burden of proof in relation to certain employment disputes, in particular entitlement to overtime-pay, from the employee to the employer. Although not intended as a substantive change to existing law, the new requirements that employers provide detailed information on pay stubs, by highlighting employees' overtime entitlements, have forced employers to re-consider their existing compensation structures and employee classifications.

**X. Kuwait\***

**A. EMPLOYMENT**

The Kuwait Ministry of Social Affairs and Labor liberalized the Kuwaiti labor-law regime by enacting a new policy expected to materially change the relationship between Kuwaiti employers and their foreign-national employees in Kuwait. The Kuwait labor law regime currently does not permit foreign nationals to work in Kuwait without a work permit and a labor card.<sup>123</sup> In addition, Kuwaiti employers may not employ a foreign national who is not under an employer's sponsorship without first satisfying the Kuwait laws and regulations regarding sponsorship. The Kuwaiti employer-sponsor, which may be a government organization or a private company, must apply to the Ministry for a work permit for the employee;<sup>124</sup> the employer remains liable for the actions of the foreign national employee during the duration of the employment-sponsorship.<sup>125</sup>

Historically, a private sector employee could not transfer to a different Kuwaiti employer until completing one year of employment, and then only when the previous Kuwaiti employer consented.<sup>126</sup> This requirement made it difficult for dissatisfied employees to change jobs.

On August 9, 2009, the Ministry issued a new regulation on sponsorship (the Sponsorship Resolution)<sup>127</sup> that gives employees the right to transfer sponsorship from one Kuwaiti employer to another without having to obtain approval of the previous Kuwaiti employer.<sup>128</sup> To benefit from this new amendment, the employee must ensure that the term of the previous employment has expired and that the employee has completed at least three years of continuous work for the previous employer.<sup>129</sup> The Sponsorship Res-

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\* David Pfeiffer, Managing Partner, and Nora Al-Haroun, Associate, with the Kuwait office of Denton Wilde Sapte & Co., prepared the report on legal developments in Kuwait.

123. Resolution No. 38 art 3-4 of 1964, Concerning Labor in the Private Sector [Employment Law], Aug. 1, 1964, (Kuwait) *translated and reprinted by* Salah Al-Jasim Computer Systems.

124. Resolution No. 99 art. 2 of 199, Concerning Organization of Labor in the Private Sector [Employment Law], July 6, 1993 (Kuwait), *available at* <http://www.mohamoon-kw.com>.

125. *Id.* art. 14.

126. Resolution No. 135 art. 1 of 2001, Ministry of Social Affairs and Labor [Employment Law], Jan. 29, 2001 (Kuwait), *available at* [www.mohamoon-kw.com](http://www.mohamoon-kw.com).

127. Resolution No. 179 of 2009, Ministry of Social Affairs and Labor [Employment Law], Aug. 9, 2009, (Kuwait), *see* Kuwait Official Gazette, ed. 936.

128. *Id.* art. 1.

129. *Id.*

olution applies to foreign national employees working in the private sector and to foreign national employees working on projects for the Kuwait Government.<sup>130</sup> The impact of the Sponsorship Resolution may be to increase the costs for Kuwaiti employers to recruit, transport, sponsor, and train foreign national workers in Kuwait by allowing employees to transfer to a different employer with far less interference from the previous employer, undoubtedly making such transfers more frequent.

#### B. COMPETITION LAW

Until recently, Kuwait did not have an extensive body of laws against anti-competitive practices. In April 2007, Law No. 10 of 2007 for the Protection of Competition (the Competition Law)<sup>131</sup> was issued, and on February 16, 2009, the Kuwait Government passed implementing regulations (the Executive Regulations).<sup>132</sup>

The major highlights of the Executive Regulations include a definition of a competitor,<sup>133</sup> a list of prohibited activities, and a list of exempted sectors, including “utilities and ventures owned or managed by the state” and “activities that facilitate economic activity.”<sup>134</sup> The Competition Law requires companies to apply to the Competition Authority of the Ministry of Commerce and Industry for approval of proposed mergers, establishment of unions, and acquisition of assets, if such events would lead to positions of dominance in the relevant market.<sup>135</sup> Anyone violating the Competition Law may be fined a minimum of KD 2,000 (US\$7,000) to a maximum KD 10,000 (US\$35,000).<sup>136</sup>

### XI. Libya\*

Despite Libya’s efforts to increase foreign investment in non-hydrocarbon sectors, the country’s breadwinner remains its oil and gas industry. The biggest legal development in 2009 related to how the Libya National Oil Company (NOC) and the General People’s Committee (GPC) handled the proposed US\$427 million acquisition (US\$9.35 per share for the company’s 44.3 million outstanding shares) of Verenex, a Canadian E&P company with operations in Libya’s Area 47 in the Ghadames Basin (a region estimated to hold roughly 2.15 billion barrels in crude oil reserves), by the China National Petroleum Company International (CNPC).<sup>137</sup>

The proposed sale was memorialized in an agreement between Verenex and CNPC dated February 24, 2009, but Verenex’s agreement in Libya provided the NOC a pre-

130. Resolution No. 135, art. 3.

131. Law No. 10 of 2007, Company Law for the Protection of Competition, April 23, 2007 (Kuwait) *available at* [www.mohamoon-kw.com](http://www.mohamoon-kw.com).

132. Decree No. 106-2009, Council of Ministers [Company Law], Feb. 16, 2009 (Kuwait), *available at* [www.mohamoon-kw.com](http://www.mohamoon-kw.com).

133. *Id.* art. 1.

134. *Id.* art. 6.

135. *Id.* art. 25.

136. *Id.*

\* Feras Gadamsi is a graduate of Georgetown University Law Center and a member of the State Bar of Texas. He also has pending admission into the Libyan Bar.

137. *LLA to Buy Verenex for \$293.7M in Cash Deal*, TRIPOLI POST, Sept. 25, 2009, <http://www.tripolipost.com/article/detail.asp?c=2&ci=3603>.

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emptive right to acquire Verenex on the same terms and conditions offered by CNPC. The NOC informed Verenex that it planned to exercise that right in March 2009,<sup>138</sup> subject to final approval by the GPC.

After several delays, the NOC informed Verenex in a series of letters that Libyan authorities were investigating the possibility that Verenex was improperly qualified to bid for exploration blocks under the EPSA IV rounds in 2005 that eventually led to Verenex's acquisition of its rights in Area 47.<sup>139</sup> Simultaneously, the NOC refused to provide the written consent required for a change of control of Verenex as part of its EPSA in Libya. This refusal prompted Verenex and its shareholders to deny such allegations and to consider pursuing legal remedies such as arbitration under the EPSA.

CNPC eventually pulled its offer in September 2009, after an August 24 deadline to consummate the original offer passed.<sup>140</sup> This action was followed by an agreement between Verenex and the Libyan Investment Authority (LIA)<sup>141</sup> to acquire Verenex for US\$293.7 million in late September,<sup>142</sup> a significantly inferior offer to that proposed by CNPC.<sup>143</sup>

It was widely reported that Dr. Shukri Ghanem, the head of the NOC, resigned in response to the government's controversial handling of the Verenex sale.<sup>144</sup> Although Ghanem returned to his post weeks later,<sup>145</sup> his resignation momentarily caused panic in the industry, which perceived Ghanem as a reliable partner in an otherwise unfamiliar environment.

The short-term consequence of the Verenex transaction is that it has caused foreign E&P partners to reevaluate their operations in Libya, the sanctity of their agreements with the NOC, and the freedom to control their interests in the country. This increased uncertainty in the oil and gas industry, where risk appetite is already significantly higher than in other industries in Libya due to increased profit potentials, may have lingering effects in other industries such as real estate, tourism, and hospitality.

The long-term effects may turn out to be positive if Libya can convert the scrutiny surrounding the situation into more definitive and enforceable rules regarding foreign investment.

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138. *Vermillion Provides Update on Communications from Libyan Authorities to Verenex*, REUTERS, June 22, 2009, <http://www.reuters.com/article/pressRelease/idUS99414+22-Jun-2009+BW20090622>.

139. *See id.*

140. Spencer Swartz, *CNPC Ends Takeover Bid as Libya Balks Over Deal*, WALL ST. J., Sept. 9, 2009, <http://online.wsj.com/article/SB125242278728892643.html>.

141. The LIA is Libya's sovereign wealth fund founded in August 2006 to invest the country's funds generated from the country's vast hydrocarbon deposits.

142. At the time of submission, the acquisition of Verenex by LIA remains subject to approval by seventy-five percent of Verenex's shareholders, which was widely expected at a shareholders meeting on December 11, 2009. *See* Libyan Investment Authority, <http://www.libyaninvestmentauthority.com> (last visited Feb. 2, 2009) (where the LIA is Libya's sovereign wealth fund founded in August 2006 to invest the country's funds generated from the country's vast hydrocarbon deposits).

143. Scott Hagggett & Alex Lawler, *Update 2—Verenex agrees to Libya Offer as China Sale Blocked*, REUTERS, Nov. 5, 2009, <http://www.reuters.com/article/asiaMergers News/idUSN0512168020091105>.

144. *IOCs Face Uncertain Future In Libya Following Ghanem's Resignation*, ZAWYA ONLINE, Sept. 7, 2009, <http://www.zawya.com/pdfstory.cfm?storyid=v52n37-1TS02&l=113700090914>.

145. Tarek El-Tablawy, *Libya Reinstates Oil Chief After His Resignation*, TAIWAN NEWS ONLINE, Oct. 26, 2009, [http://www.etaiwannews.com/etn/news\\_content.php?id=1091491&lang=eng\\_news&cate\\_img=83.jpg&cate\\_rss=news\\_Politics](http://www.etaiwannews.com/etn/news_content.php?id=1091491&lang=eng_news&cate_img=83.jpg&cate_rss=news_Politics).

## XII. Saudi Arabia\*

### A. JUDICIAL SYSTEM

The Saudi judicial system witnessed significant change in 2009. Several reforms, including reforms outlined in the Law of the Judiciary and the Law of the Board of Grievances in 2007, were affected.<sup>146</sup> Among the most important of these changes was the establishment of a Supreme Court.<sup>147</sup> The Court is now the highest judicial authority in the Kingdom and is responsible for ensuring that judgments comply with the *Shari'ah* and regulations issued by the King in cases that fall within the jurisdiction of the judiciary. The Court has jurisdiction to review judgments rendered or upheld by the courts of appeal: (i) involving death sentences, amputation, stoning, and other severe punishments; or (ii) where the appellant appeals on the basis of a violation of the *Shari'ah* or regulations issued by the King, lack of jurisdiction or proper constitution of the court rendering the judgment, or errors in the characterization of the case.

In another development, all judicial and quasi-judicial committees in Saudi Arabia must now publish their final decisions (without the names of the involved parties). Legal departments at the relevant ministries must archive these decisions.<sup>148</sup>

### B. COMMERCIAL SECTOR

Saudi Arabia adopted new laws that allow financial institutions and telecommunication companies to operate more easily and bypass bureaucratic obstacles. Under these laws, licensed banks and telecommunication companies may establish an unlimited number of single shareholder limited liability companies and closed joint stock companies,<sup>149</sup> subject to the approval of the Saudi Arabian Monetary Authority (for banks) and the Communications and Information Technology Commission (for telecommunication companies). These subsidiaries are exempted from the articles of the Companies Law requiring more than one founding partner,<sup>150</sup> and each subsidiary must function within the licensed scope of the licensed parent bank or company.

On the Gulf Cooperation Council (GCC) level, the Saudi Arabian Cabinet adopted a resolution removing all restrictions imposed on GCC nationals engaging in economic activities and professions in Saudi Arabia. This entitles GCC businesses to the same rights as those of their Saudi Arabian counterparts, with the exception of the ability to be involved in any of the activities that are listed as excluded activities not open for non-Saudi investment in the "Negative List" maintained by the Supreme Economic Council.<sup>151</sup>

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\* Nabil A. Issa, Zaid Al-Farisi, and Fahad Bakheet AlMalki are based in the Dubai and affiliated Riyadh offices of King & Spalding LLP.

146. Royal Decree No. M/78 of 19/9/1428 Hijri [Oct. 1, 2007 Gregorian] (Saudi Arabia).

147. Saudi Arabia Supreme Court, <http://www.supremecourt.gov.sa> (last visited Feb. 5, 2010).

148. Prime Minister's Resolution No. 215 of 29/6/1430 Hijri (June 22, 2009 Gregorian) (Kingdom of Saudi Arabia) (by King Abdullah in his capacity as the Chairman of the Council of Ministers).

149. Royal Decree No. M/3, 9/1/1430 Hijri (Jan. 5, 2009 Gregorian).

150. Royal Decree No. m/5, [Companies Law], 18/9/1430 (Sept. 7, 2009), at art. 1, 48, 157.

151. Council of Ministers Resolution of Apr. 20, 2009 (Kingdom of Saudi Arabia); see also *Saudi Arabia Lifts All Restrictions on the Exercises of the Gulf of Economic Activities*, GULFNEWS, available at [http://www.aleqt.com/2009/04/21/article\\_218961.html](http://www.aleqt.com/2009/04/21/article_218961.html).

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The Council of Ministers issued a resolution in early November 2009 ratifying the GCC Common Market agreement. The agreement provides for equal treatment of GCC nationals in members states, which excludes ownership of real estate until the necessary legislative steps are completed. There is concern that this resolution may be interpreted by the authorities in Saudi Arabia as discontinuing any transfer of title of real estate assets to any entity with non-Saudi GCC shareholding.

C. TAX

The Ministry of Finance adopted a resolution granting tax incentives to foreigners investing in certain remote areas of Saudi Arabia.<sup>152</sup> For investors to benefit from these incentives, the investment must have a paid-in capital of at least SAR 1 million and be located in Hail, the Northern Borders Province, Jizan, Najran, Baha, or Jouf. The incentives include discounts on taxes equivalent to fifty percent of the costs of training Saudi labor, and fifty percent of the Saudi labor's annual salaries.

**XIII. Syria\***

A. SECURITIES

The Damascus Stock Exchange (DSE) finally opened for trading on March 10, 2009.<sup>153</sup> A privately-owned bank, Pioneers Securities, managed one of the first initial public offerings on the DSE.<sup>154</sup> The DSE opened with only six companies listed.<sup>155</sup> The six companies were: Banque Bemo Saudi Franci; Bank of Syria and Overseas; United Group for Publishing, Advertising and Marketing; Arab Bank-Syria; Alahlia Company for Transport; and Bank Audi-Syria.<sup>156</sup> The DSE will be open for trading only two days a week.<sup>157</sup> Syria's official state news outlet declared, "The DSE was a dream and now has become a reality despite the fears and [skepticism] of some."<sup>158</sup> But the DSE faces a large obstacle to its growth, because many Syrian businesses are family-owned. These large family businesses have shown reluctance to list on the DSE.

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152. Minister of Finance Resolution No. 2106 of 25/7/1430 Hijri (July 17, 2009 Gregorian) (Saudi Arabia) (in accordance with the Council Resolution on tax incentives for investors in certain rural areas in Saudi Arabia); see also Resolution No. 359 of 26/11/1429 (Nov. 24, 2008) (Saudi Arabia).

\* C. Scott Maravilla prepared the 2009 report on Syria.

153. Posting of Ehsani2, worker for a global financial institution in the area of bonds and derivatives, to Syria Comment, <http://joshualandis.com/blog/?p=2524>; *Syria's Bourse—The Launch & Recommendations for Enhanced Liquidity* (Mar. 26, 2009) (subject previously discussed in *The International Lawyer: 2007 and 2008 Year in Review* and on the Committee's Middle East Law Blog at <http://mid-east-law.blogspot.com/2007/12/syrian-stock-exchange.html>).

154. Jay Solomon, *Syria Cracks Open Its Frail Economy*, WALL ST. J., Sept. 1, 2009 at A12.

155. See Posting of Ehsani2, *supra* note 153.

156. *Syrian Stock Market Starts Trade*, BBC NEWS, Mar. 10, 2009, <http://news.bbc.co.uk/2/hi/business/7934644.stm>.

157. See *id.*

158. See *id.*

The Syrian Commission on Financial Markets and Securities, the government agency charged with regulating the DSE,<sup>159</sup> will keep tight controls on trading on the market during this first phase, in order to prevent speculation. The DSE promulgated its rules for trading on January 7, 2009. The Commission's Rule No. 231, Section 25, limits fluctuation in share prices to two percent a day.<sup>160</sup> Pursuant to Section 24 of the same rule, a securities broker is prohibited from reselling a share on the same day as purchase.<sup>161</sup>

#### B. PROJECT FINANCE

The international law firms of Lovells and Shearman & Sterling closed the first project finance deal in Syria.<sup>162</sup> The project is to use loans from a consortium of banks, including the European Investment Bank, EKF, Proparco, and Bank Audi, totaling \$341 million, to construct a large cement factory in northern Syria.<sup>163</sup> The company is Lafarge, a large international construction company and one of the largest suppliers of cement in the world.<sup>164</sup>

### XIV. Turkey\*

#### A. RELATIONS WITH ARMENIA

In 2009, Turkey made significant progress toward improving relations with Armenia. Relations between the two countries have been strained for decades, as Turkey and Armenia bitterly dispute the events surrounding what many refer to as the Armenian Genocide of 1915.<sup>165</sup> While the Armenians maintain that Ottoman authorities massacred up to 1.5 million Armenians during World War I, Turkey has consistently denied that genocide occurred.<sup>166</sup> Turkey's position has long infuriated Armenians. In addition, Turkey closed off its border with Armenia when it sided with Azerbaijan during the Nagorno-Karabakh War in 1993, isolating Armenia economically.<sup>167</sup>

In an effort to normalize relations, Turkey and Armenia signed an accord on October 10, 2009, in which they agreed to establish diplomatic relations and open the Turkish-

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159. The Commission's stated mission is "to establish a fair market with a high standard of transparency, efficiency and depth." See Posting of Ehsani2, *supra* note 153.

160. The language of Section 25 of Rule No. 231 (trading rules) does not state a specific percentage but the DSE announced that it would be two percent. See *id.*

161. See *id.*

162. Jeremy Hodges, *Lovells and Shearman Advise on Landmark Syrian Project Finance Deal*, LEGALWEEK, Nov. 4, 2009, <http://www.legalweek.com/legal-week/news/1561051/lovells-shearman-advise-landmark-syrian-project-finance-deal>.

163. See *id.*

164. See *id.*

\* Kinan H. Romman, an associate with Ahmad, Zavitanos & Anaipakos P.C. in Houston, Texas, prepared the report on developments in Turkey.

165. Dominik J. Schaller & Jürgen Zimmerer, *Late Ottoman Genocides: The Dissolution of the Ottoman Empire and Young Turkish Population and Extermination Policies—Introduction*, 10 J. GENOCIDE RESEARCH 7, 10 (2008).

166. *Id.*

167. Matthew Lee, *Turkey and Armenia Sign Historic Accord, Establishing Diplomatic Relations*, HUFFINGTON POST, Oct. 10, 2009, [http://www.huffingtonpost.com/2009/10/10/turkey-and-armenia-sign-h\\_n\\_316439.html](http://www.huffingtonpost.com/2009/10/10/turkey-and-armenia-sign-h_n_316439.html).

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Armenian border.<sup>168</sup> In addition, a committee of historical experts will study the Armenian deaths of World War I (the term “genocide” is not used in the accord, angering some Armenians).<sup>169</sup> The accord could ease tensions in Eastern Europe and help Turkey’s bid to join the EU.<sup>170</sup> The parliaments of Turkey and Armenia have not yet ratified the accord.<sup>171</sup>

**B. TAX PENALTIES**

Although Turkey has taken a step forward with international law initiatives in 2009, some critics argue that it has taken a step backwards with regard to the fair application of its domestic tax laws. Alleging tax evasion, the Turkish Ministry of Finance levied over US\$3.9 billion in tax penalties against the Dogan Media Group (DMG), Turkey’s biggest media conglomerate. The penalties were assessed in February and September of 2009 (US\$625 million and US\$3.3 billion, respectively).<sup>172</sup> They came after DMG published damaging stories of the government and Prime Minister Erdogan.<sup>173</sup> It is reported that Erdogan and Aydin Dogan, the owner of DMG, have had a long-running personal feud.<sup>174</sup> Dogan is a powerful secular voice in Turkey, while Erdogan represents the current right-leaning, religious government.<sup>175</sup>

Many citizens in Turkey worry that the penalties will silence journalism critical of the government.<sup>176</sup> This move could weaken Turkey’s appeal to the E.U. as a member nation, as the tax penalties could be seen as an attack on free speech.<sup>177</sup>

The penalties could also cause the collapse of DMG,<sup>178</sup> which has thus appealed the penalties in two tax cases.<sup>179</sup> On October 12, 2009, in the case over the smaller fine, a Turkish court ruled against the government, finding that its demand for collateral was

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168. *Id.*

169. *Id.*

170. Mary Beth Sheridan, *Armenia, Turkey Reach Accord*, WASH. POST, Oct. 11, 2009, <http://www.washingtonpost.com/wp-dyn/content/article/2009/10/10/AR2009101002300.html>.

171. *Id.*

172. Marc Champion, *Turkish Media Group Wins a Round in Tax Cases*, WALL ST. J., Oct. 12, 2009, <http://online.wsj.com/article/SB125513202532477287.html>.

173. Dorian Jones, *Turkey Hits Country’s Largest Media Group with Hefty Tax Penalty*, VOICE OF AMERICA NEWS, Sept. 14, 2009, <http://www.voanews.com/english/archive/2009-09/2009-09-14-voa49.cfm?CFID=314717539&CFTOKEN=58131945&jsessionid=de30875v7a5b24e228fc9653c536405851547>.

174. Celestine Bohlen, *Turkey Should Dump Tax Feud Like Adultery Law*, HURRIYET DAILY NEWS, Sept. 22, 2009, <http://www.hurriyetdailynews.com/n.php?n=turkey-should-dump-tax-feud-like-adultery-law-2009-09-22>.

175. *Id.*

176. Dorian Jones, *Turkey Hits Country’s Largest Media Group with Hefty Tax Penalty*, VOICE OF AMERICA NEWS, Sept. 14, 2009.

177. Bohlen, *supra* note 174; *see also Rebn: EU Has ‘Serious Concerns’ About Dogan Tax Case*, ISTANBUL DAILY NEWS, Oct. 14, 2009, <http://www.hurriyetdailynews.com/n.php?n=on-road-to-membership-eu-wants-more-political-human-2009-10-14>; *Turkey’s Dogan Says Fine Increased to \$3.2 Billion*, REUTERS, Sept. 28, 2009, <http://www.reuters.com/article/technology-media-telco-SP/idUSLS32366420090928?pageNumber=1&virtualBrandChannel=0> (“penalties mount in a case that has cast doubts on the European Union candidate country’s commitment to press freedom.”).

178. *Dogan Denies Tax Case Appeal Rejected*, REUTERS, Oct. 8, 2009, <http://www.reuters.com/article/technology-media-telco-SP/idUSL863561020091008>.

179. *Id.*

“not in accordance” with Turkish tax law.<sup>180</sup> The tax authority has stated, however, that this ruling is unlikely to affect its decision to pursue collateral in the other, larger case.

Interestingly, in October 2009, the Turkish Minister of Foreign Affairs announced that changes were being made to Turkey’s tax laws.<sup>181</sup> The Minister explained that these changes would leave “no room for grey areas” with regard to implementation—a message aimed at foreign investors.<sup>182</sup> He explained that these reforms were not in response to events surrounding “a certain media corporation.”<sup>183</sup> As part of the reforms, a new arbitration centre in Istanbul will be established to resolve tax controversies.<sup>184</sup>

## **XV. United Arab Emirates\***

### **A. CORPORATE (FEDERAL)**

In June 2009, the minimum capital requirement in the Companies Law for limited liability companies—UAE dirhams 150,000—was abolished.<sup>185</sup> Now the requirement is to have sufficient capital for the business as determined by the partners. In practice, however, the authorities may impose their own requirements.

### **B. LABOR (FEDERAL)**

A new Ministerial Decree on the Wage Protection System requires that, within certain deadlines, all UAE private sector employers registered with the Labor Ministry transfer their employees’ salaries in UAE dirhams by electronic transfer to UAE bank accounts.<sup>186</sup> Employers have significant new record-keeping responsibilities with legal accountability. The Decree is causing concern for multinationals whose employees have typically been paid in their home countries.

Pursuant to a new Ministerial Resolution, the ability of employers in the private sector to terminate UAE national employees was restricted substantially.<sup>187</sup> Termination of a UAE national employee will be deemed without a valid reason unless certain conditions are met and certain procedures followed. For example, if the employer continues to employ an expatriate who performs the same job as the UAE national employee, then the termination would be deemed without a valid reason. If the Labor Ministry finds a termination is without a valid reason, it will give instructions to the employer. If the employer does not follow the instructions within fifteen days, the Labor Ministry will refer the

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180. Champion, *supra* note 172.

181. *Turkey Set to Overhaul Tax Laws*, INT’L TAX REV., Oct. 1, 2009, <http://www.internationaltaxreview.com/?Page=9&PUBID=210&ISS=25492&SID=722731>.

182. *Id.*

183. *Id.*

184. *Id.*

\* Vandana Rupani, Hassan Elsayed, John C. Boehm, Jr., and Mark E. Bisch, attorneys in the Dubai office of Fulbright & Jaworski L.L.P, prepared the report on the United Arab Emirates.

185. Federal Decree by Law No. 1 of 2009, On Amending Certain Provisions of Federal Law No. 8 of 1984 Concerning Commercial Companies [UAE Official Gazette No. 495] July 15, 2009 (U.A.E).

186. Ministerial Decree No. 788 of 2009, On Protection of Wages, *available at* <http://www.mol.gov.ae/wps/Guidelinehtml#3> (U.A.E.).

187. Ministerial Resolution No. 176 of 2009, On the Restriction of Terminating Service of UAE National Employees Working for the Private Sector, Feb. 17, 2009 (U.A.E).

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dispute to the court. No new work permits will be granted to the employer until the dispute has been resolved by final verdict.

C. LITIGATION (DUBAI)

The Emirate of Dubai enacted a law setting up a Center at the Dubai courts for the amicable settlement of certain disputes that otherwise would be heard by the Dubai courts.<sup>188</sup> The Center will endeavor to settle a dispute amicably within one month from when the parties are summoned, unless the judge extends that time. The Center may seek expert opinions on technical matters. If an amicable settlement fails, the Center will transfer the dispute to a competent court.

D. REAL ESTATE (DUBAI)

The Emirate of Dubai issued a decree regarding permissible rent increases for 2009.<sup>189</sup> The decree, which applies to both commercial and residential properties in Dubai, provides that rent should not be increased in 2009 if the amount of rent paid in 2008 for a particular property was up to twenty-five percent lower than the average similar rent for such property. The average similar rent is determined by using the Rent Index maintained by the Dubai Real Estate Regulatory Agency.

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188. Law No. 16 of 2009, On the Creation of a Center for the Amicable Settlement of Disputes in Dubai [Dubai Official Gazette No. 343] Sept. 15, 2009.

189. Decree No. 1 of 2009, Regarding Rentals in the Emirate of Dubai, *available at* <http://www.rpdubai.com/rpdubai/fg?f=DAFD6buDFunTim9885A7Nu9lzfurwomLohK1uRM8fQrnjZqT%2BjXuAY2FEeLwZ6Os>.



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