



Dear Friends and Clients,

Our Iran office is going to open its doors at the occasion of the state visit of the Austrian federal president Dr. Fischer on September 7, 2015. We are looking forward to an excellent business environment and three lawyers (all speaking German and English, and two speaking Farsi ) plus the local law firm to be at your service in Tehran.

Have you flown with Emirates recently, landing in DXB Terminal 3? Did you enjoy the 20 min bus ride to the terminal, the long lines at immigration and the slow luggage service? What has happened to Emirates? Are they growing too fast? Becoming arrogant? They even refused access to the business lounge for my 9 y.o. daughter recently because my business class/gold membership is only for 1 guest. So the unfriendly staff recommended I should let the 9 y.o. wait in front of the entry to the lounge. Great! By the way, the lounge was 75% empty at 5 a.m. So we recommend looking for alternatives as mentioned in our newsletter. Or just use the Marhaba service or Diners Club lounge with your credit card for free.

It's good to know that cash and cheques are still king in a "highly" developed financial environment like UAE. For a simple transfer from UAE bank to another you pay 120 AED, deposit the cheque or pay cash into the account is free of charge. So let's be happy about the present system and the possibility of having the signatory of a bounced cheque being arrested within hours.

Yours,  
Theodor Strohal

## Resolution regulating the real estate appraiser profession

Sheikh Hamdan bin Mohammad bin Rashid Al Maktoum, Dubai's Crown Prince and Chairman of the Dubai Executive Council, endorsed Resolution No. 37 of 2015 on the regulation of the real estate appraiser profession on 26 August 2015.

This move aims to restrict the profession to qualified real estate appraisers and those listed in the database of the Real Estate Regulatory Agency (RERA) as well as to ensure accurate and regulated appraisal of real estate assets for the purpose of attaining credit facilities from banks.

The resolution specifies that RERA will be responsible for registering and renewing the registration of the trained appraisers, as well as approving and renewing permit applications of sole proprietor establishments who wish to practice the profession.

It stipulates that only Emiratis are permitted to be real estate appraisers and they must have the necessary qualifications and training that are specified by the resolution issued by Dubai's Land Department. Therefore, the appraiser must have a minimum of two years work experience or has completed the training specified in the aforementioned resolution.

Why just Emiratis are permitted to be real estate appraisers under the new regulation is a question we are currently looking for the answer to. We don't think that prohibiting foreign firms from doing business in Dubai will be an advantage for the economy. It rather opens doors to more "fronting" that the corporate law already does .

## **Petrol and diesel prices will decrease in September**

The Ministry of Energy had announced that fuel prices across the UAE would be deregulated as of 1 August 2015, adopting a new policy that links national prices to global prices, which we reported about this big change in our August newsletter.

After a steep increase of petrol prices in August, they will now decrease more than 8 % in September. Special petrol will drop from 2.14 AED per liter to 1.96 AED per liter. Likewise, the liter price for Super will decrease from 2.25 AED to 2.07 AED, as well as E-Plus dropping from 2.07 AED to 1.89 AED. The biggest decrease will be in the Diesel price dropping around 10 % from 2.07 AED per liter to 1.86 AED per liter. The new prices will be effective on 1 September 2015.

The low Diesel price could especially serve as a stimulating factor for the UAE economy by enhancing the competitiveness of the national economy and by reducing the prices of certain commodities.

The prices are based on the average global prices for diesel and gasoline with the addition of operating costs and the profit margins of the distributing companies. The Fuel Price Committee will meet next on September 28 to agree on the prices for the month of October. We are excited to see what prices will be announced next.

There should be salute to the committee and government policy. Despite the fact that the country earns much less due to the fallen oil prices, they still try to be consumer friendly and maintain a lower petrol cost.

## **More flights to Middle East**

From 1 October onward, Qatar Airways will fly from Doha to Ras Al Kahimah every day. The duration of the Airbus A320 flight will be just 1 hour and 15 minutes.

Likewise, leading German tour operators have all expanded their long-haul programs for winter 2015/16 for regions such as the Caribbean, North America, Asia and Southern Africa and announced increased and strong bookings in particular for the Indian Ocean (Maldives, Seychelles, Mauritius), Asia (Sri Lanka, Bali) and the UAE.

Furthermore, various operators are expanding their programs for several destinations. FTI has daily charter flights to Ras Al Khaimah in the UAE, a weekly full-charter flight to Salalah in Oman and has added Bahrain as a new destination. TUI is offering Qatar as a new destination and has new flights to Dubai with Eurowings, while Alltours has launched holidays to Oman.

These new flights to the Middle East are much appreciated by both tourists and business travellers and are expected to help grow the tourism sector as well as to have a positive impact on the economic growth in the region.

Since landing and arriving in DXB Terminal 3 has lost most of its attraction, alternatives to "Fly Emirates" are recommended. Most of the time you have a 20-25 minute bus ride from the Emirates aircraft's parking position to Terminal 3, then long lines at immigration and another 20 minutes waiting for you luggage. You can expect it to take 1 ½ hours from touch down to leaving the airport. This certainly doesn't make Emirates Airlines very attractive anymore.

### Dubai's Rent Trends

Rents in some of Dubai's high-end areas has decreased in the second quarter even as certain mid-market locations saw rental prices increase while rental levels remained unchanged in old Dubai areas, according to two research reports from Asteco and CBRE, published on 14 July 2015.

On the one hand, the highest quarter-on-quarter apartment rental declines were recorded on Sheikh Zayed Road (seven percent), Palm Jumeirah (six percent) and Jumeirah Beach Residences (seven percent).

On the other hand, IMPZ, Dubai Sports City and Dubai Silicon Oasis recorded higher rental prices, compared with 2014, of between 6 and 13 %, due to the completion of community infrastructure and increased occupancy levels making them popular mid-market residential areas.

The softening in Dubai's residential rental market appeared earlier than we originally anticipated, offering tenants in Dubai an opportunity to recoup somewhat after several tough years of high rent. The decrease was felt throughout the market and areas with a significant amount of completed new supply were the most affected. Additionally, some buyers of nearly completed buildings were keen to sell at negative premiums due to the imminent completion of the building, which required final payment.

### The world's most environment-friendly desalination plant

Utico Middle East and Grupo Cobra have announced a 60:40 joint venture partnership that will see the construction of a 719 million AED water desalination plant in Al Hamra, Ras Al Khaimah.

The joint venture, to be called Al Hamra Water Company, will oversee the development of the world's largest privately-financed independent desalination company.

The state-of-the-art facility has one of the lowest power consumption levels in the region, as well as water re-use saving at least 33,280 tons of carbon dioxide per year. These factors will help the facility to reduce the impact on

help the facility to reduce the impact on climate change as well as provide quality water to all consumers.

Upon completion in 2017, the Al Hamra Water Company will generate 22 million gallons of water per day to serve the needs of Ras Al Khaimah and the surrounding regions. The project will create 300 jobs during the construction phase and 80 permanent positions once operational. About 20 - 25 % of these jobs will be offered to Emirati nationals after training them for a year.

The other 75 to 80 % could be a good option for expats living in Ras Al Khaimah instead of travelling every day to a job in Dubai.

### Cash is King in the UAE

While paper money is fast disappearing in many countries around the world, cash is still king in the UAE. The majority of locals and expats living in the UAE still prefer to pay for daily essentials, restaurant meals and other household expenses with cash.

The Network International's study, done by the market research company YouGov in the second quarter of 2015 and covering more than 1,000 expatriates and UAE nationals across the Emirates, shows that 10 out of 12 customers prefer to pay cash. Cash is most commonly used to pay for groceries, electronic goods, luxury products, fast food, big-ticket items and remittances to home countries. Credit cards emerged as the next most frequently used payment method, followed by debit cards, prepaid cards and other payment tools like cheques and online banking.

Cash is clearly still king for UAE residents, which is certainly unique to the region and a contrast to other global trade centres where cashless transactions are more prevalent. This is, in fact, the extreme opposite of the UAE's vision to be a leader in innovation and to adopt new technologies. A possible reason for this negative trend could be that cash payment helps avoid spending beyond a budget, but it could also be that paying in cash is safer and faster than the often criticized UAE bank transfers which are unbelievably costly, even compared to cheque payments.

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