

**Federal Law No. (18) of 1981
Concerning Organizing Trade
Agencies**

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We, Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates,

In consideration of the provisional Constitution, and

The Federal Act No. 1 of 1972, concerning Capacities of ministries and powers of ministers, and

the amending acts thereof, and

upon the proposal of minister of Economy and Commerce, approval of Council of ministers and ratification of the supreme federal Council,

have issued the following act:

Article (1)

In implementation of this act, the following expressions and words shall import the meanings given opposite each:

The State	: The United Arab Emirates
The Ministry	: The Ministry of Economy & Commerce (Referred to hereinafter as the Ministry').
The Competent Authority	: The Competent Local Authority of the Emirate concerned.
The committee	: The Trade Agencies Committee formed according to Article (27) of this Act.
The Trade Agency	: Means a representation of a Principal by an agent for distribution, sale, display or

render of a commodity or service in the State against a commission or profit.

The Principal : Means a Local or overseas Producer or exclusive Exporter or distributor authorized by the Producer provided that producer must not handle marketing process by himself.

The Agent : Means a natural person of United Arab Emirates' nationality or a judicial person fully owned by natural persons of United Arab Emirates' nationality whose right to act on the agency's matters, without exceeding his limits, been established by the agency agreement.

Article (2)

Practice of trade agency functions inside the State shall be limited to national individuals or national companies totally owned by nationals.

Article (3)

Trade agency activities are not permitted to be practiced inside the state except by such commercial agents registered in the Specified register maintained for this purpose by the ministry. Any trade agency not registered in the above register shall not be considered, nor legal cases there for shall be heard.

Article (4)

For valid agency at the time of registration, the agent shall be directly bound with the principal by a written and notarized contract.

Article (5)

The Principal shall be allowed to have one agent in the state as a one territory one agent in each emirate, or in a number of emirates, provided that distribution of the relevant goods and services shall be restricted to the agency area.

Article (6)

The trade agency contract shall be considered to be made for the joint interest of contracting parties.

Article (7)

The agent shall be entitled to the commission for the deals made by the principal himself or through others in the area of agency, even if the deals are not concluded through efforts of the agent.

Article (8)

The principal shall not be entitled to terminate the agency contract, unless there is a valid reason for termination, regardless that the period of agency contract is fixed. The agency may not be re-registered in the trade agencies register in the name of another agent, unless the first agency has been terminated by mutual agreement between the principal and agent, or there are essential reasons accepted by the permanent committee formed under article (27) of this act.

Article (9)

If the agency is withdrawn in a non-convenient time, or due to a reason beyond the control of agent, the principal may be claimed to pay compensation against the injuries sustained by the agent. Cases of misuse of right which necessitate payment of suitable compensation, include non- acceptance by the principal to renew the agency contract after lapse of its original period, if the agent proves that his activity has led to apparent success in distribution of the principal's products or publicity thereof, and that non- renewal of contract causes injuries to the agent or denies him the profit expected due to his activities, unless the principal proves that the agent has committed a mistake which justifies non-renewal of the contract.

Article (10)

Application for registration in the commercial agent's registry shall be submitted on the prescribed form at the ministry. The application shall be

accompanied by supporting documents, and shall include name of agent, principal, nationality and address of each, assets, commodities and service relevant to trade agency, activity area of agent and commencement and expiry date of agency.

In case the trade agent is a trading company, the application shall include the date provided for in the above pare, in addition name, kind, address of a main office and amount of capital thereof.

Article (11)

The ministry shall issue its decision on the application for registration within fifteen days from date of submission. In case the application is approved the agent shall be granted an accredited certificate proving registration thereby, and the decision for approval of application along with the relevant details shall be published in the official gazette, and the municipal and customs dept. and Chamber of Commerce and Industry Union and the concerned Chambers of Commerce & Industry shall be notified thereof.

Article (12)

In case the conditions of registration provided for in this act are not fulfilled, the ministry may reject the application submitted thereto, provided it gives the reasons for such rejection. It shall also notify the concerned applicant of rejection decision by a registered acknowledged letter. Any person whose application is rejected may challenge the rejection decision before the court within sixty days from date of notifying him.

Article (13)

The trade agent, his legal representative, or heirs in case of death thereof, may apply to the ministry to insert any variation or amendment to the data specified in this act, according to the terms given, within sixty days at most from date of occurrence of such variation or amendment.

Article (14)

The trade agent, his legal representative, or heirs in case of death thereof, on termination of agency contract or expiry thereof shall apply to the ministry, attaching the supporting documents to delete the agency entry from the trade agents register, within sixty days' maximum from date of termination, death or expiry. If for deletion of agency is substantiated to the ministry, the ministry may effect maximum to hear their objection to the reason causing deletion. If they fail to response they shall be re-notified in the same way to response

within other sixty days, and in case they fail again to response, the ministry may be itself delete the registration.

Article (15)

If the trade agent loses any of the terms provided for in this contract, he shall apply to the ministry for deletion of his registration from the trade agents register with sixty days at most from realizing of the deletion reason. The ministry shall then effect deletion from register.

The ministry may effect deletion of registration by itself if reasons therefore exist, in accordance with the terms provided for in paragraph 2 of the above article D

Article (16)

Any application for registration, amendment or deletion shall be accompanied by the supporting documents thereto. The concerned authority may accept such applications and ask the applicant to complete the required documents.

Article (17)

The ministry shall notify the municipal and customs dept., Chamber of Commerce & Industry union and chambers of commerce and Industry in the state, of names of agents registered thereby in the trade agents register, along with any variation, amendment or deletion of registration, within thirty days from date of registration, amendment or deletion as the case may be.

Article (18)

Any party interested may obtain from the concerned authority a copy of registration. He may also obtain a certificate of non-occurrence of registration as well.

Article (19)

The executive regulation of this act shall specify the fees for registration applications, or application for entry of variation or amendment or registration, & the fees due for obtaining a formal copy of registration.

Article (20)

The trade agents existing at the time of enforcement of this act shall apply for registration in the said register according to the rules and terms provided for therein, within six months from date of enforcement of this act. Those not fulfilling the terms specified in this act shall adjust their situation in accordance with the rules thereof within one year from date of enforcement of this act. If the trade agency shall not fulfill the terms specified within the period given above, it shall be deemed as expired by force of law.

Article (21)

Trade agents shall provide the spare parts, instrument, materials, accessories & attachments necessary and sufficient for maintenance of the long lived commodities imported by them.

Article (22)

Any party practicing the functions of trade agency against this act shall be fined not less than five thousand Dhs. The chief clerk of the court shall notify the concerned authority, Chambers Commerce and industry union, and Chambers Commerce & industry in whose jurisdiction the agent has practiced his activities, of the judgment directly after issue thereof.

Article (23)

No persons shall be allowed to import in any commodities, products, manufactured products, materials or otherwise, being the subject of trade agency registered in the state in the name of another person, for the purpose of trading through other than the agent. The concerned authority shall upon request of, the agent detain such imports in the ports or the stores of importer until a judgment is given.

Article (24)

Without prejudice to any more severe penalty provided for in the penal code or any other penal law, any one who commits any of the following acts shall be fined not less than five thousand Dhs.

- a) If he intentionally submits to the concerned authority or any other formal authority incorrect data in respect of registration or deletion or entry in the trade agents register. If the incorrect data shall produce a registration deletion, or entry against this act, the

court shall in addition to the specified penalty, order deletion of registration, nullification of entry or cancellation of deletion as the case may be. The relevant judgment shall be published in the official gazette.

- b) If he fixes on the printed matter, or the correspondence concerning trade work, or if he publishes by any publicity media, contrary to the fact that he is a trade agent of a natural person or body corporate, or that he is an agent for marketing, selling or distribution of goods products, or materials or otherwise the court shall in all cases order to correct such data according to conditions, and by the dates R shall specify the relevant judgment shall be published in the official gazette.

Article (25)

Anyone who breaches the ruling of article 21 hereof, shall be penalized by the fine which the courts may decide.

Article (26)

In addition to the penalties provided for in this act the competent court may order to close the premises where from the trade agent functions. The competent authority may decide to re-open the premises on request of the concerned parties on clearing the reasons of closing, or for purpose of liquidation.

Article (27)

The trade agencies Committee shall be formed upon decision of the minister as follows:

- 1) A representative of the ministry to be selected by the minister.
- 2) A representative of the municipal council in each concerned Emirate, to be selected by the mayor, or the trade licensing authority.
- 3) A representative of the members of the board of directors of the Chamber of Commerce and Industry in each concerned emirate, to be selected by the Chairman of the Chamber.
- 4) A representative of the municipals Secretariat, to be selected by the general secretary.

- 5) A representative of the chambers of Commerce & Industry Union in the State, to be selected by the Secretary-General.

Article (28)

The committee shall be competent in seeing any dispute arising by cause of the trade agency. The Committee may, in performing its duties, seek the assistance of whoever it deems fit, by a written authorization. Such persons shall not be permitted to disclose the matters which they might see due to their authorization.

Article (29)

Officials charged to monitor the terms of this act shall be entitled to see the documents and papers relevant 10 substantiations of the agency and registration in the register, in order to establish any breach 10 this act and the executive decisions thereof, and to refer the matter to the authorities concerned in investigation and trial.

Article (30)

A decision nominating the official referred to in the above article shall be issued by minister of Commerce and trade. Such officials shall be prohibited from disclosing the secrets which they might know by virtue of their posts. Anyone who violates such prohibition shall be disciplinarily penalized, without prejudice to his civil or penal responsibility.

Article (31)

Any act contradictory to this shall be treated as null and void.

Article (32)

Minister of economy and foreign trade shall implement this act and issue the regulations and decisions necessary for execution thereof.

Article (33)

This act shall be published in the official gazette, and shall come into force from date of publication thereof.

ZAYED BIN SULTAN AL NAHYAN
PRESIDENT OF UNITED ARAB EMIRATES.

ISSUED BY US AT THE PRESIDENTIAL PALACE
IN ABU DHABI,

This 11th day of Shawwal 1401 H.
Corresponding to 11th August 1981.