

- When can vessels be arrested by their creditors?
- What Is a 'Marine Debt'?
- Articles 115, 116 and 117 of the **UAE Maritime Commercial Law 1981** as amended in 1988
- The Competent Court (Summary Judge to Handle the Arrest Application)
- The Required Documents To Be Annexed With the Arrest Application
- The Court's Fee For the Arrest Application

- How long does it take for the arrest order to be granted by the summary judge?
- Is the decision of the Summary Judge final?
- How can the Owners release their vessels?
- Position in the remaining GCC countries.

When Can Vessels Be Arrested By Their Creditors?

- A creditor would be allowed to arrest a vessel as long as the debt over her is deemed as a 'marine debt'.

What is a 'Marine Debt' ?

Article 115 of the UAE Maritime Commercial Law defines 'marine debt' as:

- The expression "marine debt" shall mean a claim in respect of a right arising out of any of the following:

Causes:

- (a) Damage caused by the vessel by reason of a collision or otherwise;
- (b) Loss of life or personal injuries occasioned by the vessel and arising out of the use thereof;
- (c) Assistance and salvage;

What is a 'Marine Debt' ?

- (d) Contracts relating to the use or exploitation of the vessel under a charterparty or otherwise.
- (e) Contracts relating to the carriage of goods under a charterparty, bill of lading, or other documents;
- (f) Loss of or damage to goods or chattels being carried on board the vessel;
- (g) General average;
- (h) Towage or pilotage of the vessel;
- (i) Supplies of products or equipment necessary for the utilization or maintenance of the vessel, in whichever place the supply is made.

What is a 'Marine Debt' ?

- (j) Construction, repair or fitting out of the vessel, and costs of it being in dock.
- (k) Sums expended by the master, shippers, charterers or agents on account of the vessel -or on account of the owner thereof.
- (l) Wages of the master, officers and crew, and other persons working on board the vessel under a contract of maritime employment.
- (m) A dispute as to the ownership of the vessel.
- (n) A dispute in connection with the co-ownership of the vessel, or with the possession or use thereof, or with the right to the profits arising out of the use thereof.
- (o) A maritime mortgage

1. Any person seeking to recover the debts referred to in the preceding Article may arrest the vessel to which the debt relates, or any other vessel owned by the debtor if such other vessel was owned by him at the time the debt arose even if the vessel is ready to sail.
2. It shall not however be permissible to arrest any vessel other than that to which the debt relates if the debt is one of those specified in subparagraphs (in), (n) or (o) of subsection (2) of the preceding Article.

1. If the vessel has been chartered to a charterer together with the right of navigational management thereof, and he alone is responsible for a maritime debt connected therewith, the creditor may arrest the said vessel or any other vessel owned by the same charterer, and he may not, in respect of that debt, arrest any other vessel of the disponent owner.
2. The provisions of the foregoing subsection shall apply in all cases in which a person other than the owner of the vessel is liable for a maritime debt.

to Handle the Arrest Application

- As long as a vessel is within the UAE's Territorial waters (12 nautical miles), the UAE Courts will have jurisdiction to decide upon the arrest application.
- The jurisdiction of the UAE Courts is determined on the location of the vessel that the creditor would like to arrest. For example, if the vessel is at Jabel Ali Port, Dubai Court will have jurisdiction to handle the arrest application. However, if the vessel is at Khalifa Port, then Abu Dhabi Court will have jurisdiction to handle the arrest application.



An Arrest Application:

- A notarised and legalised PoA;
- The Arrest Application;
- The supporting documents (i.e. employment contracts of the captain and the crew, bunker delivery receipts, the mortgage contract, service agreement, etc.);
- All documents must be translated into Arabic;
- An undertaking letter to the Court in which the creditor (applicant) undertakes to compensate any damage inflicted by the ship owner/charterer in case the applicant's claim is not justified.

An Arrest

- An undertaking letter to the Dubai Ports only in which the creditor (applicant) undertakes to pay all due fees and expenses regarding the maintenance and towage of the vessel and any dues for the crew as well as any other fees due on the vessel during the arrest period (Dubai Courts only);
- The Summary Judge might request the creditor (applicant) to deposit a guarantee/cash security (i.e. in practice, Fujairah Court requests applicants to deposit between AED 50,000 as a minimum and up to AED 100,000).

The Court Fees For the Arrest Application

- Dubai Court: AED 40,000;
- Abu Dhabi Court: AED 7,500;
- Other Courts such as Sharjah, Fujairah, RAK, Ajman, Umm Al Quwain and Khorfakkan Courts: the arrest fees are up to AED 30,000.

The Time Frame For the Arrest Order To Be Granted

- If the arrest application is in order, the arrest order should be granted within 48 hours;
- The arrest order is valid for 30 days from the date of issue and it may be renewed;
- The vessel should be arrested within 1-5 working days depending on local procedures from the time the judge issues the order to arrest (i.e. if the arrest order is granted by Sharjah Port, the arrest order is executed on the same day. However, if the arrest order is granted in Abu Dhabi, the arrest order might be executed the day after).

Is the Decision of the Summary Judge Final?

- The decision of the Summary Judge is not final and it can be challenged by filing a grievance by the applicant, the ship owner or as the case maybe.

How Can the Owners Release their vessels?

- Guarantee/security:
- A. P & I Letter of Undertaking to be accepted by the arresting party.
- P & I club local correspondent's undertaking to be accepted by the arresting party.
- Objecting against the arrest order and the Court accepting the same.

Position in the remaining GCC countries



THANK YOU