

Your Aviation & Superyacht practice Newsletter

Dubai: the new superyacht hub?

Maritime vision & Infrastructure

In January 2017, Dubai announced the launch of the Middle East's biggest marina project (Dubai Harbour) which will increase by 50 percent the current berth capacity in the Emirates. The Emirates currently has 3000 berths available for yachts and will increase this by 1400 more. Dubai Harbour will finally provide berthing for superyachts up to 85 metres thus marking its willingness to become one of the superyacht industry's hubs in the region.

Dubai's continued investment in the superyacht industry is opening new horizons for superyacht owners and consolidating a long term strategy to become the 7th maritime capital in the world.

The UAE wishes to offer an alternative to Europe as an industry hub; making it easier and more flexible for yacht owners to position themselves.

The UAE is developing Arabian sea cruising possibilities and allowing the region to be the one superyacht stop before heading to the Maldives, Seychelles, Thailand, Singapore, Indonesia, and Australia.

The timing is ideal considering the numerous restrictions that Europe continues to impose on superyacht owners and managers in the last few years; the most recent being France adopting strict resolutions on social security charges for superyacht crew, rendering France less attractive for yacht operations.

The UAE through its own experience of superyachts and non-commercial usage has not only developed impressive infrastructures to welcome and serve the needs of superyacht owners and their crews but has introduced pragmatic and user-friendly UAE yacht regulations and registry, thus promoting the UAE Flag.

Maritime Regulations

The UAE Yacht Regulations for yachts above 24 meters were introduced in 2010. Although not yet listed as one of the Paris White List Flags, the UAE Flag is certainly working towards becoming an

attractive player in the world of registration and regulations.

Its scope

The UAE's current code is betting on a pragmatic and owner-orientated approach. It addresses large yachts *"above 24 metres not intended for commercial use, without any restriction with respect to the number of persons on board"* (Article 1.1).

The Code acknowledges the reality of the superyacht market and that the *"100 largest yachts in the world today are from 65m to 165m, with known projects exceeding to 200 meters of length. These yachts exceed the maximum 3000 GT size in presently available regulations for commercial yachts and also carry more than 12 persons/guests in addition to the crew (...)"*. Thus the Code states that the existing statutory regimes for certification of commercial yachts are not appropriate for non-commercial yachts and is therefore addressing this segment of the industry.

Why is it attractive to Superyacht Owners?

The UAE gathers the largest superyachts of the industry such as motor yachts AZZAM, DUBAI, DUBAWI, and TOPAZ. With most of the larger superyachts, we have seen an increased willingness towards non-commercial usage. Why?

Owners are less and less attracted by the increased compliance and administrative/operational management that is required by commercial usage. Restrictions on Owners' usage, restrictions on guest numbers onboard and the costs of overcoming these restrictions has taken over the true enjoyment and/or the initial envisaged usage (whether as private pleasure vessel or in a more formal/official intended usage (ie. Corporate yachts, Royal/State yachts or *"a floating trade mission"*) which remain non-commercial use.

The UAE anticipated this shift and used its own superyacht usage experience to offer a yacht regime alternative to non-commercial usage, more adapted to Owners' needs.

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How does it work?

The Code has been developed by defining the overall purpose and functional requirements based on prescriptive requirements, analysis and risk assessment. A pragmatic approach has led to write the requirements based on the usage of the yacht in different weather condition, areas of operations, modes of operation whilst complying with international requirements.

As such maximum flexibility was considered without compromising safety by considering the number of guests onboard, whether the area of operations are coastal, Ocean or polar, whether the mode of operation is a transfer, normal or an event as well as the type of yacht. The assessment on risk and safety level requirement will be logically carried out based on the level of operations.

This seems to be a good answer to owners which have been looking out for simple and flexible solutions without compromising the safety of their operations.

Building confidence in the Flag

The Code is now 7 years old and despite flagship yachts flying the UAE Flag, it has yet to attract more vessels on its registry in order to attract more Port state control inspections and see its Flag administration rated by the main maritime region dealt with by the Paris Memorandum of Understanding ("MOU") and the Tokyo MOU*. The Riyadh MOU covering the Gulf region and of which the UAE is a member, shows, in 2015, 14 inspection of UAE vessels with 5 deficiencies giving us a 35% inspection percentage with Deficiencies against 124 vessels flag with Saudi Arabia with a 12% inspection percentage with deficiencies. The Saudi Flag being a white listed Flag in the Paris MOU.

Despite taking good and owner orientated initiatives, the UAE will have to boost its superyacht transaction activity in order to increase its superyacht 'fleet' in the region. This will build confidence in the Flag administration but also the local expertise.

*the Paris MOU and similarly other regional organisations (such as Tokyo, Ryadh etc...) consisting of several participating maritime Administrations and covering the waters of the, for Paris MOU, European coastal States and the North Atlantic basin from North America to Europe have been created to eliminate the operation of sub-standard ships through a harmonized system of port State control. The basic principle is that the prime responsibility for compliance with the requirements laid down in the international maritime conventions lies with the shipowner/operator. Responsibility for ensuring such compliance remains with the flag State.

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