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## Dubai Maritime Cluster: Adding the missing piece to complete the puzzle

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### Introduction

There seems to be much room for Dubai's maritime industry to grow due to its key strengths like its world class infrastructure and connectivity. Furthermore, the formation of the Dubai Council for Marine and Maritime Industries (DCMMI) should reinforce Dubai's integrated and vibrant maritime cluster.

However, the questions that arise are:

1. Does Dubai have a chance to be added after Singapore, as the fourth arbitral jurisdiction on Baltic and International Maritime Council's (BIMCO's) standard form contracts?
2. What advantage does Dubai have to make it aspire to reach such a position?

Indices show that Dubai lags behind its closest competitor Singapore, which has a strategic plan to develop its position as a leading maritime cluster.

Indeed, the fact that years ago, Singapore called its ten-year development plan "London Plus", which has been materialized by a relocation of the head offices of the pioneer of China trade, China Navigation Co. and its subsidiary Swire Shipping from Hong Kong to Singapore, shows its strong statement of intent

### What is a maritime cluster?

The champion of cluster theory, Harvard Professor Michael Porter argued that industries tend to "cluster" and defined the cluster as "groups of interconnected firms, suppliers, related industries and specialized institutions in particular fields that are present in particular locations". This definition was underpinned by the 1999 definition of the UK Department of Trade and Industry, DTI (1999) which defined clusters as "geographic concentrations

of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions in particular fields that compete but also co-operate". The essence of a cluster according to Professor Porter is that the value of the whole exceeds the sum of its parts.

The maritime industry is particularly diverse, and a maritime cluster might comprise of:

- a) Shipping: Ship Owners, Ship Managers, Charterers and Cargo Interests, NVOCC, Shipbrokers and Liner Agencies.
- b) Manufacturing: Ship Builder Repair and Conversion, Marine & Non Marine Suppliers.
- c) Recreational Maritime Services: Cruising, Littoral Activities, Yachting & Marinas.
- d) Maritime Resources: Fisheries & Aquaculture.

- e) Maritime Governance and Regulation: International Maritime Organization and Country Representatives, Classification Societies, Coast Guards, Registration & Licensing Administration.
- f) Support Services: Inland Navigation, Port & Terminals, Bunkering, Pilotage, Towage, Specialized Media, Maritime Education.
- g) Intermediate Professional Services: Marine Insurers, P&I Clubs, Bankers, Technical Consultants, Surveyors, Average Adjusters, Maritime Lawyers and Maritime Arbitration.

## Regional Maritime Clusters Contribution to GDP in 2013

Dubai's maritime cluster is a national asset which has made a very important contribution to Dubai's GDP amounting to 4.6 % in 2013, equivalent to AED 14.4 billion. It has also played a pivotal role in creating over 75,000 job opportunities.

However, a major weakness that has been identified and needs an urgent remedy is the lack of a maritime arbitration body.

The Maritime Arbitration in the Maritime Clusters elected by BIMCO include:

- a) London: LMAA, London Maritime Arbitration Association

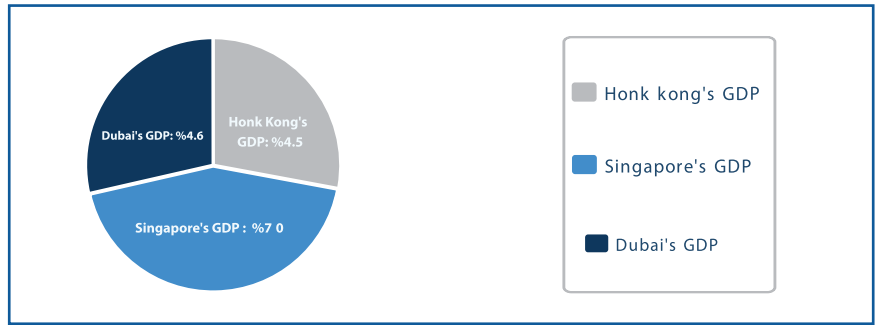
Default and first arbitration choice in BIMCO standard form contracts.

- b) New York: SMANY, Society of Maritime Arbitrators, New York

Second arbitration choice in BIMCO standard form contracts.

- c) Singapore: SCMA, Singapore Chamber of Maritime Arbitration

In 2012, BIMCO included Singapore as a third arbitration choice alongside long-standing seats in London and New York.



## Maritime Arbitration in the International Maritime Clusters

AMAC: Association of Maritime Arbitrators of Canada

CMAC: China Maritime Arbitration Commission was founded by China Chamber of International Commerce.

AMTAC: The Australian Maritime and Transport Arbitration Commission

CAMP: Chambre Arbitrale Maritime de Paris

PAMA: The Piraeus Association for Maritime Arbitration

GMAA: The German Maritime Arbitration Association

IMARCO: Spanish Maritime Arbitration Association

TAMARA: Transport and Maritime Arbitration Rotterdam-Amsterdam

MAAN: Maritime Arbitrators Association of Nigeria

## The Utility of a Maritime Arbitration Body in any Maritime Cluster

Maritime cluster issues such as maritime disputes which require specialized technical and legal expertise, need to be handled within the cluster organizations. This requirement is underpinned by the availability of highly trained and skilled maritime specialists within the DCMMI itself. Thus, it is the right time for a specialized maritime arbitration body -at least for DCMMI

which is expected to reach 1600 members by 2015. This integrated maritime arbitration body is required to:

- Offer a favourable dispute resolution framework to DCMMI members;
- Meet the complex requirements of modern maritime business;
- Enhance the Maritime Sector Strategy (MSS) which was established to capitalize on Dubai's competitive advantages to raise its prominence in both the regional and international maritime landscape;
- Enable the number of arbitration cases to increase in Dubai rather than in competing maritime clusters.

## Conclusion

Hong Kong has long been the International Shipping Center (ICS) in Asia. This is due in part to the potential of its Maritime Arbitration Center (MAC), namely the Hong Kong Maritime Arbitration Group (HKMAG), which is a division of the Hong Kong International Arbitration Center (HKIAC). However, this did not deter Singapore from attempting to become a second MAC in Asia and promote the Singapore Chamber of Maritime Arbitration (SCMA) as a third choice after London and New York in BIMCO's standard form of ship sales agreement. Dubai has shown how to reinforce its maritime cluster policy in practice by the formation of Dubai Council for Marine and Maritime Industries (DCMMI). Dubai Maritime Arbitration Body will undoubtedly succeed if the DCMMI completes the missing piece to the puzzle and promotes Dubai as another Maritime Arbitration Center (MAC) in Asia, which will be beneficial for all. 🌐

- Shipping
- Manufacturing
- Recreational maritime Services
- Maritime Resources
- Maritime Governance & Regulation
- Support Services
- Intermediate Professional Services

