

**RIGHT TO COMMISSION ACCORDING TO THE COMMERCIAL
AGENCY LAW OF THE UNITED ARAB EMIRATES**

In our article “Characteristics of the Commercial Agency Law of the United Arab Emirates” published in the AHK Newsletter Law & Taxes in April 2013, we outlined the general applicability of the UAE Commercial Agency Law (Federal Law No. 18 of 1981 including its amendments). This article addresses the right to commission of a commercial agent who is registered with the Ministry of Economy.

Upon registration, the commercial agent enjoys **exclusivity** within the territory and for the products defined in the commercial agency agreement. He is automatically entitled to commission once such products are sold within his territory.

1. TERRITORY

The commercial agent does not necessarily have to be appointed for the whole of the United Arab Emirates. It is possible to limit the geographical scope of a commercial agency to **a single emirate or several emirates** only.

According to the Ministry of Economy, **free zone areas**, unless expressly agreed upon in the commercial agency agreement, are not considered part of the territory of the United Arab Emirates or a single Emirate. Hence, a registered commercial agent will not be able to claim commission due to lack of delivery into his territory should goods be transported into a free zone.

2. PRODUCTS

The commercial agency must not inevitably cover the entire product portfolio of a company. From the manufacturer’s point of view, it can be wise to initially allocate only **selected product lines or individual products** to a commercial agent.

In case a product, which is subject to a commercial agency, is imported into the commercial agent’s territory as **part of a larger overall product**, such as tires on a vehicle, only the commercial agent of the larger product is entitled to commission. Should, however, the individual product be imported into the territory in a separate shipment, for example as spare parts for the larger product, the right to commission persists.

A commercial agent will not be able to claim commission if a product is imported into his territory which indeed is **identical in structure** to a product covered by his agency but displays a different brand.

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The UAE Commercial Agency Law does not prohibit a manufacturer to conclude dealings with customers located in the territory of a commercial agent directly without the agent's involvement. However, in this case the commercial agent is also entitled to commission regardless of whether he assisted in the conclusion of the transaction or not.

4. DURATION

The right to commission remains in place until the commercial agency has been **deleted** from the register of the Ministry of Economy. This applies irrespective of a potential time limit stipulated in the registered commercial agency agreement.

PAGE

10**Contact Information**

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