



International Arbitration and Crossborder Trade

By

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Some years back the author was involved as a party in a dispute that went across many borders and involved the legal systems of a number of countries. A UAE company was a subcontractor under a main contract for work in Egypt, with the Main Contractor being a joint venture between an Egyptian and an English company. The Subcontract was in English and the applicable law of the Contract was Egyptian law. There was an item within the Subcontract denoted as being provisional and as such it was up to the Engineer to decide what was to happen with respect to this particular item. The item in question was for laminated glass with a special artist designed interlayer bonded between the panes of glass, so that when the glass was viewed a picture was seen, not unlike stained glass windows. On the direction of the Engineer, through the Main Contractor, the Subcontractor ordered the special laminated glass from an Artist's Company in France by way of a letter of credit. The Artist Company provided the artistically designed laminate to a company in Belgium for laminating between panes of glass then returning the product back to France for shipment to UAE for making into double-glazed units to be shipped to Egypt. The shipper was a separate company in France and the paperwork was between UAE and France. The goods arrived in UAE and were found to be defective; some delamination had occurred between the panes of glass and the artistically designed laminate making the laminated glass unsuitable for use. Meetings were held, investigations made as to the cause of the defect, reports prepared and all the parties involved ran for cover because the sum of money involved was substantial. Eventually Court action was taken in France against the Artist Company for recovery of the value of the letter of credit; the Subcontractor lost because of a legal technicality. The action went as far as the Supreme Court in France and the Subcontractor as the customer lost a considerable sum of money and was left with defective goods on his hands, after fighting for six years to get recompense. Legal proceedings were taken because there was no arbitration clause in the supplier's order.

Consider the interesting features of this particular cross-border trade: countries involved: UAE, Egypt, France and Belgium, each with their respective legal systems: languages involved English, Arabic and French. – a veritable mosaic of interests. Incidentally the