

A TRANSFORMATIONAL SHIFT IN REGULATING DUBAI'S CONTRACTING SECTOR

An Analytical Review of Law No. (7) of 2025

INTRODUCTION

The contracting sector is undoubtedly one of the foundational pillars supporting the economic development of the Emirate of Dubai. Given its vital role and close integration with various economic and service sectors, the need arose for dedicated legislation to govern contracting activities with greater clarity and efficiency.

In a notable legislative development, Law No. (7) of 2025 concerning the Regulation of Contracting Activities in the Emirate of Dubai (the “**New Law**”) marks a significant milestone in the legal regulation of the sector. The New Law replaces the general provisions of Law No. (13) of 2011 (the “**Former Law**”), introducing a comprehensive and specialised framework designed to enhance professionalism, ensure quality control, and promote sustainable urban growth.

In this article, the BLK Legal Team will a) provide a general overview of the New Law; and b) examine key differences between both frameworks of the New Law and the Former Law, illustrating the New Law's operational impact.



A. GENERAL FRAMEWORK OF THE NEW LAW

As a starting point, the New Law was issued by virtue of the decree of His Highness Sheikh Mohammed bin Rashid Al Maktoum and published in the Official Gazette on 12 July 2025. It will come into force six months from the date of publication, i.e., on 8 January 2026.

Regarding the applicability of the New Law, according to Article 4, the New Law will be applied to all contracting activities carried out within the Emirate of Dubai, including all those within free zones and special development zones, with two exemptions, namely, the contracting activities related to airports and affiliated facilities, unless otherwise determined, and any other activities expressly specified by virtue of a directive decisions by the head of the executive board.

This means that, unless covered by the limited exemptions mentioned above, any registered contractor operating in Dubai will be required to comply with the New Law as of 8 January 2026.

– Objectives of the Law

As a general observation, the overarching objective of the New Law is to establish a unified and structured legal framework governing the operations of contractors in Dubai.

Its key goals include a) regulating the contractor work environment and creating a unified legal reference; b) classifying contractors based on financial, technical, and administrative capabilities; c) enhancing the quality of projects through the qualification of technical personnel; and d) promoting transparency and alignment with international best practices.



– The Permanent Committee for Regulating and Developing Contracting Activities

Article 8 of the New Law mandates the establishment of a Permanent Committee, titled the 'Committee for Regulating and Developing Contracting Activities,' chaired by Dubai Municipality (the "**DM**") and composed of representatives from relevant regulatory authorities (the "**Committee**"). The New Law entrusts the Committee with the specific responsibilities, namely, a) approving the contracting activities subject to regulation; b) proposing public policies and issuing related implementing regulations; c) overseeing implementation of the law and evaluating its effectiveness; d) resolving disputes among concerned entities; and e) approving the Code of Professional Conduct to be admitted by the Committee.

– Role of Dubai Municipality

Furthermore, according to Article 6 of the New Law, it is apparent that the New Law has assigned to the Dubai Municipality (the "**DM**") a central role in implementing and overseeing the provisions of the law.

To that end, DM will a) establish and manage a unified electronic system for the Contractor Register, b) integrate the register with the “Invest in Dubai” digital platform; c) issue technical competency certificates for technical personnel; and d) monitor contractors’ compliance with their assigned classification and scope of work.

– Registration and Classification in the Contractor Register

Furthermore, the New Law has actually introduced further mandatory obligations on contractors regarding their respective registration and classification in the register.

The mandatory obligations include a) the obligation to register in the official *Dubai Contractor Register*; b) commitment to operate strictly within the limits of their specified classification, c) provision of accurate data and regular updates; and d) obtaining valid technical competency certificates for all technical staff assigned to projects.



– Regularisation of Status

Undoubtedly, upon the initiation of applying the New Law, most likely, there would be serious concerns as to the situation of the already existing contractors and their obligations to regularise their current status. Therefore, and for the purpose of ensuring market stability and allowing a smooth practical transition, more specifically in light of the newly introduced mandatory prerequisites, Article 26 grants existing contractors a grace period of one calendar year from the date of the New Law’s enactment to regularise their status in line with the New Law. This period may be extended for an additional year, if required and upon the approval of the Committee.

Regarding the existing contractors and the renewal of registration, the new Law ensures that during the transition phase, contractors may renew registration, subject to the applied regulations, provided they submit a formal undertaking to comply with the new requirements.

B. KEY DIFFERENCES BETWEEN THE NEW LAW AND THE FORMER LAW

As a general observation, the New Law introduces a series of substantive reforms that distinguish it from Former Law. While the Former Law applied broadly to various economic sectors, including contracting, the new legislation is more specific, focusing to a considerable extent exclusively on the regulatory aspect of the contracting activities within the Emirate of Dubai.

As a starting point, one of the most notable distinctions lies in the designation of regulatory authority. Under the Former Law, the Department of Economic Development (the “DED”) used to oversee licensing and compliance for contractors. In contrast, the New Law designates DM, supported by the newly formed Committee, as the central authority responsible for overseeing and implementing the law’s provisions. This shift ensures that regulatory oversight is sector-focused and guided by specialised competent expertise.

The New Law is also distinct from the Former Law, not only in terms of the targeted regulatory goals but also through implying a more coherent legislative framework

The Former Law lacked a tailored legislative framework for contractors, offering general provisions that applied to all businesses. The New Law, by contrast, establishes a detailed and technical legal framework, more specifically addressing the needs and complexities of the contracting sector.

Regarding the newly introduced regulatory initiatives under the New Law, it is apparent that the New Law introduced the following initiatives:

- **A unified electronic Contractor Register** that serves as the official database for all licensed contractors operating within the Emirate. Undoubtedly, the new registry will enhance regulatory visibility and enable more effective monitoring of both the administrative aspects and the activities of the contractors. Previously, no such dedicated platform existed, leading to limited transparency and enforcement capabilities.



– **The contractors' classification system**, which categorises entities based on financial strength, technical capabilities, and administrative capacity. This classification plays a central role in determining the scope of permissible contracting activities. The Former Law did not incorporate any formal classification mechanism, leaving all contractors subject to the same general licensing rules regardless of their qualifications or capacity.

– **Technical competency certification** is also another important distinction between the New Law and the Former Law. According to the New Law, contractors must now obtain official certification for all technical personnel employed on a project. This ensures that individuals performing critical tasks meet prescribed standards of qualification and experience, an area that was not previously regulated.

– Registration procedures under the new regime are also more rigorous. In addition to initial licensing, contractors must adhere to updated compliance obligations, including the periodic submission of data and documents confirming continued eligibility and performance. These detailed procedures replace the more flexible and general registration processes that were in place under the Former Law.

– Oversight mechanisms have also been significantly enhanced. The New Law allows for electronic and on-site monitoring, enabling regulators to track compliance in real time. Contractors are now required to integrate their operational data into the “Invest in Dubai”, an online digital growth platform enabling investors to set up and start businesses in Dubai, providing a centralised, transparent view of activity across the sector. This digital integration did not exist under the previous law, where oversight was largely manual and reactive.

With respect to enforcement, the New Law introduces a tiered penalty system. This includes fines ranging from AED 1,000 to AED 200,000, suspension of activities, downgrading of contractor classification, and, in severe cases, revocation of the commercial license. By contrast, the earlier law provided for more limited penalties, typically confined to minor fines or temporary suspension without a formal framework for escalation or deterrence.

Finally, the New Law establishes a mandatory and enforceable Code of Professional Conduct by which contractors are now required to adhere to ethical and professional standards of practice. This marks a substantial development, as the Former Law did not include any formalised conduct obligations.





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CONCLUSION

Taken as a whole, the New Law marks a transformative step in regulating the contracting sector in Dubai. The specialised legal framework introduced by the New Law enhances professionalism, improves project quality, and supports the Emirate's broader goal of achieving high standards of governance and transparency in construction and infrastructure development.

Generally, the New Law reflects a comprehensive and modernised approach to regulating the contracting sector in Dubai. It introduces sector-specific oversight, detailed classification systems, digital compliance tools, and enforceable standards that were absent in the former legal framework. These reforms aim to strengthen accountability, improve project quality, and position Dubai as a leading jurisdiction for transparent and efficient contracting practices.

When fully implemented, the New Law is expected to safeguard the interests of all stakeholders in the construction sector, ensure sustainable urban growth, and enhance Dubai's global standing as a hub for high-quality projects and investor confidence.

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