

**BALANCING JUDICIAL AUTONOMY IN UAE FREE ZONES WITH FEDERAL
JUDICIAL AUTHORITY**

By

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ABSTRACT

The legal system in the United Arab Emirates (UAE) is pluralistic, including civil law courts at both the federal and emirate levels, as well as free zone courts that enforce civil law. The Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) are two of the most well-known of them. They both operate under common law, which is different from the civil law traditions of other legal systems in the country. This essay critically examines the UAE's balance between the autonomy of free zones and the authority of the federal judiciary, analysing the legal frameworks, jurisdictional limitations, collaborative processes, and the problems and advantages of this distinctive system. The report ends with suggestions for how to keep the courts consistent even as the economy and the law change.

Keywords: *Judicial Pluralism; UAE Free Zones; DIFC Courts; ADGM Courts; Legal Autonomy.*

1.0 Introduction

There is a legal system in the United Arab Emirates (UAE) that is distinguished by the fact that it is pluralistic in nature. In this system, civil law courts are present at both the federal and emirate levels, in addition to free zone courts that are especially intended for the purpose of enforcing civil law. The Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) are two of the most well-known venues for these courts, which are located in free zones that are established specifically for financial transactions. In contrast to the civil law traditions that are upheld by the federal and municipal judicial systems, these free zone courts conform to the legal framework of common law. This is a substantial departure from the norms of civil law. The common law is the legal framework that serves as the basis for various jurisdictions' judicial systems. It is the subject of the critical evaluation that will be offered in this essay that the United Arab Emirates (UAE) is able to strike a balance between the legal autonomy that is granted to these free zones and the overriding power that is held by the federal judiciary. Within the scope of this research, the legal foundations, jurisdictional constraints, practical processes of cooperation, benefits, and challenges of this pluralistic system are investigated. The report concludes with some suggestions for maintaining judicial consistency in the face of shifting economic and legal requirements.

2.0 Historical and Legal Underpinnings of the UAE's Judicial Pluralism

When the UAE was formed in 1971, its Constitution delineated a federal judicial system coexisting with local courts in certain emirates.¹ The federal courts handle most civil, criminal, and administrative cases in the emirates. However, Dubai and Ras Al Khaimah have their own courts that are apart from the federal courts. The introduction of financial free zones was a big change. Under Article 121 of the UAE Constitution, as amended, the federal government enacted Federal Law No 8 of 2004 permitting the establishment of financial free zones exempt from federal civil and commercial laws, but not from federal criminal law. Dubai Law No 9 of 2004 and Law No 12 of 2004 established the DIFC and its independent judicial authority.² Similarly, Abu Dhabi Law No 4 of 2013 created the ADGM courts.³ This pluralistic approach lets the UAE meet the legal needs of a wide range of businesses in a global economy. It has helped bring in foreign investment and improve the country's reputation as a regional legal hub, all while keeping the federal Constitution at the top of the list. Judicial pluralism refers to the coexistence and interaction of

¹ UAE Constitution, art 121 (as amended).

² Dubai Law No 12 of 2004 Concerning the Judicial Authority at the DIFC, issued 6 September 2004.

³ Abu Dhabi Law No 4 of 2013 Concerning the ADGM.

several legal systems or courts within a single jurisdiction, as demonstrated by the interaction of customary, religious, and formal state courts.

3.0 Structure and Jurisdiction of Courts

The Federal Supreme Court, courts of first instance, appellate courts, and courts of cassation are all part of the United Arab Emirates' federal courts. They all follow civil law rules. Even though the courts in Dubai and Ras Al Khaimah are in charge of making sure that justice is done in their own areas, both systems are still based on civil law. The courts of the DIFC and ADGM, on the other hand, follow English common law and hold their hearings in English. When the DIFC courts were first founded in 2004, its jurisdiction was limited to the DIFC. However, with the passage of Law No. 16 of 2011, they now have the ability to hear matters in which the parties' opt-in by agreement.⁴ Additionally, opt-in jurisdiction is available through the ADGM courts, which were established by Abu Dhabi Law No. 4 of 2013 and have been operating since 2015.⁵ A comprehensive judicial hierarchy, including first instance and appellate levels, is provided by both free zone courts. These courts also use procedural norms that are comparable to English common law, including the obligation to rely on precedent (*stare decisis*).

3.0 Judicial Autonomy in Free Zones

Legislation from both the federal government and the emirates gives free zone courts their independence. The Dubai International Financial Center (DIFC) is able to maintain its legal autonomy thanks to Federal Law No. 8 of 2004, as well as Dubai Laws Nos. 9 and 12 of 2004.⁶ The Dubai International Financial Center (DIFC) is able to function according to its own civil and commercial laws, with a court system that is funded by Dubai but is administratively independent. There are eleven ADGM courts that are open for business under Abu Dhabi Law No. 4 of 2013 and the rules of the ADGM.⁷ It is common to choose judges from common law jurisdictions because this ensures that they are knowledgeable about business matters. The courts employ digital platforms and virtual hearings more and more, especially since Dubai Law No. 2 of 2022 changed things.⁸ These traits help to build investor trust by making things more predictable, efficient, and in line with international legal standards.

⁴ Dubai Law No 16 of 2011 Amending Some Provisions of Law No 12 of 2004.

⁵ Abu Dhabi Law No 4 of 2013.

⁶ Federal Law No 8 of 2004; Dubai Laws Nos 9 and 12 of 2004.

⁷ Abu Dhabi Law No 4 of 2013.

⁸ Dubai Law No 2 of 2022 on the Amendment of Certain Provisions of Law No 12 of 2004.

IV. Federal Judicial Authority and Supervision

The UAE Constitution establishes five federal authorities that form the Government and these include “(i) the Federal Supreme Council; (ii) the President and Vice President; (iii) the Council of Ministers; (iv) the Federal National Council; and (v) the Federal Judiciary”⁹. The Federal Judiciary enjoys full autonomy to exercise its powers independent of any of the other authorities, strictly guided and influenced by the rule of law and its own conscience¹⁰. The exclusion of all other authorities in the exercise of powers and duties of the UAE Federal Judiciary contributes to the well-being of the justice system in ensuring that cases are handled by the courts fairly and without interference from any power whatsoever. Thus, all defendants, whether indigenous or aliens, enjoy the right to a fair trial, and this right is clearly protected under Article 28 of the Constitution.

Article 121 of the UAE Constitution permits the establishment of free zones, yet it simultaneously preserves federal jurisdiction over criminal law, national security, and constitutional compliance. Thus, while the UAE has embraced the autonomy of its free zone courts, particularly in commercial matters, the primacy of federal judicial authority remains firmly anchored in constitutional safeguards. This dual structure reflects a deliberate balance of enabling innovation within designated zones while maintaining national coherence in core legal domains. The Federal Judicial Authority, established under Federal Law No. 32 of 2022, reinforces this balance by guaranteeing judicial independence and allocating a dedicated budget to the courts. Mechanisms for resolving jurisdictional tensions have evolved accordingly. Dubai’s Decree No. 29 of 2024, for instance, formalized the creation of a Judicial Committee to mediate between the Dubai International Financial Centre (DIFC) courts and federal courts. Similarly, memoranda of understanding between the Abu Dhabi Global Market (ADGM) and federal courts facilitate mutual recognition and enforcement of judgments.

Nonetheless, federal boundaries remain constitutionally entrenched as, for example, the Supreme Court of the United Arab Emirates (UAE) said in 2025 that courts in the UAE cannot hear cases between people from other countries who have no ties to the UAE, even if the parties agree to do so in a contract.¹¹ In a landmark 2025 ruling, the UAE Supreme Court clarified that domestic courts

⁹ *Supra* n.1, art. 45.

¹⁰ *Ibid*, art. 94

¹¹ *Supra* n.1, art.104; E Daye and M Al-Mashehadani, 'UAE Supreme Court: foreign parties cannot confer jurisdiction on onshore courts' (Charles Russell Speechlys, 21 August 2025)

lack jurisdiction over disputes between foreign parties with no substantive connection to the UAE, even where contractual consent exists. This decision highlights the enduring relevance of Article 104, which restricts municipal courts to territorially defined jurisdiction and affirms the principle that legal authority must be grounded in physical presence or legitimate nexus. This, arguably, makes the Federal Judicial mechanism one of the unique and effective innovations for the administration of justice.

K. Benefits and Challenges of Judicial Pluralism

Judicial pluralism offers a detailed and inclusive framework that strengthens both State institutions and community cohesion¹². By accommodating cultural and religious diversity, pluralistic courts affirm the identities of distinct social groups, fostering mutual respect and peaceful coexistence. Further, this arrangement also expand access to justice, particularly in rural or marginalized areas, where customary and religious tribunals often serve as more approachable and contextually relevant forums. Essentially, this system introduces flexibility into dispute resolution, allowing individuals to choose mechanisms that align with their values and lived experiences¹³. In doing so, it preserves indigenous and religious legal traditions that might otherwise be eclipsed by formal state systems¹⁴. Moreover, by distributing caseloads across civil, religious, and customary courts, judicial pluralism alleviates pressure on State courts, enabling them to focus on complex legal matters. Importantly, courts rooted in community norms tend to enjoy greater legitimacy and public trust¹⁵. This could be attributed to the general understanding that their decisions resonate more deeply with local populations, enhancing compliance and reinforcing the perception of justice as fair and accessible. Tailored remedies that reflect local customs further underscore the value of pluralistic systems in delivering meaningful and sustainable outcomes.

5.1 Challenges of Judicial Pluralism

<<https://www.charlesrussellspeechlys.com/en/insights/expert-insights/dispute-resolution/2025/uae-supreme-court-foreign-parties-cannot-confer-jurisdiction-on-onshore-courts/>> accessed 10 April 2026.

¹² Gordon R. Woodman, 'The Idea of Legal Pluralism', in Badouin Dupret, Maurits Berger, and Laila Al-Zwaini, *Legal Pluralism in the Arab World* (Brill, 1999) pp. 3–19.

¹³ Pirie Fernanda, 'Order, Disputes, and Legal Pluralism', *The Anthropology of Law, Clarendon Law Series* (Oxford, 2013; online edn, Oxford Academic, 23 Jan. 2014).

¹⁴ Kirsty Gover, 'Legal Pluralism and Indigenous Legal Traditions', in Paul Schiff Berman, *The Oxford Handbook of Global Legal Pluralism* (New York: Oxford University Press, 2020).

¹⁵ Anne Wallace and Jane Goodman-Delahunty, 'Measuring Trust and Confidence in Courts' (23 December 2021), 12(3) *International Journal for Court Administration*.

The United Arab Emirates, Qatar, Singapore, Malaysia, and Thailand are all countries that use this type of system. Each of these countries faces eight obstacles linked to judicial diversity. These states are examples of states that employ this type of system.¹⁶

- i. **Legal Uncertainty and Inconsistency:** Different legal systems may come to different conclusions about the same things, which can make things hard for people and businesses to understand. Overlapping jurisdiction can sometimes lead to "forum shopping," where people strive to get their case heard in the judicial system that is most beneficial to them.
- ii. **Inequality and Discrimination:** Some systems, like religious or customary law, may not give all citizens the same legal rights, notably women, children, and minority groups. People's faith, ethnicity, or locality might affect how the law is implemented to them, which goes against the idea that everyone is equal before the law.
- iii. **Administrative Complexity:** Running more than one court system needs more money, staff, and knowledge, which makes the justice system more expensive and complicated. It can be hard to coordinate between systems, and there may be arguments about which court has the power to decide a matter.
- iv. **Lack of Access to Justice:** It can be hard for regular people to figure out which court to go to and how to follow the rules of the law, which can make it hard for them to get justice. In rural or marginalised communities, customary or religious courts may be the only ones that matter, and civil rights and safeguards may not be respected.
- v. **Trouble with Reform and Modernisation:** Trying to change one system might not work for others, which makes it impossible to bring laws up to date or make sure that all standards are the same. It can be hard to make the legal system more in line with international human rights standards when traditional or religious leaders are against it.
- vi. **Possible Political Manipulation:** Governments or powerful parties may use the fact that there are many different legal systems to manipulate results, silence opposition, or favour specific groups.
- vii. **Risks to worldwide perception and investment:** Unclear and inconsistent laws might make it harder for businesses to do business internationally and make foreign investment less likely.

6.0 Comparative and Practical Perspectives

¹⁶ J Griffiths, 'What is Legal Pluralism?' in Sally Falk Moore (ed), *Law and Anthropology: A Reader* (Blackwell 2005) 289–310.

Still, Qatar, Bahrain, Malaysia, Singapore, and Singapore all have the same legal system, which includes speciality commercial courts. The United Arab Emirates, on the other hand, has a model of numerous jurisdictions that is unlike any other model or system. *Goel v. Credit Suisse (Switzerland) Limited* [2021] ADGMCFI 0001 is an example of how several jurisdictions can work together. This case is a good example of cross-jurisdictional collaboration because the ADGM courts had the power to hear an onshore arbitration.¹⁷ This is also an example of the case *DNB Bank ASA v. Gulf Eyadah Corporation & Gulf Navigation Holding PJSC* [2015] DIFC CA 007, in which the DIFC Court of Appeal acknowledged and enforced a foreign arbitral ruling. This made it possible for the decision to be carried out in Dubai courts later on.¹⁸ This case illustrates the DIFC's role as a "conduit jurisdiction" for enforcing cross-jurisdictional awards.

7.0 Future Prospects and Recommendations of Judicial Pluralism

7.1. Future Prospects of Judicial Pluralism

Judicial pluralism is when several legal systems work together in the same place. It can cause tremendous issues and big advantages. Countries will require more courts that can handle many types of law, like civil, common, religious, and customary law, as they become more varied and connected to the rest of the globe. As trade and people flow between countries, more kinds of people will dwell here. This means we need legal systems that are easier to adapt and cover greater ground. Over time, it's feasible that legal ideas and practices will grow more stable. This will help stop these kinds of fights and disagreements. One method to do this is to set up hybrid courts and specialised courts, such commercial courts that apply common law in countries that have civil law. Digital transformation and online dispute resolution are two emerging technologies that will be highly vital to make sure that everyone has the same access to justice and that all legal systems follow the same standards. At the same time, other countries will put increased pressure on all legal systems, even religious and traditional ones, to protect human rights. This will make the rights of women and minorities more visible. Judges, lawyers, and court workers would have to continuously learn about diverse legal systems to make the courts interesting and useful. When there is more than one judge, more people can usually receive what they want. But this also implies that intricate problems need to be carefully planned for, and rules are continuously changing to keep things fair.

¹⁷ *Goel v Credit Suisse (Switzerland) Limited* [2021] ADGMCFI 0001.

¹⁸ *DNB Bank ASA v Gulf Eyadah Corporation & Gulf Navigation Holding PJSC* [2015] DIFC CA 007.

7.2. Recommendations for Effective Judicial Pluralism

Policies that promote judicial pluralism try to make it easier for different types of courts, like religious, customary, and formal state courts, to work together and share information. Every court system needs to have clear rules on what is and isn't allowed. There will be no more things that are the same or different. Using the same databases and ways to refer cases throughout legal systems makes it easier for courts to work together and talk to each other. Different groups should be in charge of the courts to make sure that the law is followed and people's rights are preserved. Awareness programs are very important because they teach individuals about their rights and other ways to solve problems. If all judges follow the same rules for evidence and appeals, things will be clearer and fairer. To make sure that courts work correctly, that new problems are dealt with, and that the legal system is ready for new situations, they need to be checked and updated often. These tactics work together to protect basic rights, make sure everyone has equal access to justice, and set up a fair court system that helps everyone.

8.0 Conclusion

The UAE has passed a variety of legislation. This is an excellent technique for giving federal courts more power while also giving expert free zone courts more autonomy. The Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM) are two excellent instances of free-zone courts. This carefully prepared structure is a deliberate compromise that allows the United Arab Emirates (UAE) to meet the traditional needs of its federal legal system while also responding to the demands of a more globalised economy. To function efficiently, the UAE's many courts must collaborate, be open about what they do, and be adaptable to changing laws and economies. These factors are critical for maintaining the constitution's consistency and making the court a place where new ideas might arise.

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