

Saudi arbitration law takes a big step forward

Today, 9 July, Saudi Arabia, the largest economy in the Middle East, takes a big step forward with its new Arbitration Law consisting of 58 new articles. Broadly in line with the UNCITRAL Model Law, it replaces its 1983 predecessor and brings Saudi Arabia in line with other countries in the region. The key changes set out below are significant improvements to arbitration in the Kingdom.

Key changes

- **Court intervention axed**

Parties to arbitrations no longer have to file their arbitration agreement with the court so that it can supervise the arbitration process. This should significantly speed up arbitrations.

- **Appointment of the tribunal**

A detailed process now deals with the appointment of arbitrators and any challenges. For three-arbitrator tribunals, the two appointed arbitrators can now nominate a chairman, thereby avoiding the need for court intervention.

- **Conflict of interest**

Arbitrators must now tell the parties of any circumstances that might create suspicion as to their independence and impartiality. This will improve transparency and increase the credibility of arbitration.

- **Time limit for the Award**

An arbitral award must be issued within twelve months of the start of the arbitration but the arbitral tribunal can extend this period by a further six months and the parties can agree a longer extension. This change further accelerates the arbitration process, in contrast to the previous law, the main criticism of which was the slow pace of arbitration.

- **Enforcement**

Any challenge to an arbitral award must now be made within 60 days of the award and only on narrow grounds that reflect the New York Convention and the UNCITRAL Model Law. What has not changed, however, is the fact that a court may not enforce an award, or part of it, which conflicts with Shari'a law.

These changes are likely to increase both acceptance and use of arbitration in Saudi Arabia by providing a more appropriate arbitration process for resolving disputes.

Raid will be discussing the new law at a seminar on 12 July at 5.45pm on "*International Arbitration in the Middle East and Sub-Sahara Africa*" at Mayer Brown's offices at 201 Bishopsgate. Please contact Raid if you would like further details.

If you have any questions or require specific advice on the matters covered in this update, please contact:

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