



ARBITRATION : AN EFFICIENT WAY TO SETTLE DISPUTES

The recent modernisation of the legislation brought by the law of 19 April 2023 (the “Law”) amending the Luxembourg New Code of Civil Procedure with a view to reforming arbitration has strengthened the position of Luxembourg as a major place of arbitration, an alternative dispute resolution method to the classic judicial system.

Almost all types of disputes may be submitted to arbitration with the exception of disputes involving professionals and consumers, employers and employees and those relating to residential leases.

Recourse to arbitration has many advantages:

Efficiency

Arbitration procedure is much faster than standard court proceedings. Unless agreed otherwise the duration of the arbitral tribunal’s mandate shall be limited to six months (subject to extension), addressing the need for time and cost-efficient dispute resolution.

Flexibility

The parties are free to limit arbitration to certain disputes, to determine the steps of the procedure, the seat of the arbitration, the number of arbitrators, the language and the applicable law and rules. The parties can also agree on the choice of the arbitrator(s), often experienced lawyers or experts in their field of competence depending on the nature of the dispute.



Confidentiality

Subject to any legal obligations or unless otherwise agreed, the arbitration proceedings and the deliberations shall remain confidential.

International

Arbitration is adapted to international standards and allows the centralisation of cross-border disputes before a single arbitral tribunal to limit costs and avoid contradictory decisions. The new provisions brought by the Law are mainly inspired by the model law of the United Nation Commission on International Trade Law (UNCITRAL model law).

For all these reasons many kinds of private investment disputes would benefit from resolution in binding arbitration. It is worth noting that the parties may agree to submit their dispute to arbitration even when proceedings are already pending before a court.

LLF may assist you with the drafting of arbitration clauses and advise you throughout the entire arbitration procedure.

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