

CI Arb Publishes Cost Survey

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The CI Arb's Survey into the Costs of International Arbitration has now been published. It's a fascinating survey worthy of study and discussion. Here's a brief summary of some of the findings:

✘ "What did they spend it on? Regardless of the nature of the dispute and the amount of money that a party spent (whether claimant or respondent), the cost breakdown by percent was remarkably much the same. Six cost categories were listed in the survey; Chart 12 illustrates the percentages allocated to each one. 74% of party costs were spent on external legal costs (including where applicable barristers' fees), with the remaining 26% spread across the other headings. For example, as Chart 12 indicates, out of a total expenditure of £1,000,000, the costs a party would incur might be distributed as follows:

- £740,000 for external legal fees
- £100,000 for experts' fees and expenses
- £80,000 for external expenses
- £50,000 for witness fees
- £30,000 for management costs"

✘ "Of the 74% of costs referred to on the preceding page, Chart 13 shows that, irrespective of the nature of the dispute, parties spent 19% on the pre-commencement/commencement of the arbitration, 25% on the ex-change of pleadings, 5% on discovery, 14% on fact and expert witnesses,* and the remaining 37% on the hearing (before, during and after). To illustrate the practical application of these percentages, a party with external legal costs of £740,000 might have spent:

- £140,600 on pre-com/com work
- £185,000 on the exchange of pleadings
- £37,000 on discovery
- £103,600 on witness costs
- £273,800 on the hearing (before, during and after)"