

Kluwer Arbitration Blog

Latvia Takes a Bold Leap: Embracing International Standards with the Arbitration Law Reform

Valts Nerets, Paula Štáva (Sorainen) · Friday, April 19th, 2024

Latvia's status as [the arbitration unicorn](#) remains undisputed after nearly ten years since adopting [the country's first Arbitration Law](#) ("Latvian Arbitration Law"). In February 2024, the overly liberal Latvian regime resulted in 57 arbitral institutions. This record-high number, however, is considerably less than the 214 arbitral institutions in Latvia in 2013. Although advertised by the Latvian government to follow [the UNCITRAL Model Law on International Commercial Arbitration](#), the Latvian regime was claimed to be the last of the 46 member states of the Council of Europe to not provide for setting aside proceedings for arbitral awards.

Following the [Constitutional Court's judgment](#) of 23 February 2023 that the mechanism of court control over arbitration proceedings was incomplete, significant amendments are being introduced to the Latvian Arbitration Law. This post illustrates five areas of the Latvian arbitral legal regime that the April 2024 amendments have significantly improved.

Area 1: Setting Aside Proceedings for Arbitral Awards

In response to [the Constitutional Court's judgment](#), amendments to [the Civil Procedure Law](#) envisage the right to apply to set aside an arbitral award. The amendments provide that either party will be entitled to request to set aside the arbitral award within 30 days from its making. The court will adjudicate the matter within 20 days in *ex parte* or oral proceedings at the court's discretion. The court's decision on setting aside the arbitral award is not subject to appeal.

Under [the Civil Procedure Law](#), the grounds for setting aside arbitral awards comply with those stated under Article 34(2) of [the UNCITRAL Model Law on International Commercial Arbitration](#). The procedure will apply to arbitral awards "made in Latvia". We believe the law must be interpreted to apply to awards made in arbitration proceedings with the legal seat of arbitration in Latvia.

Area 2: Form of the Arbitration Agreement

The law now abolishes the overly conservative requirement that an arbitration agreement is valid only if concluded wet-ink or with a secure electronic signature. This condition applied only in

domestic arbitrations while the New York Convention regime was, and continues to apply when the arbitration agreement crosses beyond the purely Latvian context.

According to the amendments, the requirement that an arbitration agreement be in writing is also met by its exchange between the parties via post or electronic communication or by exchange of a statement of claim and explanations regarding the claim, in which one party asserts the existence of the arbitration agreement and the other party does not deny it. Consequently, arbitrating and eventually, recognising and enforcing Latvian arbitral awards in Latvia will have become more predictable and reliable. Namely, there have been instances where parties with simple arbitration agreements have proceeded to arbitrate their disputes, but in the absence of a secure electronic signature, have faced insurmountable difficulties enforcing the awards.

Area 3: Appointment of Arbitrators

Before the amendments, only a person from a closed list of arbitrators of the particular arbitration institution's court could be appointed. Now, while the arbitration courts remain obliged to maintain a list of no fewer than ten arbitrators, the parties are not prohibited from appointing any person as an arbitrator. This person must have a higher education and an impeccable reputation. Previously, the law also required the arbitrators to be qualified in law, which has now been abolished.

The law requires potential arbitrators to disclose in writing any facts and circumstances that may raise legitimate doubts about their impartiality and independence before the appointment. Previously, the disclosure obligation was triggered only upon appointment.

Area 4: Court Support for Arbitration

The decisions on interim measures will remain with the Latvian state courts. The application must be submitted based on the defendant's place of residence, legal address, or property location. The parties can apply for interim measures before and during the arbitration proceedings. Previously, the application for interim measures was possible only before referring the dispute to arbitration.

Upon request of any party, the court will decide on the appointment and challenge of arbitrators, the termination of the arbitrators' mandate, and the jurisdiction of the arbitral tribunal. The court's decision will not be subject to appeal. The law envisages that the court's jurisdiction is determined by the parties' declared place of residence or legal address but not by the location of property or arbitration court. Therefore, there is a high risk that, in practice, parties to disputes without a place of residence or legal address in Latvia might be left unprotected.

Area 5: Fact and Expert Witness Statements

Previously, the law did not provide for fact and expert witness evidence in arbitration proceedings. With the recent amendments, fact and expert witness statements are allowed under Latvian law, and the witnesses can be questioned in arbitration court hearings according to the internationally established practice. Additionally, the arbitral tribunal will be entitled to request the court's

assistance in taking evidence, e.g., witness examination.

Conclusions

The amendments have made the Latvian Arbitration Law more in line with the internationally established contemporary arbitration standards and put Latvia back on the world arbitration map. We expect the new regime will increase trust in arbitration and encourage more local and foreign parties to turn to arbitration in Latvia.

To make sure you do not miss out on regular updates from the Kluwer Arbitration Blog, please subscribe [here](#). To submit a proposal for a blog post, please consult our [Editorial Guidelines](#).

Profile Navigator and Relationship Indicator

Access 17,000+ data-driven profiles of arbitrators, expert witnesses, and counsels, derived from Kluwer Arbitration's comprehensive collection of international cases and awards and appointment data of leading arbitral institutions, to uncover potential conflicts of interest.

Learn how **Kluwer Arbitration** can support you.

Newly updated

Profile Navigator and Relationship Indicator Tools

Wolters Kluwer

Request your free trial now →

The advertisement features a dark background with vibrant, diagonal light streaks in shades of green and orange. On the right side, there are two overlapping screenshots of the software interface. The top screenshot shows a search results page with a list of profiles, each with a name and a small profile picture. The bottom screenshot shows a detailed profile page for a person named 'John Doe', including a profile picture, name, and various data points. The Wolters Kluwer logo is positioned in the bottom left corner, and a call-to-action button is in the bottom right corner.

This entry was posted on Friday, April 19th, 2024 at 8:20 am and is filed under [Arbitration Act, Arbitration Reform, Latvia](#)

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a

response, or [trackback](#) from your own site.