Kluwer Arbitration Blog

2025 PAW: ArbCEE Launches “Take a Seat!” Project – Insights on the Annulment of Arbitral Awards in the CEE Region

Veronika Korom (ESSEC Business School; Paragon Advocacy) · Saturday, April 19th, 2025

As part of Paris Arbitration Week 2025, the Arbitration Association of Central and Eastern Europe (“ArbCEE”) hosted a roundtable discussion on “The Annulment of Arbitral Awards in the CEE.” The event was chaired by Rostislav Pekar (Squire Patton Boggs), hosted by Piotr Bytnerowicz (ByArb), and moderated by Veronika Korom (ESSEC Business School; Paragon Advocacy).

The roundtable marked the official launch of ArbCEE’s “Take a Seat!” report (“Report”), which explores the arbitration landscapes of 18 CEE jurisdictions. As cross-border trade and investment in the region grow, arbitration is emerging as a key dispute resolution mechanism, prompting jurisdictions to modernize legal frameworks and align with international standards and best practices. Coordinated by ArbCEE’s board members Iuliana Iancu (Hanotiau & van den Berg), Veronika Korom (ESSEC Business School; Paragon Advocacy), Piotr Bytnerowicz (ByArb), and Peter Riznik (Riznik Disputes), with contributions from 33 country reporters, the Report offers insights into the legal frameworks, procedural efficiency, and practical advantages of each jurisdiction, with the aim of enhancing transparency, fostering cross-border cooperation, and increasing the visibility and accessibility of arbitration throughout the CEE.

The Report’s launch was followed by a roundtable discussion featuring a distinguished panel of ArbCEE members from five jurisdictions. Speakers included Maja Menard (FaturMenard) for Slovenia, Zrinka Mustafa Preli? (Kožul and Petrinovi?) for Croatia, Irina Su?tean (Filip&Company) for Romania, Miloš Olík (ROWAN Legal) for the Czech Republic, Albertas Šekštelo (MOTIEKA) and Gediminas Dominas (WALLESS) for Lithuania. Panelists shared perspectives on how their countries approach the annulment of arbitral awards, offering a nuanced view of pro-arbitration developments across the region.

This article highlights the key insights and takeaways from this thought-provoking discussion.

Highlights From Recent Arbitral Developments in the CEE

A key theme from the panel was the wave of institutional reforms across the CEE, reflecting efforts to align their legal framework with international arbitration standards. Recent developments include updated rules, enhanced procedural tools, and a stronger focus on transparency and efficiency.

Maja Menard opened the discussion with the 2023 revision of the Ljubljana Arbitration Centre's Rules, which align with international best practices and introduce modern features such as third-party funding disclosure, regulation of administrative secretaries, case management conferences, remote hearings, cost allocation based on good faith, confidentiality, and the promotion of mediation and med-arb. She also noted that Slovenia's 2008 Arbitration Act, based on the 2006 UNCITRAL Model Law, remains unchanged and continues to offer a stable, predictable framework for arbitration.

Zrinka Mustafa Preli? highlighted the enduring relevance and stability of the 2001 Croatian Arbitration Act, which, which, although predating the 2006 UNCITRAL Model Law, is broadly aligned with its core principles and structure. Croatia's institutional framework is further supported by the 2015 Arbitration Rules of the Permanent Arbitration Court at the Croatian Chamber of Economy ("Croatian Permanent Arbitration Court"), which continues to serve as a solid foundation for both domestic and international arbitration.

Miloš Olík presented the 2023 revision of the Arbitration Rules of the Arbitration Court attached to the Czech Chamber of Commerce and the Agrarian Chamber of the Czech Republic ("Czech Arbitration Court"), which introduced key procedural improvements, including provisions on joinder, consolidation, party substitution, and amendments to the statement of claim, tailored to user needs. He also highlighted a major 2025 reform: the abolition of the mandatory arbitrator list, enhancing party autonomy in arbitrator appointments. Additionally, he noted the creation of a National Arbitration Court for Sport, with jurisdiction over doping and disciplinary matters, as defined by national sports association statutes.

Irina Su?tean noted the growing appetite for arbitration in Romania and highlighted the 2025 revision of the Arbitration Rules of the Court of International Commercial Arbitration attached to the Chamber of Commerce and Industry of Romania ("Romanian Arbitration Court"). Key updates include broader use of electronic and remote communication, mandatory disclosure of third-party funding, a shift to party-appointed experts (replacing tribunal-appointed ones unless deemed insufficient), and stronger case management powers for tribunals, including the ability to sanction timeline violations.

Albertas Šekštelo noted that the Vilnius Court of Commercial Arbitration updated its Arbitration

Rules in 2023 to reflect global trends, introducing provisions on case consolidation and third-party funding. He also highlighted Lithuania's 2012 arbitration law reform, which fully aligned the legal framework with the 2006 UNCITRAL Model Law.

All speakers highlighted the vibrancy of their local arbitration communities, supported by the involvement in international networks like the ICC National Committees, the VIAC Ambassador Network, the Vis moot and young arbitration practitioners' initiatives. Regional arbitration events, including prominent Arbitration Days, continue to attract leading experts and foster a dynamic, outward-looking arbitration culture in the CEE.

Approach to Annulment in the CEE: Regional Trends and Country Insights

In most CEE jurisdictions—aside from a few rarely used exceptions—grounds for annulment align with those in the UNCITRAL Model Law. Annulment proceedings typically follow a two-instance model, generally involve modest court fees and are resolved within a one- to three-year timeframe. Interim and final awards can generally be challenged separately, with partial or full annulment possible depending on the nature of the alleged irregularity.

Maja Menard explained that annulment requests are rare in Slovenia and typically concern a party's right to be heard or the scope of the arbitration agreement, with few based on public policy. Slovenian courts interpret grounds for annulment—especially public policy—strictly, and awards are seldom annulled. She cited a notable exception from the 1990s, where the Supreme Court annulled an award ordering damages for an antitrust violation, finding it contrary to Slovenian public policy.

Zrinka Mustafa Preli? reported that violation of public policy is the most frequently invoked ground for annulment in Croatia. However, courts interpret this ground narrowly, limiting it to breaches of fundamental legal principles, not just any mandatory rule. This approach mirrors that used in the recognition and enforcement of foreign awards. Out of over 500 awards rendered by the Croatian Permanent Arbitration Court in the past 15 years, only about 40 were challenged, and just two were annulled. In one case, the court ruled that a non-signatory third-party beneficiary could not be bound by the arbitration agreement. In the other, annulment was granted due to a procedural defect, where one arbitrator failed to sign a copy of the award sent to the losing party.

Reporting on annulment trends in the Czech Republic, **Miloš Olík** noted that between 2020 and 2024, only 0.16% of challenged arbitral awards of the Czech Arbitration Court were set aside by Czech courts. While the country was historically viewed as less arbitration-friendly—with courts once adopting an overly intrusive review—recent reforms mark a clear shift. Courts now apply a narrow interpretation of the grounds for annulment, reinforcing the finality of awards and demonstrating a pro-arbitration stance. The most frequently invoked grounds include violation of

the right to be heard and cases where the award allegedly exceeds the scope of the arbitration agreement.

Discussing annulment trends in Romania, **Irina Su?tean** noted that Romania's institutional diversity results in a high volume of arbitral awards and, consequently, a significant number of annulment proceedings. Despite this, courts apply a strict and narrow standard of review, particularly in Romanian Arbitration Court and standard commercial cases, where the annulment rate remains low. The most common grounds raised are public policy violation and lack of reasoning, though courts regularly reject these when used to challenge the merits. A review of 100 first-instance decisions (2021–2023) showed that 75% of annulment applications were dismissed, 10% upheld, and 15% ended in other outcomes, such as withdrawal. She also highlighted isolated cases caused by legislative ambiguity, notably in public work contracts governed by a 2010 Government Decision incorporating FIDIC terms. The arbitration clause in the Government Decision ambiguously referred to the "Court of International Commercial Arbitration" in Bucharest, leading some claimants to choose the ICC, others the Romanian Arbitration Court, and resulting in conflicting jurisdiction rulings on annulment—even within the same court division. The clause has since been clarified, designating the Romanian Arbitration Court as the proper forum, which should prevent similar disputes going forward.

Gediminas Dominas reported that over the past **10 years**, only **3 out of 209 awards** rendered by the Vilnius Court of Commercial Arbitration were annulled. Of **65 total challenges** (including ad hoc and other institutional awards), only **11 succeeded**, reflecting the **pro-arbitration approach** of Lithuanian courts and their consistent application of the kompetenz-kompetenz doctrine. **Public policy** is the most frequently cited ground for annulment, though courts apply it **narrowly**, limiting it to serious breaches such as **sham proceedings** or violation of **arbitrators' impartiality**. Courts have also developed a distinct category of non-arbitrable disputes, namely those concerning public procurement, particularly when they involve key tender terms (e.g., price) that would otherwise require the launch of a new public tender.

In sum, while there is still room for improvement, CEE jurisdictions have made strong progress in aligning their arbitration frameworks with international best practices and adopting a pro-arbitration stance. Legislators increasingly recognize arbitration's value in resolving commercial disputes, and courts generally show judicial restraint, granting annulments only in exceptional cases. With young, dynamic, and globally engaged arbitration communities, the CEE region is well positioned for continued growth and global impact.

*This post is part of Kluwer Arbitration Blog's coverage of **Paris Arbitration Week 2025**.*

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