**Expert in International Arbitration Toby Landau: The Gold Standard in Regulation of the Commercial Arbitration Industry Around the World** 



December 2019 - Issue 2



**Finance Minister** 

The government cast a clear vote in support of commercial arbitration



**Justice Minister** 

The success of SCCA's groundbreaking experience

Saudi Center for Commercial Arbitration's International Conference

# A Date with the World



An agreement for the qualitative professional development between the Ministry of Justice and the SCCA.



Chairman, Board of Directors: Yaseen Bin Khalid Khayyat

# **Chief Executive Officer:**Dr. Hamed bin Hassan Merah

#### **Contact Information:**

Saudi Center for Commercial Arbitration

+966-920003625
info@sadr.org

8th Floor, Council of Saudi Chambers Building, 7982 King Fahd Byway, Al Mutamarat, Riyadh 12711 - 4183, Saudi Arabia



www.sadr.org

# A National Milestone



Yaseen bin Khalid Khayyat

When we talk about the International Conference on Commercial Arbitration in the Kingdom of Saudi Arabia, we are talking about sustained strategic governmental support, high-level international interest, and the reality of a nation that is planning for, shaping the evolution of, and engaging with change.

The government's endorsement is evident in the high level of care and attendance by top figures and in the government's vote of support for arbitration, as expressed by the Minister of Finance, who transformed recourse to arbitration from an exceptional circumstance to a right of governmental entities as stipulated in the new government tenders law.

The international interest is evident in the elite gathering of high-profile participants and speakers, who rarely assemble in one place on a wider regional level, and as clearly evidenced by the recently announced world-leading SCCA Rules Advisory Committee.

Vital national engagement was manifest in the many hundreds of participants from various legal and business sectors, as well as the impressive response to industry leading initiatives: SCCA-CIArb fellowship program, the SCCA Arabic Moot competition, and other programs that saw overwhelming great attendance as part of the conference's associated events.

Year after year, the SCCA International Conference on Commercial Arbitration is the official platform, appealing international face, and national milestone for the growing arbitration industry in the Kingdom of Saudi Arabia and the region.



## **Edition Summary**



### The Saudi Center for Commercial Arbitration's International Conference: A Date with the ADR World

After the extraordinary success achieved by SCCA's second International Conference, mid-October is now an annual date "booked" in the calendars of hundreds of top figures in the commercial arbitration industry, and Riyadh has become increasingly important on the map of capitals attracting venerable arbitration institutions.

### Training Agreement to Strengthen Alignment Between the Judicial Branch and Alternative Dispute Resolution

The Saudi Center for Commercial Arbitration has entered a cooperation agreement with the Ministry of Justice, through the Ministry's Justice Training Center, with a view to initiating strategic and operational cooperation between the parties by providing specialised arbitration training. The training will continue for the long term and is founded on practical considerations related to efficient arbitration proceedings and arbitration's integration with the judiciary.





#### The Gold Standard for the Arbitration Industry

In the keynote address of SCCA's International Conference, Toby Landau QC, one of the world's most prominent figures in the commercial arbitration industry, spoke about the legal foundations of the international commercial arbitration industry and the principles that must underlie any meaningful emerging practice in this industry.

## Door Opened for Joining Arbitration Fellowship's Second Cohort

Following the enormous response to the first installment of the Pathway in International Arbitration, SCCA has opened the door to the second cohort in the first introductory program of its kind in Saudi Arabia, which SCCA organizes in Arabic and English in partnership with the United Kingdom's Chartered Institute of Arbitrators (CIArb).





## **Training Program for Participants in SCCA Arabic Moot** to Enrich Competition

The Saudi Center for Commercial Arbitration organized a training program for Saudi student participants in the SCCA Arabic Arbitration Moot, with elite international experts contributing to enrich the competition and enhance the practical experience and skills alongside the students' academic studies while in university.



Training Program for Participants in Arbitration Moot to Enrich Competition

# A Date with the World

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The image is completed by hundreds of arbitration industry experts, decision makers, and stakeholders meeting in the Kingdom of Saudi Arabia, a member of the G20. The impact is made clearer when considering the high-level representation among the attendees: princes, ministers, representatives of the most prominent international organizations, and international experts, from more than 30 countries including those countries known as capitals of international arbitration.

SCCA<sub>19</sub>

SCCA's International Conference, which recently concluded its second iteration, is is the embodiment of the deep partnerships and international cooperation between SCCA and institutions involved in commercial arbitration around the world, all in order to develop the ADR industry and provide the requisite professional foundations and organizational rules. It highlights Saudi Arabia's international standing in this sphere and the progress achieved through its support for alternative dispute resolution (ADR) and the establishment of institutional ADR practices in the business sector that are enhancing the local investment environment.

The second annual conference unfolded in eight sessions over two days, marked by dialogue, discussion, and the exchange of ideas and expertise with elite corporate decision makers, international commercial arbitrators, and legal advisers. The conference concluded with the presentation of a set of recommendations that reinforce ADR principles and diversify ADR practices.

Organized by SCCA, the national leader of the Kingdom's the institutional arbitration industry, in partnership with the American Arbitration Association's International Centre for Dispute Resolution (ICDR-AAA), this event is among SCCA's efforts to secure the best international partnerships for the institutional arbitration sector in the Kingdom and support the sector with the best standards and practices in the field.

#### Recommendations

The Conference's recommendations reaffirmed the need to continually enhance the quality of the institutional arbitration industry's procedures and outputs, strengthen institutions operating in the sector, support diversity in arbitration practices, and enhance the prospects for various groups to participate in developing the arbitration industry.

The Conference called for responding to the need in certain business sectors for the procedural flexibility the arbitration industry affords, including the adoption of rules consistent with Islamic finance, intellectual property disputes, and technology use.

The Kingdom provides legislative, judicial, and executive support that has helped transformed the arbitration industry at the national and international levels.

It also stressed the necessity of increasing access and strengthening recourse to arbitration by developing the organizational and administrative environment, developing cooperation among regional and international institutions to enhance institutional arbitration, and making use of modern technology in developing arbitration services in support of procedural effectiveness and cost reduction.

The Conference's recommendations also mentioned the need to respect the mandates of equity between the parties to the dispute; to balance assurance that arbitration proceedings are not abused with the impact on such procedures' speed and flexibility; and to develop the capacities of arbitration industry professional to ensure the cooperation of relevant parties in advancing the industry.

#### Arbitration: The State's Will

Commenting at conclusion of the second International Conference on Commercial Arbitration (SCCA19), SCCA Chairman Yassin Bin Khalid Khayat said the Kingdom of Saudi Arabia's support for the ADR environment is clearly evident at various legislative, judicial, and executive levels, as demonstrated at the international level by initiatives and active participation. Most recently Saudi Arabia's noteworthy presence at United Nations Commission on International Trade Law (UNCITRAL) meetings



and discussions and, along with 46 other countries, at the signing of the United Nations Convention on Settlement Agreements Resulting from Mediation last August.

Mr. Khayat added that the Kingdom, with its steadfast will to strengthen the foundations of the commercial arbitration industry, is no longer just a friendly, effective environment but has become recognized as a supportive and attractive environment for arbitration, in keeping with the objectives of the comprehensive development program the Kingdom is undergoing under the leadership of the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz, and H.R.H. Crown Prince Mohammad Bin Salman Bin Abdulaziz.

#### Years, Not Decades

"The arbitration industry in Kingdom has managed to condense long decades into a few years."

So said SCCA's CEO, Dr. Hamed Bin Hassan Merah, explaining that SCCA set its course, and in three years of work it has earned plaudits from neutral professionals at dozens of international law firms and in the global trade press. It

Ongoing development at SCCA is a "permanent modus operandi," not just a collection of temporary initiatives

has also earned the great trust of various business sectors, as demonstrated by major Saudi companies incorporating SCCA's model arbitration clause into their commercial contracts.

Dr. Merah added that SCCA's ongoing development is a "permanent modus operandi," not just a collection of temporary initiatives. Three years after its founding, and after launching and rolling-out a package of specialized services -- considered among the world's most up-to-date in the arbitration industry -- SCCA capped off its efforts with the establishment of an International Advisory Committee comprising 14 elite international arbitrators from around the world. The Committee will provide technical support and expert consultation to develop all of SCCA's functions with regard to current and future procedures, rules, and services.





#### Agreement between SCCA and the Ministry of Justice on Special Training

### for Judges, Prosecutors, and Clerks

Concurrent with the quantum leaps that the alternative dispute resolution (ADR) industry is experiencing in the Kingdom of Saudi Arabia, justice agencies are on an evolutionary course toward strengthening the alignment between the Judiciary and ADR.

In this context, with the generous approval and support of the Saudi Minister of Justice, H.E. Dr. Walid Bin Mohammed Al-Samaani, SCCA has entered a cooperation agreement with the Ministry of Justice, through its Judicial Training Center, with a view to initiating strategic and operational cooperation between the parties by providing specialized training. The training will continue for the long term and is founded on practical considerations related to arbitration proceedings and arbitration's integration with the judiciary.

The agreement was signed on the margins of SCCA's second International Conference (SCCA19). SCCA's CEO, Dr. Hamed Bin Hassan Merah, signed the agreement on behalf of SCCA, while Judicial Training Center Acting Director Eng. Yasser Bin Mohammed Al-Sudais signed it on behalf of the Centre.

#### **Specialized Training**

Each package will cover the local regulatory frameworks for arbitration, with international comparisons and international best practices; a breakdown of the differences between ad hoc arbitration and institutional arbitration; the building blocks of an attractive environment for arbitration, with a review of a number of case studies; and best practices for case management by arbitration tribunals and arbitration institutions. The cooperation agreement also



includes preparing and providing a Judges' Guide to Arbitration Proceedings.

#### **And Continuing Cooperation**

This agreement is an extension of a series of workshops that SCCA has already organized in cooperation with the Ministry of Justice. An elite group of international experts specializing in commercial arbitration participated in the workshops, and a wide spectrum of judges from around the Kingdom attended. These workshops are scheduled to continue in 2020, and the Judicial Training Center at the Ministry of Justice will offer 12 training programs to accommodate more than 300 judges from across the Kingdom.

The signing of the cooperation agreement between SCCA and the Judicial Training Center will support the Kingdom's ADR industry, contribute to achieving the Kingdom's Vision 2030 objectives for facilitating the practice of business, simplify access to the justice system, provide a secure environment that promotes investment, strengthen confidence in contract enforcement, reduce the courts' case flows, and upgrade justice services and institutional excellence.



# **Remarks and Quotes**

from the Saudi Center for Commercial Arbitration's Second International Conference



37 National and International speakers, among which a number of Ministers.



One of the most important features of the Kingdom's legislative development is the legislation governing and supporting arbitration through the presence of a regulatory rule, which is the Arbitration Law, in addition to the existence of institutional centres serving arbitration in commercial and other spheres. The experience of the Saudi Center for Commercial Arbitration makes it a trailblazer.



H.E. Dr.Walid Al-Samaani Minister of Justice



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**H.E.Mohammad Al-Jadaan** Minister of Finance



When a dispute arises in the financial sector, the parties are concerned with speed and expertise, so specialized arbitrators are appointed. The award will be more of a reconciliation between them, and they have confidence in it, which indicates the effectiveness of arbitration in the banking sector.

The Saudi Center for Commercial Arbitration plays a role as a catalyst for



H.E. Dr.Fahad Al-Dosari
Deputy Governor, Saudi Arabian Monetary Authority

attitus.



the investment environment by supporting the arbitration industry, in addition to spreading a culture of arbitration. This role is worthy of support.



H.E. Dr.Nabeel Al-Mansour General Counsel. Saudi Aramco



Out of the Kingdom's efforts in support of arbitration, it took an interest in more than 200 agreements that it signed, or were referred to it, or that provide for proceedings there. It is the first Arab state to enact a specific law on arbitration



The Honorable Sheikh Dr. Abdulaziz Al-Nasser

Appeals Court Judge



In the Saudi Arbitration Law, the arbitral tribunal is allowed to choose the arbitration proceedings it deems appropriate. This is a sign of the legislators' trust. We rarely see provisions of this strength, and demonstrating such trust, in other countries in the region.



Professor Georges Affaki

International arbitrator and professor at the University of Paris



It must be borne in mind concerning arbitration that the award is justice and the arbitrator is the judge, so the basic principles and procedures must be observed during the arbitration.



Dr. Philippe Leboulanger

Founding Partner, Leboulanger & Associates, Paris



The high-speed financial transactions in Islamic financial institutions make arbitration all the more necessary in order to take advantage of its speed.



H.E. Abdulaziz Al-Duhaim

Deputy Minister of Commerce and Investment for Laws and Regulations



We came to Saudi Arabia and began working in cooperation with the Saudi Center for Commercial Arbitration because we perceived the importance of training and development and their impact on the practice of arbitration.



Mr. Anthony Abrahams

Director General, Chartered Institute of Arbitrators



We see some very promising trends and the creation of established practices that are in line with expectations for a supportive environment for arbitration. We are still actively involved with the judiciary to launch fully into all the efforts underway to make arbitration a success story.



Mr. Christian Alberti

Chief of ADR, Saudi Center for Commercial Arbitration



The comprehensive arbitration ecosystem in Saudi Arabia came about through tremendous front-end planning and sustained engagement. Several historic laws and decisions have given the Kingdom a prominent place on the international map of the arbitration world.





Special Counsel, Saudi Center for Commercial Arbitration





The critical factor in an arbitrator's readiness is his or her ability to work with and apply local and foreign arbitration laws. That's what an arbitrator gains through experience.



Ms Chiann Bao

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Dr. Navla Obeid Founding Partner, Obeid Law Firm



Companies value confidentiality in arbitration cases. This is achieved through the use of technology in arbitration cases, making arbitration an attractive open for the business sector.

Dr. Thomas Clay

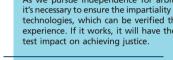
Attorney and arbitrator, Clay Arbitration

Partner and Global Head of Islamic Finance, McCarthy Denning

Legal adviser specializing in commercial law and companies law

Partner and Head of Arbitration Group, Abdel Raouf Law Firm

As we pursue independence for arbitrators, it's necessary to ensure the impartiality of new technologies, which can be verified through experience. If it works, it will have the grea-



Independent arbitrator and certified mediator. Center for Effective Dispute

Mr. Cedric Chao Founding Partner, Obeid Law Firm



Cyberattacks related to arbitration cases have been limited so far, but they must be combated because they penetrate the confidentiality of information and undermine confidence in arbitration.



The whole point of arbitration is the flexibility in procedures at all levels. We need to have people who are experts in arbitration and also familiar with the details of disputes in the Islamic finance industry.



Mr. Sami Tannous Partner, Freshfields law office



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Dr. Bilal Khan

After decades of instituting laws, regulations, and procedures, the time has come to study ways to improve the arbitration environment and develop its mechanisms in order to promote recourse to arbitration.



Ms. Sophie Lamb Partner and Global Co-Chair of International Arbitration, Lathan & Watkins LLP



We have yet to see a major effort by engineers to examine aspects of compensation in the field of construction disputes. This is because the people who handle those cases are mostly legal specialists.



Dr. Mohamed Abdel Raouf

Mr. Timothy Colvin

If arbitral tribunals have a broad discretion in assessing compensation, they should be able to understand the nature of material and moral damages.

International arbitrator and Chairman, Nabil Abbas Architects-Consultants



Financial legislation under Islamic law has created a golden opportunity to seek to integrate certain Islamic law concepts into substantive law and put them into practice.



The economic logic of class action law is applicable to arbitration and this reduces the cost that can be divided among the plaintiffs rather than one authority to bear its costs



Dr. Walid Hegazy Parner and Director, Hegazy Law



Mr. Martin Valasek Partner - Norton Rose Fulbright Canada LLP

# The Gold Standard for the Arbitration Industry



In the Conference's keynote address, Mr. Toby Landau QC, one of the world's most prominent figures in the commercial arbitration industry, spoke about the legal foundations of the international commercial arbitration industry and the principles that must underlie any meaningful emerging practice in this industry.

An independent arbitrator in Essex Court Chambers in London, Mr. Landau said there is international consensus on how the arbitration industry should be organized, and this consensus is based on three foundational documents considered the gold standard for regulating this industry around the world.

The "adversarial" model, in which the arbitral tribunal is unassociated with the parties, is more equitable than the "inquisitorial" model, in which the arbitral tribunal acts proactively and shapes the stages of arbitration on its own

Those documents are the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, known as the New York Convention; the 1985 UNCITRAL Model Law on International Commercial Arbitration; and the 1976 UNCITRAL Arbitration Rules.

When referencing the international consensus on the rules governing the arbitration industry, it should be stated that there are two levels to the industry. The first relates to the industry's foundational structural rules, which are based on the New York Convention and the UNCITRAL Model Law, which together provide a framework of action for any true practice. No successful practice can be established in the arbitration industry unless it complies with the requirements of those two documents.

The second level, according to Landau, is how arbitration is conducted. A look at the international practice employed in this regard will show that the arbitration process is conduc-

ted on an Anglo-American model, which is based on the adversarial system and entirely different from the inquisitorial system.

The adversarial system puts the arbitral tribunal in a different position than in the inquisitorial system. The Anglo-American model is a solution to many of the dilemmas facing local arbitration environments based on the inquisitorial system. Such environments do not rely on equality and a fair hearing for the parties to the dispute, and the arbitrator does not act on an impartial basis.

Landau said that in the Anglo-American model, the arbitral tribunal is formed on an impartial basis and is unassociated with any party. Each party's legal counsel presents the merits of the case to the arbitral tribunal through written and then oral arguments. This is fundamentally different from an arbitration model based on the inquisitorial system, where the arbitral tribunal acts proactively, conducting questioning and shaping the stages of arbitration itself.





### Remarkable Interest in Program Seats

# **Arbitration Fellowship Draws Top Talent**



Following the enormous response to the first installment of the program, the Saudi Center for Commercial Arbitration has announced the opening of the second cohort of the Pathway in International Arbitration, the first introductory program of its kind in the Kingdom of Saudi Arabia. SCCA organizes the program in partnership with the United Kingdom's Chartered Institute of Arbitrators (CIArb).

Registration for the second cohort of the arbitration fellowship was launched on Saturday, 30 November 2019/4 Rabi Al-Thani 1441. The training programs will take place in Riyadh, Jeddah, and Dammam, in both Arabic and English, and will begin in mid-January 2020. Registration will be closed when the available seats are filled.

This comes after the remarkable response to the program's first installment, which featured the participation of high-level figures and professional pillars of the commercial arbitration environment in the Kingdom. All the seats were filled in record time.

The Arbitration Fellowship's first cohort included 150 participants from six cities across the Kingdom, as well as participants from several countries outside the Kingdom. In addition to geographic diversity, the cohort featured

professional diversity among the participants, including legal counsels, Islamic law experts, and officials from contract and project management departments at the largest companies in the Kingdom.

Fellows join a network of international arbitrators that includes 16,000 members in 130 countries.

The Pathway in International Arbitration is a tool for gaining knowledge and skill-based qualifications in arbitration. All three modules are being offered in both English and Arabic for the first time anywhere in the world, and participants who successfully complete the program able to become members of CIArb and join the elite ranks of international arbitrators.

Pathway participants can apply to join CIArb at the grade of associate, member, or fellow depending on their level of completion within the Pathway. CIArb membership is accepted in more than 130 countries around the world.



The Pathway, which SCCA launched at www.SCCA.CIArb. org, consists of three modules, starting with international arbitration law, procedures, and practice; then the law of obligations; and finally evidence, decision-making, and award writing. All the modules are based on the international regimes and regulations observed in the institutional arbitration industry, most importantly the United Nations Commission on International Trade Law (UNCITRAL) Model Law and Arbitration Rules, and regional and national arbitration regimes and legislation.

SCCA, the national leader of for the Kingdom's institutional arbitration industry, is implementing the Pathway through a distinguished partnership with CIArb, which established the program's rules based on its long experience in developing alternative dispute resolution services over the course of more than 100 years.

Each educational module will be three to five months, based primarily on each participant's progress and knowledge acquisition, taking place under the direct supervision of SCCA and CIArb experts through the Pathway's online learning platform.

Each module concludes with an assessment of the participants' knowledge, making them eligible to apply for one of the grades of membership in CIArb. Upon completing the third module, participants can apply to become CIArb fellows and join the roster of elite international arbitrators from all over the world.



# Program Modules





# 39 Teams from 24 Universities in 18 Cities Participating in Arabic Arbitration Moot



Among the events of its second International Conference, the Saudi Center for Commercial Arbitration organized a training program for students participating in the SCCA Arabic Moot, with elite international experts taking part in order to enrich the competition and enhance the practical dimension of the students' academic studies while in university.

In partnership with the Commercial Law Development Program at the U.S. Department of Commerce, SCCA launched an Arabic-language student arbitration competition that is the world's first of this size. The College of Law at Prince Sultan University in Riyadh hosted a launch celebration for the program, which featured remarks by the U.S. Deputy Chief of



























Mission in Riyadh, Martina Strong. The University also hosted events for the special training program, which lasted two full days and was presented by top law professors and international arbitration experts, led by Professor Georges Affaki from Paris, Dr. Ahmed Orfali from Tunisia, and the Judge Dr. Mustafa Abdel Ghaffar from Egypt. Top Saudi students who previously participated in the Willem C. Vis International Commercial Arbitration Moot also took part.

The Arabic Arbitration
Moot is a unique initiative
that contributes to building the future of commercial arbitration in the
Kingdom of Saudi Arabia
and the Arab world.

The training program sessions involved numerous trips to interact and talk with the students on the participating teams, in order to analyze the moot case and its chronology and to highlight its underpinnings and the legal sources on which it is based.

The program's sessions also involved creating awareness around the SCCA Arbitration Rules and the Saudi Arbitration

Law in order to connect law students to the reality of the Saudi arbitration environment and link that environment to best international practices. There were also sessions on developing defenses and arguments as well as the necessary research strategies.

The timeline for the inaugural competition will have several stages, including delivery of the claimant's memorandum and the respondent's memorandum, a week of oral arguments, and then the announcement of the competition results in late March 2020.

#### **Building the Future**

The SCCA Arabic Moot is one of the first initiatives of its kind in the Kingdom of Saudi Arabia, and SCCA launched it with a view to investing in the future of the commercial arbitration industry in the Kingdom. It is being carried out through a series of memoranda of understanding with a group of top Saudi universities, in order to faciliate academic cooperation between the parties and enable law students to dive into a hypothetical exercise in commercial arbitration.

From the start of registration until its close at the end of last September, the SCCA Arabic Moot was met with broad enthusiasm from Saudi universities across the Kingdom. The competition is expected to enrich and reinforce the practical dimension of the students' academic studies during university. There are 39 teams registered for the competition, from 24 universities in 18 cities across Saudi Arabia. They will be supervised by 68 faculty members from various top universities.





























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