

## **New Law “On Arbitration” has been adopted**

The new "Arbitration" Law (No. 1077-VIQ dated 26 December 2023) entered into force on 25 January 2024 and replaced the “International Arbitration” Law (No. 757-IQ dated 18 November 1999).

The “Arbitration” Law (based on the UNCITRAL Model Law on International Commercial Arbitration) is designated to regulate international as well as domestic arbitration. Under the law, only parties which are directly involved in a commercial dispute may resort to arbitration (both international and domestic) provided that the arbitration proceeding will not affect rights of a third party. Although the Law does not explain in detail what is a ‘commercial dispute’, it helpfully sets the list of disputes that cannot be arbitrated (e.g., regulatory, personal, and criminal matters). Interestingly, disputes arising under transportation contracts and immovable property rent contracts can be subject only to domestic arbitration.

In comparison with the previous “International Arbitration” law, the new law vests arbitrators with wider authorities including grant of interim measures provided that such authorities have been agreed by the parties in the arbitration agreement. However, as is typical in other jurisdictions, this power is not an absolute power and can be objected against by an affected disputing party in the Azerbaijani court albeit in a limited number of cases, mostly related to breaches of arbitration proceeding.

In summary, the new “Arbitration” law represents a proper legal ground for conduct of domestic arbitration as well as international arbitration with the seat in Azerbaijan. We would note though that in the domestic arbitration only arbitrators listed in the arbitrators’ register (I) will be able to offer their services through arbitration institutions (II), (both (I) and (II) yet to be established). Therefore, further legal acts and secondary legislation are expected to come to make the domestic arbitration an effective dispute resolution forum.

The new law came into force on 25 January 2024.