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LATINLAWYER Reference – ARBITRATION 2008

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PANAMA

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1. Which legislation governs the enforcement of international commercial arbitration awards and arbitral agreements in international business contracts, and international commercial arbitration proceedings?

Panama is a signatory to two main international conventions: the New York Convention of 1958, on the Recognition and Enforcement of International Arbitration Awards, included in Panamanian legislation through Law No. 5 of 25 October 1983; and the Inter-American Convention on International Commercial Arbitration of 1975, known as the Panama Convention and introduced into Panamanian legislation through Law No. 11 of 23 October 1975.

On the other hand, the Arbitration Law (Decree Law No. 5 of 8 July 1999) recognises the validity of international commercial arbitration and regulates also the recognition and enforcement of international arbitration awards in a chapter that has reproduced the New York Convention's article V.

2. Has the UNCITRAL Model Arbitration Law been adopted in your jurisdiction?

The Arbitration Law followed very closely the parameters of UNCITRAL Model Arbitration Law in its original version as adopted in 21 June 1985. Probably the only relevant variation that we deem important to highlight is in relation to the rules applicable to substance of the dispute, as stipulated in article 28(3) of the UNCITRAL Model Arbitration Law. This article states that the arbitral tribunal shall decide *ex aequo et bono* or as *amiable compositeur* only if the parties have expressly authorised it to do so.

Panamanian Arbitration Law article 3 is clear in stating that unless parties expressly agree otherwise, the arbitration award must be decided in 'equity' (*ex aequo et bono*). This has caused that most arbitration proceedings in Panama since 1999, whether institutional or *ad hoc*, have been decided in equity and not at law.

3. Is your jurisdiction a party to both the New York Convention and the Panama Convention? Is it a party to any other conventions or treaties governing international commercial arbitration agreements, awards or proceedings?

Beside the New York Convention (1958) and the Panama Convention (1975), Panama became a member of the ICSID Convention. Panama has also signed several bilateral investment treaties (BITs), approximately 20.

4. Is your jurisdiction a party to the ICSID Convention? Have steps been taken to renounce the Convention or withdraw from the ICSID?

On 3 January 1996, Panama's legislature approved Law No. 13 which incorporates the text of ICSID Convention as part of Panamanian legislation. Since this date, Panama has only been a part of one arbitration proceeding before ICSID (ICSID Case No. ARB/06/19. *Nations Energy Inc and others v Republic of Panama*), which is still ongoing. There has been no attempt by the Panamanian government to withdraw from ICSID. Attorneys have already been appointed in the United States to represent the interests of the country.

LATIN LAWYER

5. Has your jurisdiction refused to honour an international arbitral award issued against it?

There have been no arbitral awards issued against Panama.

6. Is a pre-dispute clause or separate agreement to resolve international commercial disputes by arbitration enforceable?

Panama Arbitration Law provides and allows for the arbitration clause to have any of three different forms:

- an arbitration clause included in a contract;
- a separate agreement providing for arbitration of present or future disputes; or
- a unilateral declaration of a party requesting to the other the submission to arbitration, followed by an acceptance.

Under this provision (article 8 of the Arbitration Law), there is no need for a post-dispute arbitration clause or agreement to be entered into, since a pre-dispute agreement is deemed valid.

7. What are the requirements for an enforceable arbitral agreement?

The Arbitration Law establishes as a requirement that the arbitration clause be in writing. Now, this can take several forms as the law lists that an arbitration clause is considered to be in writing when

- it is included in a document duly signed by both parties; or
- it is in a document exchanged by the parties by telex, fax, e-mail or any other form of communication that will unequivocally convey the will of both parties.

Mention is also made of two minimum requirements that the arbitration clause must contain:

- designation of the arbitrators or the mechanism to select them; and
- procedural rules or indication of the by-laws of an institution.

This article of the Arbitration Law has received several criticisms from practitioners, since it seems to request on the one hand that parties at least draft a way of selecting the arbitrators in the arbitration clause; on the other hand it seems to request that all the procedural rules must be included also in the arbitration clause, excluding the possibility of ad hoc arbitration. There has been no interpretation of this clause nor has it been an adverse decision by courts in relation to most clauses not complying with these two requirements, which are normally solved by referring the arbitration to an administration centre. In relation to ad hoc arbitration, the Arbitration Law expressly refers to this type of arbitration.

8. Is there subject matter that is not legally subject to arbitration in the context of an international business transaction?

The Arbitration Law does not distinguish between domestic and international arbitration for purposes of subject matter inarbitrability. Article 2 of the Law establish that the following controversies may not be submitted to arbitration:

1. Disputes which arise out of matters in respect of which the parties are not free to make their own arrangements. These are deemed to include, amongst others, all matters which relate to the discharge of public powers or which are derived from functions relating to the protection or guardianship of individuals or which are governed by mandatory provisions of the law.
2. Matters in respect of which there has been a judicial decision, which is in the course of becoming res judicata.

Among the subject matters referred to in number one of article 2 of the Arbitration Law, are family law issues and criminal issues. The test we consider the arbitrators and courts of law must follow is related to the matters that may not be subject to a transaction between the parties according to Panamanian legislation. The Panamanian Civil Code states in article 1504 that parties may not conclude transactions related to civil status of the people nor future right to food.

LATIN LAWYER

9. Does the law specify whether an arbitration will be in equity or under law if the parties do not expressly specify the nature of the arbitration in the agreement?

The Arbitration Law expressly states that save for the parties choosing the type of arbitration, the award will be issued in equity. This means that it is strictly necessary for the parties to agree to arbitration under law if that is their will. Arbitration under law obliges the arbitrator to follow the substantive rules of law. In equity, arbitrators are not bound to follow these rules, but to issue the award based on the best of their knowledge and belief.

10. How does the law limit party autonomy with respect to the terms of an arbitral agreement?

In general terms, parties are free to include in the arbitral agreement all the terms considered appropriate by them. Selection of arbitrators is a power that may be exercised freely by the parties, establishing a panel of one, three or more arbitrators. When parties have not specified the number of arbitrators, it will be formed by three.

11. In what circumstances does the law allow a non-signatory to an arbitral agreement to pursue a claim in an international arbitration against a party that signed the arbitral agreement and vice versa?

The Arbitration Law is mute in relation to non-signatories participating in an arbitration process. The rule is that no one has the right to participate in an arbitration unless it has signed an arbitration agreement. There has not been any up to date jurisprudence in relation to this topic.

12. Are foreign arbitral institutions authorised to administer arbitrations in your jurisdiction?

Any institution that will carry out the administration of arbitrations in Panama, must be recognised and authorised to do so by the Ministry of Government and Justice. Now, this does not forbid ICC, LCIA or AAA to administer an arbitration from any other country when this arbitration takes place in Panama. Until recently, ICC arbitrations took place without the presence of a representation of the ICC in Panama. These type of arbitrations still take place unless the parties have specified that the Panama chapter of the ICC will administrate the proceedings.

In other words, if an institution will be administering arbitrations in and from Panama, with offices and representation in Panama, this institution must be authorised following the procedure established by Resolution No. 106-R-56 of 2001.

Several awards have been issued and recognised as valid international arbitration awards that have been issued following the procedure of international institutions and yet having Panama as the place of the arbitration.

13. Does the law require that arbitrators in international arbitrations be citizens or residents of your jurisdiction? Does your law require that arbitrators in international cases be lawyers? Are the fees of foreign arbitrators serving in an arbitration seated in your jurisdiction subject to taxation?

Arbitrators need not be Panamanian citizens in order to be allowed to participate in domestic or international arbitrations seated in Panama. In any case, if the arbitration must be carried under law, arbitrators must be lawyers, according to article 3 of the Arbitration Law.

Foreign arbitrators participating in international arbitrations do not have to pay taxes in Panama.

14. Must arbitrators in international arbitrations be independent and impartial? What is the legal standard governing conflicts of interest and disclosure by arbitrators in international arbitrations?

Arbitrators, just like the judges in the judiciary system, must be impartial and independent from the parties. Any person appointed as an arbitrator must, by law, not accept the appointment when his or her impartiality and independence may be compromised.

Arbitrators may be challenged on the same grounds as judges. Article 760 of Judicial Code lists 16 different grounds for challenging judges. The decision about a challenge is final and may not be appealed. Nonetheless, these challenges may be alleged again later by the party, in the course of an annulment procedure or in a recognition and enforcement procedure of an award.

Among the main grounds for challenging a judge or arbitrator are:

- if the judge and one of the parties are bound by any legal relation that may be affected by the decision;

LATIN LAWYER

- if the judge, or his or her parents, children or spouse are a debtor or a creditor to any party; or
- if the judge participated in the formation of the subject matter of the case.

In international arbitration, the IBA Guidelines on Conflicts of Interest may be applied by arbitrators and parties, but would not be considered as the legal basis for challenging purposes before national courts.

15. Does the law require that arbitral proceedings be held in a specific language?

The language used in arbitration proceedings may be agreed upon by the parties, before or after the conflict arises. Had the parties not defined the language, arbitrators have the power to do so. The Arbitration Law establishes that if both parties to a controversy are Panamanians, arbitration will be held in the Spanish language.

16. Can foreign lawyers serve as advocates in arbitral proceedings in your jurisdiction? If so, can they do so alone or must a local lawyer serve as co-counsel? Are their fees subject to local taxation?

Panamanian Law 9 of 18 April 1984 regulates the profession of lawyers. According to article 1 of this law, in order to practise as a lawyer in Panama, the Supreme Court of Justice of Panama must provide authorisation. This authorisation is granted only to Panamanian citizens that have studied in a Panamanian law school that is authorised to teach law in Panama, save for international treaties that provide differently in relation to the validation of foreign law degrees. Nonetheless, authorisation by the Panamanian Supreme Court of Justice is always a requirement for the practice of law in Panama.

Based on the foregoing facts, it is not possible for foreign lawyers to practise law in Panama. Representing a party in arbitration is considered as acting as a lawyer, according to article 4(1) of the mentioned law. The Arbitration Law is mute in this topic, nonetheless, our opinion is that a foreign lawyers may act as co-counsel to Panamanian attorneys. Foreign lawyers acting as co-counsel in international arbitrations do not have to pay taxes in Panama.

17. In what circumstances, if any, does your law allow the consolidation of multiple arbitral proceedings?

Consolidation of multiple arbitration proceedings is not regulated by the Arbitration Law, although it is provided for in the By-laws of Arbitration Center of the Panamanian Chamber of Construction, the second most important arbitration center in Panama.

As long as parties agree to consolidation of two or more arbitration proceedings, the will of the parties will and should prevail. In deciding a request for the consolidation of two or more arbitration proceedings, arbitrators must take in consideration the nature of each case and the status of these. It is our opinion that as long as all parties agree to a consolidation, the arbitral tribunal must accept the same if:

- the subject matter and/or the cause of the claim of the different cases is the same, even if one of the parties is different; and
- the first arbitration case has not began the stage of submitting of evidence.

18. Is the principle of 'Kompetenz-Kompetenz' followed in the courts, and do the courts follow the principle of the independence and separability of the arbitration clause?

The principle of Kompetenz-Kompetenz has passed through several stages since the enactment of the Arbitration Law. This principle was included in article 17 of the law in 1999 and only two years later it was declared to be unconstitutional by a Supreme Court decision dated 13 December 2001. This step back in the arbitration jurisdiction was finally corrected by a reform to the Constitution of the Republic of Panama that was made in the year 2004. Article 202 of the current Panamanian Constitution specifically states that arbitrators have jurisdiction to decide on their jurisdiction. Former text of article 17 was reinstated by law 15 of 22 May 2006. This constitutional and legal recognition of the principle of Kompetenz-Kompetenz reinforces the legally recognised principle of separability of the arbitration clause, included in the Arbitration Law's article 11.

LATIN LAWYER

19. If a party files a lawsuit in violation of agreement to arbitrate, will a petition by the defendant to remit the lawsuit to arbitration be granted by the courts under normal circumstances? If so, will that petition be treated as a threshold matter or will it be rolled into the merits of the litigation such that the defendant will also need to defend the merits of the lawsuit in court?

The Arbitration Law is very strict in forbidding courts to accept cases that must be arbitrated for them originating in a contract that includes an arbitration clause. Article 11 of the Arbitration Law is clear in stipulating that if a judge is presented with a controversy that should be arbitrated by the parties, he or she must not conduct the same and must direct the parties to arbitration. If the judge fails to notice an arbitrable dispute and notifies the claimant of the dispute, the defendant must file an opposition to the jurisdiction of the courts, within the 10-day period to answer the claim. Should the defendant fail to oppose jurisdiction, the courts will continue with the case and the defendant may no longer challenge on jurisdiction.

In the event that the judge fails to notice the arbitration agreement and so does not remand the parties to arbitration, the judge will be deciding on his jurisdiction. The down side of this scenario is that the decision on jurisdiction taken by the judge is appealable and later subject to 'recurso de casacion' a recourse filed before the Supreme Court. This definitely causes a big delay. Nonetheless, the Arbitration Law is clear in paragraph four of article 11 that under this scenario, an arbitration process may continue until a final decision is reached.

20. Are arbitral tribunals empowered to grant interim relief? If so, how is that relief enforced in the courts?

Article 24 of the Arbitration Law empowers arbitrators to grant interim or provisional relief to a requesting party. Enforcement of these measures may be requested by the arbitral tribunal to the courts, who will have 10 days to comply with this request.

21. Can arbitrators issue subpoenas or use other legal processes to compel the production of evidence by a third party or compel a third-party witness to appear before them? If so, will a court lend its aid in enforcing such an order against a recalcitrant third party?

Article 24 of the Arbitration Law also provides for the enforcement of any evidence authorised by the arbitration tribunal, allowing arbitrators to request the enforcement power from the courts. The courts must comply with this in a period no longer than 15 days.

22. Can a party in an international commercial arbitration seek interim or provisional relief from a court without first seeking relief from the arbitral tribunal?

Enforcement of interim or provisional relief through courts in Panama may be sought before the arbitration process begins or in the course of the arbitration process. It is not necessary that the party seeking interim or provisional relief requests to the arbitrators first, even if the arbitration process has begun.

Now, it is important to bear in mind that according to Panamanian Procedural Law, when this relief is sought before the beginning of the process, the law suit must be filed within the six days following the day of the enforcement of the measure. In arbitration practice, the filing of a request for arbitration has been accepted to stand for the filing of the claim.

23. Have the courts issued injunctions enjoining arbitral proceedings from going forward?

Up to now, in Panama there has been no case where an anti-suit injunction has been issued forbidding a party from filing an arbitration claim. It is hard to foresee the attitude of the courts upon such request, but it is clear that the law does not expressly forbid this.

24. Does the law provide that post-award interest accrues on an unpaid arbitral award?

The Arbitration Law does not regulate the post-award interest accrued on an unpaid arbitral award. Nonetheless, as it occurs in the courts' jurisdiction, an unpaid judgement accrues interest automatically and the interest is the 'legal interest' as established by Law No. 4 of 2 January 1935, this is 7 per cent annually for commercial debts and 9 per cent annually for civil debts.

A party seeking enforcement of an arbitral award must request this interest to be recognised and granted.

LATIN LAWYER

25. Is an arbitral tribunal empowered to award attorneys' fees to the prevailing party or is that power reserved to the courts?

Attorneys' fees may be awarded by the arbitral tribunal. As a matter of fact, article 29 of the Arbitration Law provides that award will contain a decision on 'costs' which include attorneys fees. This decision will be based on the agreement of the parties on this issue or the applicable by-laws of the administering institution. Otherwise, the arbitrator will take the decision.

26. What are the grounds for challenging an international award issued in an arbitration seated there and what is the period of time a party has to challenge that award?

The only recourse against an arbitral award is the 'Recurso de Anulacion' (Nullity Recourse) for very specific reasons or grounds. Panamanian Supreme Court's Fourth Hall, has the jurisdiction to resolve this recourse against domestic and international awards rendered in the territory of Panama, and it has recognised that this recourse is not and cannot be considered as a second instance, but as an extraordinary recourse where the merits of the case will not be reviewed. This recourse must be filed within the 15 days after the award has been rendered and notified to the parties.

Article 34 of the Arbitration Law list the grounds for vacating an award rendered in Panama. These grounds are:

- If the party making the application proves:
 - that the arbitration agreement has been invalidated on one of the grounds for nullity contained in the Civil Code and the grounds contained in the international arbitration conventions which have been ratified by the Republic of Panama.
 - that the constitution of the arbitral tribunal, the conduct of the arbitral proceedings or the issue of the award did not conform to the agreement made between the parties or was not in accordance with the provisions of this Decree Law or that one of the parties was not properly notified of the commencement of the arbitration or of any step in the proceedings.
 - that the award refers to a dispute which is not contained in the arbitration agreement or it contains decisions which go beyond its remit or scope.
 - the setting aside shall only affect the matters referred to in the previous paragraphs which may be severed from the remainder of the contents of the award.
- if the tribunal finds that the subject matter of the dispute is not arbitrable under Panamanian law or that the award is contrary to Panamanian public policy.

Although not listed in article 34 as grounds for vacating an arbitral award, the Arbitration Law provides two additional grounds. Article 16 stipulates that the decision on the challenge of an arbitrator may be reargued during the nullity recourse or during the recognition and enforcement process. Also, article 17 gives the same treatment to the decision on jurisdiction (Kompetenz-Kompetenz). It is our understanding that these later grounds may or may not be included as part of the grounds listed in article 34 of the Arbitration Law.

In international commercial arbitrations carried out in Panama, parties were authorised by law to waive in advance the right to this recourse. On 7 October 2005, the Supreme Court of Panama declared that article 36 of the Arbitration Law was unconstitutional, so now, parties cannot waive in advance the right to the nullity recourse. Parties can still choose of course this right after the award has been rendered.

27. Please describe the standard used by the courts in deciding whether to vacate an international arbitral award. Is 'lack of reasonableness' of an international award grounds to vacate it? To what degree have international awards rendered in your jurisdiction been vacated on the grounds of 'public order'?

Lack of international arbitration awards rendered in Panama and thus subject to annulment before the Supreme Court of Panama makes it complicated to understand the current position of this court on its considerations in respect of vacating or not these type of awards. We know of four cases only that have been annulled since the enactment of the Arbitration Law in 1999, and all of them are domestic cases. Nonetheless, we believe the Supreme Court will follow closely the text of the law in respect to the standards in considering annulment of foreign arbitral awards, specially in relation to 'public order', which is specifically referred to in the law as the 'international public order'.

LATIN LAWYER

We don't believe there is space in the law for the courts to differentiate the annulment standards of a domestic award from an international award rendered in Panama, which is a very complex concept that has not been developed yet in this jurisdiction. Mention is made of it often in jurisprudence in related to recognition and enforcement of foreign judgments, but not deeply. It has though, been qualified as a concept that should be analysed not as a general one, but on a case-by-case basis.

28. Please describe any recent significant experiences or cases that illustrate the attitude of your courts toward the vacatur of international awards.

Not applicable.

29. Do the courts consider themselves empowered to vacate an arbitral award rendered in another jurisdiction (as opposed to refusing to enforce)?

Panamanian law, including the Arbitration Law and the New York Convention, empowers the Supreme Court only to refuse the enforcement of an international award rendered in a country different from Panama. Annulment of this type of award is not and cannot be an option for the courts, since this would undoubtedly contravene local legislation.

30. Please describe the process for enforcing an arbitral award rendered in another jurisdiction.

In order to enforce an arbitral award rendered in another jurisdiction, the requesting party must file a petition before the Supreme Court of Justice of Panama, together with a legalised and Spanish translation of a copy of the arbitral award and the arbitration agreement. In this instance, the court will decide only on the recognition. Enforcement will be petitioned after recognition in a Circuit Court, which is normally a first-instance court.

31. Assuming that the award emanates from a jurisdiction that is a party to a Convention enforceable in your jurisdiction, how long (on average) does it take to obtain an order of enforcement in the first instance and a final order of enforcement in the last instance?

The recognition process normally will take approximately from four to six months. Once recognised, enforcement will take equal time, totalling approximately a year in a case where there is opposition by a losing party.

32. How long does it take to confirm an arbitral award rendered abroad compared with obtaining a judgment in the courts of your jurisdiction in a similar commercial dispute?

Judicial processes in Panama, as they are in most Latin American jurisdictions, suffer from huge delays. An average commercial dispute could take approximately four to five years to be resolved in first and second instances. If a 'recurso de casacion' (third instance) is filed, this could take up to two more years. If we compare a two-year international arbitration process carried out in a country different from Panama and then undergoing a one-year recognition and enforcement process, you may find convenient savings in time of approximately 50 per cent to 60 per cent.

33. Please describe some significant recent experiences with the enforcement of foreign arbitral awards.

In deciding the recognition and enforcement of a foreign award, the Supreme Court of Justice basically relies on the New York Convention. Article 41 of the Arbitration Law puts the content of article 5 of the New York Convention into Panamanian law, which sets the basis for denying recognition and enforcement.

The Panamanian Supreme Court has shown to be very favourable to the recognition and enforcement of foreign arbitral awards. There have been very few opportunities for the Supreme Court to give its opinion on these procedures, but we have found no record of a denial.

In the recognition and enforcement of the British award rendered in *Greenhow Associates Limited v Panama Refining Company Inc*, the Supreme Court issued judgment on 14 February 2005. The defeated party, Panama Refining Company Inc, alleged as a ground for vacatur that it 'was unable to present his case' because the arbitration tribunal did not accept a piece of evidence (expert witness

LATIN LAWYER

to prove damages suffered by breach of confidentiality agreement) which the defendant considered important. This ground, included in the New York Convention (as article v(1)(a)), and in the Panamanian Arbitration Law (article 41 (1)(b)), was interpreted by the Supreme Court of Panama in the following terms:

In this sense we must point out that the Arbitral Court acted within its faculties by rejecting the evidenced presented by REFSPAN, since, as the ut-supra rule says, the admissible evidences will be admitted; hence, it corresponds to the Arbitral Court to reject the evidence that it shall consider to be inappropriate, non-conducive or dilatory.

This attribution of the judge is given to prevent the parties, in good or bad faith, from filing the procuring of evidence that could obstruct the fluency of the process; which is one of the basic principles in the arbitral jurisdiction.

A different thing would be that the process had not been opened for evidence or did not have an evidence-based phase, denying in such case the opportunity of the parties or to one of them, to prove their rights, becoming defenseless, which definitely did not happen in this arbitral process. One thing is the denial or omission of the opportunity to file evidence, and something different is the admission of evidences by the judge based in the faculties expressly granted to him/her by the Law.

Earlier in 2001, the court had addressed 'public order' in deciding on the recognition and enforcement of a foreign award (*Petrocom de Panama v Cable & Wireless SA*) In this decision, where the award was recognised the Supreme Court said:

In this opportunity this Authority wants to emphasize the importance of the Public Order in the recognition of jurisdictional acts from a foreign empire to produce effects in Panama. The notion of order is no other than to achieve that a foreign judgment does not violate the competition of the national forum surrendering to the Constitution and other legal current dispositions in congruity with the obedience to the authorities that must fulfill the foreign judgments, it is a kind of self-defense or exception to invoke for not complying with a filed request; moreover that at the time the exequatur is dictated, the bilateral principle of the parties may not be broken or unknown or otherwise, all assumptions that are constituted for our juridical arrangement in the National Public Order. This knowledge on National Public Order, is casuistic because it is necessary to be studied on a case by case basis, it is not possible to invoke violation to the public order generically in all the cases with any similarities, whether it is in the filing, in the parties, etc., consequently it does not allow the parties to avoid it, this one has an imperative character and they are not dispositions that can be repealed by means of a Convention.

Finally, an interesting case considered very telling of the attitude of the courts towards arbitration is *Curaçao Eximport Enterprises Co NV v Banco Disa*. When an arbitration award was rendered in 2004, the defendant Banco Disa was undergoing a liquidation ordered by the Superintendency of Banks of Panama, regulator of the banking industry. A judicial process was taking place against the bank in the Circuit Courts and if the award against the bank was recognised by the Supreme Court, the claimant would have to go to the Circuit Courts requesting enforcement. Banking law was clear in not allowing the appointed liquidator of a bank to pursue the assets of a bank undergoing a liquidation, so the court decided that the appropriate way of enforcing this international arbitration award was by ordering directly the liquidator to pay the US\$10 million award to the claimant. In this unprecedented decision the court reasoned:

Therefore, if the resolution that is dictated in this case is only limited to contain the exequatur or a simple recognition of the international arbitral award (without an expressed enforcement order for the liquidators of the bank) this would be a resolution impossible to enforce materialistically, and it would harm the effective judicial tutelage principle according to which, the end of any judicial resolution must be addressed to the recognition of the rights established in the substantial Law. In other words, it would be 'deciding' but not 'solving'.

34. To what degree has 'public order' been a ground to refuse enforcement of an international award rendered abroad?
Not applicable.

35. What is your view of the future of international arbitration and is the trend positive? What advice do you have with respect to dispute resolution for a foreign lawyer advising a foreign client contemplating entering into a business deal with a company from your jurisdiction?

Panama is consolidating as a proper forum for international arbitration. Slowly, it has been moving forward in the process of updating its legislation, in accordance with modern laws. Participation of Panamanian attorneys in the international arbitration arena is increasing basically because of the increase in international business, related to banking, securities, technology and construction and the awareness by attorneys and clients of the enormous benefits that arbitration entails. We have had very little experience yet in investment disputes, but very likely these will increase in the near future for law firms have been actively advising clients in that direction, unknown for many until recently.

LATINLAWYER

ICC mainly, but also the AAA and the local arbitration centres like the Chamber of Commerce and the Construction Chamber, have made a good effort in creating an arbitration culture that has covered not only many important law firms, but has also become more prominent recently to the attention of judges and justices.

I believe Panama, being a sophisticated business and legal forum, is ready to support the steady growth of international arbitration. Now, the analysis of the courts has to be followed closely to make sure it follows strictly the best trends, as we believe it has done so far.

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