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The International Comparative Legal Guide to:

International Arbitration 2007

A practical insight to cross-border International Arbitration work

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1 Arbitration Agreements

1.1 What, if any, are the legal requirements of an arbitration agreement under the laws of your country?

For an arbitration agreement to be enforceable under the laws of Latvia it must be in writing. Section D of Latvian Civil Procedure Law (LCPL) specifies that it may be in form of an arbitration clause in a contract or as a separate agreement.

Written requirement shall be deemed satisfied if arbitration agreement is entered into by exchange of letters, faxes or telegrams or by using any other means of telecommunications as long as the intent of both parties to refer a dispute or a possible dispute to arbitration is recorded.

1.2 Are there any special requirements or formalities required if an individual person is a party to a commercial transaction which includes an arbitration agreement?

In Latvia individual person, who has the capacity to act, irrespective of his or her citizenship and place of residence can be a party to arbitration agreement. For employees and consumers, see question 3.1.

1.3 What other elements ought to be incorporated in an arbitration agreement?

Arbitration agreement ought to designate either institutional arbitration rules or indicate that it will be ad hoc arbitration. If parties have chosen institutional arbitration rules, the arbitration agreement ought to indicate the place of arbitration, language and number of arbitrators; however, in the absence of such indication, the number of arbitrators shall be three. In case of ad hoc arbitration, arbitration agreement ought to indicate applicable ad hoc arbitration rules or procedure of appointment of arbitrators.

Additionally, parties may indicate law determining the validity of arbitration agreement, designate institution or person to whom entrust the appointment of arbitrators, determine procedure for challenge of an arbitrator and termination of mandate of arbitrator, set time limits for rendering of an award, determine procedure in case of default of one of the parties, and determine other procedural issues they consider necessary. In ad hoc arbitration parties may also specify arbitrator's fees.

1.4 What has been the approach of the national courts to the enforcement of arbitration agreements?

Latvian courts recognise and enforce arbitration agreements. If after the receipt of the statement of claim the court finds that the parties have agreed to refer the dispute to arbitration the court sua sponte will refuse to accept the claim for review and shall terminate proceedings.

1.5 What has been the approach of the national courts to the enforcement of ADR agreements?

LCPL provides that judge shall refuse to accept a statement of claim if the claimant has not complied with the procedures in regard to preliminary extrajudicial examination determined for the respective category of matter, or has not taken the measures prescribed by law to resolve the dispute with the respondent prior to action being brought. However, there is no duty imposed on judge to refuse to accept a statement of claim if the parties have not complied with procedures they have agreed on between themselves in ADR agreements. If there is duty to carry out any ADR method, except for arbitration (see question 1.4.), the court does not have duty to refuse to accept a statement of claim, even if ADR has not been carried out.

2 Governing Legislation

2.1 What legislation governs the enforcement of arbitration agreements in your country?

The enforcement of arbitration agreements is governed by LCPL.

Additionally, it should be noted, that Latvia has ratified and enacted the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

2.2 Does the same arbitration law govern both domestic and international arbitration proceedings? If not, how do the laws differ?

Under Latvian law there is no distinction between domestic and international arbitration proceedings. Thus where it will be deemed that Latvian procedural rules shall apply, both international and domestic arbitration proceedings shall be governed by LCPL.

2.3 Is the law governing international arbitration based on the UNCITRAL Model Law? Are there significant differences between the governing law and the Model Law?

As indicated above (see question 2.2.), there is no distinction between domestic and international arbitration proceedings. LCPL was drafted on the basis of UNCITRAL Model Law; however,

LCPL has significant deviations from UNCITRAL Model Law. The LCPL does not entitle arbitral tribunal to issue interim measures. National courts are not entitled to assist in taking of evidence, and courts may only secure the claim prior to initiation of arbitral proceedings (see question 6.1.). LCPL also does not provide for setting aside proceedings, besides that court sua sponte examines the existence of all grounds for refusing the recognition and enforcement of arbitral award, without placing any burden of proof on party against whom award is invoked.

3 Jurisdiction

3.1 Are there any subject matters that may not be referred to arbitration under the governing law of your country? What is the general approach used in determining whether or not a dispute is "arbitrable"?

Any civil dispute may be referred to arbitration with the exception of following disputes:

- disputes the adjudication of which might affect the rights and interests protected by the law of a person who is not a party to the arbitration agreement;
- disputes in which at least one of the parties is a state or local government authority or if the arbitration award could affect the rights of state or local government authorities;
- disputes, which are related to amendments to the Civil Records Registry;
- disputes, on the rights of persons under guardianship or trusteeship, or to their interests protected by law;
- disputes regarding establishment, alteration or termination of the rights in rem in regard to real property, if among the parties to the disputes there is a person whose rights to acquire real property in ownership, possession or use are restricted by law;
- disputes on eviction of persons from residential areas;
- individual employment disputes;
- disputes on the rights and duties of persons who have been declared insolvent before the arbitration award is passed; and
- consumer disputes, containing unfair arbitration clause.

3.2 Is an arbitrator permitted to rule on the question of his or her own jurisdiction?

The arbitrator at any stage of the arbitration may rule on his or her own jurisdiction, including in cases where one of the parties disputes the existence or the validity of arbitration agreement.

3.3 What is the approach of the national courts in your country towards a party who commences court proceedings in apparent breach of an arbitration agreement?

A judge shall sua sponte refuse to accept a statement of claim, if the parties have entered into arbitration agreement. If, due to any reasons, statement of claim has been accepted and judge only latter discovers that parties have entered into arbitration agreement, the judge shall terminate court proceedings sua sponte.

If party has commenced court proceedings in apparent breach of an arbitration agreement, such commencement will not be considered as waiver of arbitration agreement. It is possible to withdraw from arbitration agreement only where the parties have amended or terminated arbitration agreement in writing.

3.4 Under what circumstances can a court address the issue of the jurisdiction and competence of the national arbitral tribunal?

The court has no basis to decide on the jurisdiction and competence of the arbitral tribunal until the receipt of the application to issue a writ of execution of arbitration award.

When deciding on application regarding compulsory execution of an award, the court shall refuse to issue a writ of execution if arbitral tribunal was not established or the arbitration procedure did not take place in accordance with the provisions of arbitration agreement or LCPL. Under this provision court will examine whether arbitral tribunal had the jurisdiction and competence to decide the dispute.

3.5 Under what, if any, circumstances does the national law of your country allow an arbitral tribunal to assume jurisdiction over individuals or entities which are not themselves party to an agreement to arbitrate?

There are no circumstances allowing an arbitral tribunal to assume jurisdiction over individuals or entities which are not themselves parties to an arbitration agreement. The disputes, the adjudication of which might affect the rights and interests protected by law of a person who is not party to an arbitration agreement, are non-arbitrable (see question 3.1.).

4 Selection of Arbitral Tribunal

4.1 Are there any limits to the parties' autonomy to select arbitrators?

Any individual possessing legal capacity may be appointed as an arbitrator, irrespective of his or her citizenship and place of residence, if such person has agreed in writing to be an arbitrator. There are no formal qualifications, experience, expert knowledge or any other special criteria limiting the choice of parties.

The arbitration institutes in Latvia have lists of arbitrators operating in the particular institution. If the parties agree on such institution, arbitrators must be selected from the respective list.

4.2 If the parties' chosen method for selecting arbitrators fails, is there a default procedure?

No, there is no default procedure. If the parties' chosen method for selecting arbitrators fails, neither the national court, nor any other independent authority, has authority to appoint arbitrators unless otherwise agreed by the parties.

4.3 Can a court intervene in the selection of arbitrators? If so, how?

See the answer to question 4.2.

4.4 What are the requirements (if any) as to arbitrator independence, neutrality and/or impartiality?

The arbitrator must be independent and impartial and perform his or her duties in good faith, without being subject to any influence.

A person asked to accept an appointment as an arbitrator, shall disclose to the parties any facts which could cause justifiable doubts as to the impartiality and independence of such person. If such facts

become known to the arbitrator, up to the end of the arbitral proceedings, he or she shall without delay disclose them to the parties.

An arbitrator may be removed, if there exist circumstances, which cause justifiable doubts as to his or her impartiality and independence, as well as if his or her qualifications do not confirm to those agreed by the parties. A party may challenge an arbitrator whom it has appointed or in whose appointment it has participated, only where the grounds for challenge have become known to such party after the appointment of the arbitrator.

5 Procedural Rules

5.1 Are there laws or rules governing the procedure of arbitration in your country? If so, do those laws or rules apply to all arbitral proceedings sited in your country?

The arbitration procedure is governed by LCPL. LCPL is applicable to all arbitral proceedings sited in Latvia.

5.2 In arbitration proceedings conducted in your country, are there any particular procedural steps that are required by law?

The parties themselves are free to determine procedure how to conduct arbitration. However, procedural steps prescribed by LCPL are:

- Notification to the other party of the appointment of arbitrator(s) and submission to the defendant a statement of claim;
- The formation of arbitral tribunal in compliance with the arbitration agreement or provisions of LCPL;
- Response to a claim or submission of a counterclaim;
- Amendment and supplementation of claim or counterclaim, until the resolution of the dispute is commencing;
- Arbitration hearings; and
- Making of an award.

5.3 Are there any rules that govern the conduct of an arbitration hearing?

Regarding the conduct of arbitration hearings, LCPL provides that:

- the tribunal shall in good time notify parties of an arbitration hearing and other information which it has obtained, as well as expert opinions and other evidence;
- the tribunal shall organise oral hearings where the parties have agreed on written procedure, but one parties, up until the making of an award, requests oral hearings; and
- the tribunal are shall observe the principles of party equality and adversarial proceedings. Thus it must be ensured that both parties have equal rights to present their case.

5.4 What powers and duties does the national law of your country impose upon arbitrators?

If the parties have not agreed on it, the tribunal shall determine substantive law applicable to the dispute, the place of arbitration and language. Tribunal shall rule on its jurisdiction, and it may do so at any stage of arbitral proceedings.

Tribunal shall decide all procedural issues that parties have not agreed upon and the chairman of the tribunal may independently decide procedural issues, if he or she has been entrusted with this by the parties or other arbitrators.

After establishment of the tribunal, the tribunal shall start procedural activities within four month and complete render award within one year from the initiation of arbitration proceedings, otherwise either party will be entitled unilaterally withdraw from the arbitration agreement upon notification to the other party thereof. In order to organize proceedings timely, the tribunal shall itself set procedural time periods within these time limits.

For other rights and duties of arbitral tribunal see questions 4.4., 5.2., 5.3. & 11.1.

5.5 Do the national courts have jurisdiction to deal with procedural issues arising during an arbitration?

The national courts do not have jurisdiction to deal with procedural issues arising during arbitration.

5.6 Are there any special considerations for conducting multiparty arbitrations in your country (including in the appointment of arbitrators)? Under what circumstances, if any, can multiple arbitrations (either arising under the same agreement or different agreements) be consolidated in one proceeding? Under what circumstances, if any, can third parties intervene in or join an arbitration proceeding?

There are no special rules related with multiparty arbitration or consolidation, third party intervention or joining arbitration proceedings. Nevertheless, if all parties have signed the same agreement and the arbitration clause allows such procedure, proceedings may be consolidated and a third party could intervene in or join arbitration proceedings.

Consolidation could also be possible if all parties agree. Taking into account the requirement that the arbitration agreement and all amendments to the arbitration agreement must be in writing, the agreement of parties to consolidate proceedings, or to allow third parties to intervene or join proceedings, should be affirmed in writing and the aforementioned third party should join the arbitration agreement. Otherwise, it could lead to problems when the party asks the national court to enforce any arbitral award.

5.7 What is the approach of the national courts in your country towards ex parte procedures in the context of international arbitration?

Unless the arbitration agreement provides otherwise, the failure of the party to participate in arbitration proceedings, or submit a response to a claim, is not considered as recognition of the claim. If parties, without justified cause, fail to attend hearings or submit written evidence, tribunal shall continue hearings and resolve dispute on the basis of the evidence at its disposal.

National courts shall enforce award rendered in ex parte procedures as long as there will be evidence that party was accordingly notified on arbitration proceedings and the appointment of arbitral tribunal.

6 Preliminary Relief and Interim Measures

6.1 Under the governing law, is an arbitrator permitted to award preliminary or interim relief? If so, what types of relief? Must an arbitrator seek the assistance of a court to do so?

Tribunal is not permitted to award preliminary or interim relief under LCPL.

6.2 Is a court entitled to grant preliminary or interim relief in proceedings subject to arbitration? In what circumstances? Can a party's request to a court for relief have any effect on the jurisdiction of the arbitration tribunal?

On the basis of an application submitted by a potential claimant, prior to the commencement of arbitral proceedings, a court may secure a claim before it is made in accordance with the procedures prescribed in LCPL (see question 6.1.).

The same court shall, on the basis of the application of the party, be entitled to decide on the removal or change of the security for the claim. An application to the court regarding the securing of a claim or an application regarding modification of the security for a claim shall not be considered as failure to observe the arbitration agreement, and it shall not impede the resolution of a dispute by arbitration.

The court is not entitled to grant any other preliminary or interim relief in proceedings subject to arbitration.

6.3 In practice, what is the approach of the national courts to requests for interim relief by parties to arbitration agreements?

The criteria for satisfaction or rejection of the application of potential claimant, where such application has been submitted to the court prior to the initiation of the arbitral proceedings, are the same as where the claim would have to be under the competence of the court.

Thus, after the receipt of an application for securing the claim before it has been brought to arbitration, the court shall evaluate, whether the request is properly motivated, substantial and whether it corresponds with the requirements of the law, i.e. whether the debtor with the purpose of avoiding performance of its obligations removes or alienates its property, leaves its place of residence without notice to the creditor, or performs other actions evidencing that the debtor is not acting in good faith or has not observed regulatory enactments.

The court shall not evaluate whether the potential claim has to be submitted to the court or to arbitration and shall not decide on the validity of the arbitration agreement.

6.4 Does the national law allow for the national court and/or arbitral tribunal to order security for costs?

See answers to questions 6.1., 6.2. and 6.3.

7 Evidentiary Matters

7.1 What rules of evidence (if any) apply to arbitral proceedings in your country?

The means of evidence permitted in arbitration proceedings are:

- explanations by the parties,
- written evidence,
- material evidence, and
- expert opinions.

The law does not permit witnesses or witness statements in arbitral proceedings.

Each of the parties must prove the facts to which it refers as a basis for its claims and objections. The tribunal may require the parties to submit supplementary documents or other evidence. Documentary evidence must be submitted in the form of an original or certified copy. If a party submits a copy of a document, the tribunal may itself or at the request of other party, require that the original document is submitted and/or presented. The tribunal shall return the original document at the request of person who has submitted such document, keeping a certified copy of the document in the materials of the case.

The tribunal itself shall determine the admissibility, conformity and validity of evidence.

7.2 Are there limits on the scope of an arbitrator's authority to order the disclosure of documents and other disclosure of discovery (including third party disclosure)?

The tribunal may require the parties to submit supplementary documents or other evidence; however there are no limitations set as to scope of such requests.

The tribunal does not have authority to order disclosure of documents and other disclosure of discovery from third parties and third parties may comply with such orders only voluntarily.

7.3 Under what circumstances, if any, is a court able to intervene in matters of disclosure/discovery?

There are no such circumstances.

7.4 What is the general practice for disclosure / discovery in international arbitration proceedings?

Where the international arbitral proceedings take place in Latvia in accordance with LCPL, the practice for disclosure/discovery would not differ from the practice applied in domestic arbitral proceedings.

7.5 What, if any, laws, regulations or professional rules apply to the production of written and/or oral witness testimony? For example, must witnesses be sworn in before the tribunal? Is cross-examination allowed?

LCPL does not list witness testimony as one of the means of evidence in arbitral proceedings. In practice thus far, it has been interpreted by the tribunals and the courts so that LCPL does not permit either oral or written witness testimony in the arbitral proceedings.

7.6 Under what circumstances does the law of your Country treat documents in an arbitral proceeding as being subject to privilege? In what circumstances is privilege deemed to have been waived?

Under Advocacy Law of the Republic of Latvia, client-attorney documents are subject to privilege. Also, in arbitration these documents would be subject to privilege.

8 Making an Award

8.1 What, if any, are the legal requirements of an arbitral award?

LCPL provides that, where the tribunal consists of more than one arbitrator, any rulings by the tribunal must be rendered by simple majority vote.

The arbitral award must be in writing, and it must be signed by all

arbitrators. If the tribunal consists of several arbitrators and if any of the arbitrators does not sign the award, the award must contain a reference indicating the reasons for the absence of his signature.

The law lists some further requirements regarding the content and form of the arbitral award. For example, the award must contain information on:

- the composition of the tribunal;
- the time and place of rendering award;
- information concerning parties;
- the subject of dispute;
- the motivation of the award (unless otherwise agreed by the parties);
- the conclusion regarding full or partial satisfaction of the claim, or the complete or partial dismissal thereof, and the substance of arbitral award; and
- the amount to be recovered, if the award provides for recovery of money, etc.

The law expressly prohibits direct or indirect influencing of the tribunal in rendering the arbitral award.

The award has to be rendered within scope of the basis and subject matter of the claim and it may not exceed such scope.

The signatures of the arbitrators on the award must be certified in the order provided by the rules of procedure of arbitration institute. In case of ad hoc arbitration the signatures of arbitrators must be certified by a notary public. Compliance with the above requirements is important to ensure enforceability of the award.

9 Appeal of an Award

9.1 On what bases, if any, are parties entitled to appeal an arbitral award?

Award is final and it cannot be appealed on the merits of the case. The award cannot be challenged also on procedural issues. There exist no setting aside proceedings under LCPL.

9.2 Can parties agree to exclude any basis of appeal or challenge against an arbitral award that would otherwise apply as a matter of law?

As there is no appeal or challenge procedure against an arbitral award in existence, parties may neither expand the scope of appeal nor exclude any basis or appeal.

9.3 Can parties agree to expand the scope of appeal of an arbitral award beyond the grounds available in relevant national laws?

See the answer to question 9.2.

9.4 What is the procedure for appealing an arbitral award in your country?

There is no procedure for appeal of an arbitral award, and the party against whom arbitral award is invoked can only resist the enforcement of the award when other party files an application to the court for writ of execution.

10 Enforcement of an Award

10.1 Has your country signed and/or ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards? Has it entered any reservations? What is the relevant national legislation?

The New York Convention is effective in Latvia as of 13 July 1992. Latvia has not made any reservations.

The LCPL provides that application for recognition or enforcement of a foreign arbitration ruling may be dismissed only in cases provided under international agreements binding upon the Republic of Latvia, namely, in accordance with provisions of New York Convention.

10.2 Has your country signed and/or ratified any regional Conventions concerning the recognition and enforcement of arbitral awards?

Latvia has not signed any regional Conventions concerning the recognition and enforcement of arbitral awards.

10.3 What is the approach of the national courts in your country towards the recognition and enforcement of arbitration awards in practice? What steps are parties required to take?

As there exist no setting aside proceedings, the control by national courts is concentrated on the enforcement stage of the proceedings. National courts examine existence of all grounds for refusal to recognise and enforce domestic arbitral awards sua sponte, without placing the burden of proof on party against which the award is invoked. Nevertheless the recognition and enforcement of international arbitral awards is conducted in accordance with New York Convention.

If the losing party does not voluntarily comply with an international arbitral award, the winning party may refer to the district (city) court (venue depending on the address of the location of the arbitration institute) with the request for a writ of execution.

The application on recognition and enforcement of international arbitral award must be submitted to a district (city) court on the basis of the place of execution of the award or also on the basis of the place of residence of the defendant. The application shall have appended:

1. the original of arbitral award or properly certified true copy,
2. the document that certifies existence of written arbitration agreement, and
3. a document that certifies the payment of the State fees.

The court may either take a decision to recognise and enforce international arbitral award, or reject the application. The court may reject the application only in the cases provided for by international treaties binding upon the Latvia, i.e. under New York Convention.

The decision of the court on refusal to enforce both domestic and international awards can be appealed in form of ancillary complaint.

10.4 What is the effect of an arbitration award in terms of res judicata in your country? Does the fact that certain issues have been finally determined by an arbitral tribunal preclude those issues from being re-heard in a national court and, if so, in what circumstances?

The fact that certain issues have been determined by an arbitral

tribunal precludes those issues from being re-examined in a national court. The issues determined in arbitration are res judicata between the parties.

11 Confidentiality

11.1 Are arbitral proceedings sited in your country confidential? What, if any, law governs confidentiality?

Arbitration hearings shall be closed. Persons, who are not participants in the case, may be present at the arbitration hearing only with the consent of the parties. As LCPL does not contain express provision imposing confidentiality duty on parties, it is common, that parties agree on confidentiality issues in the agreement.

LCPL expressly provides that arbitral tribunal shall not provide to third parties or publish any information concerning the arbitration proceedings.

During the arbitration hearings in addition to their representatives, secretaries of the tribunal, interpreters and experts may also take part, if admitted at the relevant proceedings. It is generally assumed, that these persons are not entitled to disclose any information to third persons on the arbitral award.

The arbitration institution may disclose information regarding the case, which is reviewed by the arbitration or has been reviewed by the arbitration to the law enforcement institutions - courts, public prosecutor's office and police, which within the limits of their competence may request civil cases reviewed by arbitration relating to the issues examined by the respective law enforcement institutions.

11.2 Can information disclosed in arbitral proceedings be referred to and/or relied on in subsequent proceedings?

The information may be referred to or relied on if the parties have agreed to disclose this information. Additionally, in subsequent court proceedings courts may, within the limits of their competence, request information concerning the case being under review in the court from the arbitration institution. An arbitration institution may disclose requested information (see question 11.1.). The arbitration institutions are required to keep case file for ten years in accordance with general archiving requirements.

11.3 In what circumstances, if any, are proceedings not protected by confidentiality?

In cases when the parties have so agreed. See question 11.2 also.

12 Remedies / Interests / Costs

12.1 Are there limits on the types of remedies (including damages) that are available in arbitration (e.g., punitive damages)?

The types of remedies are not governed by Latvian procedural law. Where substantive laws of Latvia shall be deemed to apply, the scope of available remedies shall be determined accordingly to the Latvian Civil Law and, where appropriate, other Latvian laws. The scope of available damages will not be affected by the type of proceedings (arbitral or court proceedings).

12.2 What, if any, interest is available?

The issue is not governed by Latvian procedural law. Where substantive laws of Latvia shall be deemed to apply, available interest shall be determined on the basis of the provisions of contract between the parties, if any, and provisions of applicable substantive laws of Latvia.

If the interest rate has not been precisely stipulated in the document or transaction, as well as in cases where the law requires calculation of lawful interest, that is, at six per cent per year.

The lawful interest amount for the late payment of such a money debt, which is contracted for as compensation in the contract for the supply of goods, for purchase or provision of services, shall be seven percentage points above the basic interest rate per year, but in contractual relations in a consumer participates - six per cent per year.

The basic interest rate shall be four per cent. This basic rate shall change every year on 1 January and 1 July by such percentage points in which amount since the previous interest basic rate changes have increased or decreased the latest refinancing rate, which the bank of Latvia has specified prior to the relevant half-year date.

Interest shall be calculated only on the principal itself. But if within the term stipulated, interest is not paid for one year or more, pursuant to the demand of the creditor interest set by law shall be assessed on the outstanding amount of interest from the commencement of the term referred to.

Availability and/or amount of interest are not be affected by the type of proceedings (arbitral or court proceedings).

12.3 Are parties entitled to recover fees and/or costs and, if so, on what basis? What is the general practice with regard to shifting fees and costs between the parties?

The amount of costs of the arbitration procedure, as well as the term and procedures for payment, shall be determined by the tribunal, taking into account the amount claimed, complexity of the dispute and provisions referred to in the arbitration agreement.

The fees paid to arbitrators are usually provided in the rules of the relevant arbitration institutions, and they are differentiated taking into account total amount to be claimed and the number of arbitrators. Nevertheless, the parties are entitled to agree among themselves and define different fees with the help of the arbitrator.

In general the party against whom the award has been made shall cover all costs related to the arbitration. The exception is legal fees, which the tribunal may put as an obligation to be paid by the defendant in the amount it considers reasonable. The tribunal may also define different way how the costs of arbitration shall be covered; taking into account the circumstances of the case; for example, if the claim is contested partly or the arbitration procedure has been finished without a ruling in the respective case.

12.4 Is an award subject to tax? If so, in what circumstances and on what basis?

No, the award is not subject to any taxes.

13 Investor State Arbitrations

13.1 Has your country signed and ratified the Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (1965)?

Latvia has signed Washington Convention on 7 August 1997, and it entered into force on 8 September 1997.

13.2 Is your county party to a significant number of Bilateral Investment Treaties (BITs) or Multilateral Investment treaties (such as the Energy Charter Treaty) that allow for recourse to arbitration under the auspices of the International Centre for the Settlement of Investment Disputes ('ICSID')?

Latvia is a party to a significant number of Bilateral Investment Treaties and Multilateral Investment treaties, including Energy Charter Treaty.

13.3 Does your country have standard terms or model language that it uses in its investment treaties and, if so, what is the intended significance of that language?

Latvia does not have any standard terms or model language that it uses in its investment treaties.

13.4 In practice, have disputes involving your country been resolved by means of ICSID arbitration and, if so, what has the approach of national courts in your country been to the enforcement of ICSID awards?

So far, there have been no ICSID disputes involving Latvia.

13.5 What is the approach of the national courts in your country towards the defence of state immunity regarding jurisdiction and execution?

Latvia has complied with all international arbitration awards made against the Republic of Latvia voluntarily and so far national courts have not clarified its approach toward the defence of state immunity regarding jurisdiction and execution.

14 General

14.1 Are there noteworthy trends in the use of arbitration or arbitration institutions in your country? Are certain disputes commonly being referred to arbitration?

Due to the large number of arbitration institutions (currently there are 122 arbitration institutions registered in the Ministry of Justice of the Republic of Latvia) and the dubious quality of arbitral awards, new arbitration law has been drafted. The new draft is intended to impose more control on arbitral institutions and is planned to be enacted as of 1 January 2008.

14.2 Are there any other noteworthy current issues affecting the use of arbitration in your country?

Recent Supreme Court of Latvia judgements have established that dispute resolution clauses in consumer contracts are to be considered as unfair term and none enforceable if they exclude or hinder the rights of the consumer to apply to consumer rights protection institutions or to the court, and provide for adjudication of disputes only in arbitration. This has led to a significant number of arbitral awards being unenforced.

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