



BRIEF SUMMARY

**LITIGATION AND
DISPUTE RESOLUTION:
LATVIA**

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Litigation

1) Please describe the structure of your court system (civil courts, courts with joint authority, tier-system and etc);

There are three court instances in Latvia:

- 1) First instance – district/city courts or regional courts (depends on the matter of the claim);
- 2) Appellate instance – regional courts, the Department of Civil Cases of the Supreme Court (for cases where the first instance court was the regional court);
- 3) Cassation instance – the Senate of the Supreme Court.

There are no specialized courts for civil, criminal cases in Latvia, i.e., the courts of general jurisdiction review all civil cases.

Issues related to adoption of administrative acts, actual activities of the state administration are in competence of the administrative courts.

- 1) First instance – Administrative District Court, in some special matters the Administrative Regional Court is the court of the first instance;
- 2) Appellate instance – Administrative Regional Court;
- 3) Cassation instance - the Senate of the Supreme Court (Administrative department).

2) What is the average length of the civil court proceedings separately for each tier of court and in aggregate from the filing of an action to enforced court decision of last tier court;

In average, 12-18 months for each instance (there are some cases which are reviewed under accelerated procedure) It is difficult to establish the average term for enforcement of the court judgment, because it depends on the amount of the claim, willingness of the defendant to fulfil his/her liabilities, size of the property owned by the defendant and possibilities to collect thereof.

3) Can foreign legal representatives represent their client in local courts? If yes, under what circumstances?

Theoretically, yes. Only it should be taken into account that the court proceedings are conducted in Latvian. The legal representative is not prohibited from using services of a translator; although the use of such representative might not be feasible in such case.

If EU attorneys are meant there, they can practice in Latvia only in the event they have registered with the Latvian Sworn Attorneys Collegium and obtained a relevant certificate verifying their right to perform professional activities under the title of profession valid in their country of domicile. An attorney from the European Union Member State who is practicing under the title of profession valid in his/her country of domicile is entitled

to take part in criminal proceedings in the court only together with an attorney of the Latvian Sworn Attorneys Collegium.

Foreign attorneys, except for the attorneys of the European Union Member States, can practice in Latvia in accordance with the international treaties on legal assistance binding in the Republic of Latvia.

4) Is it possible to request for application of interim measures prior to filing an action? If yes, during what time period must the action be filed?

Yes, it is possible. Upon satisfying an application for securing the claim before lodging the claim, the judge establishes a term for the claimant for filing the statement of claim to the court.

5) Does the law prescribe an exhaustive list of interim measures or does the court have the authority to decide over the most suitable interim measure on case-by-case bases? Please enlist the most common interim measures applied by the courts.

The Civil Procedure Law provides for the following interim measures, the imposition whereof depends on the nature of a claim:

- 1) attachment of movable property and monetary funds of a defendant;
- 2) entering a prohibitory note in the register of the respective movable property or other public register;
- 3) entering of a note regarding the securing of a claim in the Land Register or Ship Register;
- 4) arrest of a ship (applicable only under maritime law);
- 5) prohibition for the defendant to perform certain actions;
- 6) attachment of payments (also deposits in credit institutions), which are due from third parties;
- 7) postponement of execution activities (also prohibition for bailiffs to transfer money or property to a debt collector or debtor, or suspension of property sale).

The court does not have the right to rule on application of the most suitable claim security on its own, it only evaluates the claimant's application for claim security and justification of the selected measure.

6) What are the criteria, which court controls prior to satisfying the request for applying the interim measures?

It is to be assessed by the court, whether the application for securing the claim shall be satisfied. The Civil Procedure Law stipulates that the claim security shall be applied if there is a reason to believe that enforcement of the court judgment in the case might become cumbersome or impossible.

An opinion emerges in the theory of law lately that the court should evaluate justification of the claim and possibilities to satisfy thereof *prima facie*.

7) Are the person requesting for application of interim measure subjected to any additional payments? If yes, what fees must be incurred (e.g. deposit, state fee, fee of court bailiff)? In addition to minimum and maximum applicable fees, please stipulate fees for securing claims of EUR 100,000, EUR 500,000 and EUR 1,000,000.

A state fee at the rate of 0.5% of the claim amount, while no less than LVL 50.00 (approx. EUR 71.00), is payable. In case the application for claim security is satisfied, upon asking the bailiff to commence enforcement of the ruling, a state fee of LVL 2.00 (approx. EUR 3.00) is payable, as well as expenses for activities performed by the bailiff later on.

8) If any of the sums have been deposited, when and under which circumstances will such sums be released?

It can be done by the court upon motivated request of the party. Consequently, it is prerogative of the court to retain the claim security or not. In this case it is repeatedly evaluated whether there are grounds for the claim security. Upon adjudication the case on its merits the claim security is effective until the ruling comes into effect.

9) Does the applicable law include any regulations allowing decreasing the payable fees or releasing the requesting person fully from an obligation to pay any additional fees, when applying for interim measures?

According to the Civil Procedure Law, there are groups of persons who shall be exempt from payment of the court costs into the state budget. Upon evaluating the financial situation of a natural person the court may fully/partially exempt him/her from payment of these expenses.

10) What are the presumptions for altering or terminating the already applied interim measures?

Upon a request of the party to the case the court may substitute the established claim security. Terminating of applied interim measures is not envisaged.

11) When filing an action, to what extent must the attached documents be translated and what are the criteria for determining the extent?

All documents filed to the court must be translated in the official language. In the event it cannot be done at once, then no later than 7 days before the court hearing a relevant translation has to be submitted.

12) What fees are payable upon filing of an action? Please specify the minimum and maximum rates and stipulate fees payable upon filing an action of EUR 100,000, EUR 500,000 and EUR 1,000,000.

Upon filing of the statement of claim in court:

- 1) the state fee is payable (minimum – no less than LVL 50.00, maximum-not established);
- 2) if the interim measures are requested, then the state fee for that also is payable (0.5% of the claim amount);
- 3) the stamp duty, for instance, for interrogation of witnesses;
- 4) expenses related to reviewing of the case, for instance, delivery, issuance, translation of subpoena, other judicial documents.

Examples:

- 1) EUR 100,000 - state fee EUR 1,412.63;
- 2) EUR 500,000 – state fee EUR 2,908.64;
- 3) EUR 1,000,000 – state fee EUR 3,687.23.

13) Is it possible to recover the sums paid upon the filing of an action and the legal costs incurred in relation with the court dispute from the defendant? If yes, to what extent and under what circumstances? Please estimate the approximate extent of legal fees to be incurred in each tier of court (on average).

If the claim is satisfied, then all expenses paid by the party in whose favour the judgment is passed (state fee, stamp duty, costs related to reviewing of the case) are collected from the opposite party, including the costs related to prosecution of the case – translator's costs, costs of collecting written evidence – in their actual amount, costs related to legal assistance – in their actual amount, while no more 5% of the satisfied portion of the claims.

It is difficult to evaluate costs of legal assistance, moreover in each instance, because they depend on the level of difficulty of the case, experience of the attorney who provides the legal assistance and other related aspects.

14) Does the applicable law include any regulations allowing decreasing the payable fees or releasing the requesting person fully from an obligation to pay any additional fees, when filing an action?

See Section 09.

15) Have there recently been any cases, situations or doubts relating to the partiality of the judges?

Lately there has not been information publicly available regarding such cases.

16) When rendering the decision, does the court have the competence to order calculation of late payment interest rate until the obligation has been duly performed?

According to the Civil Procedure Law the court has to separately indicate the interest, period of time for which the interest is adjudicated, as well as the right of the claimant to receive interest for the period of time until enforcement of the judgment (auction date) in the resolutive part of the judgment, naming the amount thereof as well.

The claimant usually indicates the amount of interest as at the date of submission of the claim, as well as the date of submission of the appeal (if such is lodged). Calculation of interest for a later period is performed by the court itself.

17) What is the term for challenging the rendered court decision? Under which circumstances, if any, can such term be prolonged?

The judgment of the court of first instance can be appealed within 20 days as of the announcement date of the judgment. If the short-form judgment was announced, then within 20 days as of the day which the court had announced as execution date of the full judgment. The judgment of the court of appellate instance can be appealed within 30 days under the same procedure as in case of the judgment of the court of first instance.

The deadlines set by the court or the judge can be extended upon an application of the party to the case. That means that the procedural terms established by law cannot be extended by the court, only renewed upon the respective request of the party to the case and explanation of the reasons for lateness, and submission of documents, if the court recognizes the foregoing as justified.

18) Is it possible to enforce a court judgement prior to expiry of the challenging period?

According to the Civil Procedure Law, upon request of the party to the case the court may establish in the judgment that the following judgments shall be enforced with an immediate effect fully or in a certain part:

- 1) on collection of subsistence for children;
- 2) on collection of work remuneration;
- 3) on reinstatement to the job;
- 4) on indemnity for maiming or other damage to the health;
- 5) on collection of subsistence after death of such person who had a duty to support somebody;
- 6) in cases when the defendant has acknowledged the claim;
- 7) in cases when due to exceptional circumstances delay in enforcement of the judgment may cause considerable losses to the collector, or the collection might become impossible.

Immediate enforcement of the judgment is allowed only upon request for a relevant security from the collector in case the court of appellate instance would change the judgment.

19) When challenging the rendered court decision, are there any additional payable fees (e.g. state fee)? If yes, please stipulate fees payable upon challenging the court decision in value of EUR 100,000, EUR 500,000 and EUR 1,000,000.

The state fee for submission of the appellate complaint is 50% of the rate payable upon filing the statement of claim (see Section 12). Upon filing the cassation complaint a security deposit in the amount of fifty lats (approx. EUR 71.00) is payable.

20) Do the national courts enforce and recognize the court decisions rendered in foreign states? Please describe shortly the procedure. What is the length of and what are the costs related to such procedures?

Generally, foreign court rulings are enforceable in Latvia. Recognition and enforcement of a foreign court judgment in civil matters adopted in a foreign court are governed by the Civil Procedure Law of Latvia.

Pursuant to the Civil Procedure Law, the court rulings by which the disputed matter between the parties is adjudicated on its merits (for example, judgments), as well as settlements approved by foreign courts, are recognized in Latvia. Other foreign court rulings (for example, court decisions and orders) are recognized in Latvia if the recognition and enforcement of a ruling follows from international treaties binding on Latvia (several countries have entered into bilateral treaties with Latvia with respect to cooperation regarding certain legal issues).

The Civil Procedure Law provides for a formal procedure where the court decides whether the foreign court ruling can be recognized and enforced; however, the court does not re-examine the case on its merits. The Civil Procedure Law states the circumstances under which a foreign court ruling is not to be recognized in Latvia. Pursuant to Article 637(2) of the Civil Procedure Law, a foreign court ruling is not to be recognized in Latvia in the event that any of the following grounds exists:

- the foreign court which made the ruling was not competent under Latvian law to adjudicate the dispute or such dispute falls under the exclusive jurisdiction of a Latvian court;
- the foreign court ruling has not entered into legal force;
- the defendant was denied a possibility of defending its rights, in particular if the defendant who had not participated in the hearing of the case was not in a timely and due manner summoned to court, except for the case where the defendant has not appealed such ruling even though it had the possibility to do so;
- the foreign court ruling is incompatible with a court ruling already made earlier and entered into legal effect in Latvia in the same dispute between the same parties or with already earlier commenced court proceedings in such dispute in a Latvian court;
- the foreign court ruling is incompatible with any earlier made and entered into legal effect ruling of another foreign court in the same dispute between the same parties, which may be recognized or is already recognized in Latvia;
- the recognition of the foreign court ruling would be in conflict with the public order of Latvia;

- in adopting the foreign court ruling, the law of the particular country that should have been applied pursuant to conflict of law provisions of Latvian international private law was not applied.

Within the process of the recognition of a ruling, the court does not review a matter on its merits and does not assess the contractual compliance and substantiation of the judgment. Rather, it merely verifies that there are no circumstances present which would rule out recognition of the judgment.

The decision on recognition and enforcement of the foreign court ruling or the decision on dismissal of the application is made by the judge on his/her own based on the submitted application and supporting documents within 10 days as of the submission date of the application without inviting the parties. An ancillary complaint can be lodged to the regional court regarding the decision of the court of first instance in the case of recognition of the foreign court ruling, whereas the decision of the regional court on the ancillary complaint can be appealed before the Senate by filing an ancillary complaint.

Consequently, the length of such process is difficult to predict taking into account the workload of Latvian courts as well. The amount of expenses – the state fee for an application for recognition and enforcement of the foreign court ruling is LVL 20.00 (approx. EUR 28.5), the state fee for an ancillary claim is the same LVL 20.00.

21) What alternative dispute resolution procedures exist in your jurisdiction? Please specify shortly the essence of each procedure.

First of all, the arbitration institution, which is operational in Latvia for some time already and popular are described in Chapter 2.

The other alternative dispute resolution procedures available in Latvia are still deficient and unpopular.

On 14 January 2010 at the session of state secretaries the action plan developed by the Ministry of Justice for implementation of the concept “Implementation of Mediation in Resolution of Disputes under Civil Law” (for the years 2010-2014) was announced. Mediation is used in very rare instances and only in few areas such as, for example, family law matters. Mediation procedure is also applied by the State Probation Service in reconciliation of victims and offenders. However, it should be noted that any rulings rendered in the process of mediation has no statutory cover and therefore this kind of dispute resolution has not gained popularity.

It could be noted that the Civil Procedure Law provides for the legal concept of amicable settlement, which may, to certain extent, be considered as an alternative dispute resolution procedure. The law states that the parties to a dispute may arrange for a settlement at any stage of litigation. Upon receipt of written settlement of the parties, the court shall approve it and end the hearing on the matter. A settlement approved by the court has the effect equivalent to that of a court judgment. Thus, to enjoy the benefits of mediation, theoretically the results of mediation could be incorporated into the settlement approved by court; however, in this event the lawsuit should be at least initiated. However, considering that mediation as such is not a popular means of dispute

resolution then such solutions are not often practiced as well, and amicable settlement, if at all, is used within the framework of the standard judicial review of a claim.

Other forms of alternative dispute resolution

Expert determinations

Upon entering into a contract, the parties may agree on a dispute resolution procedure involving an independent expert. Such clauses are common, for instance, in construction contracts. However, a decision taken by such expert is not final and does not prohibit the parties from referring the dispute for further hearing in court or arbitral tribunal.

Referees

In accordance with the Latvian Civil Law, the parties to a purchase contract may agree on entrusting a specified third party or an unspecified independent expert with the powers to determine the purchase price. The law states that the decision of a third party shall be binding on both parties to the contract, unless the price has been established unfairly. However, in fact, nothing prohibits the parties to file a claim in court afterwards, which means that this solution is not final either.

22) Please describe shortly the substantial changes in the laws regulating litigation, which have been made during the last year. Are you aware of any substantial changes being made during the next six months?

The most substantial changes in the Civil Procedure Law made in 2009 concern delivery and issuance of judicial notices, subpoenas and judicial documents, also in respect to cases when the place of residence or location of the person is not in Latvia.

Two new chapters are added to the Civil Procedure Law:

- 1) regarding international cooperation under the civil procedure in issuance of documents pursuant to EU Regulation No 1393/2007, international treaties binding on the Republic of Latvia and in cases when there is no treaty with the foreign country stipulating cooperation in issuance of the documents;
- 2) regarding international cooperation under the civil procedure in obtaining evidence pursuant to EU Regulation No 1206/2001, international treaties binding on the Republic of Latvia and in cases when there is no treaty with the foreign country stipulating cooperation in issuance of the documents.

In February 2010 voluminous amendments to the Civil Procedure Law concerning legal protection proceedings, insolvency matters of legal entities and natural persons, as well as regulation on returning the children back to the country which is their domicile where adopted by Saeima (the Parliament) in the first reading.

Arbitration

23) How many arbitration institutions have currently been established in your jurisdiction? Please point out the most authoritative institutions.

There are 189 arbitration courts in Latvia at this moment.

- 1) Court of Arbitration of the Chamber of Commerce and Industry;
- 2) Arbitration Court of the Association of Commercial Banks of Latvia;
- 3) Riga International Arbitration Court

24) If possible to determine, what is the approximate yearly number of cases arbitrated in your jurisdiction (e.g. in institutional arbitration)?

It is not possible to determine that, because information about arbitration of cases at courts of arbitration is confidential. An estimate can only be made based on statistics of the courts of general jurisdiction regarding enforcement of arbitral awards that in 2009 respectively 3,298 applications for enforcement of arbitral awards were reviewed by the courts of first instance (that does not mean though that all of them have been satisfied).

25) Are all disputes arbitrable in your jurisdiction? If not, please stipulate the type of disputes not arbitrable under your jurisdiction.

According to the Civil Procedure Law the following disputes cannot be referred to the arbitration court for review:

- 1) dispute, adjudication of which may infringe rights or interests protected by law of such person who is not a party to the arbitration agreement;
- 2) dispute where one of the parties is a public or municipal authority or the arbitral award might infringe rights of public or municipal authorities;
- 3) dispute related to amendments to the register of civil records;
- 4) dispute concerning rights or interests protected by law of persons under guardianship or trusteeship;
- 5) dispute on establishment, amendment or termination of property rights in respect to real estate, if a person, whose rights to acquire the real estate in ownership, possession or use are limited by law, is a party to the case;
- 6) dispute regarding eviction of persons from residential premises;
- 7) dispute between an employee and an employer, if the dispute has occurred upon entering into, amending, terminating or fulfilling an employment contract, as well as upon application or interpretation of provisions of the laws and regulations, collective bargaining agreement or work procedure regulations (individual dispute under labour law);
- 8) dispute about rights and obligations of those persons in respect of whom cases of insolvency proceedings or legal protection proceedings are initiated before adoption of the arbitration award.

The court of general jurisdiction does not issue a writ of execution for compulsory enforcement of arbitral awards on the aforementioned disputes.

26) When parties have subjected themselves to arbitration, under what circumstances are they allowed to address the general court in order to dispute the validity of the arbitration clause? What state's law would the general court apply to decide over the matter of validity?

The dispute regarding validity of the arbitration clause is reviewed at the court of general jurisdiction in accordance with general provisions of validity and disputability of contracts. The law governing the arbitration clause is established according to the collision norms of the Civil Law of the Republic of Latvia, if the parties have not agreed thereon.

27) What are the mandatory requirements established for the validity of the arbitration clause?

According to the Civil Procedure Law the arbitration clause shall be executed in writing. At the same time an agreement concluded by exchange of letters, fax messages, telegrams or using other telecommunication means shall be deemed to be a written contract ensuring that the will of the parties to transfer the dispute or prospective dispute for arbitration is properly recorded. All other issues are evaluated similarly as validity of any contract.

28) Is it possible to request for application of interim measures prior to filing an action to arbitration court? If yes, during what time period must the action be filed?

In the disputes subject to an arbitration court it is possible to secure the claim only before bringing the claim. It is prerogative of the court to establish the term when the claim has to be lodged to the arbitration court.

29) Are there any types of interim measures, which cannot be applied in the arbitration proceedings?

No.

30) Is the assistance of the general court required in order to apply interim measures?

Only the court of general jurisdiction is entitled to resolve on security of the claim (see also Section 28).

31) What costs are to be incurred, when requesting for the application of interim measures?

See Section 7.

32) Please enlist the extent of the costs to be incurred, when filing an action to any of the three, if applicable, most authoritative arbitration institutions? Please stipulate fees, when filing an action in value of EUR 100,000 and EUR 1,000,000.

1) Court of Arbitration of the Chamber of Commerce and Industry

Claim amount:

- a) EUR 100,000 – arbitration charge EUR 1,625.00, arbitrator’s fee EUR 1,423.00 (excluding VAT 21%);
- b) EUR 1,000,000 – arbitration charge EUR 4,846, arbitrator’s fee EUR 4,980.00 (excluding VAT 21%);

2) Arbitration Court of the Association of Commercial Banks of Latvia

Claim amount:

- a) EUR 100,000 – arbitration charge EUR 677,00; arbitrator’s fee EUR 285,00 (excluding VAT 21%);
- b) EUR 1,000,000 – arbitration charge EUR 1 816, 00, arbitrator’s fee EUR 569,00 (excluding VAT 21%);

3) Riga International Arbitration Court

Claim amount:

- a) EUR 100,000 – arbitration charge EUR 1,041.00, arbitrator’s fee EUR 498,00.00 (excluding VAT 21%);
- b) EUR 1,000,000 – arbitration charge EUR 3,665.00, arbitrator’s fee EUR 1,280.00 (excluding VAT 21%).

33) Are parties to the arbitration proceedings free to choose the language of the arbitration proceedings (e.g. requirements of law and three, if applicable, most authoritative arbitration institutions);

Yes.

34) Are parties free to choose the arbitrators under the regulations of three, if applicable, most authoritative arbitration institutions;

Yes.

35) Have the arbitrators been subjected to any mandatory requirements arising from the law?

No. Any legally capable person can be appointed to the position of an arbitrator regardless of his/her citizenship and domicile, if this person has agreed in writing to hold the position of arbitrator.

36) What is the average length of the arbitration proceedings in the three, if applicable, most authoritative arbitration institutions?

It is not possible to determine that because the arbitration proceedings are confidential. Judging from our experience, usually it is rather quick – 3-4 months, if the case is not particularly complicated.

37) Is the award of the arbitration court instantly enforceable? Does the challenging of the award halt the enforcement of the arbitral award?

The award of the arbitration court comes into effect as of the time of adoption thereof; it cannot be appealed or protested. It is mandatory and voluntarily enforceable by the parties within the set term.

The arbitral award cannot be appealed; however, in the event the party does not enforce it voluntarily it is possible to file an application to the court of general jurisdiction for compulsory enforcement. Consequently, it can be deemed that filing of the application for compulsory enforcement to some extent halts enforcement of the award, because in this case it can be enforced on compulsory basis only after the court of general jurisdiction has issued the writ of execution.

38) To what extent can the costs incurred during the arbitration proceedings be recovered from the losing party?

The amount of such costs is not limited. Subsequently, indemnity of the costs in their actual amount is usually awarded. The Civil Procedure Law does not stipulate that costs of the arbitration proceedings, costs of legal assistance should be recovered only from the party who has lost the case – they can be divided between the parties on pro rata basis.

39) Under what circumstances can the award of the arbitration court be challenged? When challenged, what is the attitude of general courts' towards satisfying such claims?

The award of the arbitration court is final, it cannot be appealed. When the court of general jurisdiction resolves on compulsory enforcement of the arbitral award, violations of any procedure during the arbitration proceedings can be brought up at this stage.

The judge shall refuse issuance of the writ of execution, if:

- 1) the specific dispute can be resolved only by the court;
- 2) a legally incapable person has concluded the arbitration clause;
- 3) the arbitration clause is revoked or recognized invalid under the procedure established by law;
- 4) the party was not adequately notified about the arbitration proceedings or it was not able to provide its explanations due to other reasons, and this has significantly affected the arbitration proceedings;
- 5) the party was not adequately notified about appointment of arbitrators, and this has significantly affected the arbitration proceedings;
- 6) the arbitration court was not appointed or the arbitration proceedings were not conducted in accordance with provisions of the arbitration clause or Section D of this law;

7) the arbitral award was adopted regarding a dispute which was not stipulated in the arbitration clause or which does not conform to provisions of the arbitration clause, or issues were reviewed which were not stipulated in the arbitration clause. In such case the writ of execution can be issued for that portion of the arbitral award which conforms to the arbitration clause, insofar it can be isolated from the issues which are not stipulated in the arbitration clause.

40) Do the national courts enforce and recognize the arbitral awards rendered in foreign states? Please describe shortly the procedure. What is the length of and what are the costs related to such procedure?

Recognition and enforcement of foreign arbitration awards is governed by the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Civil Procedure Law.

Under Article 649 of the Civil Procedure Law, an application for the recognition and execution of an award by a foreign arbitration tribunal can be dismissed only in the cases provided for by international treaties binding on Latvia.

Pursuant to Article 5 of the New York Convention, recognition and enforcement of a foreign arbitral award may be refused, upon request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, the proof that:

- 1) The parties to the agreement referred to in Article II were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or
- 2) The party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or
- 3) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognized and enforced; or
- 4) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
- 5) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that:

- 1) The subject matter of the dispute is not capable of settlement by arbitration under the law of that country; or
- 2) The recognition or enforcement of the award would be contrary to the public policy of that country.

The Civil Procedure Law does not directly stipulate the term within which the application for recognition and enforcement of an arbitral award has to be reviewed. The state fee for the application for recognition and enforcement of an arbitral award is 1 per cent of the debt amount, while no more than 200 lats (approx. EUR 285.00). For filing of an ancillary complaint regarding the court decision LVL 20.00 (approx. EUR 28.00).

41) Have there been any substantial changes in the regulation of arbitration proceedings in the past year? Can any changes be predicted to take place in the next six months?

No significant amendments to the regulation of activities of the arbitration courts were made during the pervious year. Periodically there were discussions about the draft law on arbitration courts and relevant draft laws were drawn up as well. However it was recently decided to amend the chapter regulating activities of the arbitration courts in the Civil Procedure Law, and not to draft a new law.

42) What are the trends regarding the popularity of arbitration proceedings?

It is rather difficult to say, because there are no statistics about proportion of disputes reviewed at arbitration courts specifically. Taking into account that it is very easy to establish an arbitration court, and there are a great number of arbitration courts, the trend is waning trust in the institutional arbitration courts.