

# PANORAMIC **ARBITRATION**

Pakistan



LEXOLOGY

# Arbitration

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## LAWS AND INSTITUTIONS

### Multilateral conventions relating to arbitration

Is your jurisdiction a contracting state to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards? Since when has the Convention been in force? Were any declarations or notifications made under articles I, X and XI of the Convention? What other multilateral conventions relating to international commercial and investment arbitration is your country a party to?

Yes, Pakistan is a contracting state to the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention), having signed it in 1958. The New York Convention was temporarily incorporated into domestic law for the first time in 2005. Eventually, the New York Convention was properly incorporated into domestic law through the [Recognition and Enforcement \(Arbitration Agreements and Foreign Arbitral Awards\) Act 2011](#) (the NYC Act). Pakistan has made a declaration under article 1, paragraph 3 of the New York Convention, stating that Pakistan will apply the convention to the recognition and enforcement of awards made only in the territory of a contracting state.

Similarly, Pakistan is a party to the 1965 International Centre for the Settlement of Investment Disputes Convention (the ICSID Convention), which came in force in 1966. The ICSID Convention was incorporated into Pakistan's domestic laws through the [Arbitration \(International Investment Disputes\) Act 2011](#) (the ICSID Act). Furthermore, being a member of the South Asian Association for Regional Cooperation (SAARC), Pakistan is also a party to the [Agreement for Establishment of SAARC Arbitration Council](#).

**Law stated - 31 January 2025**

### Bilateral investment treaties

Do bilateral investment treaties exist with other countries?

Pakistan was the pioneer of bilateral investment treaties (BITs), with the first-ever bilateral investment treaty being signed between Pakistan and Germany in 1959. To date, Pakistan has been a signatory to 53 bilateral investment treaties, of which 32 are currently in force as per Pakistan's Board of Investment's website. The counterparties to the treaties in force are Australia, Bahrain, the Belgium–Luxembourg Economic Union, Bosnia, China, Denmark, France, Germany, Iran, Italy, Japan, Kazakhstan, Korea, Kuwait, Laos, Lebanon, Mauritius, the Netherlands, Oman, Portugal, Romania, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Syria, Tajikistan, Turkey, the United Arab Emirates, the United Kingdom and Uzbekistan. There are unconfirmed reports that the treaty with Mauritius has been terminated.

**Law stated - 31 January 2025**

### Domestic arbitration law

## What are the primary domestic sources of law relating to domestic and foreign arbitral proceedings, and recognition and enforcement of awards?

In Pakistan, different laws govern domestic and international arbitration. Domestic arbitrations in Pakistan are governed by the [Arbitration Act 1940](#) (the Arbitration Act), which sets out the procedure for conducting domestic arbitral proceedings and enforcing any awards made in such proceedings. Matters relating to foreign arbitration, including the recognition and enforcement of foreign arbitration agreements and awards, are governed by the NYC Act and the ICSID Act. While the ICSID Act covers disputes covered by the ICSID Convention, the NYC Act is confined to stay of proceedings commenced in Pakistani courts on matters covered by arbitration agreements requiring foreign arbitration and the recognition and enforcement of foreign arbitral awards. The NYC Act defines a 'foreign arbitral award' as an arbitral award made in another contracting state or any other state notified by the federal government. Previously, the [Arbitration \(Protocol and Convention\) Act 1937](#) applied to foreign arbitration proceedings and awards; however, this was repealed by the NYC Act except where the foreign arbitral award was made before the NYC Act and is not covered by the above-mentioned definition in the NYC Act.

Pakistan has also introduced the [draft Arbitration Bill 2024](#), which will apply generally to arbitrations seated in Pakistan with certain provisions being applicable to arbitrations seated outside Pakistan, such as the provisions related to interim measures by the competent court.

**Law stated - 31 January 2025**

## Domestic arbitration and UNCITRAL

**Is your domestic arbitration law based on the UNCITRAL Model Law?  
What are the major differences between your domestic arbitration law and the UNCITRAL Model Law?**

No, the domestic arbitration laws of Pakistan, namely the Arbitration Act and the NYC Act, are not based on the UNCITRAL Model Law, which provides comprehensive guidelines for international commercial arbitration. While the Arbitration Act provides a governance structure, it is only limited to domestic arbitral proceedings; second, the NYC Act is meant to enforce the New York Convention, and so its scope is limited to stay of court proceedings and enforcement of foreign awards. The Supreme Court of Pakistan recently expressed disappointment that Pakistan has not enacted a statute incorporating the provisions of the UNCITRAL Model Law while highlighting the necessity to do so. The Arbitration Act permits extensive judicial oversight at multiple stages (eg, arbitrator appointment, award modification, remission and setting aside), while the UNCITRAL Model Law adopts a pro-arbitration approach with court intervention limited to specific statutory grounds (eg, interim measures and enforcement), positioning courts as procedural supporters rather than arbitral supervisors. Pakistan has introduced the draft Arbitration Bill 2024 for a new arbitration law incorporating UNCITRAL Model Law principles, which applies generally to arbitrations seated in Pakistan with certain provisions being applicable to arbitrations seated outside Pakistan, such as the provisions related to interim measures by the competent court.

**Law stated - 31 January 2025**

## **Mandatory provisions**

### **What are the mandatory domestic arbitration law provisions on procedure from which parties may not deviate?**

The Arbitration Act allows parties to appoint arbitrators and agree on procedures, but imposes mandatory requirements where agreements fail or statutory defaults apply. Subject to the arbitration agreement between the parties, courts may intervene to resolve arbitrator appointment deadlocks (sections 8–10 and 20), enlarge time for the making of awards (section 28), and retain authority to correct, modify or set aside awards (sections 15–16 and 30). The NYC Act, which applies to foreign arbitrations, does not deal with proceedings of the arbitration. The courts, while dealing with a subject arising out of arbitration matters, must conduct their proceedings as per the [Code of Civil Procedure 1908](#).

**Law stated - 31 January 2025**

## **Substantive law**

### **Is there any rule in your domestic arbitration law that provides the arbitral tribunal with guidance as to which substantive law to apply to the merits of the dispute?**

No, there are no such rules. The parties to an arbitration agreement are free to select the law that will govern the merits of their dispute. However, the superior courts have developed jurisprudence that if the substantive law cannot be identified, the law with the closest connection to the matter would govern the dispute. The draft Arbitration Bill 2024 provides a thorough mechanism for determination of the substantive law applicable to the merits of the dispute, which takes into account factors such as whether the arbitration is domestic, whether it is an international commercial arbitration and the terms of the agreement.

**Law stated - 31 January 2025**

## **Arbitral institutions**

### **What are the most prominent arbitral institutions situated in your jurisdiction?**

While there are some arbitration institutions located in Pakistan, these are not utilised very frequently and do not have much prominence in Pakistan's arbitration landscape. A list of these institutions are as follows:

The Center for International Investment and Commercial Arbitration

Website: <https://ciica.org/>

Address: 3rd Floor 7-A Turner Road, Lahore Pakistan

The Musaliha International Center for Arbitration and Dispute Resolution

Website: <https://micadr.com/>

Address: Legal Aid Society, block C, First Floor, FTC building, Shahrah-e-Faisal Karachi



The SAARC Arbitration Council

Website: <https://sarco-sec.org/>

Address: Plot No. 3-D, Street No. 67 Sector F-10/3, Islamabad, Pakistan

The Chartered Institute of Arbitrators

Website: <https://www.ciarb.org/networking/our-branches/middle-eastindian-subcontinent/pakistan/>

Address: Sector XX, DHA, Lahore, Pakistan 54000

Law stated - 31 January 2025

## ARBITRATION AGREEMENT

### Arbitrability

#### Are there any types of disputes that are not arbitrable?

While arbitration law in Pakistan does not expressly impose restrictions on the arbitrability of any subject matter, jurisprudence developed in the courts of Pakistan have held certain subjects to be non-arbitrable such as intra-company, bank-borrower, landlord-tenant and family disputes. However, over the years, the latest jurisprudence is pro-arbitration; therefore, unless the subject matter is a criminal matter or the arbitration agreement is pertaining to special courts' exclusive jurisdiction, there is no general rule prohibiting arbitration. In the context of aforesaid, the general principle that has developed in case law is that matters governed by special laws requiring disputes to be adjudicated by specific fora cannot be arbitrated. However, in the recent judgment of *Kausar Rana Resources v Qatar Lubricants Company* (CPLA 4468 of 2024), the Supreme Court held that civil matters governed by special laws fall within the framework of the Arbitration Act and can be arbitrated. This judgment indicates a shift in Pakistani jurisprudence. However, it was given in the context of a company dispute, and we are yet to see whether this principle will be applied to other subjects that were held not to be arbitrable.

Law stated - 31 January 2025

### Requirements

#### What formal and other requirements exist for an arbitration agreement?

For domestic arbitration agreements, the Arbitration Act requires that the agreement must be in writing and must reflect the parties' intention to submit their contractual differences to arbitration, whether or not it is signed. Furthermore, as held by Pakistan's Supreme Court in the case of *Karachi Dock Labour Board v Quality Builders* (2016 PLD 121 SC), the requirements for a legally enforceable contract apply to arbitration agreements. The superior courts have held that the intention of the parties to refer disputes to arbitration will determine whether an arbitration agreement exists, even if the agreement does not expressly use the word 'arbitration'. While an arbitration clause from another contract can be imported into an agreement by way of express reference, any contractual clause merely stating that the

terms of another contract will govern the agreement under which a dispute arises will not be sufficient to import the arbitration clause. Recently, the apex court held in the case of *Orient Power Company v SNGPL* (2021 SCMR 1728) that an arbitration clause from one contract can be imported into another if the two contracts are so interconnected that they cannot be construed independently.

For international arbitration agreements, the NYC Act refers to the convention's definition of an arbitration agreement as an agreement in writing wherein the parties intend to submit any disputes arising out of their contractual relationship to arbitration. The New York Convention further defines an agreement in writing to be either an arbitral clause in a contract or an arbitration agreement, signed by the parties or contained in an exchange of letters or telegrams.

The draft Arbitration Bill 2024 also requires that the arbitration agreement must be in writing. The Bill also expands on the definition of 'in writing' by including electronic communication, exchange of statements of claim and defence in which the existence of an agreement is alleged by one party and not denied by other, and incorporation of an arbitration clause by reference.

**Law stated - 31 January 2025**

## **Enforceability**

### **In what circumstances is an arbitration agreement no longer enforceable?**

For domestic arbitrations, an arbitration agreement would no longer be enforceable for the same reasons that a contract would become unenforceable under contract law. For instance, an arbitration agreement would not be enforceable if the agreement is not made by the free consent of parties competent to contract, or if the consideration or object of the agreement are unlawful. The Arbitration Act, however, specifically provides that an arbitration agreement will still be enforceable in the case of the death of a party (section 6) or insolvency of a party (section 7) by or against the party's legal representative or receiver, respectively.

For foreign arbitration agreements, the grounds provided in article II of the New York Convention are relevant for determining the circumstances in which an arbitration agreement would no longer be enforceable (ie, where an agreement is null and void, inoperative or incapable of being performed).

**Law stated - 31 January 2025**

## **Separability**

### **Are there any provisions on the separability of arbitration agreements from the main agreement?**

Although arbitration law in Pakistan does not contain provisions regarding separability of the arbitration agreement from the main agreement, it is settled law that the arbitration agreement is seen as separate from the main agreement. Therefore, the arbitration agreement may survive even if the main contract is terminated.

The draft Arbitration Bill 2024 specifically provides that an arbitration clause will be treated as an independent agreement for the purpose of the tribunal ruling on its own jurisdiction.

Law stated - 31 January 2025

### **Third parties – bound by arbitration agreement**

**In which instances can third parties or non-signatories be bound by an arbitration agreement?**

Generally, third parties or non-signatories to an arbitration agreement cannot be bound by the agreement. Consequently, as was held by the West Pakistan High Court in the case of *Azizud din Ahmed v Aziz Ahmed* (PLD 1959 Kar 497), an award that affects the rights of a third party to the arbitral proceedings will be held to be void. However, there is a possibility where a third party is bound by an arbitration agreement by their agent under the agency principle; nevertheless, it is settled law that to determine whether the principal has been bound, the agency instrument would have to be construed strictly, as such an authority must be specifically and unambiguously granted to the agent. Furthermore, the Arbitration Act provides that an arbitration agreement will still be enforceable by or against the party's legal representative or receiver in the case of the death or insolvency of a party, respectively.

The draft Arbitration Bill 2024 specifically states that an arbitral award will not be binding on third-parties to the arbitration agreement.

Law stated - 31 January 2025

### **Third parties – participation**

**Does your domestic arbitration law make any provisions with respect to third-party participation in arbitration, such as joinder or third-party notice?**

Domestic arbitration law contains no such provision for the participation of third parties on arbitration proceedings.

Law stated - 31 January 2025

### **Groups of companies**

**Do courts and arbitral tribunals in your jurisdiction extend an arbitration agreement to non-signatory parent or subsidiary companies of a signatory company, provided that the non-signatory was somehow involved in the conclusion, performance or termination of the contract in dispute, under the 'group of companies' doctrine?**

The group of companies doctrine is not recognised in Pakistan's arbitration law or jurisprudence.

Law stated - 31 January 2025

## **Multiparty arbitration agreements**

### **What are the requirements for a valid multiparty arbitration agreement?**

There are no specific provisions in Pakistan's arbitration laws regarding multiparty arbitrations.

**Law stated - 31 January 2025**

## **Consolidation**

### **Can an arbitral tribunal in your jurisdiction consolidate separate arbitral proceedings? In which circumstances?**

There is no provision in the arbitration laws of Pakistan to specifically empower a court to consolidate separate arbitral proceedings. However, this is consistently practised by arbitral tribunals in Pakistan.

The draft Arbitration Bill 2024 provides that the arbitral tribunal can only consolidate proceedings if the parties agree to this.

**Law stated - 31 January 2025**

## **CONSTITUTION OF ARBITRAL TRIBUNAL**

## **Eligibility of arbitrators**

### **Are there any restrictions as to who may act as an arbitrator? Would any contractually stipulated requirement for arbitrators based on nationality, religion or gender be recognised by the courts in your jurisdiction?**

There are no statutory restrictions for who may act as an arbitrator. Therefore, any conditions or qualifications that have been mutually decided among the parties in the arbitration agreement will be applicable.

**Law stated - 31 January 2025**

## **Background of arbitrators**

### **Who regularly sit as arbitrators in your jurisdiction?**

The practice in larger disputes is to appoint retired judges, senior lawyers and relevant professionals (eg, engineers) as arbitrators. While interested parties cannot act as arbitrators, where an interested party (eg, managing director of a party) is named as an arbitrator in an arbitration agreement, this is permitted.

**Law stated - 31 January 2025**

### **Default appointment of arbitrators**

**Failing prior agreement of the parties, what is the default mechanism for the appointment of arbitrators?**

Under the Arbitration Act, if the arbitration agreement does not specify the number of arbitrators, the default is a sole arbitrator. For even-numbered tribunals, the arbitrators must appoint an umpire to resolve deadlocks. Furthermore, under the Arbitration Act, the courts can intervene on the application of a party when the parties fail to concur on appointments after a 15-day written notice. If a party defaults in appointing its arbitrator post-notice, the other party may appoint its arbitrator as the sole arbitrator or approach the court for such appointment.

**Law stated - 31 January 2025**

### **Challenge and replacement of arbitrators**

**On what grounds and how can an arbitrator be challenged and replaced? Please discuss in particular the grounds for challenge and replacement, and the procedure, including challenge in court. Is there a tendency to apply or seek guidance from the IBA Guidelines on Conflicts of Interest in International Arbitration?**

Under the Arbitration Act, courts can remove arbitrators on grounds of failure to act with reasonable dispatch (eg, delays in proceedings or awards) or misconduct, which includes procedural unfairness (eg, denying parties a fair hearing) or ethical violations (eg, bias). Removed arbitrators lose their entitlement to fees, and courts may appoint replacements under sections 8–10.

Pakistani courts reference the IBA Guidelines on Conflicts of Interest in International Arbitration selectively in cases involving international elements or complex conflicts of interest but do not treat them as binding authority. While courts occasionally cite the Guidelines to assess arbitrator impartiality, they prioritise domestic statutory standards under the Arbitration Act 1940 and the 'real likelihood of prejudice' test for bias. The Guidelines are regarded as reflecting international best practices but remain subsidiary to Pakistan's legal framework, with courts emphasising natural justice principles and party autonomy over strict adherence to the IBA's framework.

The draft Arbitration Bill 2024 provides that an arbitrator can only be challenged if circumstances give rise to justifiable doubts regarding the arbitrator's impartiality or if they do not possess the qualifications agreed to by the parties. However, a party who appoints the arbitrator or participates in such appointment may only challenge the arbitrator if they become aware of the above-mentioned grounds after the appointment is made.

**Law stated - 31 January 2025**

### **Relationship between parties and arbitrators**

**What is the relationship between parties and arbitrators? Please elaborate on the contractual relationship between parties and arbitrators, neutrality of party-appointed arbitrators, remuneration and expenses of arbitrators.**

Under the Arbitration Act, the relationship between parties and arbitrators is governed by both contractual terms and mandatory statutory provisions. While parties may agree on procedural rules and fees, the Act empowers courts to resolve deadlocks in appointments or addressing misconduct. Courts may set aside awards for proven bias or procedural unfairness that demonstrates a real likelihood of prejudice. Therefore, arbitrators are expected to be neutral, but arbitration agreements providing for one party's managing director or other officer to act as an arbitrator are upheld by courts when challenged for lack of neutrality.

Arbitrators may withhold awards until paid, with courts resolving fee disputes. While common practice involves parties paying for their appointed arbitrators and sharing costs for the umpire or third arbitrator, the Act does not mandate this arrangement.

The draft Arbitration Bill 2024 contains a much more thorough framework regulating the relationship between parties and arbitrators.

**Law stated - 31 January 2025**

### **Duties of arbitrators**

#### **What are arbitrators' duties of disclosure regarding impartiality and independence throughout the arbitral proceedings?**

The Arbitration Act contains no express provisions requiring arbitrators to disclose circumstances affecting their independence or impartiality, either at appointment or during proceedings. While courts have rejected appointments where material relationships (eg, serving as a party's auditor) were not disclosed, they have also held that certain positions (eg, being an officer or director of a party) did not automatically constitute bias if their appointment is agreed in the arbitration agreement.

The draft Arbitration Bill 2024 specifically requires arbitrators to disclose any circumstances that may give rise to justifiable doubts regarding their impartiality or that may affect their ability to devote time to the proceedings.

**Law stated - 31 January 2025**

### **Immunity of arbitrators from liability**

#### **To what extent are arbitrators immune from liability for their conduct in the course of the arbitration?**

There are no specific statutory provisions in Pakistan regarding the liabilities of arbitrators or any immunities therefrom. An arbitrator cannot be held liable while they are acting within the bounds of their authority. However, this would not preclude an arbitrator from being held liable for bad faith conduct, gross negligence or procedural misconduct. A Peshawar High Court judgment (*Haq Nawaz Khan v the State*, 2005 YLR 1850) recognises the possibility of an arbitrator being exposed to civil liability for bad faith conduct.

The draft Arbitration Bill 2024 provides that no legal proceedings will lie against an arbitrator for acts done in good faith under the provisions of the Bill.

## JURISDICTION AND COMPETENCE OF ARBITRAL TRIBUNAL

### Court proceedings contrary to arbitration agreements

What is the procedure for disputes over jurisdiction if court proceedings are initiated despite an existing arbitration agreement, and what time limits exist for jurisdictional objections?

In cases where a domestic arbitration agreement exists, section 34 of the Arbitration Act provides that the party against whom legal proceedings are initiated may apply to the court for stay of such proceedings. This application must be made before taking any other steps in the legal proceedings. On being satisfied that there is no sufficient cause for the arbitration proceedings to not commence under the agreement, the court will stay the legal proceedings.

For foreign arbitration agreements, a party to the agreement against whom legal proceedings are initiated can apply for a stay of such proceedings under section 4 of the NYC Act. The grounds for the court to refuse staying legal proceedings are the arbitration agreement being null and void, inoperative or incapable of being informed. Although no limitation period has been prescribed, such application should be filed at the earliest opportunity to avoid the implication of waiver of the right to arbitrate.

Law stated - 31 January 2025

### Jurisdiction of arbitral tribunal

What is the procedure for disputes over jurisdiction of the arbitral tribunal once arbitral proceedings have been initiated, and what time limits exist for jurisdictional objections?

The Arbitration Act states that all questions regarding the validity, effect or existence of an arbitration agreement will be decided by the courts. However, the superior courts have applied the doctrine of competence-competence and referred the question of determination of jurisdiction to the arbitral tribunal. For domestic arbitrations, as noted by the Supreme Court in *Karachi Dock Labour Board v Quality Builders* (PLD 2016 SC 121), this principle does not apply when the appointment of the arbitrator is in contravention to the Arbitration Act. Furthermore, where courts determine that the parties have submitted themselves to the jurisdiction of the arbitral tribunal without contest, they may be disallowed from subsequently contesting jurisdiction due to the application of the principles of waiver and estoppel.

The draft Arbitration Bill 2024 specifically allows arbitral tribunals to rule on their own jurisdiction, including any objection to the existence of the arbitration agreement.

Law stated - 31 January 2025

### Distinction between admissibility and jurisdiction of tribunal

## Is there a distinction between challenges as to the admissibility of a claim and as to the jurisdiction of the tribunal?

No such distinction can be found in the arbitration laws of Pakistan.

Law stated - 31 January 2025

### ARBITRAL PROCEEDINGS

#### Place and language of arbitration, and choice of law

Failing prior agreement of the parties, what is the default mechanism for the place of arbitration and the language of the arbitral proceedings? How is the substantive law of the dispute determined?

The Arbitration Act does not set out the default mechanism applicable where the parties fail to agree on the place of arbitration. Disagreements in the case of the place of arbitration are treated as contractual disputes and determined based on the contract's execution or performance locus (eg, *Societe Generale De Surveillance SA v Pakistan*, 2002 SCMR 1694). In the recent supreme court judgment *Kausar Rana Resources v Qatar Lubricants Company* (CPLA 4468 of 2024), the court referred the parties' dispute over the place of arbitration to be determined by the arbitral tribunal. The Arbitration Act does not prescribe a default language, but English is typically adopted in commercial disputes.

Where there is no express choice of law in the arbitration agreement, Pakistani superior courts have held that the law governing the main contract applies to the arbitration agreement (see, for example, *Hitachi Ltd v Rupali Polyester* (1998 SCMR 1618), *Lakhra Power v Karadeniz* (2014 CLD 337) and *Tradhol International SA v Shakarganj* (2023 LHC 2392)).

Where the contract does not expressly specify its governing law, the law with the 'closest and real connection' to the contract is applied (see, for example, PLD 1962 SC 251). In *Abid Associated Agencies v Areva* (2015 MLD 1646), the court outlined a three-step inquiry (express choice, implied intent and closest connection).

The draft Arbitration Bill 2024 states that the arbitral tribunal will determine the language and venue for the arbitral proceedings in the absence of any agreement for the same. The Bill also provides a thorough mechanism for determination of the substantive law applicable to the merits of the dispute, which takes into account factors such as whether the arbitration is domestic, whether it is an international commercial arbitration, the terms of the agreement, etc.

Law stated - 31 January 2025

#### Commencement of arbitration

How are arbitral proceedings initiated?

Pakistan's Arbitration Act envisions three types of arbitrations: arbitrations without the intervention of the court, arbitrations with the intervention of the court where there is no suit pending and arbitrations in suit.



In an arbitration without the intervention of the court, the parties initiate arbitration proceedings with mutual consent in accordance with the arbitration agreement.

Where a dispute covered by an arbitration agreement arises and arbitration is not initiated by mutual consent, a party seeking arbitration can apply to court under section 20 of the Arbitration Act for the arbitration agreement to be filed in court for the court to appoint an arbitrator and compel arbitration.

For an arbitration in a suit pending in court, if all the parties to the suit agree that their dispute will be settled in arbitration, an application can be made to the court under section 21 of the Arbitration Act for the matter to be referred to arbitration.

**Law stated - 31 January 2025**

## Hearing

### Is a hearing required and what rules apply?

The Arbitration Act does not explicitly provide for a right to hearing; however, courts require arbitration proceedings to satisfy the requirements of natural justice. In *Muhammad Farooq Shah v Shakirullah* (2006 SCMR 1657), the Supreme Court held that the arbitrators have a duty to maintain 'purity in the administration of justice'. This requires parties to be provided with a reasonable opportunity to prove and contest claims.

The draft Arbitration Bill 2024 allows parties to agree not to have oral hearings. Unless otherwise agreed, the arbitral tribunal will decide whether to hold oral hearings or to conduct proceedings on the basis of documents.

**Law stated - 31 January 2025**

## Evidence

### By what rules is the arbitral tribunal bound in establishing the facts of the case? What types of evidence are admitted and how is the taking of evidence conducted?

The Arbitration Act does not prescribe rules of evidence. Arbitrators may adopt their own evidentiary procedures provided they result in a reasoned award addressing all material issues.

The Arbitration Act grants arbitrators powers to administer oaths to parties and witnesses, issue interrogatories to parties, examine witnesses on oath and make awards conditional upon oath.

While the Arbitration Act is silent on specific types of evidence, arbitrators may generally receive documentary evidence, oral testimony (from parties and witnesses), expert evidence (though the Act does not distinguish between party-appointed and tribunal-appointed experts) and conduct physical inspections under their general procedural discretion.

**Law stated - 31 January 2025**

## **Court involvement**

### **In what instances can the arbitral tribunal request assistance from a court, and in what instances may courts intervene?**

Under section 43 of the Arbitration Act, arbitrators can seek court assistance to issue process for parties and witnesses they wish to examine, order document production and issue commissions for evidence recording. Section 13 of the Arbitration Act allows arbitrators to state a case seeking an opinion from the court on a question of law.

**Law stated - 31 January 2025**

## **Confidentiality**

### **Is confidentiality ensured?**

There are no confidentiality requirements applicable to arbitration proceedings, materials submitted or awards under the Arbitration Act; however, confidentiality provisions of the arbitration agreement or main agreement will be given effect to by arbitrators. Once an award is filed in court for enforcement under section 14 of the Act, it becomes part of the public record. Parties seeking to ensure confidentiality should expressly provide for it in their arbitration agreement or adopt institutional rules containing confidentiality provisions.

The draft Arbitration Bill 2024 proposes to address this by imposing on the arbitrator, arbitral institution and parties an obligation to maintain confidentiality of all arbitral proceedings except to the extent disclosure of the award is necessary for implementation and enforcement of the award.

**Law stated - 31 January 2025**

## **INTERIM MEASURES AND SANCTIONING POWERS**

## **Interim measures by the courts**

### **What interim measures may be ordered by courts before and after arbitration proceedings have been initiated?**

The Arbitration Act gives the courts exclusive powers to grant interim measures for the preservation, interim custody or sale of disputed goods; securing disputed amounts; property inspection, detention or preservation; interim injunctions or receiver appointments; and guardianship for minors or incapacitated persons. Arbitral tribunals lack statutory power to issue interim measures under the 1940 Act; parties must rely on courts even after arbitration begins.

The draft Arbitration Bill 2024 modernises this framework by empowering arbitrators to order interim measures, while allowing courts to grant interim relief if the tribunal is not yet constituted or cannot provide effective relief. Where courts order interim measures prior to constitution of the tribunal, parties must commence arbitration within 90 days of such order.

**Law stated - 31 January 2025**

### **Interim measures by an emergency arbitrator**

**Does your domestic arbitration law or do the rules of the domestic arbitration institutions mentioned above provide for an emergency arbitrator prior to the constitution of the arbitral tribunal?**

The Arbitration Act does not provide for emergency arbitrators.

However, the draft Arbitration Bill 2024 introduces a framework for emergency arbitrators in international commercial arbitrations where parties adopt institutional rules providing for such appointments (section 13(5), draft Bill). The Bill defines an 'emergency arbitrator' as part of the arbitral tribunal (section 2(e)), enabling urgent interim relief before the main tribunal is constituted.

**Law stated - 31 January 2025**

### **Interim measures by the arbitral tribunal**

**What interim measures may the arbitral tribunal order after it is constituted? In which instances can security for costs be ordered by an arbitral tribunal?**

The Arbitration Act only provides the arbitral tribunals with the power to make interim awards (ie, partial decisions on merits), without prejudice to the arbitration agreement. Further, there is no explicit provision for arbitrators to order security for costs. Courts have exclusive power to grant interim relief without prejudice to the powers vested in the arbitrators or umpire in the arbitration agreement (section 41).

The draft Arbitration Bill 2024 allows tribunals to order interim measures, including asset preservation, status quo orders, injunctions and security for costs in international arbitrations (excluding foreign claimants). Such interim measures are enforceable as court orders.

**Law stated - 31 January 2025**

### **Sanctioning powers of the arbitral tribunal**

**Pursuant to your domestic arbitration law or the rules of the domestic arbitration institutions mentioned above, is the arbitral tribunal competent to order sanctions against parties or their counsel who use 'guerrilla tactics' in arbitration? May counsel be subject to sanctions by the arbitral tribunal or domestic arbitral institutions?**

The Arbitration Act does not confer arbitral tribunals with the power to impose sanctions for 'guerrilla tactics' such as witness harassment or procedural obstruction. However, if the rules of arbitration, as agreed upon by the parties, grant arbitral tribunals with the powers to impose sanctions, the same would be given effect to in the proceedings.

The draft Arbitration Bill 2024 proposes to confer tribunals with the power to order sanctions by way of costs, dismissal of claims, drawing adverse inferences and excluding evidence

for defiance of procedural orders. It also allows courts to reduce arbitrator fees for delays caused by tribunals.

**Law stated - 31 January 2025**

## AWARDS

### **Decisions by the arbitral tribunal**

Failing party agreement, is it sufficient if decisions by the arbitral tribunal are made by a majority of all its members or is a unanimous vote required?  
What are the consequences for the award if an arbitrator dissents?

Under the Arbitration Act, in the case of three or more arbitrators, the award of the majority will prevail unless the arbitration agreement provides differently (section 10 and the First Schedule). If the opinions are evenly divided, the umpire's decision becomes binding who decides the matter 'in lieu' of the arbitrators.

The draft Arbitration Bill 2024 retains the majority rule (section 31(1)) but eliminates the concept of an umpire.

**Law stated - 31 January 2025**

### **Dissenting opinions**

How does your domestic arbitration law deal with dissenting opinions?

The Arbitration Act mandates that decisions by a majority of arbitrators prevail; dissenting opinions do not invalidate the award, but all the arbitrators are required to give reasons for their award.

**Law stated - 31 January 2025**

### **Form and content requirements**

What form and content requirements exist for an award?

The Arbitration Act requires that an award be signed by the arbitrators. Further, the award must contain reasoning with sufficient detail to enable judicial review, failing which courts may remit the award to the arbitrators for rectification. Stamp duty requirements may need to be complied with by the parties seeking enforcement of an award.

The draft Arbitration Bill 2024 requires awards to be written and signed by a majority of the tribunal (with reasons stated for omitted signatures) and include the date and seat of arbitration. Reasons are mandatory unless the parties dispense with this requirement or the award is based on a settlement.

**Law stated - 31 January 2025**

### **Time limit for award**

**Does the award have to be rendered within a certain time limit under your domestic arbitration law or under the rules of the domestic arbitration institutions mentioned above?**

Under the Arbitration Act 1940, if the arbitration agreement is silent, the First Schedule (paragraph 3) implies a four-month deadline for rendering an award from entering the reference or after being called upon by notice. Courts may extend this period under section 28(1), but arbitrators cannot unilaterally extend timelines without party consent (section 28(2)).

The draft Arbitration Bill 2024 proposes an 18-month default deadline from close of pleadings for non-international cases, extendable by 12 months by party consent (section 32). Courts may grant further extensions for sufficient cause but can reduce tribunal fees for delays attributable to arbitrators.

**Law stated - 31 January 2025**

### **Date of award**

**For what time limits is the date of the award decisive and for what time limits is the date of delivery of the award decisive?**

Under the Arbitration Act, the arbitrators are required to notify parties of the making and signing of an award (section 14(1)). After the arbitrators file the award in court, the court issues a notice of filing to the parties (section 14(2)). This notice from the court triggers the 30-day limitation period for applications by the parties to set aside or remit the award and the 90-day limitation period to apply for judgment in terms of the award. No limitation period is specified for applications for enforcement of foreign awards and therefore the general three-year limitation period from when the right to apply accrues under the Limitation Act 1908 applies.

The draft Arbitration Act 2024 proposes a limitation period of 90 days from receipt of the award for challenges, and 30 days from receipt to request corrections or interpretations, and a general three-year limitation period from the award date.

**Law stated - 31 January 2025**

### **Types of awards**

**What types of awards are possible and what types of relief may the arbitral tribunal grant?**

Under the Arbitration Act, the arbitral tribunal may issue final awards (resolving all disputes) and interim awards (deciding specific issues (eg, liability), which are akin to partial awards). Interim awards have the same status as final awards (section 27). Courts recognise consent awards. Tribunals can issue an *ex parte* award if they determine that one party is deliberately avoiding proceedings.

The draft Arbitration Bill 2024 recognises final awards, interim awards deciding specific issues and consent awards.

Law stated - 31 January 2025

## Termination of proceedings

### By what other means than an award can proceedings be terminated?

The Arbitration Act does not expressly provide a procedure or grounds for terminating arbitration proceedings. However, section 35 of the Arbitration Act provides that if legal proceedings covering the entire subject matter of arbitration are initiated and not stayed by courts under section 34, ongoing arbitration becomes invalid. While not expressly provided, courts recognise termination of arbitration by means of consent awards where parties settle during the proceedings. The Arbitration Act does not grant the tribunal power to dismiss a claim in default.

The draft Arbitration Bill 2024 makes express provision for tribunals to terminate proceedings on withdrawal, the mutual agreement of the parties and where continuation becomes unnecessary or impossible. It also codifies consent awards and allows tribunals to dismiss claims for delay or procedural non-compliance.

Law stated - 31 January 2025

## Cost allocation and recovery

### How are the costs of the arbitral proceedings allocated in awards? What costs are recoverable?

Under the Arbitration Act, arbitral tribunals have broad discretion to allocate costs (including arbitrator fees, legal expenses and administrative charges) unless parties agree otherwise. Courts generally uphold this discretion, with no statutory requirement for costs to 'follow the event' (ie, the losing party paying the costs). However, tribunals often consider factors such as party conduct and claim success (*Muhammad Younas v Pakistan*, 2018 LHC 688).

In the draft Arbitration Bill 2024 for domestic arbitrations, tribunals may order costs to follow the event but retain discretion. Recoverable costs explicitly include arbitrator fees, legal fees (negotiated or statutory), administrative expenses and witness and expert costs.

Law stated - 31 January 2025

## Interest

### May interest be awarded for principal claims and for costs, and at what rate?

Under the Arbitration Act, tribunals may award pre-award interest on principal if doing so is justified by express or implied agreement, mercantile usage, statutory provisions or equitable grounds. However, tribunals cannot award post-award interest; this power is reserved for courts under section 29, which permits the courts to award interest from the date of the decree. Furthermore, the Supreme Court held in *Ghulam Abbas v Trustees of the Port of Karachi* (PLD 1987 SC 393) that the arbitral tribunal cannot award post-decretal interest.

The draft Arbitration Bill 2024 proposes to empower tribunals to award pre-award and post-award interest. Further, tribunals will be permitted to award interest on costs.

**Law stated - 31 January 2025**

## PROCEEDINGS SUBSEQUENT TO ISSUANCE OF AWARD

### Interpretation and correction of awards

**Does the arbitral tribunal have the power to correct or interpret an award on its own or at the parties' initiative? What time limits apply?**

Under the Arbitration Act, arbitral tribunals have limited powers to correct only clerical mistakes or accidental slips either on their own or on party application, with no statutory time limits (section 13(d)). There is no prescribed limitation period for correction and these will therefore be subject to the general three-year limitation period. Tribunals lack express statutory authority to interpret awards, and courts usually resolve ambiguities during enforcement proceedings.

The draft Arbitration Bill 2024 proposes to empower tribunals to correct errors on their own or on parties' application or interpret specific points in the award and address omitted claims and specifies 30–60 day time limits for this.

**Law stated - 31 January 2025**

### Challenge of awards

**How and on what grounds can awards be challenged and set aside?**

Under the Arbitration Act, arbitration awards can be set aside by the court under section 30 on the application of a party on grounds of

- arbitrator misconduct, which includes legal misconduct (such as exceeding jurisdiction and patent illegality), procedural irregularities (such as denying parties a fair hearing or failure to address material evidence) and ethical breaches (such as bias);
- invalidity (awards exceeding the scope of the reference to arbitration or given after proceedings becoming invalid); and
- improper procurement (eg, fraud or corruption).

Courts interpret 'misconduct' broadly but do not reassess factual or legal merits unless the award demonstrates patent illegality or manifest disregard of law.

The draft Arbitration Bill 2024 proposes to limit challenges to specified grounds corresponding to those in the UNCITRAL Model Law, enhancing the finality of awards.

**Law stated - 31 January 2025**

## Levels of appeal

**How many levels of appeal are there? How long does it generally take until a challenge is decided at each level? Approximately what costs are incurred at each level? How are costs apportioned among the parties?**

While the Arbitration Act does not provide the right to appeal the award, but the court may set aside, modify or remit the award. Under the Arbitration Act, the following court orders can be appealed: orders superseding an arbitration or an award by the court on a special case referred by the arbitral tribunal, orders modifying or correcting an award, orders for filing or refusing the filing of an arbitration agreement, orders for staying or refusing to stay legal proceedings and orders setting aside or refusing to set aside awards. No appeal lies from a judgment in terms of the award, except on the grounds of the judgment not being in accordance with the award. Further, though no second appeal is permitted under the Arbitration Act, there can be two to three levels of appeal under general laws depending on the value of the claim, with the Supreme Court retaining ultimate appellate jurisdiction. Each of these proceedings can take around two to three years, due to a backlog and systemic delays in the court system, with chances of further delays. Costs (including court fees and lawyers' fees) are discretionary and, in the absence of a generally applicable rule that costs should follow the event, each party is generally left to bear its own costs.

The draft Arbitration Bill 2024 proposes to retain similar appeal provisions but in section 42 adds appeals to the court against tribunal orders on jurisdiction and interim measures, and introduces costs provisions favouring the successful party.

**Law stated - 31 January 2025**

## Recognition and enforcement

**What requirements exist for recognition and enforcement of domestic and foreign awards, what grounds exist for refusing recognition and enforcement, and what is the procedure?**

The Arbitration Act requires that an award is signed, filed by the arbitrators in court (section 14) and for the court to pronounce judgment in terms of the award upon being satisfied that there is no cause to remit the award and after refusing any application made to set aside the award (section 17). The grounds on which an award may be set aside include misconduct, patent illegality, determination of issues not subject to arbitration or failure to decide an issue subject to arbitration. An award can be remitted to arbitrators for reconsideration where it deals with extraneous matters, fails to deal with a matter referred to arbitration, is incapable of execution or suffers from an objection to its legality apparent on its face. No appeal lies from a judgment pronounced on the award except on grounds that it is not in accordance with the award. A decree is given in terms of such judgment, which is enforceable as a court decree.

Foreign arbitration awards under the New York Convention are recognised and enforced unless the grounds in article V of the New York Convention apply. An application for recognition and enforcement of a foreign award must be accompanied by the documents specified in article IV of the New York Convention. Courts have applied the pro-enforcement bias in the New York Convention.



More recently the Supreme Court has adopted a pro-arbitration stance, urging the Parliament to enact a unified arbitration law incorporating the UNCITRAL Model Law to replace the Arbitration Act.

The draft Arbitration Bill 2024 applies generally to arbitrations seated in Pakistan with certain provisions being applicable to arbitrations seated outside Pakistan (such as the provisions related to interim measures by the competent court); it allows enforcement without a separate court decree and limits challenges to grounds in the UNCITRAL Model Law.

**Law stated - 31 January 2025**

### **Time limits for enforcement of arbitral awards**

#### **Is there a limitation period for the enforcement of arbitral awards?**

Under article 178 of the Limitation Act 1908 (the Limitation Act) a 90-day limitation period (from the date of service of notice of the award) applies to an application to the court to direct the arbitral tribunal to file a domestic award in court. Once the award is filed and a judgment is passed in terms of the award, the decree-holder would have three years to file for execution of the award. There is no specific limitation period for the enforcement of foreign awards, and the three-year limitation residuary period in article 181 of the Limitation Act applies.

Under the draft Arbitration Bill 2024, an application for setting aside an award can be made within 90 days of either the date of receipt of award or of the date of disposal of a request for correction or interpretation of award. After this time has expired and if the award has not been stayed or set-aside, the award will be executed as a decree of the court and the limitation for this would be three years.

**Law stated - 31 January 2025**

### **Enforcement of foreign awards**

#### **What is the attitude of domestic courts to the enforcement of foreign awards set aside by the courts at the place of arbitration?**

The setting aside of an award by a competent authority at the place of arbitration is one of the grounds of refusal on which courts in Pakistan may decline to recognise and enforce under the NYC Act.

**Law stated - 31 January 2025**

### **Enforcement of orders by emergency arbitrators**

#### **Does your domestic arbitration legislation, case law or the rules of domestic arbitration institutions provide for the enforcement of orders by emergency arbitrators?**

The Arbitration Act does not contain any such provision. However, any award including an interim award may be enforced by court like a final award. Therefore, while the Arbitration

Act does not specifically provide for emergency arbitrators, it does allow arbitral tribunals to grant enforceable interim awards if need be.

The draft Arbitration Bill 2024 introduces provisions for emergency arbitrators in international commercial arbitrations where parties adopt institutional rules providing for such arbitration, and empowers courts to enforce their interim orders.

**Law stated - 31 January 2025**

### **Cost of enforcement**

#### **What costs are incurred in enforcing awards?**

Lawyer's fees, court fees and any stamp duty payable under the Stamp Act 1899.

**Law stated - 31 January 2025**

## **OTHER**

### **Influence of legal traditions on arbitrators**

#### **What dominant features of your judicial system might exert an influence on an arbitrator from your jurisdiction?**

Pakistan is a common law jurisdiction and the judicial system is adversarial. This informs arbitrators' attitudes. Further, though the Code of Civil Procedure 1908 and the [Qanun-e-Shahadat Order 1984](#) (the law of evidence) do not apply to arbitration proceedings, arbitrators tend to adopt procedures from these statutes, particularly if they are lawyers or former judges. Thus, there is generally focused document production instead of US-style discovery. Witness statements followed by cross examination are common.

The arbitral tribunal is bound to uphold the principles of natural justice during the proceedings, requiring both parties to be given an equal opportunity to the parties to present their case.

**Law stated - 31 January 2025**

### **Professional or ethical rules**

#### **Are specific professional or ethical rules applicable to counsel and arbitrators in international arbitration in your jurisdiction? Does best practice in your jurisdiction reflect (or contradict) the IBA Guidelines on Party Representation in International Arbitration?**

There are no specific professional or ethical rules applicable to counsel and arbitrators in international arbitration in Pakistan. If counsel are advocates, they will be regulated by the Legal Practitioners and Bar Councils Act 1973. Tribunals and courts occasionally reference the IBA Guidelines on Conflicts of Interest and Party Representation, though they are not formally adopted.

The Draft Arbitration Bill aligns with IBA-inspired standards but stops short of codifying them.

Law stated - 31 January 2025

### Third-party funding

Is third-party funding of arbitral claims in your jurisdiction subject to regulatory restrictions?

Pakistan's arbitration framework contains no statutory provisions regulating third-party funding (TPF). Courts may evaluate TPF agreements under public policy doctrines (eg, champerty) inherited from common law. While no arbitration-specific precedent exists, the Lahore High Court in *Muhammad Ramzan* (2012 CLC 1541) suggested litigation funding could be void if it incentivises frivolous claims, implying similar scrutiny for arbitration.

The draft Arbitration Bill 2024 does not regulate TPF.

Law stated - 31 January 2025

### Regulation of activities

What particularities exist in your jurisdiction that a foreign practitioner should be aware of?

Foreign practitioners should obtain advice on income tax and sales tax on services. Lawyers not enrolled with the Pakistan Bar Council cannot represent parties in Pakistani courts (eg, for filing awards) but may participate in private arbitrations. Local practices require flexible timelines.

Law stated - 31 January 2025

## UPDATE AND TRENDS

### Legislative reform and investment treaty arbitration

Are there any emerging trends or hot topics in arbitration in your country? Is the arbitration law of your jurisdiction currently the subject of legislative reform? Are the rules of the domestic arbitration institutions mentioned above currently being revised? Have any bilateral investment treaties recently been terminated? If so, which ones? Is there any intention to terminate any of these bilateral investment treaties? If so, which ones? What are the main recent decisions in the field of international investment arbitration to which your country was a party? Are there any pending investment arbitration cases in which the country you are reporting about is a party?

The Supreme Court in *Taisei Corporation v AM Construction Company* (2024 SCMR 1) broadened enforceability of foreign awards under the NYC Act, emphasising minimal judicial interference.

The Law and Justice Commission of Pakistan also released the draft Arbitration Bill 2024 which will be applicable to domestic and foreign arbitration and is based on the UNCITRAL Model Law. The draft Arbitration Bill 2024 curtails judicial intervention, recognises competence-competence, restricts non-arbitrability to matters against public policy, restricts grounds for challenging awards to international standards and treats both foreign and domestic awards as automatically enforceable unless set aside.

**Law stated - 31 January 2025**