

# Sri Lanka aspires to become int'l arbitration venue

■ BY CHANNA FERNANDOPULLE

Sri Lanka must be developed as an international arbitration venue in order to gain a foothold into the lucrative international legal services industry, according to Sri Lanka National Arbitration Centre (SLNAC) Honorary Chief Executive Officer Hiran de Alwis.

Arbitration is a form of alternative dispute resolution prevalent in the world's commercial hubs of Singapore, London, Paris and Hong Kong. Internationally, arbitration is developing as preferred alternative for resolving contract disputes over traditional litigation procedures.

"In commercial disputes, time and money are often the two most pressing factors. Often, litigation through courts is both costly, particularly due to the large volumes of cases that the judicial system typically has to deal with.

Arbitration is a legally binding method of resolving disputes, often within a year, at a greatly reduced cost, De Alwis explained.

Particularly in the case of



From left: SLNAC Member of Board of Governors and National Chamber of Commerce of Sri Lanka Deputy President Sujeeve Samaraweera and SLNAC Honorary Chief Executive Attorney-at-law Hiran de Alwis

large international contracts, companies often travel to neutral venues such as Singapore and Malaysia to engage in arbitration hearings. However, de Alwis stated that with government support, Sri Lanka could easily be developed into a cost effective alternative to Singapore and Malaysia.

"We have two goals in seeking to develop arbitration in Sri Lanka. Firstly, on a domestic level, there is very little awareness of arbitration in com-

mercial disputes. Many parties entering into contracts can quickly and cheaply resolve any disputes that arise in the normal course of business merely by including an arbitration clause to their contracts."

While also saving parties time and money otherwise spent in litigation, he emphasised that the promotion of arbitration would also serve to ease the burden on the country's court system. "The improvement of arbitration services in Sri

Lanka will therefore promote economic growth but over the long term, such improvements will also attract international arbitration cases to the country.

Often a single international dispute is capable of bringing in several million dollars since the disputes themselves are over much larger sums. The legal service industry stands to benefit but there is also a much wider array of stakeholders that stand to benefit as a result," de Alwis asserted.

In 2007 alone, legal services in Hong Kong, a popular arbitration destination, accounted for 0.7 percent of the GDP, or US \$ 1.35 billion.

"There is already an awareness of the importance of developing arbitration in Sri Lanka at the top-levels of the government and there has been some recognition given in more recent government policy; however, more action needs to be taken," de Alwis noted. "Particularly with the upcoming CHOGAM and the Business Forums round the corner, the spotlight is on Sri Lanka making this an ideal opportunity," he added.