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## **Law on Arbitration No. (3) for the year 2000**

The Chairman of the Executive Committee of the Palestine Liberation Organization  
President of the Palestinian National Authority

After review of Arbitration Law for the year 1926, as amended, in application in the Gaza Governorates,  
And Law on Foreign Arbitration Decisions for the year 1930, as amended, in effect in the Gaza Governorates,  
And Arbitration Procedures for the Year 1935, in force in the Gaza Governorates,  
And Law on the Enforcement of Foreign Provisions No. (8) for the year 1952 in effect in the West Bank Governorates,  
And Arbitration Law No. (18) for the year 1953, in effect in the West Bank Governorates,  
And Land Courts Law promulgated on 8 April 1921, particularly Article (8) thereof, applicable in the Gaza Governorates,  
And after ratification by the Legislative Council in its session of 3 February 2000 AD,

We promulgated the following law:

### **Chapter One Definitions and General Provisions**

#### **Article (1)**

For the purpose of the application of the provisions of this law, the following terms and expressions shall have the meanings specified hereunder unless otherwise specified:

- Arbitration:** A means for dispute settlement between the parties to the dispute by presenting the issues in conflict before an arbitration panel to make a decision thereon;
- Arbitrator:** A natural person who fulfills the tasks of arbitration;
- Arbitration Panel:** One or more persons who undertake settlement of disputes;
- Casting Arbitrator:** The arbitrator who makes the arbitration judgment when majority is not achieved;
- Expert:** Any person qualified in a certain domain and can be consulted to explain technical issues related to his field of specialty that any other person would not be able to perform;

**Competent court:** A court that is originally competent to review the dispute submitted to the Arbitration Panel in case of local arbitration. If the arbitration taking place in Palestine is international, the competent court shall be the first-instance court within the geographic limits this court is entitled to cover. In case of foreign arbitration, the competent court in registration and implementation of the decisions of arbitration shall be the first-instance court in Jerusalem, capital of the state of Palestine or in the temporary premises thereof in Gaza.

## **Article (2)**

Without jeopardizing the provisions of Article (4) of this law, the provisions of this law shall apply in arbitration between natural or legal persons who enjoy legal capacity to hold rights regardless of the nature of the legal relation subject of the conflict, while taking into consideration the international agreements in which Palestine is a signatory member.

## **Article (3)**

For the purposes of this law, arbitration shall be:

1. Local if it is not a matter of international trade and is taking place in Palestine.
2. International if the issues at conflict related to economic, trade or civil issues in the following cases:
  - A. If the headquarters of the parties in arbitration are in different countries in the time of conclusion of the agreement on arbitration. If any of the parties has several business centers, his headquarters shall be defined as the center that is more closely linked to the agreement on arbitration. If any of the parties has no business center, his place of residence shall be considered.
    - B. If the issues at conflict included in the agreement on arbitration are linked to more than one country.
    - C. If the headquarters for the business of each of the parties in arbitration are in the same country upon signature of the agreement on arbitration and that one of the following centers is located in another country.
      - a. the location to make the arbitration as is specified in the agreement on arbitration or as is explained the manner of specification thereof;
      - b. the center for the implementation of an essential part of the commitments arising from the trade or contractual relation between the parties;
      - c. the place that is most linked to the issues at conflict.
3. Foreign if it takes place outside Palestine.
4. Special if it is not organized by an institution specialized in arbitration.
5. Institutional if it is performed via any organization specialized in arbitration and the supervision thereof whether it be in or outside Palestine.

## **Article (4)**

The provisions of this law shall not apply to the following matters:

1. Issues related to public order in Palestine.
2. Issues that cannot be solved by conciliation by law.
3. Disputes related to personal status.

## **Chapter Two Agreement on Arbitration**

### **Article (5)**

1. The agreement on arbitration is an agreement between two or more parties stipulating for referral of all or some of the conflicts that emanated or may emanated from a specific legal relation whether contractual or not contractual. The agreement on arbitration may be in the form of arbitration clause in a contract or in a separate agreement.
2. The agreement on arbitration must be written.
3. The agreement on arbitration shall be considered written if it includes a text signed by the parties or if it is implied by exchange of letters, telegrams or any other written documents between them.
4. If the agreement on arbitration is made pursuant to the emergence of the conflict, it must include the issues at conflict or it would be void.
5. If the arbitration clause is made on a separate agreement, it shall not be void upon breach, annulment or termination of the contract.
6. The agreement on arbitration may not be revised without approval by the parties or by a ruling from the competent court.

### **Article (6)**

The agreement on arbitration shall not end with the death of any of the parties unless the conflict is related to the person of the party who died.

### **Article (7)**

1. If any of the parties of arbitration initiates any legal action before any court against the other party regarding a matter that was agreed upon to be referred to arbitration, the other party, before debates start on the claim, shall have the right to request from the court to end this procedure. In which case, the court must make this ruling if it is convinced of the validity of the agreement on arbitration.
2. Such legal action as stated here above may not be initiated before commencement and continuation of arbitration procedures or after the arbitration decision is made.

## **Chapter Three Arbitration Panel**

### **Article (8)**

1. An arbitration panel shall be formed of one or more arbitrators with agreement of parties;

2. If there is no agreement on the formation of a panel for arbitration, each party shall choose an arbitrator and the arbitrators shall choose a casting arbitrator unless the parties agree to proceed otherwise.

### **Article (9)**

Any arbitrator must possess full legal capacity and enjoy all civil rights; he must not be sentenced for any felony or misdemeanor that harms honor or honesty nor can he be in bankruptcy unless he is redeemed.

### **Article (10)**

Without jeopardizing the provisions of this law, if the agreement on arbitration assigns an arbitration organization, the rules of this organization shall apply for the follow up of arbitration procedures, including designation and monitoring of the arbitration panel, specification of necessary cost and the distribution thereof on parties as well as making decisions regarding revocation of the panel or any of its members.

### **Article (11)**

1. Upon request of any of the parties or the arbitration panel, the competent court shall assign a casting arbitrator from the records of arbitrators certified by the Ministry of Justice in the following cases:
  - A. If the agreement on arbitration provides for referral of the conflict to one arbitrator and that the parties do not reach agreement on the designation thereof;
  - B. If each party has the right to assign an arbitrator and has not done so;
  - C. If the arbitrator does not accept to undertake this mission within fifteen days from the date on which he was informed of his selection as arbitrator;
  - D. If the arbitrator or any of the arbitrators of any of the parties in case of multiple arbitration cannot perform this mission due to loss of capacity or inability and that the parties do not assign a successor thereof.
  - E. If the arbitrators are to assign a casting arbitrator but do not agree thereon.
  - F. If the casting arbitrator refuses or is unable to perform arbitration and that the agreement on arbitration does not stipulate for the designation of a successor thereof and that the parties do not agree on the nomination of this successor;
2. The court shall make its decision within fifteen days from the date of reporting to the other party through a copy of the claim. The decision of the court shall be irrevocable.

### **Article (12)**

1. Any arbitrator shall prove acceptance of this mission in writing and by signing the agreement on arbitration. He must inform the parties upon acceptance of this mission of any circumstances that may raise doubts about his independence or impartiality.
2. Any arbitrator shall not be allowed, without excuse, to relinquish the procedures of arbitration after accepting to fulfill such mission.

### **Article (13)**

1. It shall not be allowed to request dismissal of any arbitrator unless there are justifiable circumstances that raise doubts about his impartiality or independence. No party in arbitration shall be allowed to dismiss any arbitrator assigned or co-designated thereby if not for causes discovered after the designation of this arbitrator.
2. While taking into account paragraph (1) hereabove, it shall be prohibited to request dismissal of the arbitration panel after hearing the evidence of the parties.

### **Article (14)**

- 1- If any of the parties in conflict has a reason to request dismissal of the arbitration panel or of any of the members thereof, it must submit a written request within fifteen days from the date it became aware of such reason to the arbitration panel or institution in case of recourse to institutional arbitration.
- 2- If the request for dismissal is rejected, the submitting party thereof shall have the right to appeal before the competent court within fifteen days from the date of issuance of the decision, in which case the court's decision shall be irrevocable.
- 3- Any request for dismissal or appeal before the court shall entail suspension of the arbitration procedures until a decision is made regarding the appeal.

### **Article (15)**

- 1- If the mandate of any arbitrator expires as a result of death, dismissal or quash or for any other reason, a successor thereof shall be appointed in the same manner the first arbitrator was designated or in accordance with the procedures set forth in Article (11) of this law.
- 2- Arbitration procedures shall be suspended till appointment of a new arbitrator.

### **Article (16)**

The arbitration panel shall be responsible for the settlement of the following matters:

- 1- Issues related to competence.
- 2- Issues related to the agreement on arbitration.
- 3- Requests to dismiss the arbitration panel or any of its members
- 4- Pleas related to the arbitration presented before it.

### **Article (17)**

The arbitration panel shall have the right to consult with the competent court on any legal aspects emanating in the conflict.

### **Article (18)**

The parties may agree on the procedural rules that must be adopted by the arbitration panel. In the event they do not agree, the arbitration panel shall proceed with the procedures applicable in the place of arbitration.

### **Article (19)**

- 1- Parties in international arbitration may agree on the law to be applicable in case of conflict. In the absence of such agreement, the arbitration panel shall apply the Palestinian law.
- 2- In case of international arbitration taking place in Palestine and that the parties do not reach agreement on the law to be applicable, statute rules referred to on regulations regarding conflict in application of laws in the Palestinian law shall apply, taking into consideration that the rules of revenue cannot apply unless they stipulate for application of the Palestinian law. In all cases, the arbitration panel shall take into consideration the customs applicable to the relation between the parties in conflict.

## **Chapter Four Arbitration procedures**

### **Article (20)**

The arbitration panel shall start operation upon referral of the conflict thereto and its acceptance to arbitration between the parties.

### **Article (21)**

If the arbitration parties do not agree on the place for arbitration, it shall take place in the place determined by the arbitration panel taking into consideration the circumstances of the conflict and the suitability of the place for members; the arbitration panel may hold one or more sessions in any other place it deems fit.

### **Article (22)**

- 1- Arbitration shall take place in Arabic unless the parties agree otherwise. In case of multiplicity of languages, the arbitration panel shall set the language (s) to adopt.
- 2- The arbitration panel may request from any of the parties to submit written documents translated into Arabic or in any of the languages adopted thereby.
- 3- The arbitration panel may have recourse to a certified translator in case of multiplicity of languages of the parties in conflict.

### **Article (23)**

- 1- The plaintiff must within the period set by the arbitration panel send to the defendant and to the arbitration panel a comprehensive written statement explicating his case and the disputed matters, accompanied with copies of any evidence documents.
- 2- (a) The defendant must, within thirteen days from the date he received the statement of the plaintiff and other documents, submit a detailed brief accompanied with evidence documents and send copies of the brief and documents to the plaintiff and arbitration panel.  
(b) The arbitration panel may extend the period set forth in paragraph (a) hereabove in the manner

it deems fit

- 3- The arbitration panel may at any of the stages of the conflict request from the parties to submit the original of the documents submitted thereto unless the parties of the arbitration agree on accepting only copies of these documents.

#### **Article (24)**

The arbitration panel shall set a date to hear the parties and shall inform them of such date in adequate time. The panel may hear the parties or consider the briefs and documents sufficient if the parties agree thereon.

#### **Article (25)**

Submission of documents to the person that must be informed thereof shall be made to him in person or to his workplace or usual residence or postal address specified in the arbitration agreement and in the contract regulating this relation unless the parties agree otherwise.

#### **Article (26)**

- 1- If the plaintiff fails to submit the written statement set forth in paragraph (1) of Article (23) of this law without acceptable reasons, the arbitration panel must upon request of the defendant dismiss the case.
- 2- If the defendant does not submit the brief set forth in paragraph (2) of Article (23) stated hereabove without acceptable reasons, the arbitration panel must upon request of the plaintiff continue the procedures without considering such act as acceptance by the defendant of the pleas of the plaintiff. The arbitration panel may in this case make a judgment in abstentia based on the evidence submitted thereto.

#### **Article (27)**

The arbitration panel shall hear evidence of the parties and write down the minutes of each session in a registry signed in accordance with the law in force and shall submit copies thereof to each of the parties upon request.

#### **Article (28)**

- 1- The arbitration panel may upon request thereof or of any of the parties of arbitration summon any witness to testify or to submit any documents.
- 2- If such witness refuses to appear before the arbitration panel, the panel shall have the right to request from the competent court to summon the witness on the date set therefor.

#### **Article (29)**

The arbitration panel may request from the competent court to make a proxy decision to hear the evidence of a witness living outside the area of jurisdiction of the court and unable to appear before it.

### **Article (30)**

The arbitration panel may upon request of any of the parties or by its own decision appoint one or more experts in any matter it determines, in which case each party must submit to such expert any information or document related to this matter.

### **Article (31)**

- 1- The arbitration panel shall send a copy of the expert's report to all of the parties while providing for an opportunity to question the expert before the arbitration panel in a session set for this purpose.
- 2- Every party shall have the right to call one or more experts to give their opinion on the matters dealt with in the report of the expert assigned by the arbitration panel.

### **Article (32)**

- 1- in the event of claim of fraud of any essential document related to the matters of conflict before the arbitration panel, the claiming party shall be requested to prove the claim before competent bodies.
- 2- The procedures of arbitration shall be suspended until a decision is made regarding the claim of falsification if the claimant proves that he had submitted his claim to the competent bodies within one week from the date he was asked to do so.

### **Article (33)**

The arbitration panel, upon review of the conflict, may issue orders for precautionary or urgent measures it deems fit against any of the parties of arbitration if the agreement on arbitration states for such measures, in which case the ruling made shall have the force of a judgment by the competent court and shall be implemented in the same manner of implementation of judgments and decisions.

### **Article (24)**

The arbitration panel may decide to oblige the parties to payment of any sums it deems fit to cover the expenses incurred by the arbitration provided that the agreement on arbitration states clearly that this principle is acceptable. If the parties or any thereof fails to pay the sums due to the arbitration panel, the panel may request the competent court to issue a ruling therefor.

## **Chapter Five Arbitration decisions and appeals**

### **Article (35)**

- 1- Each of the arbitration parties shall have the right to amend or complete its claims or pleas during the arbitration procedures unless the arbitration panel decides to dismiss such right to prevent hindering the settlement of dispute.
- 2- After completion of evidence of the parties, the arbitration panel shall decide to suspend the case for issuance of judgment while allowing the parties to submit final plea within the period set by the panel.

#### **Article (36)**

The parties in conflict may delegate the arbitration panel to proceed with conciliation among them on the bases of justice. The arbitration panel may upon request of any of the parties or by its own decision suggest a friendly settlement or the dispute.

#### **Article (37)**

If the parties agree before issuance of the arbitration decision to settle the dispute, the arbitration panel shall make a decision to ratify the settlement within the terms agreed upon and shall consider such settlement as a decision of the panel.

#### **Article (38)**

- 1- (a) The arbitration panel must issue the decision settling the dispute within the period agreed upon by the parties.  
(b) Unless the parties agree otherwise, the decision must be made within twelve months from the date of commencement of the arbitration procedures. In all cases the arbitration panel may extend this period by a delay not exceeding six months.
- 2- In the event no arbitration decision is made within the period set forth in paragraph (a) hereabove, any of the arbitration parties may request from the competent court to extend the period of arbitration or to end the arbitration procedures. In which case, the parties shall have the right to file a case with the competent court.
- 3- The arbitration panel shall made its final decision in the conflict within three months from the date it suspended the case for judgment, and shall have the right to expend this period if such extension is deemed necessary.
- 4- Arbitration decisions shall be made by unanimity or majority of opinions after debates if the arbitration panel is composed of more than one arbitrator or by decision of the casting arbitrator if no majority is obtained.

#### **Article (39)**

- 1- The arbitration decision shall include summary of the agreement on arbitration, the parties of the arbitration as well as the issues of arbitration, heard and written evidence, claims and the reasons and phrasing for the decision in addition to the date and place of issuance and the signature of the arbitration panel.
- 2- The arbitration panel shall include in its decision any matters related to fees, expenses and remuneration incurred by the arbitration and the mood of payment thereof.

#### **Article (40)**

The arbitration panel shall make its decisions in presence of the parties. If one or more of the parties is absent albeit being informed, the panel shall make its decision in this session and inform the absent party thereof. In which case the decision shall be considered in presentia unless otherwise is agreed by the parties.

#### **Article (41)**

Without jeopardizing the provisions of the law, the decision of arbitration or any part thereof may not be published without approval of the parties of arbitration or of the competent court.

#### **Article (42)**

- 1- The arbitration panel may on its own or upon request from any of the parties provided such request is submitted within thirty days from being informed of the arbitration decision or informing the other party, correct any accountancy, written or any other material mistakes that occurred in its decision. This correction shall be made on the original copy of the decision and shall be signed by the arbitration panel.
- 2- The correction must be made within thirty days from the date of issuance of judgment if the correction is to be made by the same panel, within thirty days from receiving the request for correction if the correction is to be made upon request of any of the parties.
- 3- The arbitration panel may upon request submitted by any of the parties within thirty days after being informed of the arbitration decision and provided that the other party is informed, explain specific points stated in the arbitration decision or in any parts thereof. If the arbitration panel is convinced of the request to explain, it shall make its decision within thirty days from the date it received the request, in which case, the decision of explanation shall be considered complementary to the arbitration decision it explains and shall be subject to the same provisions.
- 4- If the arbitration panel cannot convene in reason of death or illness of any of the arbitrators, the competent court shall dissolve the arbitration panel unless is other wise explicitly specified.

#### **Article (43)**

All of the parties of arbitration shall have the right to appeal against the decision of arbitration before the competent court for any of the following reasons:

- 1- In the event any of the parties of arbitration does not enjoy all or part of his capacity in accordance with the law governing such capacity unless this party is represented in correct legal manner.
- 2- If the arbitration panel or any of the members thereof is affected by any cause for loss of capacity before issuance of the decision of arbitration.
- 3- In case of violation thereof of the public order in Palestine.
- 4- Repeal of the arbitration agreement or annulment thereof upon termination of duration.

- 5- Misconduct by the arbitration panel or violation of what the parties had agreed on regarding application of legal rules on the issues in dispute or in the event the panel does not abide to the agreement or issues of arbitration.
- 6- If the decision of arbitration is considered null or if the procedures thereof are void thus making the decision null.
- 7- If the decision of arbitration is obtained by fraud or swindle unless the decision had been implemented before discovery of such fraud or swindle.

#### **Article (44)**

- 1- The request to appeal against the arbitration decision shall be submitted to the competent court within thirty days as from the day subsequent to the date on which the decision was made if the arbitration decision is made in the presence of the parties; otherwise the appeal can be made as from the day subsequent to the date on which the parties were informed of the decision.
- 2- If the appeal to the arbitration decision is based on paragraph (7) of Article (43) of this law, the due date for appeal shall start as from the date on which fraud or swindle was discovered.

#### **Article (45)**

- 1- If the period set forth in Article (44) of this law elapses without appeal to the arbitration decision, the competent court shall upon request of any of the parties ratify this decision and make it enforceable, in which case the decision shall be final and implemented in the same way of implementation of courts decisions.
- 2- If the competent court decides to reject the request for appeal, it shall consider the arbitration decision correct and make it enforceable.
- 3- If the competent court decides to revoke the arbitration decision, it may if it deems fit, refer the conflict to the arbitration panel again for review of some aspects determined by the court.

#### **Article (46)**

Taking into account the provisions of Article (44) of this law, the due dates applicable to the appeal of decisions made by the competent court shall be subject to the rules and procedures of appeal applicable in the court treating the appeal.

#### **Article (47)**

After ratification of the arbitration decision by the competent court, it shall have the same power and effect as court decisions and shall be implemented in the manner used to implement any ruling or decision emanating from any court in compliance with the applicable procedures.

#### **Article (48)**

Taking into consideration the international agreements adhered by Palestine and the laws in effect in Palestine, the competent court may, even upon its own consideration, refuse to implement a foreign arbitration decision in any of the two following cases:

- 1- if the decision violates public order in Palestine;
- 2- if the decision is not conform to the international treaties and agreements applicable in Palestine.

#### **Article (49)**

Any party convicted by a foreign arbitration decision may request from the competent court to stop implementation of the decision of arbitration based on any of the following reasons:

- 1- if this party proves to the court validity of any of the reasons set forth in Article (43) of this law.
- 2- If it proves that the decision was nullified or the implementation thereof was suspended by any of the courts in the country in which the decision was made.
- 3- If the convicted party proves that the decision to be implemented was appealed in the country in which it was made and that no settlement has been reached regarding the appeal, in which case the competent court must suspend registration of the decision till issuance of a ruling regarding the appeal thereto.
- 4- If any of the courts in Palestine had issued a verdict that contradicts with the decision in a case filed between the same parties regarding the same matter and facts of conflict.

#### **Article (50)**

Any party requesting implementation of any foreign arbitration decision must submit to the competent court the following items:

- 1- the foreign arbitration decision ratified by the Palestinian political representative or consul if any.
- 2- The decision must be translated into Arabic by a legal translator certified by the competent bodies, and the translation must be ratified by the political or consular representative of the country of the party requesting the registration. Or, the decision must be translated by a Palestinian legal sworn-in translator.

#### **Article (51)**

The party convicted shall be sent a copy of the execution order and annexes thereof in accordance with applicable procedures.

#### **Article (52)**

The convicted party may, upon receipt of the execution order in compliance with applicable procedures, submit a brief to the court within thirty days from the date on which it was informed. The other party shall be informed by a copy of the brief in accordance with applicable procedures.

#### **Article (53)**

The decision of the competent court to implement or reject a foreign arbitration decision shall be revocable by appeal within thirty days from the date subsequent to the day on which it was issue

if it was made in presence of the parties or on the next day after the date on which it was informed to the parties in case of decision in abstentia.

## **Chapter Six** **Final provisions**

### **Article (54)**

The Minister of Justice shall issue the decisions, guidelines and rulings related to the list of certified arbitrators set forth in Article (11) of this law.

### **Article (55)**

The Ministerial Cabinet shall issue the regulations and decisions necessary for the implementation of the provisions of this law within a period not exceeding six months after the date of the publication thereof.

### **Article (56)**

The provisions of this law shall apply to any arbitration undergoing upon enforcement of this law and that it was not suspended for judgment therein.

### **Article (57)**

Any provisions that contradict with the provisions of this law shall be repealed.

### **Article (58)**

All competent bodies, each within the limits of its jurisdiction, shall implement the provisions of this law, which shall come into effect thirty days after its publication in the official gazette.

Promulgated in the City of Gaza on 5<sup>th</sup> April 2000, that is 1<sup>st</sup> Muharam 1421 Hegira.

Yasser Arafat  
Chairman of the Executive Committee of the Palestine Liberation Organization  
President of the Palestinian National Authority