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New draft Afsa International Arbitration Rules published

By Jackie Lafleur

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In December 2017, South Africa's International Arbitration Act (IA Act) came into operation. The IA Act incorporated the UNCITRAL Model Law and was intended to bring South Africa's international arbitration laws in line with international standards.



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Arising out of the promulgation of the IA Act, the Arbitration Foundation of Southern Africa (Afsa), being the leading arbitral institute in South Africa, has experienced a significant increase in its international caseload. Consequently, Afsa decided to review and revise its International Arbitration Rules in order to facilitate the continued growth of its international caseload and to ensure that it keeps pace with developments of the rules of other major arbitral centres around the world.

A highly regarded drafting committee was put together for this purpose and, on 1 July 2020, Afsa's new draft International Arbitration Rules (the Rules) were published for public comment.

The Rules are aimed at consolidating best practice from an international perspective and, in that sense, some of the provisions that have been included mirror or closely resemble those provisions in other successful international arbitration rules. In addition to this, Afsa has sought to ensure that the Rules are modern and innovative in the sense that they cater to the specificities of arbitration in Southern Africa.

With these aims in mind, some highlights of the Rules include:

• Article 10, which provides for an expedited arbitration procedure in circumstances where the amount in dispute, counterclaim (or set-off) defence does not exceed US\$500,000 or where the parties agree to an expedited procedure. Aimed at reducing the time and costs often associated with international arbitration proceedings, the expedited procedure requires that a final award be communicated to the parties within 6 months from receipt of the case file by the tribunal. Only in exceptional circumstances can the Secretariat established under the Rules extend this time period.

- Article 11, which makes provision for the appointment of an emergency arbitrator in circumstances where urgent relief is required prior to the constitution of the arbitral tribunal. Article 11 sets out, in detail, the requirements for an application for an emergency arbitrator, the time period for the appointment of an emergency arbitrator (being 48 hours of receipt of an application) and the manner in which the emergency procedure is to be conducted.
- Article 12, which makes provision for the early dismissal of a claim or defence in circumstances where such claim or defence lacks legal merit or is manifestly outside the jurisdiction of the arbitral tribunal. An application for early dismissal must be made within 30 days of the constitution of the arbitral tribunal.
- The Rules also deal with circumstances where a party indicates an intention to not participate, or to no longer participate, in the arbitration. In terms of Article 17, where a respondent fails to submit a Statement of Defence or a claimant a Statement of Defence to a Counterclaim, or if any party fails to avail itself of the opportunity to present its written case, then the tribunal may proceed with the arbitration and make one or more awards. Where a claimant fails to submit its Statement of Claim, the tribunal may terminate the arbitral proceedings or give any other directions as appropriate.
- The Rules also cater for the joinder and intervention of a party or non-party to the arbitration, both before and after the constitution of the arbitral tribunal. Article 29(1) provides that, prior to the constitution of the tribunal, a party may bring an application for one or more additional parties to be joined, provided that all parties, including the party to be joined, have consented to the joinder or the additional party to be joined is prima facie bound by the arbitration agreement in terms of which the arbitration has been brought. After the Tribunal has been constituted, Article 29(8) provides that a party or non-party may only be joined if all of the parties have consented to the joinder (including the party sought to be joined).
- Article 21(6) permits the tribunal to direct that the hearing take place in person or by any other means appropriate taking into account all of the circumstances of the parties. This includes hearings via video or teleconference or a combination of the two.
- In terms of Article 36, the Rules attempt to strike a balance between the confidential nature of arbitrations (which is one its main advantages) and the need for transparency in respect of the decision making process of the arbitral tribunal. In this regard, the parties are required to keep confidential all awards made, materials created for the purposes of the arbitration and documents produced by another party that is not in the public domain. In addition, the deliberations of the tribunal are required to remain confidential. However, Article 36(3) contains an exception in terms of which, unless a party objects to the publication of an award within 30 days after notification of the award, Afsa may publish the award in an anonymized form.

The period for public comment on the Rules closed on 31 August 2020. Further updates in respect of the implementation of the Rules and/or any amendments to the Rules are to be expected to be communicated by Afsa soon.

A copy of the Rules can be found <u>here</u>.

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