



# INFOCARD ELANBiz The Judicial and Arbitration Systems in Peru<sup>1</sup>

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The purpose of this infocard is to provide information on the Judicial and Arbitration Systems in Peru

## **Introduction: Justice Administration in Peru**

The administration of justice for the resolution of controversies and/or the protection of rights in Peru is the responsibility of the **Judicial Branch** as established by the Peruvian Constitution<sup>2</sup>. Foreign investors should know that <u>legal proceedings in Peru are slow</u><sup>3</sup>. For example, for the purpose of enforcing a contract, the judicial processes last an average of 693 calendar days, the OECD countries average being 590 calendar days<sup>4</sup>. However, the average of Latin American countries in this regard is 817 calendar days.

In addition to the acknowledgment of the judicial branch as the power in charge of the administration of justice, the Peruvian Constitution also recognizes arbitration<sup>5</sup> as an <u>alternative dispute resolution mechanism</u> which is regulated by a special law<sup>6</sup>. Arbitration has had an important development in Peru due to its discretion, specialty and speed. Its dissemination in the country has reached such a point that arbitration is mandatory to resolve disputes over the contracts of entities of the Peruvian government against their suppliers.

Hereinafter, we will analyze the basic aspects of the judicial and arbitration systems of Peru.

# 1. The Judicial System

The most important institutions of the Judicial System in Peru are the **Judicial Branch** - the main institution for the administration of justice - and its autonomous bodies, i.e. the **National Board of Justice**, the **Public Ministry** and the **Constitutional Court**.

<sup>&</sup>lt;sup>1</sup> The information contained in this infocard is only general. For more detailed info and commercial promotion events, as well as posible business contacts, please contact the Commercial Offices of the Member States and the bilateral Chambers in Lima.

<sup>&</sup>lt;sup>2</sup> According to Article 138° of the <u>Peruvian Constitution</u>.

<sup>&</sup>lt;sup>3</sup> The judicial branch has also faced corruption charges. See: <a href="https://www.edugestores.pe/encuesta-ipsos-cuales-son-las-ocho-instituciones-percibidas-como-las-mas-corruptas/">https://ojo-publico.com/1809/el-enemigo-en-casa-magistrados-corruptos-en-el-sistema-de-justicia</a>

<sup>&</sup>lt;sup>4</sup> According to Chapter 6, Pages 73 through 88 of the document "<u>Doing Bussiness en el Perú 2020</u>" drafted by the International Bank for the Reconstruction and Development of the World Bank.

<sup>&</sup>lt;sup>5</sup> Mainly, according to articles 62°, 63° and 139° subsection 1) of the Peruvian Constitution.

<sup>&</sup>lt;sup>6</sup> Duly regulated, in a general fashion, by <u>Legistlative Decree N° 1071</u> – "Legislative Decree which regulates arbitration", amended by <u>Legislative Decree N° 1231</u> and <u>Urgent Decree N° 020-2020</u>.





## The Judicial Branch: structure and legal proceedings

Concerning its structure, the Judicial Branch is a branch of government, at the same level as the Executive Branch (National Government) and the Legislative Branch (Congress of the Republic), which has the power to administer justice in the country. It is governed mainly by the Peruvian Constitution<sup>7</sup>, the international human rights treaties signed by Peru<sup>8</sup>, the Organic Law of the Judicial Branch<sup>9</sup> and the Law regulating Legal Professions<sup>10</sup>.

It is represented by the <u>President of the Judicial Branch</u>, who in turn is the President of the Supreme Court, who is currently Dr. Elvia Barros Alvarado. The highest deliberation and decision-making body of the Judicial Power is the <u>Plenary Chamber of the Supreme Court</u> made up of the President of the Judicial Power and the 16 Titular Judges of the Supreme Court. Its direction and management body is the <u>Executive Council</u> of the Judicial Branch, made up of the President of the Judicial Branch and five members.

## a) Structure

The judicial branch is made up of the **Supreme Court of Justice**, the **Superior Courts**, the **Specialized Courts** and the **Legal Justices of the Peace**.

## **The Supreme Court of Justice**

It is the highest instance of the Judicial Branch, which rules in the last instance, when the judicial processes have been initiated in the superior courts or directly before the same Supreme Court, and in an extraordinary way through its sentences called "Cassations" according to the procedural laws of Peru.

The Supreme Court is made up of nine supreme chambers: 1) <u>The Permanent Civil Chamber</u>, 2) <u>The Permanent Criminal Chamber</u>, 3) <u>The Transitory Criminal Chamber</u>, 4) <u>The Permanent Constitutional and Social Law Chamber</u>, 5) <u>The First Transitory Constitutional Law Chamber</u>, 6) <u>The Second Transitory Constitutional and Social Law Chamber</u>, 7) <u>The Third Transitory Constitutional and Social Law Chamber</u>, 8) <u>The Fourth Transitory Constitutional and Social Law Chamber</u>, and 9) <u>The Special Criminal Chamber</u>.

It should be noted that each of the aforementioned Supreme Court Chambers is made up of five (05) supreme judges, except for the Special Criminal Chamber, which is made up of three (03) supreme judges. According to the latest statistics reported by the Judiciary, there are 50 supreme judges, made up of 16 titular supreme judges and 34 provisional supreme judges.

<sup>&</sup>lt;sup>7</sup> Mainly, according to articles 62°, 63° and 139° subsection 1) of the <u>Peruvian Constitution</u>.

<sup>&</sup>lt;sup>8</sup> Can be viewed in the <u>Human Rights Compendium: International Treaties of which Peru is a party to</u>, drafted by the Ministry of Justice and Human Rights of Peru.

 $<sup>^{9}</sup>$  Supreme Decree N $^{\circ}$  017-93-JUS – Single Organized Text of the Organical Law of the Judicial Branch.

<sup>&</sup>lt;sup>10</sup> Law N° 29277 – Law of Judicial Career.





## **The Superior Courts**

They are the jurisdictional bodies for the administration of justice which normally resolve judicial processes in the second instance, they are under the Supreme Court of Justice, and there are currently 29 superior courts of justice in the territory of Peru.

Their decisions can only be reviewed extraordinarily by the Supreme Court of Justice<sup>11</sup>. Each Superior Court is presided over and represented by a President of the Superior Court and each one of its specialized Superior Chambers is made up of three superior judges (called "superior members").

In each Superior Court, there are generally Civil Chambers, Criminal Chambers, Labor Chambers, Family Chambers, Administrative Litigation Chambers, Commercial Chambers and Mixed Chambers; that solve disputes according to their specialization. According to the latest statistics reported by the Judiciary<sup>12</sup>, there are 786 superior judges, throughout the Peruvian territory.

#### **The Specialized Courts**

They are the jurisdictional bodies for the administration of justice which normally are in charge of the judicial proceedings in the first instance. Each court is made up of a specialized judge and their decisions can be appealed to the Superior Court in second instance. The courts are specialized mainly in civil, criminal, commercial, labor, contentious-administrative and mixed matters. According to the latest statistics reported by the Judiciary<sup>13</sup>, there are 1,923 specialized judges throughout the Peruvian territory.

#### **The Justices of the Peace**

Legal justices of the peace are created to administer justice in certain rural and urban areas and their scope of action is generally one, two or more districts throughout the Peruvian territory. These courts resolve minor or quick-resolution cases, their decisions are normally appealed to the Specialized Courts. They are made up of only one Legal Justice of the Peace. According to the latest statistics reported by the Judiciary<sup>14</sup>, there are 636 Legal Justices of the Peace, throughout the Peruvian territory.

<sup>&</sup>lt;sup>11</sup> The rulings of the Superior Courts can be reviewed by the Supreme Court of Justice, through its cassations, only if they do not properly apply the law or make a decision which departs from national jurisprudence and binding precedents, in accordance with Article 386° of the Peruvian Code of Civil Procedures.

<sup>&</sup>lt;sup>12</sup> Institutional Statistical Bulletin, last updated September 2020; drafted by the Peruvian Judiciary. Page 11.

<sup>&</sup>lt;sup>13</sup> Idem

<sup>&</sup>lt;sup>14</sup> Idem





# b) Legal Proceedings

**Regarding the lawsuits** that are filed with the judicial branch, these are: civil, criminal, labor and contentious-administrative.

## **Civil Proceedings**

Civil proceedings are a set of acts, carried out in court, with the purpose of resolving the conflict or controversy between two parties, in civil or commercial matters that include matters regarding the property rights, contracts, family, inheritance, movable and immovable property, civil liability and private international law. It is regulated mainly by the <u>Peruvian Code of Civil Procedures</u> and they are resolved by Legal Justices of the Peace, specialized courts, civil courts and in an extraordinary way in the last instance by the Supreme Court of Justice.

Likewise, Civil Proceedings can be sub-divided as follows:

- 1. Knowledge Proceedings<sup>15</sup>.
- 2. Abbreviated Proceedings<sup>16</sup>.
- 3. Expedited Proceedings<sup>17</sup>.
- 4. Precautionary Proceedings<sup>18</sup>.
- 5. Execution Proceedings<sup>19</sup>.
- 6. Non-contentious Proceedings<sup>20</sup>.

Within the non-contentious processes, there is a type of proceedings called "exequatur", used for the recognition and execution of arbitration awards and foreign judgments that is regulated from article 2102° to article 2111° of the Peruvian Civil Code<sup>21</sup>.

<sup>&</sup>lt;sup>15</sup> It is a civil procedure which settles disputes concerning claims higher than PEN 440,000.00 (approx. 100,000 euros) and other matters described in Article 475° of the <u>Code of Civil Procedures</u>. Likewise, its organitzation, stages, and applicable deadlines are established in articles 476° through 485° of the <u>Code of Civil Procedures</u>.

<sup>&</sup>lt;sup>16</sup> It is a civil procedure which settles disputes concerning claims of between PEN 44,000.00 (approx. 10,000 euros) and PEN 440,000.00 (approx. 100,000 euros) and other matters described in Article 486° of the <u>Code of Civil Procedures</u>. Likewise, its organitzation, stages, and applicable deadlines are established in articles 487° through 539° of the <u>Code of Civil Procedures</u>.

<sup>&</sup>lt;sup>17</sup> It is a civil procedure which settles disputes concerning claims lesser than PEN 44,000.00 (approx. 100,000 euros) and other matters described in Article 546° of the <u>Code of Civil Procedures</u>. Likewise, its organitzation, stages, and applicable deadlines are established in articles 547° through 607° of the <u>Code of Civil Procedures</u>.

<sup>&</sup>lt;sup>18</sup> It is a civil procedure whose purpose is to grant precautionary measures (measures that ensure compliance with judicial rulings), whose organitzation, stages, and applicable deadlines are established in articles 608° through 687° of the <u>Code of Civil Procedures</u>.

<sup>&</sup>lt;sup>19</sup> It is a civil procedure to request the execution and/or payment of executive titles, such as arbitration awards, judicial rulings, conciliation agreements, compliance with extrajudicial transactions, securities (bills of exchange, promissory notes, checks or others), whose organization, stages and terms are established in articles 688° through 748° of the <a href="Code of Civil Procedures">Code of Civil Procedures</a>.

<sup>&</sup>lt;sup>20</sup> It is a civil procedure where there is no controversy, they are mainly proceedings before judges, to give judicial solemnity to certain acts, or for the recognition of judicial decisions or awards issued abroad, whose organization, stages and applicable deadlines are established in articles 749° through 840° of the <u>Code of Civil Procedures</u>.

<sup>&</sup>lt;sup>21</sup> Likewise, it is regulated from articles 837° through 840° of the <u>Code of Civil Procedures</u>.





Among the main aspects of the exequatur in Peru, we can mention the following:

- The exequatur is dominated by the principle of reciprocity: If the foreign country does not comply with the rulings of the Peruvian courts, the rulings of that country will not be enforceable in Peru;
- The foreign court from which the sentence object of the exequatur was issued must have been competent according to its International Private laws;
- The foreign judgment must have complied with the principles of due process according to the law of the place where the process took place;
- The sentence must have *res judicata* authority according to the law of the place where the process took place, that is to say that it is no longer possible to appeal it;
- There must be no pending lawsuit between the same parties and regarding the same object, initiated before the claim that gave rise to the foreign judgment;
- The foreign judgment must not be incompatible with another judgment that has been previously issued and must not be contrary to the public order or good morals;
- The foreign judgment must be presented through a legalized or apostilled copy officially translated into Spanish.

#### **Criminal Proceedings**

It is a set of acts whose purpose is to verify the criminal responsibility of a person and apply the corresponding sanction, guaranteeing the fundamental rights and due process of that person during the development of all the acts. It is regulated mainly by the <a href="New Criminal Procedure Code - Legislative">New Criminal Procedure Code - Legislative</a> Decree N° 957. It should be noted that the holder of the criminal action, who represents the Peruvian State in the Criminal Process, is the Public Ministry composed of its prosecutors.

## **Labor Proceedings**

It is a set of organized acts whose purpose is to recognize labor rights or resolve labor disputes, the parties are generally the worker and the employer. It is mainly regulated by <u>Law N° 29497 - New Labor Procedural Law</u>.

## **Administrative Litigation**

It is a set of organized acts whose purpose is the legal control, by the Judicial Branch, over the actions of the public administration of the Peruvian State, subject to administrative law and the effective protection of the rights and interests of the administered, in accordance with the provisions of the Article 148° of the <u>Peruvian Constitution</u>. It is regulated mainly by the Single Organized Text of Law N°27584 – Law which regulates the Administrative Litigation Process, passed by <u>Supreme Decree N°</u>





011-2019-JUS, and additionally by the Code of Civil Procedures.

#### The National Board of Justice

The National Board of Justice is an autonomous and independent constitutional body, whose <u>main functions</u> are the appointment, evaluation, dismissal, ratification and application of sanctions to the Judges of the Judicial Branch and Prosecutors of the Public Ministry. It replaced the National Council of the Magistracy. It is made up of <u>seven full members</u><sup>22</sup>, for a period of five years. The re-election of its members is prohibited.

## The Public Ministry

The Public Ministry is an autonomous body of the State and its main functions are the defense of legality, citizen rights and public interests; the representation of society in court; the prosecution of crime; and civil reparation. It is chaired by the <a href="Attorney General">Attorney General</a> and together with the supreme prosecutors they constitute the Board of Supreme Prosecutors.

The Prosecutors are organized in hierarchical order as follows:

- <u>The Attorney General</u>
- The Supreme Prosecutors
- The Superior Prosecutors
- The Provincial Prosecutors

They are regulated, mainly, by the Peruvian Constitution<sup>23</sup> and the Organic Law of the Public Ministry<sup>24</sup>.

#### **The Constitutional Court**

It is the supreme, autonomous and independent body for the interpretation and <u>control of constitutionality in Peru</u>. It does not depend on any other constitutional body. It is in charge of defending the principle of constitutional supremacy, that is, as the supreme interpreter of the Constitution, it takes care of the respect of the laws, the entities of the State and the people. The Constitutional Court is made up of <u>seven members</u> elected by the Congress of the Republic for a period of five years. There is no immediate reelection. The Constitutional Court exercises concentrated

<sup>&</sup>lt;sup>22</sup> They are selected through a public competition at the national level, under the charge of a Special Commission, which is in charge of a Special Commission, made up of: the Ombudsman, who chairs it; the President of the Judiciary; the Attorney General; the President of the Constitutional Court; the Comptroller General of the Republic; a rector elected by vote by the rectors of licensed public universities with more than fifty years of seniority; and a rector elected in a vote by the rectors of licensed private universities with more than fifty years of antiquity, according to the provisions of article 155° of the Peruvian Constitution.

<sup>&</sup>lt;sup>23</sup> Mainly, according to articles 158° through 162° of the <u>Peruvian Constitution</u>.

<sup>&</sup>lt;sup>24</sup> <u>Legislative Decree N° 052</u> – Organic Law of the Public Ministry.





control of the constitutional order, that is, it is the only body that can declare a law unconstitutional.

Within its main faculties, it resolves in the last instance the proceedings on constitutional guarantees:

- Protection of Rights (amparo proceedings, habeas corpus proceedings, habeas data proceedings and compliance proceedings);
- Regulatory Control (unconstitutionality proceedings and popular action proceedings); and
- Conflict of competence (proceedings on competence).

# 2. The Arbitration System

In order to provide important elements about the arbitration system in Peru, it is worth mentioning (i) its characteristics, (ii) the types of arbitration, (iii) the investment arbitration in Peru, (iv) the arbitration in contracts with the State, and (vi) the international arbitration agreements signed by Peru.

#### **Characteristics**

The main characteristics of arbitration are the following:

- It is an alternative means of dispute resolution on matters freely available to the parties, submitted on a voluntary basis through an arbitration agreement signed by the parties;
- Disputes are resolved by independent and impartial arbitrators;
- Arbitrators have the authority to resolve disputes, according to the competence conferred by the parties to arbitration, on a voluntary basis;
- The arbitrators resolve the controversies with the issuance of an Arbitration Award, which is final and binding, and puts an end to the controversy, obliging the parties to comply with the decision;

The arbitration process is regulated by <u>Law N° 1071</u> – Law which regulates Arbitration, modified by <u>Legislative Decree N° 1231</u> and <u>Urgent Decree N° 020-2020</u>.

It should be noted that it is possible to sue in court for the annulment of the arbitration award due to procedural errors<sup>25</sup>, but not on the merits.

 $<sup>^{25}</sup>$  The causes for seeking the annulment of arbitration awards are established in Article 63° of <u>Law N° 1071</u> – Law which regulates Arbitration.





## **Types of Arbitration in Peru**

#### **Arbitration of Law or Arbitration of Conscience**

In Arbitration of law, the arbitrators resolve the dispute in accordance with the application of current laws. In the case of Arbitration of conscience, the arbitrators resolve the dispute according to their best knowledge and understanding. In both cases, the arbitrators must explain or justify their decisions.

#### **National and International Arbitration**

We refer to International Arbitration in cases where a foreign element is present, either because of the nationality of the parties, the choice by mutual agreement of the headquarters of the arbitration or the execution of the contract abroad<sup>26</sup>. In this sense, when none of the above mentioned elements of international arbitration takes place, the arbitration is considered as national.

#### Ad Hoc and Institutional Arbitration

Ad hoc Arbitration is a type of arbitration organized and managed by the arbitrators themselves, chosen by the parties, who establish their own arbitration rules for the specific arbitration process, within the framework of <u>Law N° 1071</u> - Law which regulates arbitration.

Institutional Arbitration is a type of arbitration where the parties submit to an arbitration process organized and managed by an arbitration institution with pre-established rules.

Currently, in Peru, there are various arbitration institutions, such as:

- The National and International Arbitration Center of the Chamber of Commerce of Lima.
- The Center for Analysis and Conflict Resolution of the Pontifical Catholic University of Peru (PUCP).
- The Arbitration Center of the American Chamber of Commerce of Peru AMCHAM.
- The Center of Arbitration of the Lima Bar Association.

In terms of comparison, the difference between both types of arbitrations are as follows:

Ad Hoc Arbitration	Institutional Arbitration
Uncertain Rules: For each arbitration, the arbitrators themselves are the ones who set the rules of the arbitration proceedings in the terms of reference of the arbitration.	<b>Certain Rules:</b> The rules governing arbitration precede the beginning of the arbitration. Each arbitration institution has its own Rules of Procedure.
Organization: It does not have logistical	Organization: The logistical support is in charge

<sup>&</sup>lt;sup>26</sup> According to Article 5° of <u>Law N° 1071</u> – Law which regulates Arbitration.

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Ad Hoc Arbitration	Institutional Arbitration
support, it is the arbitrators themselves who organize and manage the arbitration proceedings.	of a specialized arbitration institution, which leads and manages the arbitration proceedings.
Fees: The arbitrators freely set their fees.	<b>Fees:</b> Each arbitration institution has a list of fees rates and expenses.
<b>Referees:</b> There is no predefined list of selected arbitrators. The Parties select the arbitrators and evaluate their experience.	<b>Arbitrators:</b> The arbitration institution has a predefined and selected list of arbitrators, without prejudice to the fact that the parties may propose their own arbitrator although they are not included in the institution's list of arbitrators.

#### **Investment Arbitration**

Peru signed the Washington Convention on 4 September 1991: the <u>Convention on the Settlement of Investment Disputes between States and Nationals of other States</u><sup>27</sup> (Convention), which creates the International Center for Settlement of Investment Disputes (ICSID) and entered into force on 8 September 1993. In this sense, <u>ICSID</u>, which is part of the World Bank, is a dispute settlement mechanism using arbitration to resolve disputes which may arise regarding investment matters, between the Contracting State of the Agreement receiving the Investment and the Foreign Investor (natural or legal person) who has the nationality of a Contracting State of the Agreement.

It should be noted that, to use ICSID to solve their disputes, the parties must voluntarily sign a specific agreement in writing, that is, both the Contracting State and the Foreign Investor. In general, the main standards of international investment agreements applied by ICSID in dispute resolutions are: i) Fair and equitable treatment, ii) The investor should not receive less favorable treatment than that received by a national investor (national treatment); and iii) most favored nation clause (MFN clause).

Likewise, it should be noted that arbitration on investment matters is permitted by the <u>Peruvian</u> <u>Constitution</u>, specifically in the last paragraph of Article 63°.

Currently, Peru has 10 arbitrations in process and 17 concluded arbitrations<sup>28</sup> before ICSID, of which it has won 14. It should be noted that, out of the USD 50,000 million claimed against them, Peru has only had to pay USD 43 million to its counterparts in the arbitration proceedings that were concluded.<sup>29</sup>

<sup>27</sup> The convention was ratified by the Peruvian Congress through <u>Law N° 26210</u> on July 2<sup>nd</sup> 1993.

According to the information published by the Ministry of the Economy and Finance of Peru (MEF): <a href="https://www.mef.gob.pe/es/?option=com">https://www.mef.gob.pe/es/?option=com</a> content&language=es-ES&Itemid=100906&lang=es-ES&view=article&id=3970

<sup>&</sup>lt;sup>29</sup> According to the Peruvian News Agency of the Peruvian Government: <a href="https://andina.pe/agencia/noticia-estado-peruano-gano-14-casos-17-controversias-ante-ciadi-784115.aspx">https://andina.pe/agencia/noticia-estado-peruano-gano-14-casos-17-controversias-ante-ciadi-784115.aspx</a>





Peru has been one of the most sued countries before ICSID during 2020, with a total of six arbitrations in that year<sup>30</sup>.

#### **Arbitration in Public Procurements**

According to the <u>Law on Public Procurement and its Regulations</u><sup>31</sup>, disputes arising between a public entity of the Peruvian government with a national or foreign provider, regarding the execution, interpretation, resolution, non-existence, ineffectiveness or invalidity of the contract, are resolved through conciliation or arbitration, according to the agreement between the parties. Likewise, controversies about the nullity of the contract must be submitted to arbitration.

The arbitration on public contracts must be national and of law. It can be done through Ad Hoc or Institutional arbitration. Ad Hoc arbitrations can only resolve disputes that have an amount up to 10 UIT (PEN 44,000.00)<sup>32</sup>, whose appointed arbitrators must be registered in the National Registry of OSCE Arbitrators (RNA-OSCE). Institutional arbitrations must be carried out in arbitration institutions accredited by the Supervisory Authority of Public Procurement (OSCE).

Likewise, OSCE's National Arbitration System (SNA-OSCE)<sup>33</sup> is an institution that attends requests for the residual appointment of arbitrators (when the parties haven't reached an agreement). It is also in charge of processing the challenges that are filed against the arbitrators, and of installing Ad Hoc arbitration tribunals (procedural stage where the parties establish the rules of the arbitration process). The SNA-OSCE provides the services of arbitration secretariat, in arbitration processes entrusted to the OSCE (in the absence of an arbitration center in the area); it assumes the functions of the technical secretariat of the Ethics Council for arbitration, in public procurement; and manages the National Registry of Arbitrators (RNA-OSCE).

Likewise, controversies or conflicts resulting from State-to-State Contracts, also called "Government-to-Government Contracts" or "GtoG", are submitted to arbitration, whether national or international, in accordance with the agreement between the States.

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<sup>&</sup>lt;sup>30</sup> According to CIAR GLOBAL: https://ciarglobal.com/peru-es-el-pais-mas-demandado-en-arbitraje-de-inversiones-en-2020/

<sup>&</sup>lt;sup>31</sup> The laws which regulated arbitration concerning public procurement are established, mainly, in Article 45° of the Law of Public Procurement and in articles 225° through 242° of the Regulations of the Law on Public Procurement.

<sup>&</sup>lt;sup>32</sup> According to Article 7° of <u>Law N° 1071</u> – Law which regulates Arbitration, amended by <u>Legislative Decree N° 1231</u> and <u>Urgent Decree N° 020-2020</u>.

<sup>&</sup>lt;sup>33</sup> The SNA-OSCE is regulated mainly by its Single Organized Text of the <u>Regulations of the National System of Arbitration</u>, <u>passed by Resolution Nº 016-2004-CONSUCODE/PRE</u> and amended by <u>Resolution Nº 172-2021-OSCE/PRE</u>.





#### International Agreements on Arbitration Matters entered into by Peru

The main international agreements on arbitration entered into by Peru regarding arbitration are the following:

Agreement on the Recognition and Enforcement of Foreign Arbitral Awards also known as the New York Arbitration Convention of 1958<sup>34</sup>, passed by Legislative Resolution N° 24810 on 12 May 1988, which entered into force on 5 October 1988:

The New York Convention has a strong influence on the development of international arbitration, as it is accepted in more than 140 countries for the recognition and enforcement of foreign arbitration awards. Its purpose is to prevent the discrimination of foreign awards, since the countries which entered the Convention must establish, in their national laws, rules to recognize foreign arbitration awards in the same condition as national awards.

Indeed, Article 74 of Law N° 1071 - Law that regulates Arbitration, modified by Legislative Decree N° 1231 and Urgent Decree N° 020-2020, has established the application of the New York Convention. It should be noted that, in order to obtain the recognition and enforcement of a Foreign Award in Peru, a procedure called "Exequatur" must be carried out before the Judicial Branch<sup>35</sup>.

- ❖ Inter-American Convention on international commercial arbitration or Panama Convention of 1975, passed by Legislative Resolution N° 24924 of 7 November 1988, which entered into force on 21 June 1989. It is currently in disuse due to its scope of application (only in Latin America) and due to the preponderance of the New York Convention as it is a product of the United Nations (UN).
- Convention on the settlement of investment disputes between States and nationals of other States entered into on 4 September 1991, ratified by <u>Law N° 26210</u> on 2 July 1993, and which entered into force on 8 September 1993.

# **Recommendations for European companies**

- To guarantee the fulfillment of contracts and/or payment obligations, it is advisable to request warranty policies, such as letter bank deposits or surety policies, whose main characteristic is the rapid execution before a bank, without requiring a lawsuit through the Judiciary or an arbitration.
- To facilitate the execution of contracts, we recommend requesting guarantees in bills of exchange or promissory notes since they allow expeditious processes, which are faster than legal

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<sup>&</sup>lt;sup>34</sup> For more current details: <a href="https://cutt.ly/Jk6Mj8r">https://cutt.ly/Jk6Mj8r</a>

<sup>&</sup>lt;sup>35</sup> The laws which regulate the procedure are established in articles 2102° through 2111° of the Code of Civil Procedures.





proceedings.

- According to the information indicated above, due to its greater speed and perception of impartiality, it is recommended that disputes be submitted to arbitration instead of the judicial branch.
- ❖ In the event that a foreign company not domiciled in Peru, executes or participates in an arbitration process in Peru, it is necessary to grant powers of attorney to representatives in Peru (natural persons with a Peruvian National Identity Document or Foreign ID Card with current residence) registered with the Public Registries of Lima<sup>36</sup>.

# **Useful Links**

Judicial Branch of Peru
 https://www.pj.gob.pe/wps/wcm/connect/CorteSuprema/s cortes suprema home/as Inicio/

 National Board of Justice https://www.inj.gob.pe/

• Public Ministry
https://www.gob.pe/mpfn

Constitutional Court
 https://www.tc.gob.pe/

 Arbitration Center of the Chamber of Commerce of Lima https://www.arbitrajeccl.com.pe/

 Center for the Analysis and Conflict Resolution PUCP https://carc.pucp.edu.pe/

 Center of Arbitration of the Lima Bar Association https://www.cal.org.pe/v1/cear-cal-centro-de-arbitraje/

 Supervisory Authority of Public Procurement – OSCE <a href="https://www.gob.pe/osce">https://www.gob.pe/osce</a>

• Centro de Conciliación y Arbitraje (CECONAR) de la Superintendencia Nacional de Salud http://portal.susalud.gob.pe/blog/que-es-el-ceconar/

 Peruvian Institute of Arbitration - IPA https://www.ipa.pe/index.php

 Arbitration Center of the American Chamber of Commerce of Peru – AMCHAM <a href="https://amcham.org.pe/arbitraje/que-es/">https://amcham.org.pe/arbitraje/que-es/</a>

 International Centre for Settlement of Investment Disputes – ICSID https://icsid.worldbank.org/

<sup>&</sup>lt;sup>36</sup> Complying with what is established in articles 165° through 169° of the Regulations for the Registry of Companies.





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