

# Boost for UK economy as Arbitration Act receives Royal Assent

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Ministry of Justice

- New law to turbocharge UK's position as the world-leader in arbitration
- Modernised dispute resolution to attract more international business
- Sector already worth £2.5bn boosted as part of Plan for Change to support growth

The Arbitration Act, which received Royal Assent today (Monday 24 February), will help attract even more businesses from around the world to invest in the UK. It will re-enforce Britain's position as the best place to resolve disputes without having to go to court.

This arbitration process saves companies significant costs in legal fees by providing a quicker alternative to court and reducing acrimony between the parties. Every year there are at least 5,000 domestic and international arbitrations in England and Wales - contributing at least £2.5 billion to the UK economy annually in fees alone.

Modernising arbitration law will ensure the UK remains the global destination of choice for the legal sector, outstripping competitors such as Singapore, Hong Kong and Paris. This will help generate greater employment in the sector to bring even more investment into the UK.

Minister for Courts and Legal Services, Sarah Sackman KC MP, said:

The UK's legal sector contributes billions to the economy and employs hundreds of thousands across the country.

Companies from across the world look to the UK for our legal services and dispute resolution. This new Act ensures that arbitration law keeps this country ahead of the rest and supports economic growth as part of this government's Plan for Change.

Today's new law makes arbitration fairer and more efficient by simplifying procedures to reduce costs and protecting arbitrators from unreasonable lawsuits. It also strengthens the courts' powers to support emergency arbitration so time-sensitive decisions can be made more easily.

International arbitration is a major and growing area of activity. Industry estimates suggest the sector grew by around 26% between 2016 and 2020, and in the past 10 years, UK exports of legal services have risen by more than 80%.

Cristen Bauer, Head of Policy, Chartered Institute of Arbitrators, said:

As the leading professional body globally for dispute resolvers, we are delighted to see the Arbitration Act reach Royal Assent. We worked closely with the UK Law Commission and other officials during the review of the Arbitration Act 1996, and were pleased that the majority of our recommendations were included in the final report, and that all of the review's recommendations were adopted.

The Arbitration Act will strengthen London's position as an arbitration seat, and continue to set a high standard internationally. We look forward to seeing the positive impact of the Arbitration Act 2025 for many years ahead.

This Act supports economic growth in a multi-billion-pound sector – the UK is the largest legal market in Europe and is second only to the US globally.

The new laws are the latest step in the government's work to support the sector to grow. This includes the GREAT Legal Services campaign which was launched in 2017 to promote the strength of English and Welsh Law, the UK's world-renowned independent judiciary, and our legal expertise to the global market.

The latest figures from 2022 show that the UK's legal sector generated £34 billion. This will be enhanced by key agreements in recent months including with Japan, Greece and Malaysia to allow UK lawyers to practise abroad.

The government asked the Law Commission to review the law to ensure the UK remains ahead of the curve when it comes to dispute resolution. They consulted extensively before making recommendations which have been accepted in full.

Once in force, the Arbitration Act will:

- Clarify which law underpins individual arbitration agreements thereby improving legal certainty and speeding up arbitrations.
- Empower arbitrators to speed-up decisions on issues that have no real prospect of success to make arbitration more efficient.
- Introduce a duty on arbitrators to tell parties any circumstances which could cast reasonable doubt on their impartiality in deciding an outcome of a dispute.
- Empower the court to better support arbitration through orders supporting the actions of emergency arbitrators to enhance their effectiveness, and orders against third parties (those not involved in the proceedings) to for example preserve evidence or take witness evidence.
- Extend arbitrator immunity against liability for resignations and the costs of the application to court for their removal, to support arbitrators to make impartial decisions.
- Simplify court procedures related to arbitration to increase clarity as well as reduce delays and costs for parties.

The new law will be commenced through regulations as soon as practicable.