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IBA ARBITRATION COMMITTEE

Arbitration Guide

PANAMA

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Table of Contents

I. Background

(i) How prevalent is the use of arbitration in your jurisdiction? What are seen as the principal advantages and disadvantages of arbitration?

Over the last 20 years, arbitration has become increasingly prevalent in Panama (particularly for commercial disputes), not only for matters involving Panamanian parties but even for disputes between Latin American parties, which see Panama as a safe and convenient seat of arbitration.

Panama is a safe seat of arbitration because, unlike other Latin American countries, Panama arbitration law does not allow for legal "torpedoes" (ie, motion for protection of constitutional rights/amparo/tutela) that could block or suspend the arbitration. Moreover, Panama is a convenient regional arbitration seat, due to the country's role as a logistics and finance hub.

The adoption of Law 131 of 2013 (which aligns with international standards), as well as a well-established pro-arbitration jurisprudence, have bolstered confidence in arbitration as an alternative to litigation.[1]

In general, the efficiency and expedite handling of the proceedings (arbitration is generally faster than court proceedings), and the expertise of arbitrators as well as the flexibility of the proceedings, are seen as the principal advantages of arbitration in Panama.

The main disadvantage for arbitration (compared to local court proceedings) is the cost since local court proceedings do not involve payment to courts of any filing fee or tax.

(ii) Is most arbitration institutional or ad hoc? Domestic or international? Which institutions and/or rules are most commonly used?

Even if ad hoc arbitration is expressly allowed by the law, parties and legal counsel usually prefer institutional arbitration. This is why institutional arbitration is more predominant in Panama.

Domestic and international arbitration are both common. This is because, due to Panama's role in global commerce, it is frequent to have arbitration proceedings with at least one foreign domiciled party, which is one of the grounds for the arbitration to be deemed international under Panama law.

The institutions and/or rules that are most commonly used are:

(i) Centro de Conciliación y Arbitraje de Panamá – CeCAP, which is the local arbitration center sponsored by the Chamber of Commerce, Industries and Agriculture of Panama.[2]

(ii) Centro de Solución de Conflictos – CESCON, which is the local arbitration centre sponsored by the Chamber of Construction.[3]

(iii) International Chamber of Commerce – ICC, which is more commonly used for international arbitration proceedings.[4]

(iii) What types of disputes are typically arbitrated?

The types of disputes that are typically arbitrated are construction disputes, commercial disputes, disputes involving real estate, and corporate governance disputes.

1 Law 131 of 31 December 2013 was published in the Panamanian Official Gazette No. 27449-C of 8 January 2014: www.gacetaoficial.gob.pa/pdfTemp/27449_C/45145.pdf.

2 https://cecap.com.pa/.

3 https://cescon.org/.

4 https://iccwbo.org/dispute-resolution/dispute-resolution-services/arbitration/.

Pursuant to the most recent statistics[5] published by the Centro de Conciliación y Arbitraje de Panamá – CeCAP, these are the top 3 types of matters that are usually submitted to arbitration: (i) construction; (ii) purchase of real estate; and (iii) *fideicomiso* (legal structure similar to trusts).

(iv) How long do arbitral proceedings usually last in your country?

The duration of arbitral proceedings in Panama varies depending on the complexity of the dispute, as well as the applicable rules. For example, institutional arbitrations (eg, CeCAP or CESCON) typically last 12–18 months.

(v) Are there any restrictions on whether foreign nationals can act as counsel or arbitrators in arbitrations in your jurisdiction?

Under Law 131 of 2013 (Article 20), there are no restrictions on foreign nationals acting as counsel or arbitrators in arbitrations seated in Panama.

Moreover, in a decision of 7 May 2024, the Supreme Court of Justice of Panama recognised that in Panama, no nationality limitation applies to counsel in arbitration proceedings.[6]

II. Arbitration Laws

(i) What law governs arbitration proceedings with their seat in your jurisdiction? Is the law the same for domestic and international arbitrations? Is the national arbitration law based on the UNCITRAL Model Law?

Law 131 of 2013 governs arbitration proceedings seated in Panama. It applies to both domestic and international arbitrations. Law 131 of 2013 is mainly based on the UNCITRAL Model Law (2006 version), with some adaptations.[7]

(ii) Is there a distinction in your arbitration law between domestic and international arbitration? If so, what are the main differences?

Under Law 131 of 2013 the main differences between domestic and international arbitration are as follows:

- Qualification of arbitrators: pursuant to Article 20 of Law 131 of 2013, for international arbitration, the arbitrators may or may not be lawyers, at the parties' discretion. However, for national arbitration *de jure*, the arbitrators must be practicing lawyers.
- Issuing of the arbitral award: pursuant to Article 55 of Law 131 of 2013, in international arbitration, the dispute must be decided and notified within the period established by the parties, by the applicable arbitration rules, or, failing that, by the arbitral tribunal. In domestic arbitration, unless otherwise agreed by the parties, the deadline for issuing the final award shall not exceed two months from the closing arguments submitted by the parties (which can be extended by the arbitral tribunal for an additional period of up to two months, depending on the complexity of the matter).
- Grounds for setting aside the arbitral award: pursuant to Article 67 of Law 131 of 2013, a domestic arbitral award can be set aside if it violates Panamanian public policy. However, in the case of international arbitral awards (where

5 https://cecap.com.pa/estadisticas-internacionales/.

6 Decision of 7 May 2024, Motion to set aside filed by NACIONAL DE SEGUROS DE PANAMÁ Y CENTROAMÉRICA, S.A., against the arbitral award of 7 September 2021 issued under CeCAP Arbitration Rules in the matter CNO, S.A. (formerly CONSTRUCTORA NORBERTO ODEBRECHT, S.A.) against INTEG PANAMÁ, CORP., and NACIONAL DE SEGUROS DE PANAMÁ Y CENTROAMÉRICA, S.A. (https://consultafallos.organojudicial.gob.pa/_index.php).

7 Law 131 of 31 December 2013 was published in the Panamanian Official Gazette No. 27449-C of 8 January 2014: www.gacetaoficial.gob.pa/pdfTemp/27449_C/45145.pdf.

Panama was the seat of arbitration), the applicable public policy that applies for setting aside an arbitral award is international public policy.

- Enforcement: pursuant to Article 70 of Law 131 of 2013, international arbitral awards (with the exception of those where Panama was the arbitration seat), prior to being enforced in Panama, need to be recognised as valid and binding by the Fourth Chamber of the Supreme Court of Justice Panama.

(iii) What international treaties relating to arbitration have been adopted (e.g. New York Convention, Geneva Convention, Washington Convention, Panama Convention)?

Panama has adopted the following treaties relating to arbitration:

- New York Convention;[8]
- Panama Convention;[9] and the
- Washington Convention (ICSID).[10]

(iv) Is there any rule in your domestic arbitration law that provides the arbitral tribunal with guidance as to which substantive law to apply to the merits of the dispute?

Pursuant to Article 56 of Law 131 of 2013, the rules applicable to the merits of the dispute shall be as follows:

- The arbitral tribunal shall decide the dispute in accordance with the legal rules chosen by the parties as applicable to the merits of the dispute. Any reference to the law or legal system of a given State shall, unless otherwise stated, be deemed to refer to the substantive law of that State and not to its conflict of laws rules.
- If the parties do not indicate the applicable law, the arbitral tribunal shall apply the legal rules it deems appropriate.
- The arbitral tribunal shall decide *ex aequo et bono* or as *amiable compositeur* only if the parties have expressly authorised it to do so.
- In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the commercial practices applicable to the matter. In international arbitration, the Principles of the International Institute for the Unification of Private Law (UNIDROIT) on International Commercial Contracts will also be taken into account.

III. Arbitration Agreements

(i) Are there any legal requirements relating to the form and content of an arbitration agreement? What provisions are required for an arbitration agreement to be binding and enforceable? Are there additional recommended provisions?

Pursuant to Article 16 of Law 131 of 2013, an arbitration agreement must be in writing. It can be included as an arbitration clause included in a contract or as a provision in a separate document (Article 15 of Law 131 of 2013).

8 Approved by Law No. 5 of 25 October 1983, published in the Official Gazette No. 20,079 of 15 June 1984. Deposited the Instrument of Accession on 10 October 1984. Entered into force for Panama on 8 January 1985: www.mire.gob.pa/images/tratados/indice-multilaterales.pdf.

9 Approved by Law No. 11 of 23 October 1975, published in the Official Gazette No. 18,056 of 30 March 1976. Deposit of the Instrument of Ratification on 17 December 1975. Entered into force for Panama on 16 June 1976: www.mire.gob.pa/images/tratados/indice-multilaterales.pdf.

10 Approved by Law No. 13 of 3 January 1996 published in the Official Gazette No. 22,947 of 8 January 1996. Deposit of the Instrument of Ratification on 8 April 1996. Entered into force for Panama on 8 May 1996: https://icsid.worldbank.org/about/member-states/database-of-member-states.

Under Law 131 of 2013, an arbitration agreement shall be deemed to be written:

- When its content is recorded in any form, whether the arbitration agreement or contract was concluded orally, through the performance of certain acts, or by any other means.
- When included in electronic communication or data messages if the information contained therein is accessible for subsequent consultation.
- When there is an exchange of statements of claim and defence, in which the existence of an agreement is affirmed by one party without being denied by the other.
- A reference in a contract to a document containing an arbitration clause constitutes a written arbitration agreement, provided that such a reference implies that the clause forms part of the contract.

(ii) What is the approach of courts towards the enforcement of agreements to arbitrate? Are there particular circumstances when an arbitration agreement will not be enforced?

Panama Courts tend to have a pro arbitration approach and guarantee the principle of Kompetenz-Kompetenz and, therefore, refers parties to arbitration on a *prima facie basis*. However, an arbitration agreement will not be enforced for non-arbitrable disputes (consumer claims, criminal matters, and family law disputes).

(iii) Are multi-tier clauses (eg arbitration clauses that require negotiation, mediation and/or adjudication as steps before an arbitration can be commenced) common? Are they enforceable? If so, what are the consequences of commencing an arbitration in disregard of such a provision? Lack of jurisdiction? Non-arbitrability? Other?

Multi-tier clauses are increasingly common in Panama, especially in commercial and construction contracts. They are enforceable under Law 131 of 2013, as long as they are clearly drafted and agreed upon by the parties. Courts and tribunals respect such clauses as part of party autonomy.

If an arbitration is commenced without following the required steps (eg, negotiation, mediation, etc.), and depending on the situation, the tribunal may:

- Find that it lacks jurisdiction.
- Suspend proceedings to allow compliance with pre-arbitration steps.
- Proceed with the arbitration proceeding if the tribunal considers that its compliance was impossible or has been waived by the parties.

(iv) What are the requirements for a valid multi-party arbitration agreement?

Law 131 of 2013 does not explicitly address multi-party arbitration agreements, but they are valid if they are in writing and show clear intent to arbitrate disputes.

(v) Is an agreement conferring on one of the parties a unilateral right to arbitrate enforceable?

Law 131 of 2013 is silent on this issue and there is no established jurisprudence in Panama applicable to this matter.

(vi) May arbitration agreements bind non-signatories? If so, under what circumstances?

The matter is resolved on a case-by-case basis. However, in general, both arbitral tribunals and local courts will analyse the actions of the parties to analyse the existence of implied consent to the arbitration agreement.

For example, in a 2015 decision, the Fourth Chamber of the Supreme Court decided that '*if one of the intertwined documents contain an arbitral agreement and another one does not, the extension of the effects of the arbitral agreement takes place because the economic reality transcends the formality of contracts; with the objective of preserving the unity and efficiency of arbitration*'.[11]

(vii) How do the courts in the jurisdiction determine the law governing the arbitration agreement?

The matter is also resolved on a case-by-case basis. Unlike rules applicable to the merits of the dispute, for which Law 131 of 2013 expressly proves guidance (Article 56), no such guidance is provided for determining the law governing the arbitration agreement (even if, in practice, it is usually determined to be Panama law).

(viii) Do courts in your jurisdiction distinguish between the seat (or legal place) of the arbitration and the venue of meetings/hearings?

Panama arbitration law and Panama Courts do distinguish between the seat (or legal place) of the arbitration and the venue of meetings/hearings.

Law 131 of 2013 (Article 47) allows parties to freely determine the seat of the arbitration (if they fail to agree on this matter, the arbitral tribunal shall determine the seat of the arbitration, taking into account the circumstances of the case, including the convenience of the parties). However, regardless of the seat of arbitration (or legal place), the arbitral tribunal may, after consulting the parties, meet at any place it deems appropriate to hold deliberations among its members, to hear witnesses, experts, or the parties, or to examine goods or other property or documents.

(ix) Are blockchain- and NFT-related disputes arbitrable in your jurisdiction?

Blockchain- and NFT-related disputes are arbitrable in Panama, as they typically involve commercial or contractual matters, which fall within the scope of arbitrable (disposable rights) disputes under Law 131 of 2013 (Article 4).

There are no specific prohibitions in the law against arbitrating such disputes, provided they meet arbitrability requirements (eg, not involving criminal matters).

(x) Are there circumstances in which courts find that a valid arbitration agreement has become inoperable?

There is not much jurisprudence regarding circumstances in which courts find that a valid arbitration agreement has become inoperable. However, there are specific laws in Panama (other than Law 131 of 2013) that include such provisions. For example:

- Panama insurance law establishes that, once an insurance company has been subject to involuntarily liquidation, arbitration agreements are deemed terminated and no new claims (included arbitration claims) can be filed against the insurance company (outside of the liquidation proceeding).[12]
- Panama banking law has a similar provision also establishing that once a bank has been subject to involuntarily liquidation, arbitration agreements are deemed terminated and no new claims (included arbitration claims) can be filed against the bank (outside of the liquidation proceeding).[13]

11 Fourth Chamber of the Supreme Court, Decision of 27 May 2015. VIOLETA, S.A. vs. FOOD SOURCE, S.A. and DON LEE INTERNACIONAL, S.A.

12 Article 130 of Law No. 12 of 2012: https://supervalores.gob.pa/wp-content/uploads/2021/03/Ley_12_de_2012.pdf.

13 Article 174 of Executive Decree 52 of 2008: https://www.superbancos.gob.pa/documentos/leyes_y_regulaciones/leyes/Ley_Bancaria_20-4-15.pdf.

IV. Arbitrability and Jurisdiction

(i) Are there types of disputes that may not be arbitrated? Who decides – courts or arbitrators – whether a matter is capable of being submitted to arbitration? Is the lack of arbitrability a matter of jurisdiction or admissibility?

Disputes regarding matters over which parties can freely dispose of, as well as those authorised by law or international treaties or agreements, are arbitrable. The following matters may not be arbitrated: consumer claims, criminal matters, and family law matters.

Depending on the case (and how obvious the lack of arbitrability is – if the lack of arbitrability is not evident, courts will refer the parties to arbitration for the arbitral tribunal to rule on its own jurisdiction), this could be decided by courts or arbitrators.

In practice, in case an arbitral tribunal has made such a decision, it can be reviewed at the latter stage by the Fourth Chamber of the Supreme Court of Justice only if a motion to set aside is issued against the arbitral award (lack of arbitrability is one of the grounds for setting aside an arbitral award).

(ii) What is the procedure for disputes over jurisdiction if court proceedings are initiated despite an arbitration agreement? Do local laws provide time limits for making jurisdictional objections? Do parties waive their right to arbitrate by participating in court proceedings?

If court proceedings are initiated despite an arbitration agreement, Article 16 of Law 131 of 2013 provides that the judge shall decline to hear the case, rejecting the claim outright without further proceedings and immediately referring the parties to arbitration.

The objection must be raised no later than the submission of the first substantive defence in court. Failure to object promptly may be deemed a waiver of the right to arbitrate.

(iii) Can arbitrators decide on their own jurisdiction? Is the principle of competence-competence applicable in your jurisdiction? If yes, what is the nature and intrusiveness of the control (if any) exercised by courts on the tribunal's jurisdiction?

In Panama, arbitrators can decide on their own jurisdiction.

The principle of Kompetenz-Kompetenz is applicable in Panama not only pursuant to Law 131 of 2013 (Article 17), but also pursuant to the Political Constitution of Panama (Article 202). The Supreme Court of Justice (Fourth Chamber) only exercises control over this issue at a later stage when analysing the motion to set aside the arbitral award.

V. Selection of Arbitrators

(i) How are arbitrators selected? Do courts play a role?

Courts do not play a role in the arbitrators' selection process.

Under Article 22 of Law 131 of 2013, the parties may freely agree on the procedure for appointing the arbitrator (taking into account the requirements established in the law). In the absence of an agreement between the parties on the appointment of the arbitrators (ie, in absence of applicable arbitration rules), the following procedure shall be followed:

- In arbitration proceedings with three arbitrators, each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint the third, who shall preside over the arbitral tribunal. If a party fails to appoint the arbitrator

within 30 days of the appointment of the last arbitrator, or if the two arbitrators fail to agree on the appointment of the third arbitrator within 30 days of their respective appointments, the appointment of the arbitrator shall be made, at the request of one of the parties, by a national or international arbitration institution, in accordance with its own rules.

- In arbitration proceedings with a sole arbitrator, if the parties fail to agree on the appointment of an arbitrator within 30 days of receiving a request from the other party to do so, the arbitrator shall be appointed, at the request of either party, by an arbitration institution.
- In the event of multiple claimants and/or defendants, and when the dispute is to be submitted to the decision of three arbitrators, the claimants shall appoint one arbitrator by common agreement, and the defendants shall appoint another arbitrator by common agreement, within 30 days of receiving the request to do so. The two arbitrators so appointed shall appoint the third, who shall preside over the arbitral tribunal, within 30 days of receiving the request to do so. If the parties fail to jointly appoint an arbitrator, or if the two arbitrators fail to agree on the third arbitrator, or if the parties fail to agree on the method for constituting the arbitral tribunal, at the request of either party, an arbitral institution may appoint each member of the arbitral tribunal and designate one of them to serve as its chairperson.
- When, in an appointment procedure agreed upon by the parties, a party fails to act in accordance with the provisions of that procedure, or the parties or two arbitrators are unable to reach an agreement in accordance with that procedure, or a third party, including an institution, fails to fulfil the function conferred upon it, either party may request a national or international arbitration institution, in accordance with its own rules, to take the necessary action, unless other means are provided for in the agreement on the appointment procedure.

(ii) What are the requirements in your jurisdiction as to disclosure of conflicts? Do courts play a role in challenges and what is the procedure?

Under Article 25 of Law 131 of 2013, the person who is informed of their possible appointment as an arbitrator shall disclose all circumstances that may give rise to justifiable doubts about their impartiality or independence.

The arbitrator, from the moment of their appointment and throughout the arbitral proceedings, shall promptly disclose such circumstances to the parties, unless they have already been informed of them.

Courts do not play a role in challenges.

Under Law 131 of 2013 (if no specific arbitration rules are applicable), the procedure to challenge an arbitrator is the following:

- The parties may freely agree on the procedure for challenging arbitrators and may submit to the procedure contained in the agreed arbitration rules.
- Failing such an agreement, the party challenging an arbitrator shall send to the arbitral tribunal and the other parties within 15 days of the date on which it becomes aware of the constitution of the arbitral tribunal or of any of the circumstances mentioned in the preceding article, a written statement setting forth the reasons for the challenge.
- The challenged arbitrator, as well as the other party or parties, may express their views within ten days of notification of the disqualification.
- If the other party agrees to the challenge or if the arbitrator resigns, a replacement arbitrator shall be appointed in the same manner as the disqualified arbitrator would be appointed. The resignation of an arbitrator or the acceptance by the other party of the challenge shall not be deemed to constitute recognition of any of the grounds for challenge invoked.

(iii) Are there limitations on who may serve as an arbitrator? Do arbitrators have ethical duties? If so, what is their source and generally what are they?

Under Article 21 of Law 131 of 2013, the following individuals may not be appointed as arbitrators, nor may they continue with the proceedings:

1. Those who have seriously violated the Code of Ethics of an arbitration institution.
2. Those who have been found criminally responsible for crimes of malfeasance, falsification, or fraud.

Each of the two main arbitration institutions in Panama (CeCAP[14] and CESCON[15]) have separate codes of ethics for arbitrators. The main ethical duties included in said codes are:

- Independence and impartiality.
- Diligence and competence.
- Confidentiality.
- Fairness and equal treatment.
- Integrity and professional conduct.

(iv) Are there specific rules or codes of conduct concerning conflicts of interest for arbitrators? Are the IBA Guidelines on Conflicts of Interest in International Arbitration followed?

Law 131 of 2013 does not include specific rules or codes of conduct concerning conflict of interest for arbitrators.

However, in practice, when challenges occur, parties usually refer to the IBA Guidelines on Conflicts of Interest in International Arbitration.[16] Moreover:

- Each of the two main arbitration institutions in Panama (CeCAP17 and CESCON18) have separate codes of ethics for arbitrators.
- On 2025, CeCAP enacted the 'CeCAP Guide for the Appointment of Arbitrators',19 which expressly mentions that, for analysing the criteria on independence and impartiality, it will take into account the IBA Guidelines on Conflicts of Interest in International Arbitration.20

VI. Interim Measures and Emergency Arbitration

(i) Can arbitrators issue interim measures or other forms of preliminary relief? What types of interim measures can arbitrators issue? Is there a requirement as to the form of the tribunal's decision (order or award)? Are interim measures issued by arbitrators enforceable in courts?

Arbitrators can issue interim measures or other forms of preliminary relief. According to Article 33 of Law 131 of 2013, unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, grant interim measures.

Article 33 of Law 131 of 2013 outlines four types of interim measures that arbitrators can issue:

14 CeCAP Code of Ethics for Arbitrators: https://cecap.com.pa/wp-content/uploads/2019/03/4-C%C3%93DIGO-DE-%C3%89TICA-%C3%81RBITROS.pdf.
15 CESCON Code of Ethics for Arbitrators: https://cescon.org/wp-content/uploads/2022/05/Co%CC%81digo-de-E%CC%81tica_CESCON.pdf.
16 www.ibanet.org/document?id=Guidelines-on-Conflicts-of-Interest-in-International-Arbitration-2024.
17 CeCAP Code of Ethics for Arbitrators: https://cecap.com.pa/wp-content/uploads/2019/03/4-C%C3%93DIGO-DE-%C3%89TICA-%C3%81RBITROS.pdf.
18 CESCON Code of Ethics for Arbitrators: https://cescon.org/wp-content/uploads/2022/05/Co%CC%81digo-de-E%CC%81tica_CESCON.pdf.
19 https://cecap.com.pa/wp-content/uploads/2025/06/Guia-para-designacion-de-arbitros-11-6-2025.pdf.
20 https://www.ibanet.org/document?id=Guidelines-on-Conflicts-of-Interest-in-International-Arbitration-2024.

1. To maintain or restore the status quo.
2. To prevent current or imminent harm or prohibit acts likely to cause such harm.
3. To preserve assets necessary to satisfy a potential award.
4. To preserve evidence relevant to the dispute.

Additionally, Article 36 of Law 131 of 2013 allows for the issuance of preliminary orders without prior notice to the opposing party, where prior disclosure risks frustrating the measure's purpose. These are urgent and temporary in nature.

Law 131 of 2013 establishes that:

- Interim measures may be issued either in the form of an award or, in urgent cases, as a preliminary order.
    - Preliminary orders are valid for a maximum of 20 days, unless converted into an interim measure by the tribunal.
    - There is no strict requirement for the form, but all decisions must be notified to the parties.

Furthermore, interim measures issued by arbitrators are enforceable in courts. Article 42 of Law 131 of 2013 provides that, where the arbitral seat is in Panama, interim measures are binding upon issuance and may be enforced by the judiciary within ten days, without the possibility of appeal, upon submission of the arbitral tribunal's decision.

If the seat of arbitration is outside Panama, enforcement must be sought before the Fourth Chamber of the Supreme Court, under a limited set of grounds for refusal, and without review of the substance of the arbitral decision.

(ii) Will courts grant provisional relief in support of arbitrations? If so, under what circumstances? May such measures be ordered after the constitution of the arbitral tribunal? Will any court ordered provisional relief remain in force following the constitution of the arbitral tribunal?

Panama courts can grant provisional relief in support of arbitration. Article 44 of Law 131 of 2013 provides that it is not incompatible with an arbitration agreement for a party to request provisional (interim) relief from a court, either before or during the arbitral proceedings.

Panama courts have the same authority to grant provisional measures in aid of arbitration as they do in ordinary judicial proceedings.

Courts may require the posting of security bond/warrantee in order to guarantee any damages that might be caused to the party against whom the interim measure is issued. If the court grants provisional measures before the constitution of the arbitral tribunal, the requesting party must initiate arbitration within ten business days, or the measures will become ineffective.

Even after the arbitral tribunal has been constituted, Panama courts may still grant provisional relief upon request (unless otherwise established in the arbitration rules selected by the parties).

Court-ordered measures issued before the tribunal is constituted will remain in effect, provided that:

1. The party who requested the measure initiates arbitration within ten business days, and

2. The arbitral tribunal does not later revoke or modify the measure.

Once constituted, the arbitral tribunal has the power to modify, suspend or revoke any interim measure previously granted.

(iii) To what extent may courts grant evidentiary assistance/provisional relief in support of the arbitration? Do such measures require the tribunal's consent if the latter is in place?

According to Article 37 of Law 131 of 2013, judicial courts in Panama have the authority to grant evidentiary assistance to parties in arbitration. This includes measures such as orders to preserve evidence, taking anticipatory depositions, or securing relevant documents or assets. This assistance is an important tool for parties to protect their rights and facilitate the effectiveness of the arbitral procedure.

The law does not explicitly require prior consent from the arbitral tribunal for judicial courts to grant evidentiary assistance or provisional measures.

However, Article 37 of Law 131 of 2013 states that judicial courts may grant assistance requested directly by the parties or at the request of the arbitral tribunal, which implies that the tribunal's consent or request may facilitate the process but is not strictly mandatory for the granting of the measure.

(iv) Are decisions by emergency arbitrators enforceable in your country?

Law 131 of 2013 does not expressly regulate the enforceability of decisions by emergency arbitrators. However, in our opinion, such decisions would be enforceable based on the provisions that regulate the enforceability of interim measures issued by arbitrators.

(v) What is the approach in your country to anti-suit injunctions or injunctions by arbitrators preventing parties from initiating litigation proceedings?

Neither Law 131 of 2013 nor Panama law expressly regulate anti-suit injunctions or injunctions by arbitrators preventing parties from initiating litigation proceedings.

(vi) Do courts provide assistance in aid of foreign-seated arbitrations, including for disclosure of documents?

Law 131 of 2013 (Article 43) establishes that any request for the recognition and enforcement of a precautionary measure or preliminary order (without specifying the type of interim measure admissible) issued by a tribunal seated outside of Panama must be submitted to the Fourth Chamber of the Supreme Court of Justice for its recognition or enforcement.

VII. Disclosure/Discovery

(i) What is the general approach to disclosure or discovery in arbitration? What types of disclosure/discovery are typically permitted?

Law 131 of 2013 is silent on disclosure or discovery of evidence procedures. However, in practice, depending on the rules applicable to the arbitration proceeding, there can be a stage for document production pursuant to international arbitration standards (Redfern Schedule), especially in international arbitration proceedings.

(ii) What, if any, limits are there on the permissible scope of disclosure or discovery?

Law 131 of 2013 does not specifically refer to the production of documents.

(iii) Are there special rules for handling electronically stored information?

Law 131 of 2013 is silent on how to handle electronically stored information. However, Panama's Law No. 51 of 2008[21] defines and regulates electronic documents and electronic signatures, as well as the provision of technological document storage services, and should be taken into consideration.

21 http://gacetas.procuraduria-admon.gob.pa/26090_39753.pdf.

VIII. Confidentiality

(i) Are arbitrations confidential? What are the rules regarding confidentiality?

Law 131 of 2013 does not establish that arbitration is confidential. However, there are arbitration rules that include a duty of confidentiality. For example, the Arbitration Rules of CeCAP specifically establish in Article 54 that the parties, the arbitrators, the tribunal secretary and the administrative staff who, in any way, have access to documents from the case file or to any related information, have a duty of confidentiality toward third parties.

(ii) Are there any provisions in your arbitration law as to the arbitral tribunal's power to protect trade secrets and confidential information?

Arbitrators have the powers to order interim measures, which could include orders for the protection of secrets and the safeguarding of confidential information.

(iii) Are there any provisions in your arbitration law as to rules of privilege?

Law 131 of 2013 does not include rules on privilege. However, the Political Constitution of Panama (Article 29), establishes that correspondence and other private documents are inviolable and may not be examined or seized except by order of a competent authority and for specific purposes, in accordance with legal formalities. Additionally, the Code of Ethics and Professional Responsibility for Panamanian Lawyers (Article 13) clearly establishes that it is the duty of the lawyer to preserve the secrets and confidences of their client.[22]

IX. Evidence and Hearings

(i) Is it common that parties and arbitral tribunals adopt the IBA Rules on the Taking of Evidence in International Arbitration to govern arbitration proceedings? If so, are the Rules generally adopted as such or does the tribunal retain discretion to depart from them?

It is frequent for parties and arbitral tribunals to adopt, in Procedural Order No. 1, the IBA Rules on the Taking of Evidence in International Arbitration (with or without any adjustment that the tribunal considers applicable).

(ii) Are there any limits to arbitral tribunals' discretion to govern the hearings?

Law 131 of 2013 is silent on limits to an arbitral tribunal's discretion to govern the hearing. Normally, the arbitrators and the parties agree on the rules and restrictions for the hearing in Procedural Order No. 1.

(iii) How is witness testimony presented? Is the use of witness statements with cross examination common? Are oral direct examinations common? Do arbitrators question witnesses?

In Panama, it is increasingly common (especially in international arbitration), for witness statements to be submitted along with the statement of claim or the statement of defence, or with the reply and rejoinder briefs, and for these witnesses to be subsequently examined by the parties during the hearing.

22 www.organojudicial.gob.pa/uploads/blogs.dir/1/2019/01/406/codigo-de-etica-y-responsabilidad-profesional-del-abogado.pdf.

The Arbitral Tribunal may also question the witnesses.

(iv) Are there any rules on who can or cannot appear as a witness? Are there any mandatory rules on oath or affirmation?

In Panama, there are no rules on who can or cannot appear as a witness. Moreover, in practice, it is usual for testimony to be given under oath.

(v) Are there any differences between the testimony of a witness specially connected with one of the parties (e.g. legal representative, director or employee) and the testimony of unrelated witnesses?

Law 131 of 2013 is silent on any differences between the testimony of a witness specially connected with one of the parties (eg, legal representative, director or employee) and the testimony of unrelated witnesses.

(vi) How is expert testimony presented? Are there any formal requirements regarding independence and/or impartiality of expert witnesses?

In Panama, it is common for parties to appoint their own independent experts to support their case. In complex cases, both party-appointed experts may be involved. These experts submit written reports and may be examined by the parties and the arbitral tribunal during the hearing based on their reports. Although Law 131 of 2013 does not expressly require independence, this is usually challenged by the opposing party, especially in proceedings where the expert's impartiality may significantly influence the evaluation of the evidence.

(vii) Is it common that arbitral tribunals appoint experts beside those that may have been appointed by the parties? How is the evidence provided by the expert appointed by the arbitral tribunal considered in comparison with the evidence provided by party-appointed experts? Are there any requirements in your jurisdiction that experts be selected from a particular list?

Law 131 of 2013 is silent on this issue; however, it is not common, and expert evidence in proceedings is typically presented only through the experts appointed by each party.

(viii) Is witness conferencing ('hot-tubbing') used? If so, how is it typically handled?

Witness conferencing ('hot-tubbing') is not commonly used in Panama. However, there are no restrictions as to its use.

(ix) Are there any rules or requirements in your jurisdiction as to the use of arbitral secretaries? Is the use of arbitral secretaries common?

There are no rules in Law 131 of 2013 regarding the use of arbitral secretaries. However, it is common practice for arbitral tribunals to appoint a secretary.

(x) Are there any ethical codes or other professional standards applicable to counsel and arbitrators conducting proceedings in your jurisdiction?

The Code of Ethics and Professional Responsibility for Lawyers applies to Panamanian lawyers who act as counsel in arbitration proceedings.[23] Since Law 131 of 2013 does not contain a code of ethics that applies to arbitrators, the

23 www.organojudicial.gob.pa/uploads/blogs.dir/1/2019/01/406/codigo-de-etica-y-responsabilidad-profesional-del-abogado.pdf.

applicable code of ethics for arbitrators will depend on the institution administrating the arbitration (eg, CeCAP[24] or CESCON[25]).

(xi) Have arbitral institutions in your jurisdiction implemented rules empowering arbitral tribunals to exclude counsel based on conflicts of interest or other reasons?

Arbitral institutions in Panama have not implemented rules expressly empowering arbitral tribunals to exclude counsel based on conflicts of interest or other reasons. However, general principles of due process and party autonomy apply, and any serious misconduct or conflict may be addressed by the arbitral tribunal, depending on the circumstances and the applicable rules.

(xii) Has your jurisdiction adopted any rules with regard to remote hearings and has there been any court decisions on same?

While Law 131 of 2013 does not expressly regulate remote hearings, Panamanian arbitral practice has adapted to allow them, particularly since the Covid-19 pandemic. Indeed, remote hearings are very frequent in Panama. There has not been any court decisions on same.

X. Awards

(i) Are there formal requirements for an award to be valid? Are there any limitations on the types of permissible relief?

According to Article 70 of Law 131 of 2013, international arbitration awards shall be recognised and enforced in Panama in accordance with the following instruments:

- The Convention on the Recognition and Enforcement of Foreign Arbitral Awards, approved in New York on 10 June 1958.[26]
- The Inter-American Convention on International Commercial Arbitration, approved in Panama on 30 January 1975.[27]
- Any other treaty on the recognition and enforcement of arbitral awards ratified by the State of Panama.

Unless the parties have agreed otherwise, the applicable treaty shall be the one most favourable to the party requesting the recognition and enforcement of an international arbitral award.

(ii) Can arbitrators award punitive or exemplary damages? Can they award interest? Compound interest?

Punitive or exemplary damages are not recognised in the Panama legal system.

24 CeCAP Code of Ethics for Arbitrators: https://cecap.com.pa/wp-content/uploads/2019/03/4-C%C3%93DIGO-DE-%C3%89TICA-%C3%81RBITROS.pdf.

25 CESCON Code of Ethics for Arbitrators: https://cescon.org/wp-content/uploads/2022/05/Co%CC%81digo-de-E%CC%81tica_CESCON.pdf.

26 Approved by Law No. 5 of 25 October 1983, published in the Official Gazette No. 20,079 of 15 June 1984. Deposited the Instrument of Accession on 10 October 1984. Entered into force for Panama on 8 January 1985: https://www.mire.gob.pa/images/tratados/indice-multilaterales.pdf.

27 Approved by Law No. 11 of 23 October 1975, published in the Official Gazette No. 18,056 of 30 March 1976. Deposit of the Instrument of Ratification on 17 December 1975. Entered into force for Panama on 16 June 1976: https://www.mire.gob.pa/images/tratados/indice-multilaterales.pdf.

Arbitration awards are typically limited to compensatory damages that seek to make the injured party whole. Arbitrators can award interest, including legal interest on amounts owed. However, the awarding of compound interest is generally not recognised unless expressly agreed upon by the parties or provided for by applicable law.

(iii) Are interim or partial awards enforceable?

Interim and partial awards are enforceable in Panama.

(iv) Are arbitrators allowed to issue dissenting opinions to the award? What are the rules, if any, that apply to the form and content of dissenting opinions?

Although Article 60 of Law 131 of 2013 does not specifically mention that arbitrators are allowed to issue dissenting opinions, it does establish that when an arbitrator does not sign the award nor issue a dissenting opinion, it is understood that it adheres to the majority decision or that of the president. In practice, arbitrators do issue dissenting opinions to the award.

Law 131 of 2013 does not contain specific rules on the form or content of dissenting opinions.

(v) Are awards by consent permitted? If so, under what circumstances? By what means other than an award can proceedings be terminated?

According to article 61 of Law 131 of 2013, arbitral proceedings can terminate (i) when the claimant withdraws its claim, unless the respondent objects and the arbitral tribunal recognises a legitimate interest on its part in obtaining a final resolution of the dispute, (ii) when the parties agree to terminate the proceedings and (iii) when the arbitral tribunal finds that further proceedings would be unnecessary or impossible. The arbitral tribunal shall also cease its functions upon termination of the arbitral proceedings, except as provided in Articles 62 and 64.

(vi) What powers, if any, do arbitrators have to correct or interpret an award?

According to Article 62 of Law 131 of 2013, either party may request the tribunal (i) to correct any computational, clerical, typographical, or similar error in the Award, or (ii) to give an interpretation regarding a specific point or part of the Award. This may be done within 30 days from the date of notification of the Award.

This allows the arbitral tribunal, if it finds the request justified, to correct or interpret the Award within 30 days of receiving the request. The Arbitral Tribunal may also do so on its own initiative within 30 days from the date of the Award.

XI. Costs

(i) Who bears the costs of arbitration? Is it always the unsuccessful party who bears the costs?

There is no provision regarding costs in Law 131 of 2013. In practice, most arbitral tribunals order that the unsuccessful party shall bear the costs of the arbitration, with some discretion if the tribunal finds that the unsuccessful party acted in bad faith.

(ii) What are the elements of costs that are typically awarded?

Although there is no provision regarding costs in Law 131 of 2013, costs usually include:

- Arbitration Center fees (if applicable).

- Arbitrator's fees.
- Secretary of the Tribunal's fees.
- Hearing costs.
- Attorney fees.
- Any expense incurred because of the arbitration.

(iii) Does the arbitral tribunal have jurisdiction to decide on its own costs and expenses? If not, who does?

The arbitral tribunal has jurisdiction to decide on its own costs and expenses. However, in practice, since most arbitration proceedings are institutional, the tribunal's fees are determined in the schedule of costs of the applicable arbitral institution.

(iv) Does the arbitral tribunal have discretion to apportion the costs between the parties? If so, on what basis?

Although there is no provision regarding costs in Law 131 of 2013, arbitral tribunals in Panama usually consider the behaviour of the parties throughout the proceedings to apportion the costs. If the tribunal finds that both parties acted in good faith, the tribunal can apportion the costs between all the parties – as opposed to just the unsuccessful party, which is the most common decision.

(v) Do courts have the power to review the tribunal's decision on costs? If so, under what conditions?

No, courts do not have the power to review the tribunal's decision on costs. Panama Courts (the Fourth Chamber of the Supreme Court of Justice) can only set aside (in part or entirely) arbitral awards based on the following grounds:

- One of the parties to the arbitration agreement was affected by legal incapacity, or that such an agreement is not valid under the laws where it was entered.
- The designation of an arbitrator or the arbitration proceedings was not duly served on one party, or, for whatever other reason, a party is unable to present its case.
- The award refers to a matter that is not subject to arbitration agreement or contains decisions that exceed the terms of the arbitration agreement.
- The designation of the arbitral tribunal or the arbitration proceedings does not conform to the arbitration agreement.
- The arbitrator decided matters that are not subject to arbitration.
- The international award is contrary to international public order. In case of national awards, the public order to consider is Panamanian public order.

XII. Challenges to Awards

(i) How may awards be challenged and on what grounds? Are there time limitations for challenging awards? What is the average duration of challenge proceedings? Do challenge proceedings stay any enforcement proceedings? If yes, is it possible nevertheless to obtain leave to enforce? Under what conditions?

Awards can only be challenged through set aside proceedings ('*Recurso de Anulación de Laudo Arbitral*') that is filed before the Fourth Chamber of the Supreme Court. The grounds for the set aside action are set forth in Article 67 of Law 131 of 2013, and are the following:

- One of the parties to the arbitration agreement was affected by legal incapacity, or that such an agreement is not valid under the laws where it was entered.
- The designation of an arbitrator or the arbitration proceedings was not duly served on one party, or, for whatever other reason, a party is unable to present its case.
- The award refers to a matter that is not subject to arbitration agreement or contains decisions that exceed the terms of the arbitration agreement.
- The designation of the arbitral tribunal or the arbitration proceedings does not conform to the arbitration agreement.
- The arbitrator decided matters that are not subject to arbitration.
- The international award is contrary to international public order. In case of national awards, the public order to consider is Panamanian public order.

Under Article 68 of Law 131 of 2013, set aside proceedings must be filed within 30 business days of the date in which the award was notified to the interested party.

The average duration of proceedings for setting aside an arbitral award is from one to two years.

On national awards (Article 72 of Law 131 of 2013) or international awards rendered in Panama (Article 72 of Law 131 of 2013), filing a set aside proceedings suspends any enforcement proceedings in Panama.

On international awards, enforcement is stayed only if under the laws of the place in which the award was rendered, such award is suspended (because of set aside proceedings or other reasons) at the time that enforcement is requested before Panama Courts.

(ii) May the parties waive the right to challenge an arbitration award? If yes, what are the requirements for such an agreement to be valid?

Parties cannot waive the right to challenge an arbitration award.

(iii) Can awards be appealed in your country? If so, what are the grounds for appeal? How many levels of appeal are there?

Arbitral awards are not subject to appeal in Panama. The only judicial remedy that Panama law provides against an arbitral award is the set aside motion before the Fourth Chamber of the Supreme Court of Justice of Panama.

(iv) May courts remand an award to the tribunal? Under what conditions? What powers does the tribunal have in relation to an award so remanded?

The Fourth Chamber of the Supreme Court can only set aside (in part or entirely) an arbitral award with no opportunity to remand the award to the tribunal. After the award is set aside, parties may initiate separate arbitration proceedings.

(v) Is there a specialist arbitration court in your jurisdiction?

There is no specialist arbitration courts in Panama. The court that decides the motions to set aside (filed against domestic or international arbitral awards issued in Panama as the seat of arbitration) and that decides requests to recognise and enforce foreign arbitral awards is the Fourth Chamber of the Supreme Court of Justice of Panama. However, it does not only decide matters involving arbitration.

(vi) To what extent do courts in your jurisdiction allow arbitrators to amend an/or replace wrongly invoked law or the law not invoked by the parties (iura novit arbiter)? Could this be a basis to set aside the award?

Law 131 of 2013 does not expressly prohibit arbitrators from applying a law that was not invoked by the parties. However, this could be argued as basis to set aside the award to the extent that such action by the tribunal qualifies as one of the grounds for annulment set forth in Article 67 of Law 131 of 2013 (see question XII(i)) (e.g., violation of due process).

XIII. Arbitrator Liability

(i) Does the arbitration law in your jurisdiction expressly provide for the immunity of arbitrators, experts, translators, interpreters and/or other participants in arbitration proceedings from civil liability in connection with their mandate? If so, are there exceptions to this immunity?

Law 131 of 2013 does not expressly provide for the immunity of arbitrators, experts, translators, interpreters, or other participants in arbitration proceedings from civil liability in connection with their mandate.

(ii) Does this immunity, if any, extend to criminal liability?

As previously mentioned, Law 131 of 2013 does not expressly provide for the immunity of arbitrators, experts, interpreters, or other participants in arbitration proceedings from civil liability in connection with their mandate.

XIV. Recognition and Enforcement of Awards

(i) What is the process for the recognition and enforcement of awards? What are the grounds for opposing enforcement? Which is the competent court? Does such opposition stay the enforcement? If yes, is it possible nevertheless to obtain leave to enforce? Under what circumstances?

The process for recognition of an international award (exequatur proceedings) follows the New York Convention procedure.[28] The applicant must file an authenticated copy of the award and an official translation of the award to Spanish (if applicable) (Article 71 of Law 131 of 2013). Once the application is admitted, the Court will serve it upon the opposing party, who will have 15 business days to file an opposition (Article 73 of Law 131 of 2013). Then, the Court will rule on the recognition of the award. Exequatur proceedings are handled by the Fourth Chamber of the Supreme Court.

Enforcement proceedings are handled by the First Civil Circuit Courts of the First Judicial District of Panama, located in Panama City. The applicant must file an authenticated copy of the Award and an official translation of the award to Spanish (if applicable) (Article 69 of Law 131 of 2013). Once the enforcement proceeding is admitted, the Court will have it served on the opposing party, who will have 15 business days to file its defences. The only available defences at this stage are (i) that the award is pending a decision on annulment (set aside proceedings) and (ii) that the award was annulled. In these circumstances, the Court will stay or deny enforcement of the award.

The grounds for denying recognition and enforcement of arbitration awards are set forth in Article V of the New York Convention[29], which states the following:

28 Approved by Law No. 5 of 25 October 1983, published in the Official Gazette No. 20,079 of 15 June 1984. Deposited the Instrument of Accession on 10 October 1984. Entered into force for Panama on 8 January 1985: www.mire.gob.pa/images/tratados/indice-multilaterales.pdf.

29 Approved by Law No. 5 of 52 October 1983, published in the Official Gazette No. 20,079 of 15 June 1984. Deposited the Instrument of

1. Recognition and enforcement of the award may be refused, at the request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, proof that:
    (a) The parties to the agreement referred to in article II were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or
    (b) The party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or
    (c) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced; or
    (d) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
    (e) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

2. Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that:
    (a) The subject matter of the difference is not capable of settlement by arbitration under the law of that country; or
    (b) The recognition or enforcement of the award would be contrary to the public policy of that country.

(ii) If an exequatur is obtained, what is the procedure to be followed to enforce the award? Is the recourse to a court possible at that stage?

Once an international award is granted exequatur, it may be enforced in Panama through separate proceedings before the First Civil Circuit Courts of the First Judicial District. The only available defences at this stage are (i) that the award is pending a decision on annulment (set aside proceedings) and (ii) that the award was annulled. In these circumstances, the Court will stay or deny enforcement of the award.

(iii) Are conservatory measures available pending enforcement of the award?

Yes, under Panama law, conservatory measures (eg, freeze orders) are available pending enforcement of the award.

(iv) What is the attitude of courts towards the enforcement of awards? What is the attitude of courts to the enforcement of foreign awards set aside by the courts at the place of arbitration?

Panama courts generally favour enforcement of arbitral awards. One of the grounds for opposing the enforcement of a foreign award is when the award was set aside by the courts at the place of arbitration (Article 72 of Law 131 of 2013).

(v) How long does enforcement typically take? Are there time limits for seeking the enforcement of an award?

Enforcement of an award could take approximately one year after: (i) the motion to set aside was rejected (in the case of awards issued in Panama); (ii) the award was recognised as enforceable in Panama (in the case of foreign awards).

Accession on 10 October 1984. Entered into force for Panama on 8 January 1985: www.mire.gob.pa/images/tratados/indice-multilaterales.pdf

XV. Sovereign Immunity

(i) Do state parties enjoy immunities in your jurisdiction? Under what conditions?

Pursuant to Article 4 of Law 131 of 2013, when the arbitration is international and one of the parties is a State or a company, organisation, or enterprise controlled by a State, that party may not invoke the prerogatives of its own law to avoid the obligations arising from the arbitration agreement.

(ii) Are there any special rules that apply to the enforcement of an award against a state or state entity?

Law 131 of 2013 does not contain any special rules that apply to the enforcement of an award against a State or State entity.

(iii) Are there any requirements for arbitrations involving sovereign entities?

Pursuant to Article 19 of Law 131 of 2013, when one of the parties is a State or a state entity, the tribunal will be composed of three arbitrators.

In regard to arbitration proceedings involving Panamanian State entities, Article 14 of Law 131 of 2013 provides that:

- The Panamanian State shall submit to international arbitration disputes arising from international treaties or conventions to which it is a party and which have been duly ratified, in cases where arbitration has been agreed upon as a method of dispute resolution. In these cases, the arbitration agreement thus established is enforceable and shall not require the approval of the Cabinet Council or the favourable opinion of the Attorney General of the Nation.
- In cases where an arbitration agreement has not been agreed upon in contracts signed by the Panamanian State, the approval of the Cabinet Council and the favourable opinion of the Attorney General of the Nation shall be required for the dispute to be submitted to arbitration.
- Submission to arbitration agreed upon with the Panamanian State, as well as with the Panama Canal Authority, is valid with respect to the contracts they sign. The arbitration agreement established shall be effective in and of itself, as provided in this Law.

Moreover, according to well-established Panamanian jurisprudence, when the defendant in arbitration is a State entity, in addition to notifying such entity, the Public Prosecutor Office ('*Ministerio Público*') should also be served (otherwise, the arbitral award could be deemed to have violated public policy).

XVI. Investment Treaty Arbitration

(i) Is your country a party to the Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States? Or other multilateral treaties on the protection of investments?

Panama is a party to the Washington Convention (ICSID).[30]

(ii) Has your country entered into bilateral investment treaties with other countries?

30 https://icsid.worldbank.org/about/member-states/database-of-member-states.

Yes, Panama has entered into twenty-five bilateral investment treaties.[31]

(iii) Have there been any recent court decisions in your country in relation to intra-European investor-state arbitration?

N/A.

XVII. Resources

(i) What are the main treatises or reference materials that practitioners should consult to learn more about arbitration in your jurisdiction?

Practitioners should consult Law 131 of 2013[32], as well as the Arbitration Rules of the two main Panama Arbitration Centers:

(i) Centro de Conciliación y Arbitraje de Panamá – CeCAP, which is the local arbitration centre sponsored by the Chamber of Commerce, Industries and Agriculture of Panama.33

(ii) Centro de Solución de Conflictos – CESCON, which is the local arbitration centre sponsored by the Chamber of Construction of Panama.34

(ii) Are there major arbitration educational events or conferences held regularly in your jurisdiction? If so, what are they and when do they take place?

Yes, CeCAP, CESCON, ICC Panamá[35] and the Panamanian Chapter of the Club Español e Iberoamericano de Arbitraje, all organise multiple arbitration conferences and events through the year.

The main arbitration events in Panama are:

- ICC PanArb (organised by ICC Panamá every two years).
- Panama's ADR & Arbitration Week, organised by CECAP every year.

XVIII. Trends and Developments

(i) Do you think that arbitration has become a real alternative to court proceedings in your country?

Yes, over the last 20 years, arbitration has become a real alternative to court proceedings in Panama. Panama not only has a modern arbitration law (Law 131 of 2013, mainly modelled on the UNCITRAL Model Law), but also years of consistent pro arbitration jurisprudence. Arbitration has become increasingly prevalent in Panama (particularly for commercial disputes), not only for matters involving Panamanian parties but even for disputes between Latin American parties, which see Panama as a safe and convenient set of arbitration.

31 https://investmentpolicy.unctad.org/international-investment-agreements/countries/162/panama; https://icsid.worldbank.org/es/recursos/base-de-datos/base-de-datos-de-Tratados-Bilaterales-de-Inversi%C3%B3n.

32 Law 131 of 31 December 2013 was published in the Panamanian Official Gazette No. 27449-C of 8 January 2014: www.gacetaoficial.gob.pa/pdfTemp/27449_C/45145.pdf.

33 https://cecap.com.pa/wp-content/uploads/2019/03/1-Reglamento-Arbitraje-P%C3%A1gina-Web.pdf.

34 https://cescon.org/wp-content/uploads/2022/03/REGLAMENTO-DE-PROCEDIMIENTO-2015.pdf.

35 https://www.iccpanama.org/.

(ii) What are the trends in relation to other ADR procedures, such as mediation?

Yes, local arbitration centres are promoting the use of mediation and, in the case of construction-related contracts, the use of dispute boards.

(iii) Are there any noteworthy recent developments in arbitration or ADR?

The use of FIDIC models in infrastructure projects (especially government contracts) has increased the use of dispute boards and multi-tiered clauses.

(iv) Are there any official plans to reform the arbitration laws and practice in your jurisdiction?

No, for the moment, there are no official plans to reform the arbitration laws and practice in Panama.

(v) Are there any rules governing third-party funding in your jurisdiction? Is there an obligation to disclose the identity of any non-party who has an economic interest in the outcome of the proceedings, including any third-party funder? Have there been any recent court decisions in your jurisdiction in relation to third-party funding?

Law 131 of 2013 does not explicitly regulate third-party funding (TPF) in arbitration. However, the recent 'CeCAP Guide for the Appointment of Arbitrators',[36] expressly includes third party funding as elements that need to be taken into account to determine the independence and impartiality of arbitrators. In Panama, there have not been any recent court decisions in relation to third-party funding.

(vi) Has your country implemented a sanctions regime? Do the courts in your jurisdiction consider international economic sanctions as part of their international public policy? Have there been any recent court decisions in your country in relation to the impact of sanctions on international arbitration proceedings?

Panama has not implemented a sanctions regime.

36 https://cecap.com.pa/wp-content/uploads/2025/06/Guia-para-designacion-de-arbitros-11-6-2025.pdf.