



THE MARITIME ARBITRATION UNIVERSE IN NUMBERS: ONE YEAR ON

It has been a year since the publication of our Maritime Arbitration Universe in Numbers briefing¹, and the global maritime industry continues to face numerous challenges including geopolitical change, AI and automation, decarbonisation, Sulphur 2020 and cyber threats.

Against this backdrop of significant change in the industry it has been suggested that the pre-eminence of London as a maritime dispute resolution centre may be at risk due to Brexit and increasing competition.

Through the analysis of statistics obtained from 13 maritime institutions, we examine below whether London continues to be regarded as the most trusted jurisdiction for resolving shipping disputes.

Last year's results: A recap

Our analysis last year showed that London remained at the forefront of global maritime dispute resolution. The figures we obtained showed that London was the preferred jurisdiction for maritime arbitration with an 80% share of all known maritime arbitrations.

We were able to confirm that over 1,750 maritime arbitrations were held in London in 2016, compared to just over 120 cases in Singapore, approximately 46 maritime arbitrations in Hong Kong, and fewer than 20 maritime arbitrations in Dubai and Paris.

These figures, together with anecdotal evidence within the shipping industry, led to the conclusion that although there is increased global competition between

international maritime arbitration institutions, London was maintaining its position as the dominant maritime centre for dispute resolution globally, both in the short and medium term after Brexit.

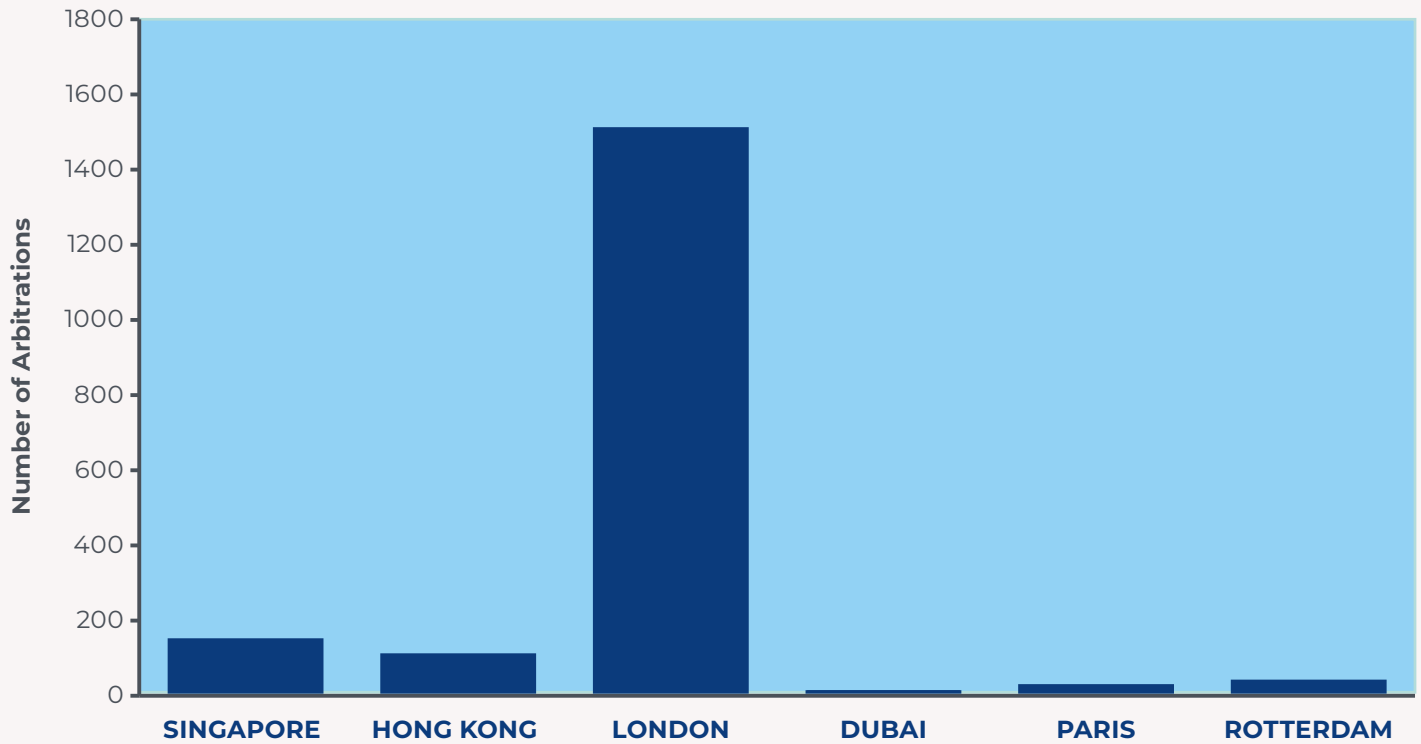
How do the latest maritime arbitration numbers compare?

Our latest analysis shows that London continues to maintain the largest share of maritime arbitrations globally. In 2017, 1,496 individual maritime arbitrations were handled by the LMAA of which 480 culminated in an award². When combined with the figures for LCIA and ICC, London handled approximately 1,500 maritime arbitrations. Although there was a slight reduction in London arbitration in 2017, this is still a healthy figure which indicates that London continues to maintain the confidence of parties to shipping disputes. Any reduction in the number of arbitrations is very likely the result of a global drop in the total number of arbitrations.

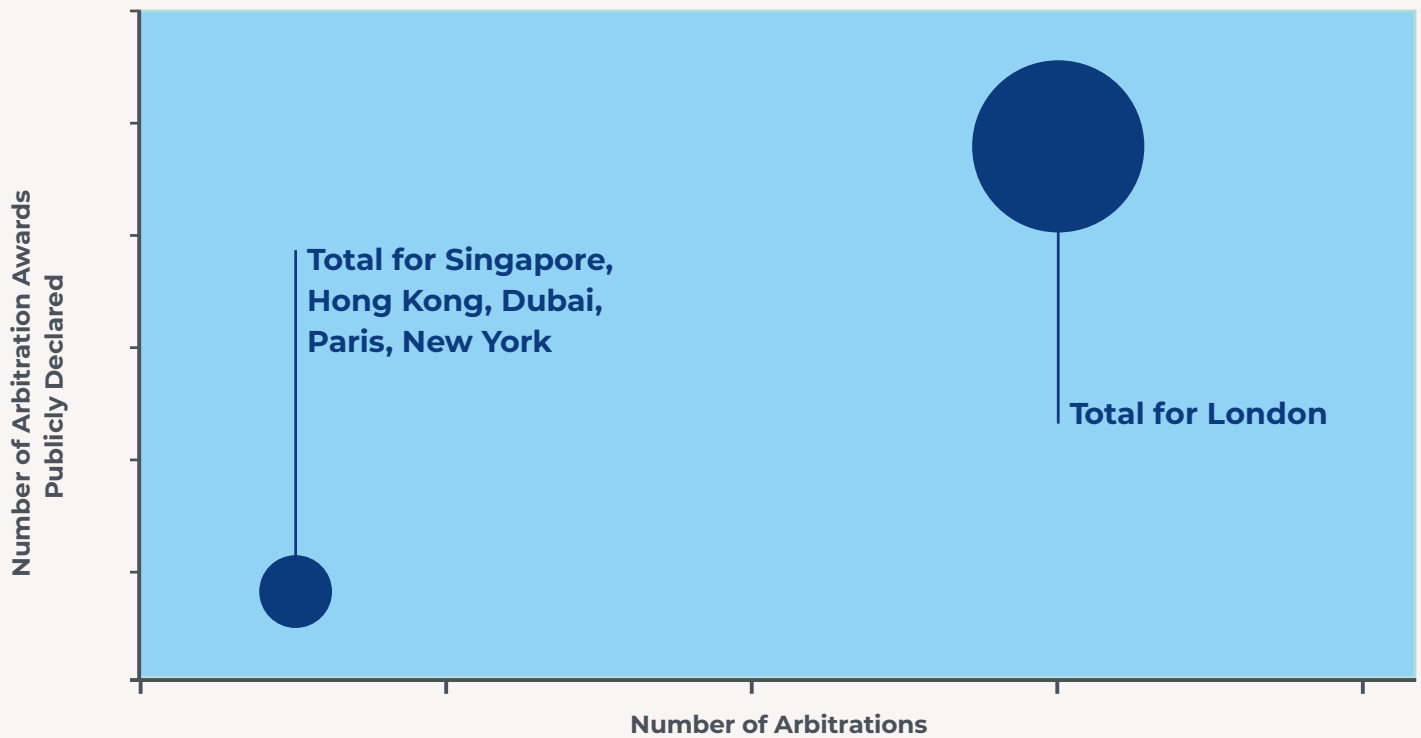
Last year our research indicated that Singapore and Hong Kong were London's strongest competitors. The latest figures continue to support this. There were approximately 140 maritime cases in Singapore in 2017, across the SIAC, SCMA, LMAA and ICC arbitral institutions³. This represents a small increase on the amount of cases in Singapore in 2016⁴. However, when compared to the London figures, the number of maritime arbitrations seated in Singapore in 2017 still represents less than 10% of London's caseload.

In Hong Kong, HKIAC dealt with approximately 23 maritime arbitrations in 2017. This represents a reduction of cases of approximately 36% when compared to 2016's statistics, suggesting that London is not the only global maritime centre to have experienced a decrease in

Global Maritime Arbitral Activity



Global Maritime Arbitrations and Awards



Bar Chart & Bubble Diagram

The figures presented above are accurate based on the information provided to us.

See "More on the statistics" at www.hfw.com/downloads/001161-HFW-The-maritime-arbitration-universe-in-numbers-More-on-the-statistics-May-19.pdf for more information.

arbitration in 2017. We understand that approximately ten LMAA arbitrations were seated in Hong Kong in 2017 and that there were around 80 maritime appointments recorded by HKMAG in the same year. In total, when these statistics are combined, it appears that there were just over 100 maritime arbitrations in Hong Kong in 2017⁵.

The 2017 statistics we have for Dubai are similar to those obtained in 2016⁶ indicating that it has not avoided the recent global arbitration downturn. We previously predicted that the Emirates Maritime Arbitration Centre (EMAC) which launched in September 2016 would take on a larger caseload once it was more established. EMAC have not provided maritime arbitration statistics to us, but it is likely that our 2017 figures for Dubai would be greater if this data was included.

Turning to arbitration in mainland Europe⁷ in 2017, the statistics show a different trend. While the number of arbitrations conducted in Paris appear to have remained the same in 2017 as in 2016⁸, and arbitration statistics for Denmark and Sweden remained modest⁹, Rotterdam administered up to 30 new maritime arbitrations in 2017 under UNUM Rules.

In 2016, we advised that the Scandinavian maritime clusters were seeking to promote a new Nordic shipping arbitration centre. The Nordic Offshore and Maritime Arbitration Association was established on 28 November 2017¹⁰. Although no statistics are currently available, we anticipate that the creation of this centre will significantly increase the arbitration caseload of the Nordic countries in the very near future and it is likely that Scandinavia, when taken as a whole, will emerge as a global competitor to rival London, Singapore and Hong Kong.

In our 2016 publication, we also acknowledged the strength of American maritime arbitration institutions, and this did not diminish in 2017. We expanded our analysis this year to include not only the Society of Maritime Arbitrators (SMA) but also the Maritime Arbitration Association (MAA) and Houston Maritime Arbitrators Association (HMAA) in the United States¹¹. There were 38 SMA awards published in 2017, which was nine more than in 2016¹². The MAA and HMAA did not provide arbitration statistics to us but it is likely that a significant amount of maritime arbitrations took place there.

Reflecting on the above figures, it is clear that London remains the most popular maritime arbitration centre, and that in 2017 it continued to deal with over 80% of all known maritime arbitrations¹³.

Turning to the subject of governing law, our research shows that English law was the most commonly chosen law in arbitrations globally across all sectors (including maritime arbitrations). We understand that English law was the applicable law in 85% of arbitrations at the LCIA in 2017.¹⁴ In Hong Kong, 14 different governing laws were chosen to govern the disputes submitted to HKIAC in 2017, with Hong Kong law being the most common, followed by English law and Chinese law.¹⁵ The position

was similar at SIAC where 61% of the arbitrations were governed by Singapore law in 2017, and 21% governed by English law (across all sectors).¹⁶ In Sweden, we understand that 72% of SCC cases were governed by Swedish law in 2017. Approximately 6% of cases were governed by English law. These figures add weight to the argument that English law will remain a popular choice within the global shipping industry in the short to medium term.

Whilst London saw a slight decrease in arbitration in 2017, the statistics nevertheless remained robust, and were very likely a symptom of the global arbitration downturn. Concerns that Brexit will affect arbitration numbers in London may be misplaced, particularly in light of the evidence that no other arbitration institution we surveyed experienced a significant increase in the number of arbitrations taking place there in 2017. Brexit may always have been something of a red herring, given the fact that this has no impact on the UK's position as a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

What to expect in the coming months?

Talk of alternative maritime disputes centres around the world gaining ground on London is likely to continue. Our analysis suggests that London remains strongly in favour within the shipping industry and is likely to continue to attract the majority of maritime arbitrations.

We expect Singapore and Hong Kong to continue to be attractive to companies operating in Asia, and Dubai and the Nordic countries to develop a larger arbitration caseload once EMAC and NOMA become more established. We also anticipate that the number of arbitrations will continue to be spread evenly across centres such as Paris and Rotterdam and that New York will continue to attract a significant number of shipping cases.

However, we at HFW continue to believe that London will retain its standing in the foreseeable future. We fully expect the use of English law to remain a popular choice amongst those in the shipping industry, and the evidence shows no downturn in parties' election to arbitrate in London.

The statistics above are our best estimates produced from the figures for maritime arbitrations both published and provided to us upon request. They cannot completely capture all maritime arbitrations as not all institutions provide full breakdowns by jurisdiction and sector and ad hoc arbitrations are difficult to track. Different arbitration institutions also record their arbitrations slightly differently which makes comparing figures more difficult. Where possible we have outlined in the footnotes the methodology used for calculating the figures. There is a more comprehensive explanation of the statistics at www.hfw.com/downloads/001161-HFW-The-maritime-arbitration-universe-in-numbers-More-on-the-statistics-May-19.pdf.

Footnotes

1. <http://www.hfw.com/The-maritime-arbitration-universe-in-numbers-will-Brexit-impact-Londons-standing-March-2018>
2. Only 15-20 of those LMAA cases were seated outside of London (in Singapore or Hong Kong). We understand that in 2018 the number of maritime references handled by the LMAA rose to 1561 whilst the number of awards increased to 508.
3. SIAC handled 91 maritime cases in 2017. In total it issued 139 awards, of which approximately 28 (20%) were maritime related. SCMA confirmed that it oversaw 38 maritime references in 2017. We understand that the number of maritime references handled by the SCMA increased to 56 in 2018. SCMA did not provide statistics on the number of awards. ICC handled 38 cases across all sectors in Singapore in 2017 and approximately 3 of their cases (6.8%) related to the transportation sector.
4. Although this paper focusses on the figures for 2017, we understand that SIAC handled 72 maritime cases in 2018 which is less than the 91 cases they handled in 2017. 2018 figures for ICC were not available at the time of this publication going to print.
5. 23 maritime arbitrations were registered with HKIAC in 2017, with one case culminating in a final award. HKMAG received around 80 maritime appointments in 2017. HKMAG do not collect statistics on maritime awards so it is not possible to quote a more precise figure for Hong Kong.
6. DIFC-LCIA administered one maritime arbitration in 2017 and three in 2018. A maximum of three arbitrations were seated in Dubai under London LCIA rules in 2017, but as only 8.58% of all LCIA references in 2017 were maritime-related we have not included these arbitrations in our statistics. 12 ICC arbitrations were seated in the UAE in 2017, but as only 6.8% of cases at the ICC in 2017 related to the transportation sector, we have not included ICC statistics in our figures for Dubai.
7. Excluding Germany and Greece (GMAA in Germany do not keep records of the arbitrations administered by its members whilst PAMA in Piraeus did not provide figures to us upon request).
8. The ICC have informed us that Paris was selected as the place of arbitration in 121 cases across all sectors and that 6.8% of their cases related to the transportation sector. We understand that CAMP issue approximately 10 arbitration awards per year so the number of references is likely to be higher. It should be noted that Paris has a significant ad hoc maritime arbitration caseload which cannot be easily tracked, and for which statistics have not been included in our publication.
9. The Danish Institute of Arbitration (DIA) have informed us that 6 of their international arbitration cases had maritime references. The Arbitration Institute of the Stockholm Chamber of Commerce (SCC) report on their website that 52% of the SCC's caseload in 2017 related to Swedish parties alone.
10. NOMA have not provided their arbitration statistics to us, nor provided projected figures for 2018 or beyond.
11. Cases administered by AAA are not published, see <https://www.standard-club.com/media/1557733/maritime-arbitration-in-the-united-states.pdf>
12. The SMA do not publish all of their arbitration awards so this figure will be an underestimate of their caseload. See last year's publication for more details. The number of SMA awards published in 2018 was 24.
13. This is based on the figures published and in respect of which we could obtain statistics. Please see our explanation of the statistics document which explains our methodology for calculating the figures in more detail.
14. In 2018, there was a shift in the number of LCIA arbitrations with disputes governed by English law (76%), down by 9% on 2017.
15. In 2018, HKIAC arbitrations were subject to 19 different governing laws, which reflects the further diversification of arbitrations globally.
16. In 2018, only 18% of SIAC cases were governed by English law compared to 56% which were governed by Singapore law.

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