

The Enforcement of Foreign Arbitral Awards: A Critical Analysis of Current Pakistan Arbitration Mechanism

Rao Qasim Idrees* Iqra Azhar† Mirza Shahid Rizwan Baig‡

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Headings

- [Introduction](#)
- [Arbitration Act, 1940](#)
- [Arbitration Laws in Pakistan](#)
- [Establishment of Arbitration Institutions](#)
- [Arbitration Practice in Pakistan](#)
- [A Domestic or Foreign Award](#)
- [Conclusion](#)
- [References](#)

Abstract *The current research provides an analytical study on the domestic and international arbitration and the application of foreign arbitral awards in Pakistan. The research explains the international arbitration, how it operates, its processes, rulings, and execution as per the domestic arbitration mechanism existing in Pakistan. The study further identifies the flaws that render it impossible to cope with fundamental factors such as the application of foreign arbitral awards at the domestic level as per international practice. The current research adopts analytical and descriptive approaches for interpreting and analyzing the data. Literature reviews for this research consist of relevant statutes, treaties, international Conventions, governing rules and regulations, case laws, legal authorities and have been explored as primary sources. Furthermore, international referred journals, research articles, journal magazines, online databases, dictionaries, law reviews are also acknowledged as secondary sources for this research.*

Key Words: Alternate Dispute Resolution, Arbitral Awards, Arbitration Act 1940, Settlement of International Commercial Disputes, The New York Convention 1958

Introduction

(Sohaib, 2016) states that arbitration is a process by which parties resolve their disputes without court intervention and excluding other forms of administrative litigation procedures. This is one of the alternative methods for settling conflicts. The parties shall bring their disagreements before the individual to whom they designate in an arrangement between them, at their own discretion. (Muhammad Farani, 2010) states that if a settlement is entered into between the parties, they can have an arbitration provision in order to assign their conflicts to the arbitrator. If this provision is not used in the agreement, the rule shall be considered to be added. The object of arbitration is to establish an impartial conflict settlement between parties engaged in foreign business transactions. The parties should preserve secrecy, particularly if they want to protect their trade secrets and trade interests. Such considerations are critical when engaging with cross-border transactions in which foreign expenditure requires fairness in terms of place, law, and arbitrators. The neutrality means that the arbitral tribunal determines the case is removed from any direct domestic control, which helps most of the parties to be faithful (Zafar and associates, 2018).

(Salman, 2008) informs that conflict settlement in Pakistan is as old as the country itself. For years the parties presented disputes to the Panchayats or Jirgas community committee of honorable elders to resolve them. However, this form of conflict settlement has always been related to marriage and other family

*Assistant Professor, School of Law, University of Gujrat, Punjab, Pakistan. Email: qasim.rao@uog.edu.pk

†Student, School of Law, University of Gujrat, Punjab, Pakistan.

‡Assistant Professor, College of Law, Government College University Faisalabad, Punjab, Pakistan.

matters. This guide focuses on ADR relevant to market operations in Pakistan. Also, in the sense of commercial conflict settlement, the primary theme of this document is on foreign investment and trade conflicts with an emphasis on arbitration. (Muhammad Arif, 2018) states that Pakistan's rules are very well governed in arbitration, covering issues such as the operation of arbitration, selection of arbitrators, arbitrator competencies, awarding financial awards and implementation of these awards. Consistency of the proceedings also helps the parties to an arbitration arrangement to choose arbitration freely in the relevant circumstances and the legislative process controlling that and the location related to it. While the Arbitration Act is quite old, it also acts as a straightforward and well-solved document of law with strong legal precedents that recognizes the definition elements that are responsible for improvements in trade and business problems and therefore remain effective, appropriate and up to date in addressing the needs of rapid market environments.

There are actually two main laws concerned with the arbitration in Pakistan: The Arbitration Act 1940, and the Acknowledgement and Compliance Act. While the 1940 Arbitration Act is a very old act of reform and harmonization with other quick range foreign courts (a pre-partition statute that continues to exist), it also acts as a simple and firmly agreed piece of law with a strong chain of judicial precedents covering implementation elements, particularly in commercial circumstances. The Act stipulates settlement with the involvement of the tribunal even without the interference of the tribunal. The key distinction between these two forms of arbitration is the ability or reluctance of each side to depend on arbitration. Arbitration without the interference of the tribunal shall take place if the parties can proceed to arbitration without requesting the compulsory approval of the tribunal. (Zafar, 2017) argues that the arbitration shall arise in situations when one side is willing, and the other is not willing to require the side to ensure that the reluctant party adheres to the previously negotiated arbitration. The Foreign Awards Act is simply a ratification of the 1958 New York Convention, provided that, except explicit reasons set out in the Convention, foreign judgments and awards by or between nationals of the contracting states shall be enforced without questioning their validity.

Arbitration is by far the most popular among Pakistan's numerous alternate conflict settlement structures. Although there are numerous explanations to prefer arbitration in contrast to other ADR processes such as consultation or conciliation and the main explanation for such an alternative seems to be Pakistan's relevant rules. Thus, the clarity of the procedures enables the parties to choose inappropriate arbitration cases with confidence. (Khaleeq, 2017) argues that there have been several instances of foreign arbitration such as the situation in which the World Bank International Center for Settlement of Investment Disputes (ICSID) awarded around USD \$800M in reimbursement to Turkey's 'Karkey Karadeniz Elektrik Uretim' in a situation of renting property and ruled that Pakistan had "expropriated" Karkey's properties and the LCIA demanded compensation from Pakistan. It not only creates financial difficulties for the developing state, but it also impacts negatively on the global picture of the country.

The Applicable Legal Framework of Arbitration in Pakistan

A variety of laws contain the settlement provisions aside from the Arbitration Act 1940. Pakistan's Constitution calls for arbitration, but not directly like the Indian Constitution. Nevertheless, a multitude of higher platform opinions is accessible on the issue and some of which is a landmark. The Acts 2011 and 2011 Arbitration (International Trade Dispute) Act (ARCs and Global Arbitration Awards) are the most current attempts in these fields. During the review of the subject in the coming forums, the user can see how easily several regulations have been promulgated. Many of such rules are addressed below.

Arbitration According to Constitution of Pakistan 197

The second chapter of part V of the Constitution addresses the Federation's and provinces institutional ties. About any matter on which an administrative authority of the Federation refers, Section 146 (1) of the

charter authorizes the Federal Government on entrusting that role to the Provincial government or its officer. About matters in which the provincial assembly is without legislative authority, the parliament can do the same job by an Act. According to the article (2) section (3) stipulates that the Provincial government shall be obligated to pay reimbursement if conducting any functions which the Federal government assigns and incurring any additional expense. These payments may be defined through a government arrangement. If any arrangement is not accepted, liability can be decided by a Chief Justice of Pakistan acting as arbitrator.

Arbitration Act, 1940

([M. Farani, 1993](#)) states that this is a pre-partition rule that Pakistan and India adopted soon after 1947. The arbitration statute of 1940 (X of 1940) is the separate complete code of Pakistan in the ADR laws only. This gets guidelines from the English Act in respect to litigation without the Court's interference (Chapter II). Though several amendments were made, it met with Schedule II added to the Civil Procedure Code of 1908 with the existing clauses. The previous legislation on the subject was repealed at the outset of this Act. Therefore, the uniformity has been maintained for rule implementation. Since 1st July 1940, the Act comes into effect. ([Ihsan-ul- Haq, 2015](#)) enunciates that the Arbitration Act 1899 and the provisions of the CPC Schedule II, if applicable, were to apply these references. This includes Pakistan as a whole without any deviation. The Act lays down laws that the parties must obey, with every provision. (Lutfullah, 2018) informs that the Act specifies the laws of the states, arbitrators, and judges; however, without the tacit arrangement of the members and a large number of its clauses can be rendered redundant. The law grants the judiciary oversight. Accordingly, there is no valid explanation that the courts would be compelled to retain the grant rather than to ignore it. The Act aims to reduce court litigation and to facilitate the peaceful resolution of conflicts by appointed domestic judges.

Arbitration Laws in Pakistan

The Arbitration Act 1940 includes the rules of arbitration in Pakistan. Its core features are listed as: Three types of arbitration are contained in the Act:

- Arbitration without court intervention (Chapter II, sections 3-19);
- Arbitration where no suit is pending, (but through court) (Chapter III, section 20)
- Arbitration in suits (through court) (Chapter IV, sections 21-25).

Establishment of Arbitration Institutions

An arbitration centre in Lahore in 2009 was attempted to adopt the model and design of the Court of International Arbitration (LCIA) in London, established as the Center for Alternative Dispute Resolution (ADRC). The Chamber of Commerce and Industry of Karachi, which has recorded three cases annually since its establishment in 1959, currently is the successful arbitration body. The laws of arbitration are found in its statutes and added to the Chamber's Association Publications. The most widely released edition of the laws was in English in 1973. (Rizwan, 2012) states that the Federation of Pakistan Chambers of Commerce & Industry is another relevant permanent arbitration body. This is known as a trade arbitration tribunal by the regulations, and the conflicts between the local and the international parties are resolved. The most current edition of the rules was released in a booklet in July 1964. After its establishment, the Federation has been assigned on average two cases each year. Such bodies of the Chamber of Commerce offer international parties' little disruptive opportunity to settle their differences in Pakistan by expressing their will and their freedom under an established framework. No formal record of the steps that would be taken to welcome foreign bodies, such as the ICC, the ICDR, etc., into creating their arbitral centres in the country has been created to date.

Arbitration Practice in Pakistan

Arbitration is a common way of resolving legal disputes worldwide. However, primarily because of contradictory or unclear legislation, it remains an enticing alternative for litigation in Pakistan. Serious and successful measures are required to ensure that arbitration in Pakistan works and that international investor are drawn. There is currently one true International Arbitration Center (CIICA) in India which provides extensive arbitration services, namely the International Investment and Commercial Arbitration Centre. Strict enforcement of arbitration laws and rules is necessary in order to curb the process of defendant litigation. In Pakistan, all domestic and foreign arbitrations and awards can be listed. The law provides that the provisions of the Recognition and Enforcement Act 2011 (the 2011 Act), the Arbitrator Agreement, and the Foreign Arbitration Act 1940 (the Act of 1940) and foreign arbitration agreements and grants are enforceable. The confusion about whether it is a reward at home or abroad, nevertheless, is one of Pakistan's main trade arbitrations issues. Every arbitration agreement which has its roots in Pakistan and the contract underlying it is subject to Pakistani law is simply a domestic arbitration. The rule, though, is uncertain if a foreign nation is ruled by legislation or an arbitrary location.

Furthermore, it is only on specific reasons of a statutory sort to reject universal acceptance and compliance under the NY Convention as opposed to a regional tribunal decision that may be challenged on a wide variety of substantive and legal objections. The payment of an international arbitral award cannot be held liable to a stamping charge of 3%, whereas a domestic award charge is payable. (Faryal, 2020) states that the levy on stamps alone discourages groups from seeking a regional award. The charge for stamping shall be charged by the group who submits the award to trial if the award attempts to ignore or impose it. There will be no entry price for a domestic award as a matter of procedure. In a recent series of over 900 million dollars, Pakistan has lost two legal cases of arbitration to domestic and foreign corporations. In the first case, Karkey Karadeniz Elektrik Uretim of Turkey was granted a rental control case by the International Center for Settlement of Investment Disputes (ICSID) in the form of a fee of around \$800 M.

Weeks after that, Pakistan was ordered in its final arbitration award to compensate approximately 135 million dollars (\$14 billion) to a consortium of nine local power producers for contravening contractual obligations by the London Court of International Arbitration (LCIA). Nevertheless, in all foreign arbitration forums, Pakistan has lost almost all proceedings and some of them strategically significant. In recent years the only exception was the case of Pro gas LPG in which the London Court of Arbitration dismissed allegations brought by a person against the government of Pakistan in August. Even then, Pakistan increased high financial costs in the form of legal fees and associated costs of arbitration.

In addition to an unsatisfactory result of the neutral expert decision in the Baglihar project, Pakistan lost India in the case of the Kishanganga Hydropower project to the International Court of Arbitration. There was still no remarkable background in bilateral conflicts between the National Accountability Bureau and the Federal Revenue Board. While the number of foreign lawsuits has recently risen. Pakistan has struggled to establish its own specialist centre of arbitration and contract writing specialists. In addition to being chosen by a straightforward procedure, the discretionary counsels and law firms should be appointed both at home and abroad on the basis of connections, partnerships, and choices. In the Karkey situation alone, Pakistan has, in addition to trips to official delegations, been reported to have charged almost Rs1.5 Billion in international law firm expenses. In both Karkey and Rekodiq cases, the Supreme Court interfered with challenging seemingly adverse contracts and also considered it humiliated that international arbitration arrangements demand expensive penalties in the event that contractual conditions were infringed.

Implementation of Foreign Arbitral Awards in Pakistan

(Ijaz, 2018) informs that the Act of 2011 on the acknowledgement, allocation and submission of universal arbitral awards to the New York Convention was adopted by Pakistan in 1958. The 2011 Foreign

Arbitration award, as set out in Section 2 of the Act is the award rendered in any Contracting States of the New York Convention, or in any other nation approved by the Pakistan Federal Government. The Convention on the Conduct of Foreign Arbitral Awards on the international level is the UN Convention on the Recognition and Application of Foreign Arbitral Awards, adopted in New York in June 1958.

On 12 October 2005, Pakistan signed the convention which meant that new laws needed to be enacted for the enforcement. The 2005 Acceptance and Compliance Act (Arbitration Arrangement and International Arbitral Awards) was enacted to the extent that the new Statute, the Arbitration Agreement and the International Arbitral Awards (RAAA) Statute 2011, had been implemented until 2011 and has re-established in 2006, 2007, 2009 and 2010. The Act is now in operation. The Arbitration Act 1937 until the New York Conference, i.e., the regulation of international arbitration judgments, was used for the same reason.

(Areeba, 2018) confirms that the aim of arbitration is to save time and reduce the burden on courts by seeking an alternative dispute settlement solution and by avoiding long and comprehensive litigation proceedings. To this end, the Convention sets out Rules under Articles II to V, which endorse the execution and acceptance of global arbitration awards comparable to domestic arbitration awards for the purposes of international arbitration such Regulations help by defining the law's purpose to facilitate the implementation of international arbitral awards.

REAO repealed the 1937 (APC) Act on Arbitration (Protocol and Agreement) formerly applicable to the 1923 Geneva Protocol on Arbitration Clauses and to the 1927 (Geneva Convention) Geneva Convention on the Compliance of International Arbitration Awards in Pakistan. The commitment of Pakistan to resolve investors' concerns and draw foreign investment is expressed in the REAO promotion. Such law has helped boost the external reputation of the government, which has been tarnished by several conflicting judgments in SGS

v. Pakistan, Hub Power Company cases.

The process for immediate implementation of an international arbitral award in Pakistan has been streamlined by the adoption of this Convention. In accordance with the Ordinance, the High Court was exclusively empowered to adjudicate matters and to settle disputes directly arising from or relating to the Ordinance. An appeal under Article II of the NY Convention requesting a stay in a civil proceeding has been made. The Court must, therefore, obey the process and use the powers provided for in the 1908 Code of Civil Procedure.

Furthermore, there are variations. According to Article V of the NY Convention of 1958 adopted by REAO, which acknowledges seven (7) grounds for declining to grant an arbitral award and the reasons for failure to enact the application of international arbitral award shall be provided. Having been informed itself that no reason remained for refusing an international arbitral award, the award shall be enforced explicitly in the manner given by either applying a court's judgment in Pakistan. The execution by all parties concerned about the award is binding eight states, "Any other law or judgment of any Tribunal and Convention shall prevail in cases of any inconsistency among this Act, to the extent that the Convention does." The Convention shall also prevail in cases of inconsistency ([Juris Legal framework of International](#)).

Procedure for the Implementation of Foreign Arbitral Awards

(Sohaib, 2017) argues that Recognition and Enforcement Act 2011 includes legal arbitration awards and implementation in Pakistan. The Act was passed by the Parliament of Pakistan in 2011. In a civil court eligible for acknowledgement and compliance where an appeal is domestic or before the High Court is concerned where the arbitration award is foreign, and the arbitrator in Pakistan will submit an Arbitration award for recognition and enforcement in Pakistan. When an involved party may not attempt to modify or remit an arbitral award and does not challenge it the possibility that it has been reversed or accepted and enforced within the time period set out in the arbitral award and it has to rule by arbitration. An arbitral award can

be called into question by the complainant in the arbitration agreement on its place of business or where an arbitral award has to be recognized and enforced. A party aggrieved in an arbitration agreement is required, without prejudice to the contracting parties, to challenge an arbitration award within a prescribed time limit. A restriction of 30 days under Section 158 of the Limitation Act 1908 is the limitation period for appeal in Pakistan to an arbitral award and begins from the date of the notification of the arbitral award being filed before the court. It is therefore strongly recommended that the time of arbitral award in the challenge be increased from 30 to 90 days in order to appeal against a decision of the Civil Court in accordance with Section 96 of the Code of Civil Procedure of 1908.

The national tribunals are well aware of their approach towards implementing arbitration awards when the Division Bench of the High Court of Sindh held that "the arbitrator is a judge of all matters raised from a dispute whether factual, legal and the court is not intended to act as an appeal court sitting in the case of the Federation of Pakistan v Al Farooq Buildings (2001 MLD 99). The court is not required to analyze the grant such that it may simply consider a mistake and make it void. The mistake must be visible on the data surface, and not latent, which can only be found after the information is analyzed beyond the document, in the event of an arbitrator that has refused to act, whether the award occurred beyond the field of comparison, or where the arbitrary ignored legislation or contravened well-established rules and standards of law and the Court will seek to preserve and not abolish the award.

(Zahid, 2017) argues that the Pakistani Superior Courts have consistently warned that the trials of appeals to awards would be handled as if trial cases have been closed. In the case of the Federation of Pakistan v M/s Cooperative Venture Kocks K.G./Rist (PLD 2011 SC 506), it was held that the Court does not search for latent mistakes in the arbitration process or award, while it finds the complaints pursuant to Articles 30 and 33 of the Arbitration Act, 1940.

The Arbitration Act 1940 will extend in Pakistan on all forms of cases, although it includes the acknowledgement and compliance of the International Arbitral Awards in Pakistan through the Acknowledgment and Compliance Act 2011. Pakistan has a broad framework of arbitration, and it requires national rules to enforce international treaties and conventions. In 2011, the Act to Acknowledge and execute the 1958 New York Convention was introduced in Pakistan. This legislation was implemented. The 1985 UNCITRAL Model Law is not in effect in Pakistan because it has not yet been formed by the Pakistani parliament. It is highly recommended that, at the earliest opportunity in Pakistan, the Parliament of Pakistan implement UNCIRAL model law of 1985 and amends the Arbitration Act of 1940 and makes it a comprehensive arbitration statute according to Pakistani customs and the principles laid down in Holy Quran and Sunnah by Prophet Muhammad (P.B.U.H).

Lacunae in the Implementation of Foreign Arbitral Awards

The basic aim of introducing of the 2011 Arbitration Act shall be to protect ties among states and prevent some kind of discrimination which may occur to secure agreements or dealings between states; and if a state faces failure because of incompetency, indifference, and other States' incapacity, the function for which that state is created is not fulfilled. In Pakistan, the arbitration is not only causing harm to the government but also financial hardship as international arbitration judgments are not being enforced, as it is usually refused by the state as can be seen in Karkey's situation, in which the state has been required to pay a large sum of money.

Lack of Clarity on the Enforceability of Arbitration Agreements

A criterion for the enforceability of arbitral arrangements was not explicitly set out by the Supreme Court of Pakistan simply stating that no hard and fast law can either be developed or fine-tuned to tell in which situation a rejection should be made. Each situation is special, so details are decided by particular facts so conditions and permission or refuse of residency. Such rationale eventually contributed to some

contradictory decisions that disregard whether the Pakistani courts had to enforce international arbitral arrangements. The Court was thus able to make rational evaluations and determine that stay of the legal proceedings should be given or denied.

(Ahmed, 2017) analyses that the REAO seems to be creating a presumption (in accordance with Article II (3) of the NY Convention) that arbitration agreements are implementable unless they are 'null and void and inoperative or unable to be implemented. The REAO's promulgation as a special law to strengthen the efficiency of the arbitration mechanism means that the previous enactments are abolished and that it is expected that the "efficient regulations" would be provided.

A Domestic or Foreign Award

The confusion about whether it is an award at home or abroad, nevertheless, is one of Pakistan's main trade arbitrations issues. Every arbitration case which has its roots in Pakistan and the contract underlying it is subject to Pakistani law is simply a domestic arbitration. The rule, though, is uncertain if a foreign nation is ruled by legislation or an arbitrary location.

The extension to the New York Convention 1958 (the NY Convention) is the 2011 Act providing applicable to international arbitration arrangements and awards. Pakistan has signed the NY Agreement and, through the 2011 Act, has adopted a law on the NY Convention. According to the Act of 2011, the Arbitration Act of 1937 (Law of 1937) became the code of law. The Act of 2011 abrogated the Act of 1937. Where the 1937 Act was read, only such awards were recognized by the Supreme Court of Pakistan as international awards where the arrangement of the parties is regulated by foreign law, the seat of arbitration is also a foreign country.

This idea is rejected by the intent of the New York Convention and the Legislation of 2011. A larger range of arbitration awards applies to the NY Conventions. In particular, it was proposed that all tribunal awards rendered in a nation that was a signatory to the NY Convention would provide fair attention. The benefit of this strategy is to include worldwide support in settling trade conflicts and enforcing international awards. When selecting an Arbitration seat that is a country signatory to the NY Convention, international parties agree that an Arbitration Judgment will occur in the event of a conflict in all countries that are signatories to the NY Convention.

For instance, the NY Convention was ratified by the United Kingdom. (Faryal, 2020) states that the 1996 Arbitration Act, applied in the U.K., describes "New York Convention award" as an award rendered in the jurisdiction of a State (other than the UK), which is subject to the New York Convention in the context of an arbitration arrangement, which ensures that all awards where an arbitration position is an exclusive subject to the New York Convention are considered as international arbitral awards. Unlike the legislation of the United Kingdom and many other countries, Pakistan's Act 2011 does not define what it means in a signatory contracting state by the NY Convention Award or by the 'made' award. In Pakistan, legal precedents have just led to the dispute instead of being settled.

Absence of Arbitration Centers in Pakistan

One big concern is that Pakistan does not have a national arbitration center. In 2009 the plan to create a regional arbitration and conciliation center was introduced, but it has never become a statute. If Pakistan wants to establish the indigenous capacity to understand and settle investment conflicts properly, it needs to construct national institutions that provide new spaces for policymaking and provide alternatives to and reduce reliance on foreign institutions. Recognizing this is a very creative and bold idea; Pakistan should lead the world by setting up a National Investment Arbitration Centre (NIAC), which would settle all forms of conflicts between state institutions and foreign investors relevant to investment. It would also improve domestic capability in a deeper comprehension of and resolving assets conflicts, not just as a competitive solution to ICSID.

(Ahmed, 2017) informs that the proposed private arbitration facilities ought to be analyzed in order to decide if they will include a local solution to ICSID. The proposal offers an alert that these organizations actually operate in Pakistan as some apparent online presence may occur, but nothing exists on the ground. But work into these centers would allow collaborations with each of such centers possible and include a comparative framework for the establishment of the NIAC.

Incompetency of Lawyers

Throughout some instances of international arbitration, it was often found that the prosecutors could not offer sufficient support throughout international arbitration issues to the judges. In addition, the tribunals decide on the facts before them, and in such situations, they seldom nominate amicus curiae who request an appropriate briefing on challenging foreign arbitration problems. The court will inquiringly look for the whole brief on law and procedure for

implementation of rulings in compliance with the International Arbitration Regimes in order to make judgments harmonized with international arbitral procedures.

Recommendations and Suggestions

There are some suggestions and recommendations are given to implement the foreign arbitral awards in Pakistan as per the international practices:

- Arbitration legislation in Pakistan should develop a clear definition of 'foreign arbitral awards' that should not have any loopholes, so the judgment and implementation of awards could not be questioned without any specific or valid reason.
- Ordinance of REAO (Recognition and Enforcement of arbitration agreements and awards Act, 2011) shall be passed through the parliament and make a permanent law.
- The state should modify the laws on domestic, commercial arbitration with the purpose of making it extra assisting and helpful of the arbitral process.
- Lack of clarity on the enforceability of arbitration agreement shall be discussed and improved as per the requirement, no matter how different one case is from another as it has steered quite a few contradictory judgments because there is no specific provision related to enforcement of arbitral agreement leading to cases like *Hubco v Wapda* (PLD 2000SC 841).
- The uncertainty on constituting a foreign or domestic award should be cleared by removing the confusion and adopting one method for theory and practical approach as well.
- Arbitration centers shall be formed in Pakistan, being a member state of the arbitration at international level it is a necessary and much-needed step that Pakistan should take as soon as possible for improving the arbitration situation in the state.
- Lack of knowledge of arbitration and how it works is one of the key factors due to which arbitration is failing in the state even after being the member for so many years. People should be given proper knowledge and information that is required by holding different seminars and conferences and building the arbitration centers.
- Lack of development of procedural law is also creating many issues for the arbitration in Pakistan as in Pakistan Code of Civil procedure is the other law except arbitration that is lacking some of the major points of arbitration. Some of the changes shall be made as per the requirement of arbitration proceedings for arbitration to work efficiently without any confusion.
- The arbitration Act 1940, itself is an incomplete Act. It ignores many of the key points that are very important like it does not discuss the subject of independence and impartiality of arbitrators. Therefore, the Act should be amended as per the needs of arbitration, and it should be completed

as required.

- UNCITRAL Model Law and other related treaties should be implemented as there is only one Act for arbitration in the state that itself lacks some key points.

Conclusion

(Sohaib, 2017) states that arbitration is a way of settlement of issues and disputes relating to the civil field between contracting parties, by an arbitrator or arbitrators outside the jurisdiction of the court. The conclusion of arbitral proceeding is called an award that is expected to be submitted in civil court in case of the domestic award and in High court in case of a foreign award for the purpose of recognition and implementation. Court of the arbitral tribunal has the authority to modify the arbitral award on the request of the aggrieved party or on its own behalf if there is a clerical mistake. Pakistan has Duality in its structure; Parliament can enforce an international Act in the state of Pakistan that's why it is greatly suggested to amend and make necessary changes in the Arbitration Act 1940 according to the traditions of its own as per international conventions and rulings of the Holy Quran and Sunnah.

(Dimitri, 2020) suggests that Pakistan inevitably needs to take steps for arbitration to work both domestically and internationally. Steps like the formation of an international arbitration center, especially with the current situation with the foreign investors, to not only attract the foreign investors but for projects like CPEC as it is expected to play a huge role in the future investments for Pakistan. As with the Karkey Karadeniz and Tethyan Cooper company arbitration, Pakistan had to face a lot of criticism internationally, which is a signatory of arbitration and part of many BITs, Pakistan not only in the field of arbitration but also economically is not in a position to face any loss regarding CPEC.

(Tahir, 2020) predicts that CPEC will add 2.5 percentage points to the country's annual economic growth; hence it is in the best interest of the country to use arbitration and e-technologies for resolution of disputes either at domestic or international level. To sum up, the situation of arbitration is not in favor of Pakistan, in fact, is adding to the already existing problems as such economic crisis, financial debts and the best examples of it can be taken from the cases like Reko Diq and Karkey case where Pakistan not only had to face the huge financial loss but also had to face the consequences of spoiling its image in international level and had to face the backlash of the international community.

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