

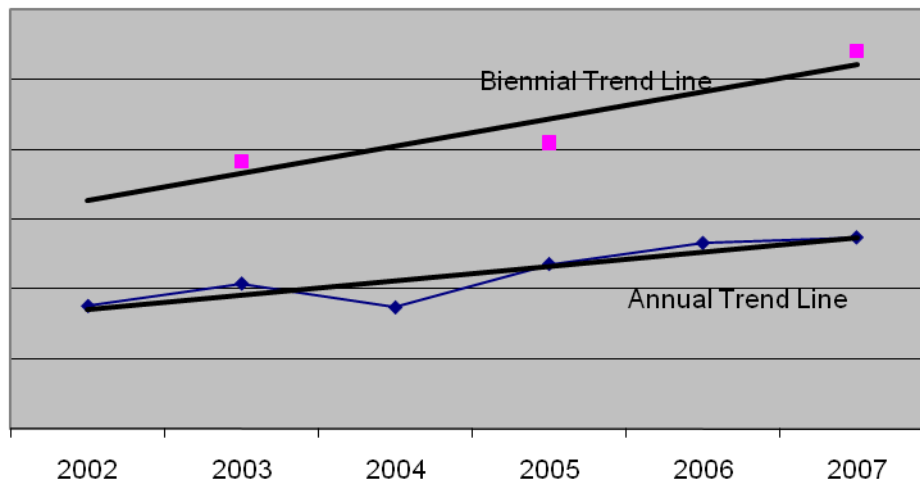
DIRECTOR GENERAL'S REPORT ON CASEWORK

(November 2008)

The past eighteen months have seen unprecedented and diverse developments at the LCIA, one of the most significant of which being the establishment, in February, of the DIFC-LCIA Arbitration Centre, which is the subject of the cover report of this LCIA News. Our focus on these new developments has diverted us somewhat from our regular updates on casework referrals, which the following report will rectify.

The number of disputes referred to the LCIA in 2007 rose for the third consecutive year, with 137 new filings, compared to 133 in 2006. Though this was a modest increase, the 158 new referrals in 2008, as at the date of this report, point to an accelerating upward trend. However, there are always many unpredictable factors in play on the field of commercial disputes and famine may always come to follow feast. So, as ever, we count no chickens.

As between 2006 and 2007, total referrals were up just 3%, but the 270 cases filed during our biennial monitoring period show an increase of almost 32% as compared to the previous 24 month period.



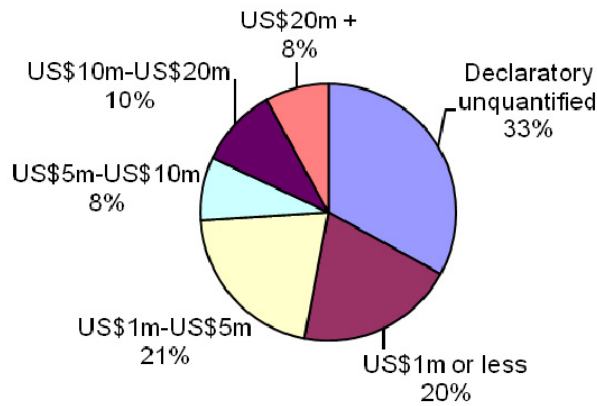
The sheer variety of contracts out of which disputes continue to arise underlines the durability of the appeal of arbitration. Thus, in 2007, disputes came to us from agreements relating to agency and distribution; banking and finance; commercial property leases; construction; diverse joint ventures; guarantees and warranties; insurance and reinsurance; legal and other professional services; oil and gas exploration; purchase and sale of shares; and sale and purchase of commodities.

Sums in issue

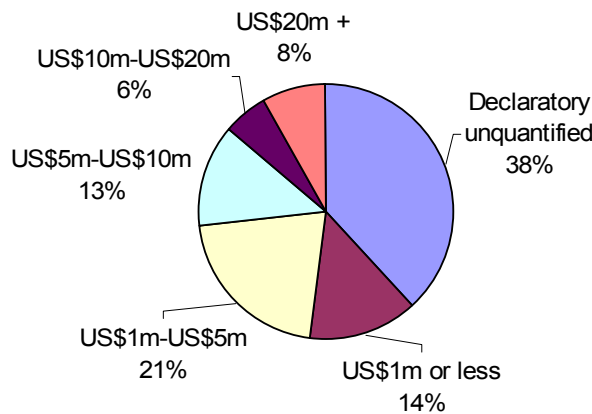
As in previous recent years, one third of Claimants in disputes referred to the LCIA in 2007 (excluding *ad hoc* cases referred for selected administrative services) did not, in their Request for Arbitration, quantify their claim and/or they sought declaratory relief. Also following the established pattern, most of these initially unquantified claims proved to be substantial; many amounting to in excess of US\$10million when counterclaims were included. As has previously been noted, this level of initially unquantified claims may, in part, be driven by the LCIA's not basing its administrative charges, or those of the Tribunals it appoints, on sums in issue.

As the charts, below, demonstrate, the percentage of cases falling within a defined range of values did not greatly change as between 2006 and 2007, though there has been something of an increase in the number of claims valued at US\$1million or below and in the number of claims valued between US\$10million and US\$20million. These numbers do not, however, include the value of any counterclaim.

2007



2006

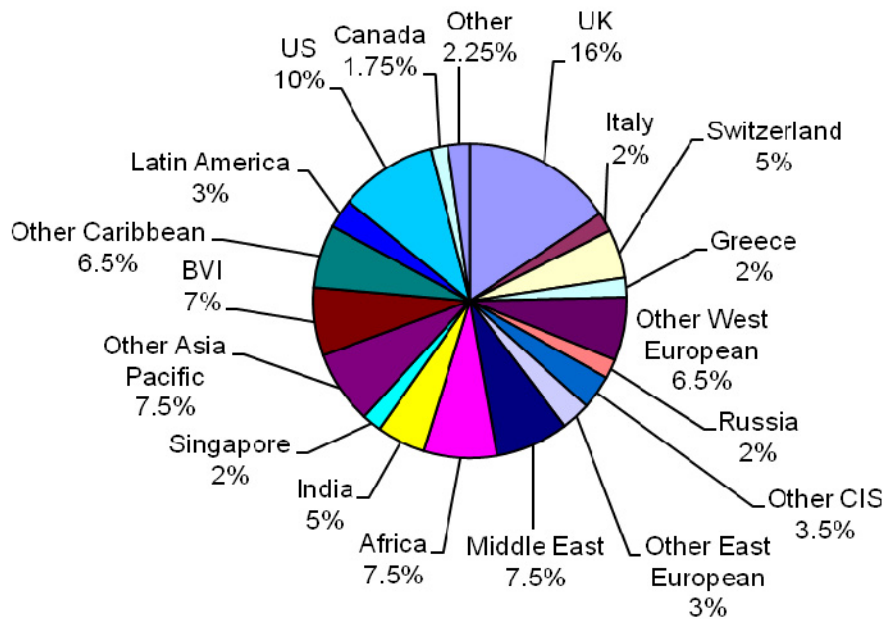


The parties

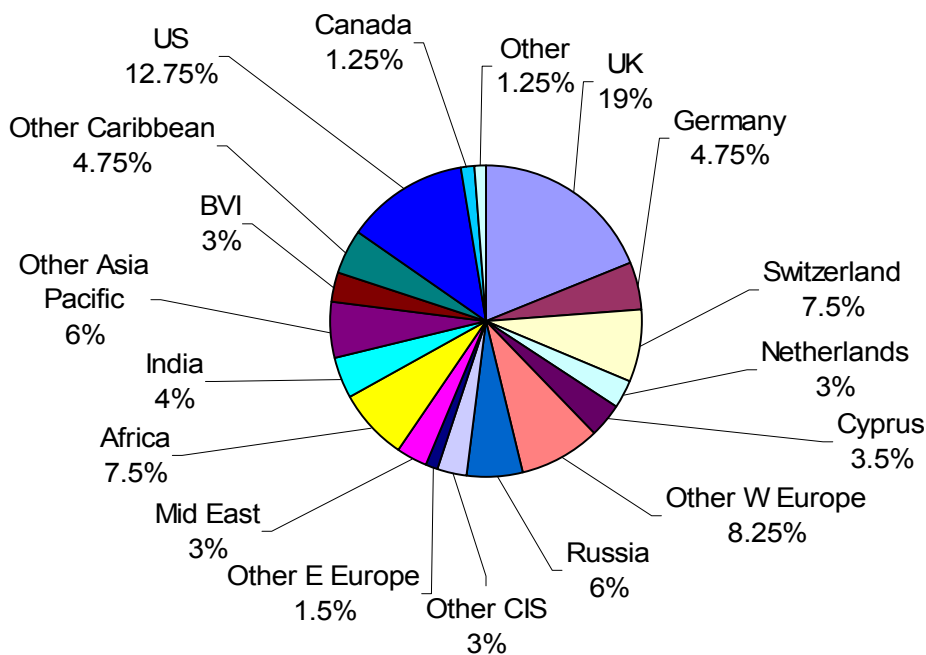
The following charts show the nationality of all parties, Claimants and Respondents, in cases referred in 2007 and in 2006.

It is, perhaps, worthy of note that the percentage of UK parties has dropped three points and of other Western European parties by 11.5 points; whilst the percentage of Middle Eastern and Asia Pacific parties has risen by 4.5 points in both cases. However, this is as likely, if not more likely, simply to reflect the natural rhythm of global economics, rather than mark any significant trend.

2007



2006



The Tribunals

(2006 figures are shown in brackets for comparison.)

During the course of 2007, the LCIA Court made a total of 162 (175) individual appointments of arbitrators, to a total of 88 (89) tribunals. 51 of those tribunals, or 58%, comprised of a sole arbitrator; the remaining 37, or 42%, of three arbitrators. 20 (13) of these tribunals were appointed in cases that had been referred to arbitration in 2006, with one tribunal appointed in a case that had started in 2005. The remaining 67 (75) tribunals were appointed to cases commenced in 2007.

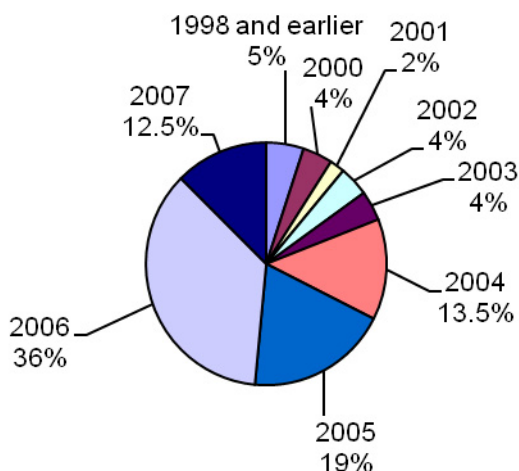
The parties, or party-nominated arbitrators, nominated 92 (101) of the 162 (175) individuals, sometimes from lists provided, at the request of the parties, by the LCIA. The LCIA Court directly selected the remaining 70 (74), in cases in which there was either no express provision for party nomination, or where a party defaulted. 71 (71) of the 92 (101) arbitrators nominated by the parties and the party-nominated arbitrators, that is 77% (70%), were of UK nationality. 35 (40) of the 70 (74) arbitrators selected by the LCIA Court, that is 50% (54%), were of UK nationality. Once again, therefore, the “Englishness” of LCIA tribunals is shown to be a product of party autonomy exercised by users of the LCIA’s rules and services, the great majority of whom are not English.

The nationalities of the non-English arbitrators appointed in 2007 included American; Australian; Austrian; Bahraini; Belgian; Canadian; Dutch; French; German; Greek; Hungarian; Indian; Irish; Kuwaiti; New Zealand; South African; Spanish; Swedish; and Swiss.

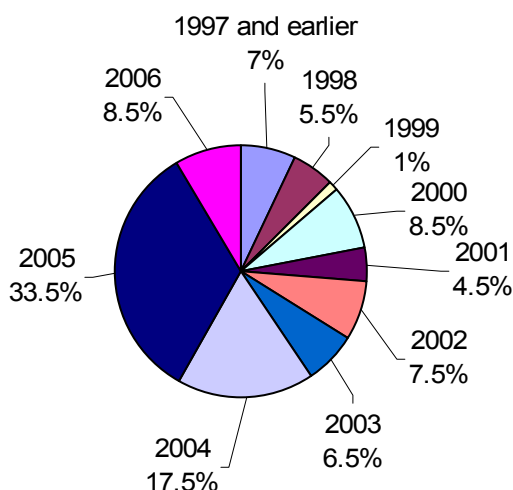
Contract dates

The dates of the contracts in dispute in cases filed in 2007 (where known), and the parallel dates for 2006, are shown in the following two charts. Disputes arising from contracts entered into in the current year and in the two previous years now account for more than 67% of referrals; up 7.5% on 2006.

2007



2006



2008

As I indicated in my opening remarks, the LCIA has, this year, seen a significant acceleration in the number of cases referred. This must surely be, at least in part, as a result of the global economic turmoil that we are currently experiencing, so we would naturally anticipate some levelling off when global economies re-emerge into the light. Nonetheless, other indicators, outside current exceptional circumstances, suggest that the core of the LCIA's casework is strengthening and we strive to justify contracting parties' growing confidence in the LCIA's practice, procedure and services.



Adrian Winstanley
Director General