

International Commercial Arbitration in Jordan: Legal Framework and Practical Challenges

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ARTICLE INFO

Article history

Received May 12, 2025

Revised May 14, 2025

Accepted June 20, 2025

Keywords

international treaties;
arbitration legislation;
the legal system;
international commercial
arbitration.

ABSTRACT

International commercial arbitration is used to settle business disputes between parties from several nations. In order to guarantee the efficient and open execution of cross-border arbitration verdicts, this procedure is regulated by a legal framework that depends on arbitration statutes and international treaties, such as the 1958 New York Convention. The legal structure that governs the international business arbitration system in Jordan is reviewed in this paper, along with the difficulties it meets in real-world implementation. The report points out that the Kingdom's adherence to international arbitration standards is demonstrated by contemporary laws including the Jordanian Arbitration Law and Jordan's ratification of the New York Convention. Jordan's standing as a regional commercial hub is impacted by the system's shortcomings, which include insufficient stakeholder knowledge, enforcement problems, and procedural delays. In order to draw in investment and more effectively accomplish commercial justice, it is advised that awareness be increased, laws be updated, and national institutions be established to guarantee increased efficacy. Enhancing Jordan's commercial arbitration system shows its legal evolution in light of its goals to foster an international business climate and increases its economic competitiveness.

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1. Introduction

In comparison to traditional judicial techniques, international commercial arbitration is seen as a vital and effective instrument for resolving disputes between cross-border commercial partners, offering a flexible and fast environment. Jordan has become a major business and investment destination due to the growing number of investments and the expansion of business activities both domestically and abroad. This is especially true since the country has adopted a modern legal system that enhances its standing as a regional hub for trade and investment services. In this regard, it is evident that a strong legal foundation for commercial arbitration is essential to boosting investor confidence and enticing businesses to choose this form of conflict resolution [1, 2].

The purpose of this study is to examine Jordan's legal framework governing international business arbitration and assess the difficulties in putting it into practice locally. Determining how well-equipped the Jordanian legal system is to handle the demands of international arbitration and talking about any potential weaknesses helps create plans for creating this crucial mechanism, which will strengthen Jordan's standing as a major regional hub for global business disputes [3, 4].

2. The Legal Framework for International Commercial Arbitration in Jordan

Numerous legal pillars uphold Jordan's arbitration system and foster an atmosphere that is conducive to its development. One of the most notable of these is Arbitration Law No. 31 of 2001, a contemporary law that conforms to global norms in this area. While upholding international norms, the law lays out the fundamental steps and requirements for presenting disputes to arbitration. It also considers the core tenets of arbitration, including the arbitral tribunal's independence, the parties' right to select their own judges, and the choice of the laws that will govern the proceedings [5, 6].

In order to improve its capacity to accept and enforce verdicts from international arbitration centers, Jordan is likewise dedicated to completing the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral verdicts. This is a significant component of its legislative structure, which boosts trust in the Jordanian arbitration system and makes it a popular option for foreign business parties and investors [7].

Additionally, the Jordanian judiciary supports the preservation of arbitration procedures. The concept of deference to arbitral authority guarantees respect for the independence of the arbitral tribunal and its rules, and the judiciary's cooperative connection with arbitration procedures is one of its defining characteristics. Additionally, it reduces judicial intervention in arbitration-referred conflicts, with the exception of infrequent instances involving process invalidity or particular legal objections [8, 9].

Jordan complies with national laws and the New York Convention, which ensure that arbitral rulings are promptly recognized and enforced. This is a crucial element that fosters global trust in the Jordanian arbitration system and creates an atmosphere that is conducive to the stability and development of global economic relations [10].

3. Advantages of the International Commercial Arbitration System in Jordan

Jordan's international commercial arbitration system has a number of benefits that make it a desirable choice for business parties looking to settle their conflicts swiftly and amicably. The independence and flexibility of the procedures, which free parties from the formal restrictions that traditional judicial courts may impose, are among the most significant of these benefits. This allows parties to choose arbitration bodies, establish procedural rules, and choose the arbitration venue that best suits their interests [11, 12].

Establishing a contemporary and adaptable legal framework also helps to improve the investment climate since both domestic and foreign businesses can be sure that their disagreements will be settled in accordance with transparent and unambiguous regulations, which boosts trust in the Jordanian economy and attracts foreign direct investment. Furthermore, by offering specialized services and top-notch legal knowledge, the Jordanian Arbitration Center contributes significantly to the support of arbitration procedures, improving the system's reputation and offering trustworthy judicial alternatives to parties looking to settle their disputes outside of the conventional court system [13, 14].



In an era of growing cross-border economic exchanges, these combined characteristics make the Jordanian arbitration system an efficient instrument for fostering commercial conformity and guaranteeing justice, as well as providing a viable and adaptable solution that satisfies the demands of international commerce [15].

4. Practical Challenges Facing Commercial Arbitration in Jordan

Despite institutional support and legal advancements, Jordan's commercial arbitration system nevertheless faces many real-world obstacles that limit its ability to settle disputes effectively and efficiently. The most significant of these challenges is the ignorance of government organizations, businesses, and investors on the regulations and processes pertaining to arbitration, which necessitates continuous efforts to educate and raise awareness. Slow processes and inadequate coordination between institutions also plague some situations of executing foreign decisions and implementing arbitration awards, endangering the system's legitimacy and eroding worldwide trust in it [16, 17].

In addition, the system lacks the financial and administrative resources necessary to support arbitration procedures, particularly in light of the dearth of personnel skilled in international arbitration procedures. In order to improve local legal knowledge and proficiency and aid in the advancement of the legal system in accordance with global norms, it is imperative that training and development in contemporary arbitration techniques be increased [18].

5. Proposals to Strengthen the Commercial Arbitration System in Jordan

A number of sensible and calculated actions are suggested in order to improve the efficiency of Jordan's commercial arbitration system and make the country a more desirable place to invest and resolve disputes. First, through awareness campaigns and specialized seminars, efforts must be made to raise legal awareness and consistently inform stakeholders and investors on arbitration procedures and norms [19]. Second, while keeping up with pertinent scientific and technological advancements, legislative reform and updating should be done to bring it into compliance with contemporary international norms. This includes enhancing arbitration processes and making it easier to enforce verdicts. Third, more assistance should be given to specialist national organizations, like the Jordan Arbitration Center, by providing adequate funding and a suitable setting that promotes effective and open arbitration procedures [20]. Fourth, in order to bring the arbitration system into compliance with international standards and strengthen Jordan's standing as a desirable location for international business, there is a call for increased collaboration with pertinent international and regional organizations as well as the adoption of global best practices and experiences. In order to guarantee high professionalism and a cutting-edge legal standard that satisfies market demands and global legal advancements, it is advised that judges and attorneys involved in arbitration get ongoing training and skill development [21].

6. Conclusion

An overview is given of how international commercial arbitration helps Jordan become a more attractive place to invest and a global hub for settling cross-border business conflicts. The New York Convention, the current legal system, and relevant laws all demonstrate the Kingdom's commitment to upholding investor rights and meeting international standards. To improve confidence and efficiency, however, drastic measures are needed to address the system's practical problems, which include low awareness, implementation problems, and procedural delay. To guarantee that arbitration continues to be a useful instrument for resolving disputes, it is critical to coordinate efforts to update laws, build human capacity, and offer the required institutional and technical support. The way to make sure that Jordan realizes its potential in the area of international trade and strengthens its regional and global position in this crucial subject is to invest in law modernization, ongoing training, and increased international cooperation.

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