



Arbitration in Turkey: Introduction and Recent Developments

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Turkey has two different legislations governing arbitration. The Turkish International Arbitration Law of 2001 (“TIAL”), which is based on UNCITRAL Model Law of 1985, is applicable to international arbitrations and Code of Civil Procedure which governs domestic arbitration in Turkey. It is important to mention that, in 14 years since its ratification, TIAL has seen numerous amendments that are implemented from Chapter 12 of Swiss Private International Law.

In 1992, the New York Convention entered in force in Turkey with two reservations. First, reciprocity, meaning that only arbitral awards rendered in other signatory states to the Convention are recognizable and enforceable. Secondly, it was declared that the Convention is applicable only to disputes that are qualified as commercial pursuant to Turkish law.

Although there are not any legal restrictions imposed on the operation of foreign arbitral institutions in Turkey, local arbitration bodies are leading the domestic practice. Being established in major industrialized cities such as İstanbul, Ankara and İzmir; among them, currently, İstanbul Chamber of Commerce Arbitration Center is the most popular.

Promisingly, pursuant to the framework of the Strategy and Action Plan for İstanbul International Financial Center published by the Turkish government in 2009, İstanbul Arbitration Center (“ISTAC”) has been established on 20 December 2014 as stipulated by the Law No. 6570. As of today, with its modern arbitration and mediation rules, ISTAC is set to bring a novel and dynamic approach to institutional arbitration in Turkey and the neighboring region. Taking into account that there are not any special Turkish courts for



international arbitration, the mission of ISTAC becomes more critical in terms of alleviating the heavy workload on commercial courts.

In conjunction with the impetus that ISTAC gave to Turkish arbitration practice, it must be mentioned that, in the near future, an amendment which aims to modernize TIAL and address the needs of its users is expected. Indeed, this expectation is increasingly voiced by the practitioners, scholars and officials of higher judiciary on various platforms.

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