



**STATEMENT OF
PROF. DR. RAHMAT MOHAMAD, SECRETARY GENERAL,
AALCO AT “THE INTERNATIONAL CONFERENCE ON
INSTITUTIONAL ARBITRATION INFRASTRUCTURE AND
CONSTRUCTION”, 16 OCTOBER 2008, INDIA HABITAT CENTRE, NEW
DELHI**

Hon’ble Justice K.G. Balakrishnan, The Chief Justice of India,
Mr. Chander Verma, Chairman, CIDC
Dr. Uddesh Kohli, Chairman, Construction Industry Arbitration Council,
Mr. Pravin Parekh, President Supreme Court Bar Association,
Prof. Eric E. Bergsten, Former Secretary, UNCITRAL
Prof. Lawrence Boo, Deputy Chairman, SIAC,
Distinguished delegates, Experts, Excellencies, Ladies and Gentlemen,

It is indeed an honour and privilege to address this august meeting on behalf of the Asian-African Legal Consultative Organization (AALCO) and to be in the company of the distinguish jurists and experts. My sincere congratulations goes to the organizers, United Nations Commission on International Trade Law (UNCITRAL) and Construction Industry Arbitration Council (CIAC) for the excellent arrangements that have been made for this important and timely Conference.

Ladies and Gentlemen,

Arbitration, today, is the most effective and widely used tools for settling commercial and trade disputes in a peaceful and effective manner. The acceptance of UNCITRAL Model Law and Rules on Arbitration by most countries has facilitated the formation of a uniform rules and a conducive environment for the development of arbitration.

The Asian-African Legal Consultative Organization, established in 1956 as a tangible outcome of the historic Conference of the Asian and African States held in Bandung in 1955, has pioneered the promotion and strengthening of arbitration and arbitration institutions in the Asian-African region. AALCO was conceived as a consultative forum for consideration of legal issues of common concern and thus to promote co-operation on international law matters among the States of the Asian and African regions. Its establishment coincided with the beginning of the process

of decolonization which resulted in emergence of several new independent states in the Asian and African regions.

Outside the United Nations framework, AALCO was among the first to realize the potential of Arbitration and its importance to the Asian-African states. It started considering arbitration as a priority item since late sixties with the establishment of its relation with UNCTAD and UNCITRAL. During the period of 60's and 70's, there were hardly any permanent arbitral institutions in the Asian-African region. The only alternative was the well established Western based arbitral institutions. The disadvantage of dependency over these institutions ranged from cultural disparity, institution and financial constraints and inability to afford best legal experts to represent them. The results were, therefore, often adverse to them.

It was an unsatisfactory situation, which needed to be improved that AALCO took upon this challenge. AALCO realized the need to develop and improve the procedure for international commercial arbitration, the necessity for institutional support, develop necessary expertise and create environment conducive to conduct arbitration in the Asian and African regions. This, it was expected, would process and guide the future of international commercial arbitration in a manner which would lead to improvement of the rules of arbitration, which took into account the needs and concerns of developing countries.

Accordingly, the Organization envisaged a system where the disputes arising out of commercial transactions could be settled under fair, inexpensive and adequate procedures, and to establish regional arbitration centres under the auspices of AALCO in different locations in the Asian-African region which could fill the existing gap for such machinery.

On 17 April 1978, AALCO concretized this bold initiative by establishing its first Regional Centre for Arbitration in Kuala Lumpur (KLRCA), with the support of the Government of Malaysia. The success of the Centre inspired other Governments to make a similar gesture to host such a Centre in their respective regions. The Cairo Regional Centre for International Commercial Arbitration (CRCICA) was established in 1979. The Lagos Arbitration Centre and Tehran Arbitration Centre were established in 1989 and 1997 respectively. Finally, the Nairobi Regional Arbitration Centre was established in 2007 and would become functional soon. Today, AALCO's Arbitration Centres have attained prestigious status among the family of international arbitral institutions.

Ladies and Gentlemen,

With the globalization and liberalization of international economy, arbitration as a means of settling disputes has become even more important, and at the same time has become diversified and highly specialized. The scope and application of arbitration has widened from adjudicating common commercial disputes to disputes relating to E-commerce, E-banking, domain name and other specialized areas. The Arbitration Centers, both national and international, have to keep pace with the fast changing concept and scope of arbitration. One such area which requires our specific attention is arbitration in infrastructure and construction matters. Construction and infrastructure is a very important sector and an essential vehicle for the development and modernization of our fast growing economies. Lack of neutral, effective, reliable and specialized dispute resolution system and institutions would have direct implications on our development goals. I believe that the Construction Industry Arbitration Council and other such specialized institutions would fill this gap in a most effective manner.

I am sure this Conference provides an excellent forum for exchange of views, opinions and ideas to address many of the concerns facing the international commercial arbitration, particularly in the infrastructure and construction sector and I believe most of these concerns would be addressed during the course of this Conference. I wish the Conference a successful deliberation.

Thank you.