



Costs of arbitration in Switzerland

The main cost drivers in arbitration: The major cost factor is the legal fees of the parties. Together with experts' fees and the parties' own costs they amount to about 80% or more of total costs, for instance according to a [2015 report on costs by the ICC](#). The costs of the arbitral tribunal are typically below 20%. Major cost drivers for the parties' total costs are the size of legal teams, the need for experts, the extent of evidentiary proceedings, disruption of management, or the cost of appeal(s). Taking into account all of these costs, Swiss arbitration provides value for money.

Arbitration costs: Typically, but not necessarily, Swiss arbitral tribunals are remunerated as a function of the value in dispute and the complexity of the case. The parties are usually requested to provide 50% each of the expected remuneration at the outset of the proceedings. Arbitral institutions often have cost schedules determining the arbitration costs and sometimes provide an online cost calculator, such as the [Swiss Chambers](#), or the [ICC](#); for arbitration proceedings not administered by an institution, the arbitrators' fees will have to be agreed upon at the outset.

Party costs: As a rule, each party pays its party costs, consisting of the fees and expenses of the legal representatives, experts and witnesses, until the arbitral tribunal renders an award on costs. By appropriately choosing, instructing and guiding counsel, a party can largely control these costs.

Security for costs: Security for costs provides a party with a security for its potential future claim for reimbursement of the costs incurred in the arbitration. An arbitral tribunal having its seat in Switzerland may grant an order for security of costs, in particular in a situation where the financial status of the claimant has seriously deteriorated as compared to the time when the arbitration agreement was concluded.

Allocation of the costs in the award: In the interest of party autonomy, [Chapter 12](#) of the Swiss Private International Law Act does not regulate the allocation of costs. Arbitration rules regularly grant wide discretion to arbitral tribunals. In Switzerland, arbitrators tend to follow the principle of "costs follow the event" and award costs often in proportion to each party's success with its claims. Other reasonable cost allocations are permissible, however.

Amount of costs awarded by arbitral tribunals: With regard to the amount of party costs, arbitral tribunals have, again, considerable discretion. Generally, the parties are invited to submit their cost claims to the arbitral tribunal. A party that prevails in all respects may expect to be fully compensated for its party costs unless they appear unreasonable. The costs for in-house counsel are compensated in rare cases only, in particular when the successful party did not engage external legal counsel or if the involvement was extraordinary. With regard to the advances paid for arbitration costs, the successful party is usually granted a right of recourse against the other party.

Costs for an appeal against an award: The only recourse against an award is a challenge to the Swiss Federal Supreme Court. Those [costs](#) depend on the amount in dispute and can typically range from a few thousand to tens of thousands of Swiss Francs. The Swiss Federal Supreme Court will order the losing party to bear the court costs and to pay to the winning party a specific, limited amount for the latter's party costs. [Party costs](#) awarded also depend on the amount in dispute and are usually somewhat higher than the court costs.