

The Development and Progress of Mediation in Cyprus



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The development of mediation in Cyprus began notably in the early 2000s with the introduction of legislative reforms and the establishment of various mediation bodies and institutions.

In Cyprus, there are no specific restrictions on the scope of mediation. Mediation can be utilized for a wide range of disputes, including civil, commercial, family, labor, and banking matters. The scope of mediation is generally determined by the parties involved and the nature of the dispute. As for the regulation of mediation, Cyprus introduced legislation to regulate mediation procedures with the enactment of the Mediation Law of 2012 (Law 159(I)/2012). This law provides a legal framework for the conduct of mediation processes, including principles, procedures, and the recognition and enforcement of mediated settlements.

Currently, the realm of dispute resolution in Cyprus is experiencing a significant shift, with mediation emerging as a powerful alternative to traditional court battles. This evolution is not merely driven by growing business preference for faster and more confidential solutions; it's actively encouraged by a recent legal advancement – the New Civil Procedure Rules, implemented and came into force as from 01/09/2023. The New CPR marks a significant milestone in promoting Alternative Dispute Resolution (ADR) methods, particularly mediation.

Protocol 3 of these rules specifically addresses ADR, empowering courts to play a proactive role. Judges can now encourage and nudge parties involved in a dispute to consider exploring mediation before resorting to litigation. This empowers them to explore a more collaborative and potentially faster route to reach a mutually agreeable outcome. This legal innovation complements the existing framework for mediation established by Law 159(I)/2012. This law, enacted in 2012, aligns Cyprus with EU standards by outlining a structured approach to mediation in civil and commercial matters. It defines the procedure, sets qualifications for mediators, and ensures the enforceability of agreements reached through successful mediation.

Looking ahead, there's potential for even greater progress. Similar to the UK's recent reforms (came into effect on 22 May 2024), which introduced compulsory mediation for small civil claims, Cyprus might explore similar avenues. According to the new Law, parties in money claims up to the value of €10,000 must take part in a free one-hour mediation appointment, provided by HMCTS' Small Claims Mediation Service.

The Ministry of Justice and Public Order of Cyprus has prepared a draft bill that amends the Law 159(I)/2012 to improve the functioning of the said law. The draft bill proposes significant changes aimed at enhancing the effectiveness and accessibility of mediation.

One key change is the deletion of the definition of "commercial dispute," leaving only the term "civil dispute" to cover all types of disputes. This simplification is intended to create a more streamlined process for mediation across different types of civil conflicts. Furthermore, the bill consolidates the two currently maintained Mediation Registers into a single unified Register, facilitating easier management and oversight of registered mediators.

Another noteworthy change is the introduction of mandatory training for all mediators before they can be registered, regardless of their professional background. Currently, lawyers are exempt from training for registration in the Mediation Register for Commercial Disputes, but the new bill removes this exemption. This ensures that all mediators, including lawyers, have undergone the necessary training to effectively mediate disputes.

Additionally, the draft bill stipulates that mediators who are removed from the Register cannot re-register until five years have passed, closing a gap in the existing legislation. The proposed regulations provide further structure, detailing mediator fees based on the value of the dispute and specifying the content of special and continuing professional training for mediators. These regulations ensure that mediators are well-prepared and continually updated on relevant legal and practical aspects of mediation. By establishing comprehensive training and fee structures, the regulations aim to uphold high standards in the mediation process and enhance its credibility and effectiveness as a dispute resolution method.

A proposed amendment in Cyprus mandates compulsory initial mediation sessions for disputes valued up to €5,000, aiming to revolutionize civil dispute resolution.

This could involve mandating mediation for smaller civil claims, potentially streamlining the process and further reducing the burden on the court system. By following a measured approach inspired by successful international models, Cyprus can solidify mediation's position as a cornerstone of its dispute resolution landscape, particularly for those smaller civil disputes where efficiency and cost-effectiveness are paramount. This would not only help in reducing court backlogs but also promote a culture of amicable dispute resolution.

By adopting these forward-looking measures, Cyprus can further entrench mediation as a central pillar of its dispute resolution system, ensuring that it remains an effective, efficient, and preferred method for resolving disputes.