



# India looks to become new arbitration hub

Keen to liberalise India's legal market, and its economy in general, the government is to open a new centre for arbitration

India recently surpassed Japan to become the third largest oil consumer after the US and China. This, combined with India's rapidly growing economy, makes it an interesting market for oil and gas companies, who are consequently seeking opportunities to invest, writes *Mark Stefanini*, Partner in the Energy and Dispute Resolution practice at Mayer Brown International LLP.

Legal and regulatory certainty and a mechanism to resolve disputes in an efficient and impartial matter are key considerations when considering such investments. Energy companies often choose arbitration as their preferred dispute resolution mechanism due to its discreet, confidential nature, the relative ease of enforcement of awards under the New York Convention and because of the ability to select independent arbitrators.

In view of this, the Indian government has taken steps in recent years to provide greater

certainty for international investors, including by amending the country's arbitration laws in 2015 in an effort to limit the extent to which national courts will interfere with arbitral proceedings. The opening of the Mumbai Centre for International Arbitration (MCIA), expected as this issue of *Petroleum Review* went to press, is a further step in the process of promoting the Indian legal system as a viable alternative for businesses pursuing arbitration connected with India.

It remains to be seen whether the MCIA's opening will signal an important step in bringing dispute resolution closer to home in instances where international oil and gas companies with investments in India might previously have chosen other venues to resolve their disputes.

Well established arbitration centres in cities such as London, Singapore (which currently handles a large number of disputes relating to India) or Hong Kong are likely to remain a safer bet for big disputes in the short to medium

term. However, the MCIA is set to offer highly competitive pricing structures charged in local currency with arbitration rules drafted to international standards and best practice.

Therefore, if the MCIA can demonstrate a track record of producing high quality decisions without interference from the Indian courts, and better still, if MCIA decisions are routinely enforced through the Indian courts, it may gather momentum quickly.

It is unclear how great an impact the MCIA will have in the arbitration market in the long term. That being said, competition for important cases between global arbitral organisations will only serve to improve the quality of service provided by all institutions, improving the capacity for companies in the energy sector to settle disputes quickly, without compromising ongoing projects.