

1. Amazon- Future deal

Prelims Syllabus: Industries – Textile, E-Commerce, Pharma, Service

Mains Syllabus: GS-III Effects of Liberalization on the Economy, changes in Industrial Policy and their Effects on Industrial Growth.

Why in News?

- The Competition Commission of India (CCI) has frozen its approval given in November 2019 to Amazon's investment in a Future Group unit on the grounds that the U.S. e-commerce company had suppressed the scope and full details of its investment while seeking Regulatory Approval.

What are its Implications?

- The CCI decision further roils the legal landscape as Amazon seeks to block the Future Group's 2020 decision to sell its retail assets to Reliance Industries.

What's the Issue?

- Future Group and Reliance Industries Limited had signed a Rs 24,713-crore deal in August 2020 for Future Retail to sell its retail, wholesale, logistics and warehousing units to Reliance Retail and Fashionstyle.
- Amazon is Future Group's Indian partner.
- Amazon says Future violated a partnership contract with the asset sale to its rival and wants to scuttle it, while the indebted Indian group says it would collapse if the Transaction Fails.

Why did Amazon Approach SIAC?

- The parties in a deal usually sign a contractual agreement which specifies about:
 - The arbitral institution administering the arbitration.
 - The applicable rules.
 - The seat of arbitration.
- In this case Amazon and Future Group have under their agreement agreed to refer their disputes to SIAC, with Singapore presumably being the contractual choice for the seat/place of arbitration.

How is the dispute taken up at the SIAC? What is the procedure to be followed?

- Once a dispute is referred to arbitration, the process of Appointment of the arbitral tribunal takes place.

- **Composition:** Typically, in case of a three member Tribunal, both the parties appoint one member each to the tribunal, while the third member is jointly appointed by the two nominees or, if they fail to agree, by SIAC.

Appointment of an Emergency Arbitrator:

- Appointment of the arbitral tribunal Usually takes time.
- Therefore, under the rules of SIAC, parties can move SIAC to appoint an emergency arbitrator to get urgent Interim relief, even as the process of appointment of the main Arbitral Tribunal is Underway.

What happens when the Parties don't comply with the Order Voluntarily?

- Currently under Indian law, there is no express mechanism for enforcement of the orders of the Emergency Arbitrator.
- But, the Parties Voluntarily comply with the Emergency Award.
- However, if the parties don't comply with the order voluntarily, then the party which has won the emergency award, in this case Amazon, can move the High Court in India under Section 9 of the Arbitration & Conciliation Act, 1996, to get similar reliefs as granted by the Emergency Arbitrator.

Why has Singapore become the hub of International Arbitration?

- Foreign investors investing in India typically want to avoid the rigmarole of the Indian courts.
- Foreign investors feel that Singapore is neutral ground for dispute resolution.
- Singapore itself over time has built a stellar reputation as jurisdiction driven by rule of law with international standards and high integrity. This gives comfort to investors that the arbitration process will be quick, fair and just".
- According to the 2019 annual report of SIAC, India was the top user of its arbitration seat with 485 cases being referred to SIAC, followed by Philippines at 122, China at 76 and the United States at 65.

Does India have any International Arbitration Centre?

- Yes. India now has its own international arbitration centre in Mumbai.

About Singapore International Arbitration Centre (SIAC):

- It is a not-for-profit international arbitration organisation based in Singapore, which administers arbitrations under its own rules of arbitration and the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules.