



New York Convention

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Why in News

Recently, **Cairn Energy** has filed a case, in accordance with the **New York Convention**, in the USA district court to enforce a USD 1.2 billion arbitration award it **won in a tax dispute against India.**

Key Points

- **About:**
 - The **Convention on the Recognition and Enforcement of Foreign Arbitral Awards**, also known as the "**New York Arbitration Convention**" or the "**New York Convention**", is one of the key **instruments in international arbitration.**

Arbitration is a procedure in which a dispute is submitted, by agreement of the parties, to one or more arbitrators (an independent person/body) who make a binding decision on the dispute.
 - It applies to the **recognition and enforcement of foreign arbitral awards** and the **referral by a court to arbitration.**
 - The Convention was adopted by the **United Nations (UN)** following a diplomatic conference held in May and June 1958 at the UN Headquarters in New York, and entered into force on **7th June, 1959.**
- **Parties to Convention:**
 - The Convention has **166 state parties** (Countries).
 - **India** is a party to the Convention.

- **Aim:**

- The Convention's principal aim is that **foreign and non-domestic arbitral awards should not be discriminated against by courts** asked to enforce them.

It obliges Contracting States to ensure foreign awards are recognised and generally capable of enforcement in their jurisdiction in the same way as domestic awards.

- To require courts of Contracting States to **uphold valid arbitration agreements and stay court proceedings** in respect of matters which the parties have agreed should be resolved by arbitration.

By signing up to the Convention, a **state agrees that its courts will respect and enforce parties' agreements to arbitrate, and to recognise and enforce any resulting arbitral award in its jurisdiction** subject to only very limited grounds for refusal.

Source:TH