



The Collision between Public Policy and International Commercial Arbitration Regarding Recognition and Enforcement of Foreign Arbitral Awards; A Comparative Legal Analysis among USA, India and Sri Lanka.

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Abstract

Arbitration is acclaimed for the enforceability of arbitral awards with relative speed and convenience in the corporate world. However, this lucrative nature of arbitration tends to be unfavorable with the justifications provided for the refusal of execution of arbitral awards under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958. Amongst these set forth justifications the notion of public policy stands out as one of the most controversial justifications for rejecting the execution of an international arbitration decision. The decision in respect of whether such acceptance and execution of a foreign arbitral award collide with the public policy of the homeland is vested with the discretion of domestic judicial forums of the homeland. According to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958, internal courts have formed a variety of explications to the notion of public policy causing several obstacles in the execution of such awards in the international sphere. Problems arise when the arbitration award is not accepted in countries in which the enforcement is sought due to a conflict of interests with the public policy concerns of those countries. These confrontations largely weaken the practice of international commercial arbitration. This article seeks to approach the aforesaid issue of conflict between public policy and enforcement of a foreign arbitral award in commercial arbitration in a comparative manner

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with special reference to the laws of the USA, India and Sri Lanka. The study embraces the black letter approach in law and the international and comparative legal research methodology. Further, this study encourages a legal reformation accompanied by a balanced approach to the utilization of the notion of public policy either by way of a harmonized manner or a uniform application of the public policy with due regard for the transnational commercial legal interests.

Keywords: *Public Policy, International Commercial Arbitration, Recognition and Enforcement, foreign arbitral awards, domestic judicial forums*

Introduction

International commercial arbitration is one of the alternative dispute resolution methods utilized in resolving contradictions emerging from commercial contracts between parties to business transactions¹. The practice of commercial arbitration is prominent among private parties across national frontiers owing to its cost effectiveness, flexibility and less time consuming nature² compared to public trials in the internal courts. It is usually observed in the arbitration to include a clause stating that any issue which stems from the contract will be determined by a process of arbitration instead of a litigation process. Generally in arbitral proceedings, the successful party is entitled to enforce the final decision at the end of the arbitration process. Simultaneously besides the voluntary compliance with an arbitration decision by the unsuccessful party, the absoluteness of the arbitration award relies upon the enforcement by the domestic courts. The UNCITRAL Model law and the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958 (New York Convention) provide unified laws for elevating arbitration as a method of international dispute resolution.

¹ International Commercial Arbitration Research guide, 'Introduction' (Georgetown law, 25 August 2022) <<https://guides.ll.georgetown.edu/InternationalCommercialArbitration> accessed 29 September 2022

² Funke Adekoya SAN, 'The Public Policy Defence to Enforcement of Arbitral Awards: Rising Star or Setting Sun' (2015) 2 (2) BLD International Arbitration Review < <https://funkeadekoya.com/a-comparison-of-the-use-of-the-public-policy-defence-by-different-countries-to-resist-the-enforcement-of-international-arbitral-awards-a-rising-star-or-setting-sun/3/>> accessed 29 September 2022

Article III of the New York Convention enshrines that, acceptance and execution of an arbitration decision at an international level are vested with the national courts and contracting realms are under the authority to acknowledge arbitral awards as irrevocable and execute those awards in compliance with the applicable mandates and directives of the respective domain as per the specified conditions. The said article declines the imposition of excessively high conditions and tariffs on the acceptance and execution of arbitral awards as opposed to what is originally agreed upon by the respective protocol.

After adhering to the set out conditions under Article IV of the New York Convention, the liability is vested with the opposing party to establish evidence that the recognition and enforcement of the arbitration decision should not be granted based on grounds outlined under Article V(1) of the New York Convention. If any of the bases depicted in Article V (1) appears to be true the respective realms are entitled to refuse the enforcement of the foreign arbitral award. Accordingly, Article V (1) of the New York Arbitration Convention places the onus of proof on the individual who seeks the refusal of the enforcement of the decision. Similarly, Article 36 of the UNCITRAL Model Law enshrines identical bases for non-acceptance or non-execution of an arbitral decision.³

Under Article V (2) of the New York Convention, recognition and enforcement of an arbitral award can similarly be repudiated on two specified bases. The first ground for such refusal is when the state in which the execution of the award is applied discovers that, the focus of the attention of the difference is not competent to be resolved by a process of arbitration under the respective domestic law. The second recognized ground is formed when the recognition and execution of the arbitral award contravene the public policy of the particular country. A similar view is depicted under Article 36 (b) (ii) of the UNCITRAL

³G.A Pratama, 'Public Policy as a ground for refusing enforcement of foreign arbitral awards: Indonesian Notion of Public Policy' (Masters of Laws, University of Exeter 2017)

Model law which stipulates that the recognition and enforcement of an arbitral award could be relinquished if it appeared to the court that such acceptance and execution would be at variance with the public policy of the homeland in concern.

The notion of public policy is often discerned as a notion that is itself vague in the application. In the judicial ruling of *Richardson v. Mellish*⁴ the notion of public policy was referred to as an 'unruly horse'⁵. In addition, Justice Parker in the case of *Egveton v. Brownlow*⁶ identified the term public policy as an ambiguous term that leads to uncertainty and misconception owing to its manner of application specifically concerning legal rights. Further, it was held that the conception of public policy able to be perceived in distinct senses.

According to Professor Karl Heinz Bocksielfel⁷, public policy is to be contingent on the judgment of the respective legal community. It has been construed that public policy varies from state to state and it is also determined by the time factor. Professor Bocksielfel construes values and standards of communities are unstable and owing to these perceptions, public policy has been expounded diversely in each legal system by their judicial forums and wordsmiths.

Hence it can be stated that, in addition to the ambiguous nature of the notion of public policy, the imposition of rigid domestic values and laws to controlling the arbitration process adds more vagueness to the progress of international commercial arbitration. Further, owing to the reasons that the public policy is strictly conditional to the determination of local courts of enforcement and the lack of a specifically codified definition under an international benchmark, have led to cause more confusion.

⁴ (1824) 2 Bing. 229 at 252

⁵ Dharmvir Brahmhatt, 'Public Policy – The Unruly Horse' (2020) IBC Laws <https://ibclaw.in/public-policy-the-unruly-horse-by-dharmvir-brahmbhatt/> accessed 3 October 2022

⁶ (1853) IV House of Lords Cases (Clark's)

⁷ Karl-Heinz Bockstiegel, 'Public Policy as a Limit to Arbitration and its Enforcement' (2008) IBA Journal of Dispute Resolution International 2 <https://cdn.arbitration-icca.org/s3fs-public/document/media_document/media012277202358270bckstiegel_public_policy...iba_unconference_2008.pdf accessed 4 October 2022

Methodology

The study takes the form of qualitative research including the black letter approach and international and comparative research methodology. To collect information to conduct the analysis and the discussion, browsing of textual primary and secondary sources with the content analysis method has been utilized. The primary sources which have been incorporated into this study include the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) and the United Nations Convention on International Trade Law (UNCITRAL) and also the judicial pronouncements are given in the considered jurisdictions. With secondary sources journals, website articles, research papers and theses were cautiously referred to originally authored and edited books to conduct a fruitful legal analysis to review comparatively the impact of the collision between public policy and enforcement of a foreign arbitral award in commercial arbitration.

Refusal of recognition and enforcement of arbitral awards and public policy notion.

Both substantive and procedural bases for confronting the execution of an award can be identified under Article V of the New York Convention. Procedural grounds for refusal of the execution of an arbitral award are enshrined under Article V (1) of the New York Arbitration Convention. Additionally, Article V (2) of the Convention discusses a ground that can be solicited by the concerned individuals and regarded by the forum to resist the execution of foreign arbitral decisions when the issue is unable to settle through arbitration or when the execution of the arbitral decision collides with the public policy of the domain where the execution is sought⁸. Nevertheless according to Article IV of the New York Convention, the application of the said Convention can only be ascertained, when several enshrined jurisdictional requisites are fulfilled⁹. Accordingly,

⁸Troy L. Harris, 'The "Public Policy" exception to Enforcement of International Arbitration Awards under the New York Convention – With Particular reference to Construction disputes' (2007) 24(1) Journal of International Arbitration <<https://doi.org/10.54648/joia2007003>> accessed 25 October 2022

⁹Gary, B. Born, *International Arbitration: Law and Practice* (3rd edn, Kluwer Law International) 375

the New York Arbitration Convention and the UNCITRAL Model Law on International Commercial Arbitration are demanded to have ensured these set out requirements.

Instances, where the forums have utilized the notion of public policy as a premise for repudiating the recognition and enforcement of foreign arbitral awards in the context of transnational commercial arbitration, can be ideally discerned in the case of *Soleimany v. Soleimany*¹⁰ and in the recent cases of *Finants Collect v. Heino Kumpula*¹¹, *Z v. Y*¹², and *Gutnick v. Indian Farmers Fertilizer Cooperative Ltd*¹³.

In the case of *Soleimany v. Soleimany* considering the arisen dispute the court held that parties are not entitled to by obtaining an arbitration, shield that they or preferably any concerned individual is demanding to execute an illegal contract and thus public policy would not permit it. Accordingly, the English Court in this case explicated that a foreign arbitration award will not be enforced in a case where the contractual undertaking was deemed to be contradicting the public policy and unlawful in terms of the law of English forum courts, which is ordinarily the law of the country of execution even though the contract was lawful under the applicable law of its home country.

In the case of *Finance Collect v. Heino Kumpula*, Finance Collect sought execution in Sweden against Heino Kumpula for a non-native arbitral award delivered in Latvia. In its first verdict the Svea Court of Appeal stated that owing to the reason that Finance Collect had presented an original copy of the arbitration agreement and no cause had appeared to reveal that the arbitration agreement had not been terminated, Finants Collect would be permitted the execution of the arbitration decision. When Kumpula appealed to the Supreme Court on the basis that he had

¹⁰ (1998) 3 NLR 811, CA

¹¹ Case No. Ö 7419-15

¹² (2018) HKCAI 2342

¹³ (2016) VSCA 5

never entered into any undertaking with Finant Collect and his signature was forged on the agreement, the Supreme Court relied on the ground for refusal of enforcement of an arbitral award based on public policy in delivering the verdict. It was further noted by the Supreme Court in instances where execution of the award would overstep public policy, it's better not to permit the enforcement of the award.

In the case of **Z v. Y**, the Hong Kong court refused to enforce an arbitral award based on public policy since the tribunal had been unable to provide satisfying reasons as to why it recognized the guarantee to be legal when there were grounds to attest that the guarantee was to safeguard contracts tainted by illegality.

In the case of **Gutnick v. Indian Farmers Fertilizer Cooperative Ltd**, the question before the court was whether double recovery would operate as a ground for setting aside an arbitration decision upon it being in contrast with public policy. The court's opinion was that the public policy was to be defined narrowly in connection with the most cardinal principles of morality and justice. The Court of Appeal of Victoria dismissed the application for leave to appeal against the execution of an arbitral award on the basis that enforcement will be contrary to public policy as it will give regard to double recovery by the respondents.

It is noteworthy that an expansive interpretation for exclusive exceptions to enforcement under Article V and Article III of the New York Convention illustrates the pro-enforcement policy.¹⁴ The pro-enforcement policy functions as a limitation to the abuse of local court's procedure. The prevention of the abuse of the court's procedure upholds the honor of the role of the arbitral tribunal in resolving arbitral disputes. It is believed that an increased application of the pro-enforcement policy would reaffirm the delocalization of the awards as an effect of internationalization.

¹⁴ Richard Garnett, "International Arbitration Law: Progress towards Harmonization," (2002) 3(2) Melbourne Journal of International Law 400

It has been further identified that the progressing challenge for the state courts is to adopt a harmonious and constructive approach for the reciprocity between pro-enforcement policy and enforcement controls of arbitral awards¹⁵.

The Approach of US courts towards enforcement of international arbitration awards

According to recent US judicial decisions, international arbitration is referred to as a progressive method for resolving international commercial disputes. US judicial forums have been rejecting the frequent attempts by the losing parties to withstand the execution of foreign arbitration decisions¹⁶.

In the case of *KG Schiffahrtsgesellschaft MC Pacific Winter MBH & CO v. Safesea Transport, Inc.*,¹⁷ a German Ship Owner had obtained an award against a US company for an infringement of a charter party agreement and sought enforcement in the United States. It was argued by the losing party that the award should be resisted by enforcement as it was against public policy. The court rejected this argument and held that 'Courts have rigorously applied the defences enumerated in Article V and regarded them narrowly and declared that it is not sanctioned by the Convention to second guess an interpretation of the agreement by the arbitrator since the judicial review of this sort frustrates the fundamental objective of arbitration.

The *Scherk v. Alberto-Culver Co.*¹⁸ case involved a contract entered by an American manufacturer to purchase three enterprises along with all

¹⁵ Fifi Junita, " 'Pro Enforcement Bias' Under Article V of the New York Convention in International Commercial Arbitration: Comparative overview" (2015) 2 Indonesia Law Review <<https://media.neliti.com/media/publications/26954-EN-pro-enforcement-bias-under-article-v-of-the-new-york-convention-in-international.pdf>> accessed 3 September 2022

¹⁶ Timothy G. Nelson, 'Enforcing International Arbitration Awards: US Courts Achieve Prompt & Efficient Enforcement, with safeguards'(Skadden, 21 January 2020) <<https://www.skadden.com/insights/publications/2020/01/2020-insights/enforcing-international-arbitration-awards>> accessed 27 October 2022

¹⁷ JUS MUNDI, '*KG Schiffahrtsgesellschaft MC Pacific Winter MBH & CO v. Safesea Transport, Inc.*' <<https://jusmundi.com/en/document/decision/en-kg-schiffahrtsgesellschaft-ms-pacific-winter-v-safesea-transport-inc-final-award-thursday-15th-february-2018>> accessed 27 October 2022

¹⁸ 417 U.S 506 (1974)

the trademark rights by a German Citizen. The contract had a condition of arbitration to take place in Paris. After reportedly finding that the trademarks were conditional to hindrances, the buyer filed a case in the United States stating that misleading depictions relating to the trademark rights breached section 10 (b) of the Securities and Exchange Act of 1934 and Rule 10b-5 under that.

A stringent anti arbitration policy had been adopted by the court in granting the enforcement of arbitration proceedings according to what the court regards as indeed international agreements leaving no room for the misappropriation of the defence of the public policy. Thus the ruling of the *Scherk* case can be identified as setting out a restricted application for the defence of the public policy. The deviation from the continuous application of the principles of ‘morality and justice further depicts the court’s inclination to limit the public policy notion intended by the draftsmen of the New York Convention.

Enforcement of foreign arbitral awards in India

Indian judiciary appears to be pursuing a pragmatic and open-ended arrangement towards enforcement of arbitral awards. It is discernible that, Indian courts and legislations have shifted their focus towards a ‘pro-enforcement mechanism’ to promote efficient enforcement of arbitral decisions while aiming to strengthen the position of India as an ‘arbitration friendly’ jurisdiction¹⁹.

In the verdict of *BALCO Employees’ Union v. Union of India*²⁰ the initiative to pro-enforcement was followed by the Supreme Court. This case adopted a progressive approach towards a metamorphosis in the Indian judiciary in respect of its current position as an enforcement-

¹⁹ Khaitan & Co, ‘Enforcement of foreign arbitral awards and scope of judicial intervention: a minimalist approach’ (2020) International LawOffice<<https://www.khaitanco.com/sites/default/files/2021-10/Enforcement%20of%20foreign%20arbitral%20awards%20and%20scope%20of%20judicial%20intervention%20a%20minimalist%20approach.pdf>> accessed 26 October 2022

²⁰ (2002) 2 SCC 333

friendly jurisdiction²¹. The ruling of *NTT Docomo Inc. v. Tata Sons Ltd*²² depicts that the Indian judiciary honors the irrevocability of international decisions and the country has been vested with an investment friendly status²³.

The ruling of *Vijay Karia v. Prysmain Cavi E Sistemi SRL*²⁴ depicts the trend of the Indian judicial forum's approach towards a more pro-enforcement bias position. It was encouraged by the Supreme Court of India to respect the principle of non-intrusion in the enforcement of foreign awards in the domestic legal regime²⁵.

The verdict of *Govt. of India v. Vedanta Ltd*²⁶ can be considered a landmark judgment that illustrates the positive approach of the Indian judiciary toward acknowledging the execution of foreign arbitral awards.

The factual scenario of the case relates to an agreement that was signed by Vedanta and Cairn India Ltd to distinguish oil and gas from the facility. There occurred a disagreement regarding the cost which was regained by the government from Vedanta. Later the dispute was transferred to a global arbitration platform. An arbitration award was awarded as encouragement of Vedanta by the tribunal in 2018. When the matter was taken up by the Supreme Court, it was concluded that a foreign arbitration decision would be against the public policy of the domain based on the inability of the government to establish the

²¹ Yash Vardhan Garut and Akanksha Bohratt, 'Foreign Arbitral Awards in India: A critical Analysis' (SCC BLOG, 7 September 2022) <<https://www.sconline.com/blog/post/2022/09/07/pro-enforcement-trend-of-foreign-arbitral-awards-in-india-a-critical-analysis/>> accessed 29 October 2022

22 2017 SCC Online Del 8078

²³ Yash Vardhan Garut and Akanksha Bohratt, 'Foreign Arbitral Awards in India: A critical Analysis' (SCC BLOG, 7 September 2022) <<https://www.sconline.com/blog/post/2022/09/07/pro-enforcement-trend-of-foreign-arbitral-awards-in-india-a-critical-analysis/>> accessed 29 October 2022

²⁴ Analysis' (SCC BLOG, 7 September 2022) <<https://www.sconline.com/blog/post/2022/09/07/pro-enforcement-trend-of-foreign-arbitral-awards-in-india-a-critical-analysis/>> accessed 29 October 2022

²⁵ (2020) 11 SCC 1

²⁶ Yash Vardhan Garut and Akanksha Bohratt, 'Foreign Arbitral Awards in India: A critical Analysis' (SCC BLOG, 7 September 2022) <<https://www.sconline.com/blog/post/2022/09/07/pro-enforcement-trend-of-foreign-arbitral-awards-in-india-a-critical-analysis/>> accessed 29 October 2022

²⁷ (2020) 10 SCC 1

enforcement of the award²⁷. In addition, it was reviewed by the judiciary that the implementation of provision 136 of the Limitation Act, 1963 was immaterial in respect of the execution. Hence the ruling of the Vedanta case could be recognized as a progressive step of the Indian judiciary to reaffirm the coherent execution of a foreign award by finding drawbacks in the present legislation and heading towards a pro-enforcement bias proposition.

In this fashion India together with the judiciary and relevant legislative framework has been able to improve its status concerning the execution of foreign arbitral decisions. In addition, the attempts of the parties to hinder the implementation of non-native arbitral decisions have been diminished to a greater degree according to the verdict of *Vijay Karia*²⁸ where heavy compensation was ordered to the parties violating the said procedure. Therefore the Supreme Court of India with all these attempts has been able to reinforce the status of India as an arbitration-friendly State with a gradual bias towards pro-enforcement mechanism.

Sri Lankan judicial approach towards enforcement of foreign arbitral awards with the application of public policy notion

In the case of *Orix Leasing Company Limited v. Weerathunga Arachchige T/A Weeratunge Textile and Others*²⁹ the Supreme Court ruled that in the absence of an application to disregard an arbitral decision within sixty days from the date of granting of the award, the High Court is not vested with the authority to *ex mero motu* overrule a decision on the basis that it contravenes the public policy. The court entered into a significant observation with the principle of minimal judicial intervention which construes that the intervention of the court will be limited to findings and dispositions of the tribunal unless the Arbitration Act explicitly provides otherwise.

²⁷ Yash Vardhan Garut and Akanksha Bohratt, 'Foreign Arbitral Awards in India: A critical Analysis' (SCC BLOG, 7 September 2022) <<https://www.sconline.com/blog/post/2022/09/07/pro-enforcement-trend-of-foreign-arbitral-awards-in-india-a-critical-analysis/>> accessed 29 October 2022

²⁸ (2020) 11 SCC 1

²⁹ SC Appeal No 113/2014

In addition in the case of *Light Weight Body Armour Ltd v Sri Lanka Army*³⁰ the Supreme Court reversed a verdict of the High Court which repudiated an arbitral decision on the premise that the tribunal had entered into an erroneous decision on merits and that the decision was colliding with the public policy. It was reported that the litigants in this case had attempted to countermand arbitral awards on factitious premises including the extensive invocation of the notion of public policy. The Supreme Court in determining whether the execution of the decision could be rejected on the alleged premise that it contradicted the public policy, embraced a confined explication of the public policy including cases of deception, bribery and embezzlement. This could be identified as an implied affirmation that enforcement of arbitral decisions will not be disregarded for peripheral issues conflicting with public policy³¹.

These judicial pronouncements depict that the Sri Lankan judiciary is heading towards a progressive destination for arbitral jurisprudence. However, there is surely further latitude for cumulative explication of transnational trade based arbitration with the readily receptive nature of the judicial forums of Sri Lanka.

Public Policy as a limitation to the development of international commercial arbitration.

The primary objective of public policy can be connoted as the ultimate gain of the parties. The attitude of national courts however makes a huge difference in satisfying the said objective. Since arbitration is mostly controlled by national laws, once an award is declared the role of the native courts emerges as highly important³².

In local arbitration, state courts are only vested with the obligation to deal with the internal public policy since the arbitration is concerned with

³⁰ SC (HCA) 27A/2006

³¹ Avindra Rodrigo, Sri Lanka (Global Arbitration Review, 07 July 2021) <<https://globalarbitrationreview.com/review/the-asia-pacific-arbitration-review/2022/article/sri-lanka#footnote-010>> accessed 1 November 2022

³² Ipleaders, 'Role of public policy in international commercial arbitration' (Ipleaders, 16 October 2019) <<https://blog.ipleaders.in/role-public-policy-international-commercial-arbitration/>> accessed 1 November 2022

one respective domain. The application of transnational public policy national courts are vested with a duty to implement the public policy accordingly by referring to the considerations of international aspects.

The application of public policy in transnational commercial arbitration is deemed to cause a significant impact on economic growth and other economic concerns in a country. This issue becomes crucial when a foreign party loses its case after being challenged by the other party on the premise of an infringement of the mandatory rules. Usually, the arguments made by the winning party in these types of cases do not seem to be rational for the foreign investing companies. Hence they refrain from engaging in any subsequent transaction with companies located in the same country. This ultimately hinders the affairs of transnational commercial arbitration and also the economic benefits that can be gained in the due process³³.

Conclusion and Recommendations

In the present context increased trade, financial funding and commercial occasions are highly probable to create an awakening in commercial disputes among states and private parties including investors. In contrast to the litigation process at courts, international commercial arbitration often acts as the integration platform for cross-border dispute settlement. In contractual undertakings in developing countries, there exists a probability such contracts are influenced by some degree of misconduct and fraud³⁴. The notion of public policy is thus utilized especially in developing countries, such as Sri Lanka to preserve the integrity of the legal system and restrict parties from evading judicial scrutiny under the disguise of an arbitration clause.

Since the public policy exception is commonly recognized as an “unruly horse” owing to its nature of indefiniteness fueled by the reason that

³³ Ibid

³⁴ Pontian N Okoli, 'Corruption in international commercial arbitration - Domino effect in the energy industry, developing countries, and impact of English public policy' (2022) 15 (2) The Journal of World Energy Law & Business <<https://doi.org/10.1093/jwelb/jwac006>> accessed 1 November 2022

it has not been defined either by the New York Convention or the UNCITRAL Model Law, it provides for ambiguities in commercial reliability, efficaciousness of business and confidence of the investors under the context of international commerce. Therefore it is certain that there is a need to have legal reformation to diminish any adverse impact of the collision between public policy and the recognition and enforcement of foreign arbitral awards. Further, courts need to implement a balanced approach towards taking charge of the agreements impaired by misconduct or fraud and concurrently safeguard the interests of foreign investors. The application of a balanced approach means that the state judiciaries are expected to apply the notion of public policy with consideration being given to international public policy concerns either by implementing a more harmonized manner or a uniform application of the public policy with prioritization being given to transnational commercial law interests.

Further harmonization of the public policy exception could be stipulated as an effort that requires uniformity and consistency by the applying nations in cross-border transactions. It is equally believed that uniformity in the backdrop of public policy strengthens the confidence of the investors by cultivating certainty and more convenient access to the transnational commercial environment. It is pertinent to note that complete uniformity of the notion of public policy may take a more stringent approach than the approach of 'harmonized' public policy. Additionally agreeing on a transnational public policy consisting of fundamental principles of national laws subject to a universal application of justice and morality can also be delineated as persuasive. Ultimately the notion of public policy ought not to be mishandled by the respective national jurisdictions by the arbitrary imposition of their domestic values and laws as it is a significant tool to be utilized more productively to reaffirm the effective operation of commercial oriented arbitration systems.