

**THE KERALA LAW ACADEMY LAW COLLEGE,**  
**THIRUVANANTHAPURAM, KERALA.**

**3<sup>RD</sup> NATIONAL ADR (VIRTUAL) COMPETITION**

**SEMI – FINALS**

**Problem 2: Mediation**

In the backdrop of the COVID pandemic of 2020, various small and big manufacturing sectors faced heavy production shortfalls due to supply chain and logistics issues. But one of the significant hits to the automotive sector was the availability of silicon chips. Companies such as Cord, MG, MV, Moyota, Tissan, et cetera, rely on a lower quantity of cheaper processors to run their vehicle systems such as engine control, telemetry, and media among others. Cord had to completely shut down the production of its popular F150 truck while others had to slow down production or postpone their deadlines for delivery.

To ween itself out of the over-dependency on Taiwanese semiconductors and avoid future logistics or supply chain issues, the automotive collective representing the automakers, International Group of Automotive Manufacturers MGA-Z, went on a search for newer partners. One such option was the newly formed SMSC In the incorporated city of Vasanth in Iceland, a Special Economic Zone (SEZ) with a focus on manufacturing 21st-century products. SMSC has one of the recent high-capacity foundries and has grown rapidly to be the fifth largest supplier of semiconductor chips after TSMC, Kualdot, PMU, and Universal foundries.

Since the agreement was made MGA-Z had plans to successively increase their production targets based on the chips supplied by SMSC. These increases were contingent on their ability to ramp up productions as well as build new fabrication facilities (fab) to meet the sustained demand.

But a fab built specifically to meet such demands of the automotive industry got delayed by a few months and the production targets of the Car companies suffered because their Just in Time (JIT) methods left parking lots of cars with no chips to run them. MGA-Z sought legal remedies for such a delay and breach of contract but the courts asked the parties to approach the newly formed international Arbitration and Mediation Center of Vasanth. Being recognized by the government and populated with efficient and qualified arbitrators it was the court's view that an expeditious and fruitful outcome would be the result of such a process. Hence it is referred to mediation.

