Force majeure

by Practical Law Hong Kong (based on materials originally contributed by Haldanes)

Standard clauses | Maintained | Hong Kong - PRC

A <u>boilerplate</u> clause that suspends, or may end, a party's obligations under an agreement where that party is prevented from performing those obligations because of circumstances beyond its control.

1. FORCE MAJEURE (LONG FORM)

1.1 Force Majeure Event means any circumstance not within a party's reasonable control including[, without limitation]:

(a) Acts of God, flood, drought, earthquake or other natural disaster.

(b) Epidemic or pandemic.

(c) Terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations.

(d) Nuclear, chemical or biological contamination or sonic boom.

(e) Any law or any action taken by a government or public authority, including without limitation imposing an export or import restriction, quota or prohibition[, or failing to grant a necessary licence or consent].
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(f) Collapse of buildings, fire, explosion or accident.

(g) Any labour or trade dispute, strikes, industrial action or lockouts [(other than in each case by the party seeking to rely on this clause 1, or companies in the same group as that party)].

(h) [Non-performance by suppliers or subcontractors [(other than by companies in the same group as the party seeking to rely on this clause)].]

(i) Interruption or failure of utility service.

1.2 Provided it has complied with <u>Clause 1.4</u>, if a party is prevented, hindered or delayed in or from performing any of its obligations under this agreement by a Force Majeure Event (**Affected Party**), the Affected Party will not be in breach of this agreement or otherwise liable for any such failure or delay in the performance of such obligations. The time for performance of such obligations will be extended accordingly.

1.3 [The corresponding obligations of the other party will be suspended, and its time for performance of such obligations extended, to the same extent as those of the Affected Party.]

1.4 The Affected Party must:

(a) As soon as reasonably practicable after the start of the Force Majeure Event [but no later than [NUMBER] days from its start], notify the other party [in writing] of the Force Majeure Event, the date on which it started, its likely or potential duration, and the effect of the Force Majeure Event on its ability to perform any of its obligations under this agreement.

(b) use all reasonable [endeavours **OR** efforts] to mitigate the effect of the Force Majeure Event on the performance of its obligations.

1.5 If the Force Majeure Event prevents, hinders or delays the Affected Party's performance of its obligations for a continuous period of more than [NUMBER] [days], the party not affected by the Force Majeure Event may terminate this agreement by giving [NUMBER] [days'] written notice to the Affected Party.

2. FORCE MAJEURE (SHORT FORM)

Neither party will be in breach of this agreement nor liable for delay in performing, or failure to perform, any of its obligations under this agreement if such delay or failure result from events, circumstances or causes beyond its reasonable control. In such circumstances [the time for performance will be extended by a period equivalent to the period during which performance of the obligation has been delayed or failed to be performed **OR** the affected party will be entitled to a reasonable extension of the time for performing such obligations]. If the period of delay or non-performance continues for [NUMBER] [days], the party not affected may terminate this agreement by giving [NUMBER] [days'] written notice to the affected party.

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