GAR Global Arbitration Review

The Asia-Pacific Arbitration Review

2019

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Summary

The Asia-Pacific region is without a doubt becoming the unrivalled centre of the global energy trade.[1] Global demand for energy is expected to climb about 25 per cent by the end of 2040, with a significant contribution from the expanding economies in the Asia Pacific region.[2] China is now the world's largest crude oil importer and it is expected that China's apparent oil demand will continue to rise by 4.6 per cent year on year to hit 600 million metric tonnes (12.05 million barrels per day) in 2018.[3] China's outbound investment in oil and gas in the past few years has reached multibillion-dollar levels. There has also been increased activity in shale gas as companies gain more experience and drilling costs decrease. Furthermore, China has the largest generating capacity of renewable energy in the world and is by far the largest force in global clean energy development.[4]

The ownership of minerals including oil and gas is vested in the state. The three largest national oil companies (NOC) are China National Petroleum Corporation (CNPC), China Petrochemical Corporation (Sinopec) and China National Offshore Oil Corporation (CNOOC). These state-owned enterprises (SOEs) have dominated the entire sector from upstream onshore and offshore exploration and production (E&P) and midstream transportation and refinement, to downstream distribution, retail and marketing. Other SOEs such as Sinochem and Yanchang Petroleum continue to expand their presence, and private companies like ENN Group, Bohai Petroleum and Guanghui Energy have emerged and developed. While upstream exploration has started to open itself to private companies as a result of reform, the participation of private companies remains focused on midstream and downstream activities.

China's energy sector is highly regulated. A rigid licensing regime applies to upstream E&P,-[5] and exclusive rights have been given to CNPC and Sinopec for onshore oil E&P, CNOOC for offshore oil E&P and four SOEs for coal-bed methane E&P.[6] Foreign companies seeking to invest in E&P activities in China must partner with one of these SOEs, mainly through production-sharing contracts (PSC) and Sino-foreign joint venture agreements (JVAs); its participating interests must not exceed 50 per cent.

The midstream and downstream sectors remain dominated by Sinopec and CNPC, although some activities are being opened up to private and foreign investors, such as the construction and operation of gas pipelines and liquefied natural gas (LNG) terminals, crude oil refinement, sales of refined oil and natural gas, and importation of crude oil not subject to the state quota.[7] Nevertheless, private investors face difficulties with market access because of high qualification requirements. Further, the refined oil and natural gas sectors are partially subject to the pricing and supervisory regulations of the National Development and Reform Commission.

DISPUTE RESOLUTION MECHANISM AND GOVERNING LAW

Arbitration is the most popular avenue for resolving international energy disputes and Asian PSC disputes between foreign private investors and host government entities have been referred to arbitration under the International Chamber of Commerce (ICC), the Stockholm Chamber of Commerce (SCC) and UNCITRAL rules. The law of the resource country is often mandatorily applied to govern PSCs and joint-operation agreements. English law is often the governing law of international oil and gas contracts, particularly master agreements, share purchase agreements, construction contracts and long-term export agreements.

Sino-foreign PSCs are subject to Chinese law. The model Sino-foreign PSCs have long contained a multi-tiered dispute resolution clause that stipulates that:

- parties must first consult for settlement for a fixed period of time;
- if the dispute cannot be settled, the parties can agree to China International Economic and Trade Arbitration Commission (CIETAC) arbitration; and
- failing such agreement, the dispute can be resolved by a three-member ad hoc tribunal in accordance with the UNCITRAL Rules.

Each party shall appoint one arbitrator and the two arbitrators appointed shall appoint the presiding arbitrator; failing which, the presiding arbitrator shall be appointed by the SCC. Despite an increasing tendency for Chinese NOCs to agree to ICC and Singapore International Arbitration Centre arbitrations for disputes regarding their overseas investments, the multi-tiered dispute resolution clause remains the default provision for Sino-foreign PSCs. Parties rarely agree on CIETAC arbitration, but may agree on the seat of arbitration during the negotiation process, as this is not specified in the model clause.

Owing to restrictions on a foreign company's capacity to distribute oil and gas in China, long-term sale and purchase agreements (SPAs) and distribution agreements are often between domestic entities and lack a 'foreign-related element'. China's highest court, the Supreme People's Court (SPC), has long taken the view that a clause for foreign arbitration in a purely domestic contract with no 'foreign-related element' is invalid and unenforceable, based on a narrow interpretation of the components of such an element. Note that foreign invested entities incorporated under Chinese law are considered domestic entities. In a notice issued by the SPC in 2016, wholly foreign-owned enterprises that are registered within a pilot free trade zone are permitted to submit disputes to arbitration seated outside mainland China, regardless of whether a 'foreign-related element' exists in the case.[8] Encouraging as the notice may be, enforcement risks remain for parties not incorporated in a pilot free trade zone who agree on foreign arbitration.

LEGAL ISSUES ARISING FROM ENERGY DISPUTES

Relatively few energy disputes in China-related projects end up in formal arbitration or proceed to a merits hearing. Chinese parties tend to settle to maintain control over high-value disputes and preserve long-term relationships; Chinese culture is also weary of formalistic adversarial systems. Further, the multi-tiered dispute resolution clause encourages negotiation at the earliest stage of a dispute. In contrast to the number of energy disputes handled by international arbitration institutions,[9] major Chinese arbitration institutions such as CIETAC receive far fewer cases, however, statistics are not available. Considering the magnitude of China's investments in and consumption of energy, the proportion of China-related energy cases is low.

Nevertheless, energy activities often involve high-risk and myriad commercial and technical arrangements, and many energy contracts cover a long period of time; for example, LNG contracts usually have 20-year terms. Accordingly, a variety of issues and disputes arise, some of which the remainder of this article will analyse from the perspective of Chinese law and practice, with reference to international practices. Given that many arbitral awards are not publicly available and many issues require a fact-driven inquiry, our analysis is a general one and a particular circumstance in actuality will of course involve other considerations.

CONTRACT INTERPRETATION

Despite the advantages of drafting contracts in clear and unequivocal language, it is often impossible to anticipate the range of circumstances that a clause can and should cover over the entire contract term. The parties may also leave differences on the specificity of a clause unresolved and draft a broad and vague clause so that they can sign and begin to effect the objective of the contract. As a result, contract interpretation is a recurring theme in energy arbitration, the inquiry of which is closely related to the governing law of the contract.

Many energy contracts are governed by English law where the parol evidence rule operates to exclude the admission of extrinsic evidence to vary the terms of a written contract, and parties are in general strictly held to their bargains. While some exceptions apply, evidence from pre-contractual negotiations and conduct subsequent to making the contract is inadmissible.

By contrast, Chinese law affords courts and tribunals more discretion and flexibility to look at the actual performance of the contract, industry practices, evidence from pre-contractual negotiations and other extrinsic evidence to aid interpretation of disputed terms. The overarching principle of good faith may also be applied to favour an interpretation that aligns with notions of fairness to the parties over one that does not. This position has been supported by the SPC.10 Further, in Zhejiang Zhongcheng v Yuantai Property, the SPC held that when the parties have different interpretations of a term, the trade interpretation or industry practice can be considered.11

The General Principles of Civil Law also permit the application of international practice where domestic law or international conventions enacted into Chinese law do not contain the relevant provisions.12 Therefore, internationally accepted cases and principles of lex petrolea may be relevant for Chinese courts and tribunals. Since commercial arbitration awards are largely undisclosed, the best way of identifying lex petrolea may be through model contracts for international oil transactions.13

ISSUES THAT MAY ARISE DURING PERFORMANCE

A variety of clauses are included to take account of the unpredictable changes that may occur over the life of the contract. Buyers are assumed to take volume risk and sellers are assumed to take price risk, and such risk allocation may result in the inclusion of take-or-pay clauses, a formula to calculate prices, as well as clauses to review the price and alleviate hardship. Similarly, stabilisation clauses may be included to protect an investor's contractual bargain against the negative impacts of changes in law.

TAKE-OR-PAY CLAUSES

Take-or-pay clauses, which require the buyer to take delivery of a minimum annual contracted quantity (and pay), or in any event pay a minimum annual amount as the alternative obligation, are very common in SPAs. To provide some flexibility, some contracts allow for amounts not taken in a given year to be offset against successive years (carry forward) or previous years (carry back), or provide the right to resell, with or without cost.14

As the seller usually makes a substantial capital investment in a project (sometimes at the request of the buyer), the minimum annual payment resulting from a take-or-pay clause ensures a stable income stream for the life of the contract to underwrite the costs, and is part of the seller's return on investment.

The use of take-or-pay clauses has started to become standard practice in Chinese contracts and has been included in the sample natural gas sale and purchase contract released by the National Energy Administration. These developments have helped Chinese courts and tribunals accept the validity of take-or-pay clauses.

Where the buyer is in default of its obligation to pay, the seller may want to request specific performance to compel payment.15 It may also be helpful for the seller to show its capacity to deliver upon request. If breach of contract is claimed, a Chinese court or tribunal may consider the outstanding amount as liquidated damages and exercise its discretion to award a lesser amount (see Compensation and Liquidated Damages below).

Moreover, the precise obligation of the clause may be affected by whether performance departs from the written obligation. In ICC case 12936 the seller sought a penalty payment from the buyer for failure to take delivery of the agreed quantity. However, the tribunal found that the practice of the parties, through oral agreements, departed from the quantities in the contract.16 The contract was deemed to be a 'framework agreement fixing certain terms and conditions for sale contracts yet to be made . . . there was no obligation . . . to take off certain quantities'.17 Different governing laws may approach the same situation differently.

A seller should also be careful that any concessions it makes to reduce the buyer's minimum payment for any year is stipulated as a one-off agreement so its right to claim the contractual amount for a subsequent period is not compromised by claims of estoppel.

PRICE REVIEW

Given the volatility of the energy markets, instead of stipulating one fixed contract price, parties may want to vary the price over the contractual term and will usually include a pricing formula with provisions to review and adjust the price.

The formulas in natural gas contracts in Asia are typically indexed to oil prices and in recent years, oil prices have dropped because of an imbalance of supply and demand. Spot gas prices have also dropped given the advent of cheaper Henry Hub linked shale gas imports entering the region from the United States and the development of international spot market trading in gas, which have given buyers cheaper alternative options. As a result of these changes, contract gas prices linked to earlier oil prices may be higher than current spot gas prices so buyers may be motivated to initiate price review or seek to disconnect the link to oil. In recent years there has been a proliferation of arbitral awards rendered in favour of buyers where rebates were awarded and oil indexation was replaced by a link to gas spot prices.18

As part of its gas pricing reforms in the past several years, China has chosen the Shanghai city-gate gas price as the national benchmark from which it sets the city-gate prices for non-residential use of other provinces.19 This is not directly linked to but may be affected by international oil prices. The provincial city-gate price no longer operates as the ceiling price for private transactions. Instead, the ceiling price has been replaced by a baseline city-gate price for each province,20 which has been reduced by the Chinese government recently to lower the costs for production.21 Suppliers and buyers are allowed to negotiate the detailed city-gate price for each transaction ranging from 20 per cent above the baseline city-gate price to any lower price they could agree. Such changes may affect the economic equilibrium of the gas supply contract and trigger price adjustments.

Contracts governed by Chinese law may contain a broadly drafted clause for price review that only requires good faith efforts to discuss the price adjustment. Rarely will parties link unresolved issues to a dispute resolution clause for arbitration. Parties may also doubt the enforcement of arbitral awards for a revised formula. Thus, most matters are settled without advancing to arbitration, as is the case elsewhere.

Contracts may contain provisions for periodic review, for example every five years, but will often also contain a 'trigger' clause where a party may initiate review any time it proves a 'significant change in circumstances' has occurred. However, it may be difficult to ascertain whether the events in question satisfy this requirement. The tribunal in ICC case 9812 usefully gave some examples: 'devaluation or revaluation of [a currency], a changed competitive situation, a tax on one or several sources of energy, an imposed price control and a changed legal environment with economic effects, eg, new environmental requirements'. Other relevant changes may not affect the value of gas but affect the price, including 'the entry of a powerful and independent competitor in the [Buyer State] market . . .' or a 'governmental price control forcing sellers . . . not to exceed a certain price'.22

When price review is triggered and conducted at arbitration, the tribunal may be requested to revise the pricing formula. Tribunals may have in principle wide discretion and authority to decide the cases before them. However, it may be presented with difficult issues that remain unresolved even after commercially astute parties with expertise in their field have undergone a long period of negotiation. Thus, tribunals usually rely heavily on expert evidence, but they may still find it difficult to come to a decision about the appropriate revision. The tribunal can 'split the baby' or award something else entirely, if parties do not limit the tribunal's authority to do so. As an example, the tribunal in Gas Natural v Atlantic LNG awarded a dual-pricing mechanism that neither party anticipated, nor found satisfactory,23 however, the petition against the award was denied because the tribunal was held to have the authority to award the dual-pricing system.24

Parties should clearly define the scope of the dispute or adjustment put to the tribunal and the tribunal's mandate. To give the parties more control over the process, 'baseball arbitration' is recommended, wherein the tribunal must choose to award one of the parties' final offers. Each party has the incentive to produce the most reasonable final offer. This reduces the time and cost spent on 'long-shot' proposals and increases the chance of early and amicable settlement. Being one of two options, the outcome involves less uncertainty and the parties can prepare strategies for their businesses accordingly. The only caveat is that if the tribunal reluctantly accepts a party's proposal and does not support it fully in its reasoning, the award may be challenged.

A Chinese tribunal may be reluctant to revise a complex price formula. It may find expert evidence difficult to understand and likewise lack the expertise to decide on a revision, which only adds to its hesitancy about interfering with the parties' original bargain. Further, a tribunal unconfident with making an award may be weary of the risk of challenge. The tribunal is therefore likely to encourage mediation and help facilitate a settlement. A Chinese tribunal may be inclined to accept a narrow mandate or baseball arbitration if this is clearly included in the parties' arbitration agreement.

HARDSHIP CLAUSES

Changes in the circumstances may sometimes cause a party 'substantial economic hardship' when it performs a part of the contract and hardship clauses exist to alleviate such harm.

While the foreseeability of a change in circumstances is not necessarily a requirement of price review, hardship clauses are often included to mitigate the effects of extraordinary unforeseeable events. Both clauses may be claimed together. Besides changing the price formula, a greater range of measures can be awarded under a hardship clause so that a 'fairer' balance can be created and the harm alleviated.

The UK Court of Appeal in Superior v British Gas held that 'substantial hardship' does not include difficulties of day-to-day economic variations, but must have a real and weighty impact rather than a mere transient effect.25 In one case the parties attempted to draft a definition for 'substantial hardship' with objectivity by reference to a quantitative assessment of the effects of hardship.26

If adjustment is required to alleviate the hardship, the kind and level of adjustment that should be granted will also be disputed. The expert panel in Superior v British Gas fixed a price to remove substantial hardship for the future and also compensated for past hardship suffered.27

Absent the hardship clause, a party will have to rely on the statutory 'change in circumstances' principle under Chinese law. The change must be unforeseeable and not attributable to commercial risk, and is distinguished from force majeure. The principle has narrow scope and courts usually limit it to policy or substantial economic changes such as a sharp price adjustment conducted by the government, economic crisis or substantial inflation.28 If this requirement is met, the court may grant the modification or termination of a contract upon request, provided that the continuing performance of the contract would be manifestly unfair to one party or frustrate the purpose of the contract.29

The SPC has explicitly stated a sharp price change in commodities such as oil generally will not satisfy the change in circumstances requirement as such volatility is the norm and is foreseeable, and therefore constitutes a commercial risk the parties must allocate among themselves.30

The inclusion of a hardship clause that allows for the adjustment of contractual terms may place a party negatively affected by a change in a better position to negotiate amendments than if the clause is not included.

When negotiating an adjustment under a hardship, take-or-pay or price review clause, parties may make concessions during the process. To preserve their rights under the contract, parties should state that the negotiations are made without prejudice to their future right to rely on the written clauses.

STABILISATION CLAUSES

Stabilisation clauses are included in the contract to protect an investor against changes in law that adversely affect the commercial viability of a project.

Stabilisation clauses take various forms. For example, 'freezing clauses' prevent the state from applying new laws subsequent to the date of the contract and effectively freeze the applicable laws for the entire term. Common law and some Middle Eastern jurisdictions may consider this an impermissible limit on the legislature's power so enforcement issues may arise. However, some developing nations may approve such clauses to provide assurances of the stability of the investor's original bargain despite changes in government. In the context of investor-state disputes, the dominant view is that a state's agreement to be bound by a stabilisation clause is a valid exercise of state sovereignty, the breach of which will result in compensation to the investor. Recent years have seen a trend of express carve-outs for regulatory changes protecting public health, the environment or human rights.

'Economic equilibrium clauses' allow the state to make regulatory changes as long as the economic benefit for the investor is maintained, otherwise, either the contract may be renegotiated to restore the investor's position or the investor is compensated. Clear and specific compensation mechanisms may be helpful. These clauses are likely to be enforceable in many jurisdictions because they do not fetter state powers but interpretation issues still persist.

Specific to PSCs and JVAs between Chinese NOCs and foreign investors, NOCs are not authorised by the state to agree to a freezing clause so they are less common than economic equilibrium clauses. Despite the lack of Chinese jurisprudence on the latter, we believe they are likely to be valid.

Several issues may arise regarding the types of law change that can apply, causation of detriment, the required magnitude of change to a party's economic position and the type of remedy a tribunal can grant.

In Duke Energy v Peru, the tribunal found that:

- the 'tax regime' guaranteed to be stabilised included both tax laws and regulations;
- the interpretation and application of those laws and regulations at the time of contract will not be changed to the detriment of the investor; and
- even absent the above, stabilised laws will not be interpreted or applied in a patently unreasonable or arbitrary manner.[31]

Similar questions involving Chinese laws will require an understanding of the Chinese administrative law system.

The analysis of the material change to the investor's economic position may involve a careful examination of the nature of the original bargain between the parties at the time of contract. The party claiming under a stabilisation clause bears the burden of proving that the law change caused a material negative impact on its investment and economic interests. The thresholds for these tests are high.

The aggrieved party should be careful about formulating the relief sought. Even if the stabilisation clause permits renegotiation of contractual terms, enforcement problems may arise. Chinese tribunals would be reluctant to amend the terms of the contract, especially when any amendment of a Sino-foreign PSC has long been subject to the approval of the Ministry of Commerce of the People's Republic of China (MOFCOM). The pre-approval requirement has been replaced by a reporting system but in practice, MOFCOM's role of supervising PSCs is essentially the same. The most effective relief would be to request compensation instead of contractual amendment. However, parties rarely set out the method of calculation in their contract and the award for damages may be unpredictable.

TERMINATION OF CONTRACT

Disputes over termination often arise. For example, one party to a PSC may contend that if the exploration stage does not yield discoveries of oil or a commercially acceptable result, the contract can be terminated. These disputes often involve a fact-based inquiry into whether the conditions for termination have been met, if any are specified in the contract. As with most other jurisdictions, Chinese law recognises the parties' autonomy to agree on such conditions.32

Where the contract is silent or unclear, a party may try to claim the other party breached the contract as grounds for termination, for example, by claiming the other party failed to satisfy the required cash calls for the project. Many factors may lead a party to seek termination, for example, commercial viability issues, geological difficulty, concerns about environmental harm or a change of government. The actual circumstances giving rise to termination may not be covered by the contract, hence the importance of understanding the statutory grounds for effective termination under Chinese law.

The most frequently used grounds for termination in Chinese contracts are renunciatory breach, either shown by words or conduct, or material breach of contract resulting in frustration of the purpose of the contract.33 Note that there is a high threshold for the latter and in complex and long-term energy contracts, the contract may have multiple purposes so that failure to achieve one purpose at an earlier stage of the contract might not satisfy this ground. Clear drafting may mitigate the unpredictability of a tribunal's interpretation of the purpose of the contract. In general, parties should clearly set out the conditions and procedure to terminate the contract.

COMPENSATION AND LIQUIDATED DAMAGES

Energy arbitration is characterised by the high values at stake, which in many cases involve claims for hundreds of millions of dollars. Where the contract is lawfully terminated, the claimant is entitled to compensation for losses owing to early termination. Under article 113 of the Chinese Contract Law, compensation for breach of contract shall be equal to the actual loss suffered by the conforming party, and may include lost profits, provided that the latter was foreseeable to the party in breach at the time of contract. The claimant has the burden of proving actual out-of-pocket costs and losses. For lost profit assessment, objective evidence is generally required, such as a project feasibility report, historical financial records (from which projections may be made), reports on the average profitability of a similar project in similar circumstances and other similar documents. Chinese tribunals are less familiar with the widely accepted discounted cashflow method for assessing lost profits and will often exercise wide discretion in awarding the amount.

Chinese law affords the tribunal discretion to adjust down the liquidated damages claimed so that it does not exceed 130 per cent of the actual loss.34 To maximise the compensation it can receive, for example under take-or-pay clauses, claimants should provide all relevant documents showing their financial contributions to the project, with a proper deduction of the costs saved from termination of the contract.

DISPUTES INVOLVING CLEAN ENERGY PROJECTS

Renewable energy investment projects are time and cost consuming. Further, the development of the projects is highly dependent upon the policies implemented by the host states. For the purpose of fulfilling their ambitions in the renewable energy consumption targets, many countries have implemented various support schemes and measures to promote foreign investment in renewable energy sector. Examples include feed-in tariffs and green certificate scheme implemented in some EU countries. Following a boom of foreign investment, however, there has been a wave among the host states to reduce the incentives in an effort to alleviate the national financial burden caused by subsidies paid over the years. Instead of directly decreasing the subsidies, these countries imposed a variety of fees or taxes on renewable energy projects which do not apply to other sections. These unfavourable regulatory changes have prompted foreign investors to initiate a number of investment treaty arbitration proceedings against the host states, alleging the latter's violations of fair and equitable treatment and expropriation of the investor's investment under relevant investment treaties. This is particularly the case with solar energy projects invested in Spain, Czech Republic, Bulgaria, etc. Considering the complexities and difficulties in proving the host states' violations of obligations under an investment treaty, Chinese investors tend to resort to political risk insurances, which usually provide for less demanding requirements for obtaining compensation. Nevertheless, this may give rise to a new subrogation issue if the political risk insurer would like to seek remedy from the host state in the investment arbitration proceedings after settling the investor's claim. This is caused by the different standards set by the relevant investment treaty and insurance policy on the events triggering the investor's right for claim. In addition, such standards are subject to interpretation under different legal regime, with international law applying to investment treaty and very often Chinese law applying to the insurance policy. It remains to be seen whether and to what extent such discrepancy would affect the terms of future insurance policies and political risk insurance market.

At the domestic level, we have seen new types of disputes arising out of clean energy projects invested into China. Such projects often involve transfer of advanced technology and trading of Certified Emission Reductions (CERs) under the Clean Development Mechanism (CDM). As these projects are usually introduced or supported by local governments, the construction of projects and performance of investment contracts are potential areas to give rise to commercial and investment treaty arbitration.

CONCLUSION

A contract may not be able to address all the issues that may arise from complex energy activities. Nevertheless, good drafting is crucial because Chinese jurisprudence is not well developed for this sector but Chinese tribunals tend to respect commercial agreements, including clear arrangements for the types of clauses discussed above. Parties are also advised to consider clearly setting out the tribunal's jurisdiction to resolve disputes left over from good faith negotiations. Due to fast growth of renewable energy investments, this has become a new area for disputes with recurring issues related to the incentive measures implemented by the host state.

Notes

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14 Guy Block, Arbitration and Changes in Energy Prices: A Review of ICC Awards with respect to Force Majeure, Indexation, Adaptation, Hardship and Take-or-Pay Clauses from the International Chamber of Commerce Dispute Resolution Library.

15 Roye Realty & Developing, Inc v Arkla, Inc, 863 P. 2d 1150.

16 See footnote 14.

17 Ibid.

18 'Gas price review: is arbitration the problem?', Global Arbitration Review, available at http://globalarbitrationreview.com/journal/article/32477/gas-price-reviews-arbitration-problem.

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20 The Circular of the National Development and Reform Commission on Reducing the City-Gate Benchmark Prices of National Gas Used for Non-residential Purposes and Further Promoting the Reform of the Marketisation of the Prices (2015).

21 The Circular of the National Development and Reform Commission on Reducing the City-Gate Benchmark Prices of Natural Gas Used for Non-residential Purposes (2017).

22 See footnote 14.

23 Gas Natural Aprovisionamientos SDG SA v Atlantic LNG Company of Trinidad and Tobago, 08 Civ. 1109 (DLC).

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26 Ekofisk Natural Gas Sales Contract, in Oppetit, L'adaptation des contrats internationaux aux changements de circonstances: la clause de hardship, (1974) Journal de Droit International, at 812.

27 See footnote 23.

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32 Article 93 of the PRC Contract Law (1999).

33 Article 94 of the PRC Contract Law (1999).

34 Article 29 of the Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of the Contract Law of the People's Republic of China (II)(2009).

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