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## CIVIL ENGINEERING’

## 17/ENG03/051

## ENG 384: ENGINEERING LAW AND MANAGERIAL ECONOMICS

## SNAP TEST 2

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Force majeure is a common clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, epidemic or an event described by the legal term act of God, prevents one or both parties from fulfilling their obligations under the contract. In practice, most force majeure clauses do not excuse a party's non-performance entirely, but only suspend it for the duration of the force majeure.

Force majeure clauses can be applicable to contracts in civil engineering in the following ways:

## 1) NATURAL FORCE EVENTS

-fire, chemical or radioactive contamination or ionizing radiation, earthquakes, lightning, cyclones, hurricanes, floods, droughts or such other extreme weather or environmental conditions, unanticipated geological or ground conditions, epidemic, famine, plague or other natural calamities and acts of God;

-explosion, accident, breakage of a plant or equipment, structural collapse, or chemical contamination (other than resulting from an act of war, terrorism or sabotage), caused by a person not being the affected Party or one of its contractors or subcontractors or any of their respective employees or agents;

-to the extent that they do not involve [country] or take place outside of [country], acts of war (whether declared or undeclared), invasion, acts of terrorists, blockade, embargo, riot, public disorder, violent demonstrations, insurrection, rebellion, civil commotion and sabotage;

-strikes, lockouts, work stoppage, labor disputes, and such other industrial action by workers related to or in response to the terms and conditions of employment of those workers or others with whom they are affiliated save, when such event is directly related to, or in direct response to any employment policy or practice (with respect to wages or otherwise) of the party whose workers resort to such action.

## 2) POLITICAL FORCE EVENTS

-to the extent they take place in [country], acts of terrorists, blockade, embargo, riot, public disorder, violent demonstrations, insurrection, rebellion, civil commotion and sabotage;

-to the extent that they are politically motivated, strikes, lockouts, work stoppages, labor disputes, or such other industrial action by workers, save in relation to the Concessionaire, when such event is directly related to, or in direct response to any employment policy or practice (with respect to wages or otherwise) of the Concessionaire;

-failure or inability of the Concessionaire to obtain or renew any Consent, on terms and conditions as favorable in all material respects as those contained in the original Consent relating to the Concessionaire’s Business (other than due to a breach by the Concessionaire of any of such terms and conditions);

-any action or failure to act without justifiable cause by any Competent Authority, other than a court or tribunal(including any action or failure to act without justifiable cause by any duly authorized agent of any Competent Authority, other than a court or tribunal);

-expropriation or compulsory acquisition of the whole or any material part of the Concessionaire’s System or Investor’s shares in the Concessionaire, except where such appropriation or compulsory acquisition is on account of contravention of law by the Concessionaire or by the Investor;

-any legal prohibition on the Concessionaire’s ability to conduct the Concessionaire’s Business, including passing of a statute, decree, regulation or order by a Competent Authority prohibiting the Concessionaire from conducting the Concessionaire’s Business, other than as a result of the Concessionaire’s failure to comply with the law or any order, Consent, rule, regulation or other legislative or judicial instrument passed by a Competent Authority.