

Lawyers welcome law on contract obligations in unforeseen events

By **V Anbalagan** - April 24, 2020 12:20 PM

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A force majeure law is expected to be tabled soon in Parliament.

PETALING JAYA: Lawyers have welcomed the proposed tabling of a law regarding a party's inability to fulfil contracts due to unforeseeable circumstances, saying the sanctity of such agreements must be preserved especially in light of the Covid-19 pandemic.

They also said a "force majeure" law was necessary and could have been proposed much earlier.

R Kengadharan said the current situation might not have been reasonably contemplated by parties entering into contracts.

"A legislation to that effect is needed to safeguard the integrity of contracts and the legitimate interests of parties," he added.

He said the legislation should also ensure that the computation of time from March 18 until the movement control order (MCO) ends is suspended, to prevent one party from gaining an unfair advantage over the other.

"It could also stop parties from going to court," he said.

He suggested that the draft law be modelled on Singapore's.

"Though we are late in proposing the law, the legal fraternity welcomes such a move," he added.

The government said earlier this week that the force majeure law would be introduced in Parliament in light of several construction projects which had been delayed by the MCO.

Works Minister Fadillah Yusof, who also referred to the special legislation approved by Singapore's Parliament, said the law must result in a win-win situation for all parties to a contract.

Lawyer Ong Yu Jian said the proposal was sound in theory but cautioned that it must be balanced against the sanctity of contracts.

"The scope and applicability of this new law must be studied carefully and spelt out clearly to prevent abuse by parties when the force majeure event does not affect them."

He also said it should not be a standalone legislation but instead work in tandem with rescue provisions designed to provide practical legal relief for parties genuinely affected by unexpected turns of events.

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