

Representation Plan For Conglomerated Nanyu Tobacco Ltd.

Facts and Nature of the Dispute

Conglomerated Nanyu Tobacco Ltd. (**NANYU**) and Real Quik Convenience Store (**REAL QUIK**) concluded the Distribution Agreement in 2010. The disputed Bill 275 in Gondwana came into force in 2013. The Bill poses some restrictions on the retail package of tobacco products, the use of trademark, and the promotion of branded merchandise. It has led to some minor obligations under the Agreement no longer performable by **PARTIES**. **REAL QUIK** terminated the Agreement and **NANYU** claimed for the liquidated damage set out in the Agreement. However, **REAL QUIK** refused to pay and **NANYU** applied for arbitration on Jan 12, 2014.

NANYU's Interest

NANYU will try our best to negotiate with **REAL QUIK** since they are the dominant player of convenience stores in retail market of Gondwana. Since **NANYU** relies highly on **REAL QUIK** for the distribution of tobacco products, it is more likely for **NANYU** to agree on some necessary modifications in order to maintain the Agreement and to eliminate the difficulties encountered by **REAL QUIK**.

REAL QUIK's Interest

REAL QUIK is concerned about the performance of contractual obligations will violate the Bill 275. In addition, the implementation of Bill 275 has influenced heavily the sale of tobacco products in Gondwana. If these concerns can be properly resolved through mediation, **PARTIES** are willing to continue the commercial partnership with **NANYU**..

Negotiation Strategy

1. Firstly **NANYU** will discuss with **REAL QUIK** in terms of the obligations directly restricted by Bill 275. **PARTIES** will try to seek alternatives for these obligations.
2. **NANYU** seeks possible discussions on working together and come up with ideas to stimulate the consumption of tobacco products.
3. If **PARTIES** agree on retaining the business partnership, **PARTIES** shall move on to discuss about possible amendments with regard to the minimum quantity, price, and buying intervals etc. of the purchase obligation as well as the dispute resolution clause.
4. If, unfortunately, a negotiation on the above matters failed, **NANYU** suggests a further discussion on the amount of liquidated damage liable to **REAL QUIK** that can reasonably and adequately compensate for the loss suffered by **NANYU** due to the termination of the Agreement.