

## Real Quik Convenience Stores Ltd.

### **Background to the dispute**

Real Quik Convenience Stores („RQCS”) and Nanyu Tobacco Conglomerated („NTC”) entered into Distribution Agreement on 14 December 2010 which was a continuation of business relationship lasting for 10 years. As a recognition of the dominant position of NTC on global tobacco market RQCS agreed initially to pay prices 20 % higher than the ones negotiated in similar agreements concluded with smaller producers and wholesalers. RQCS has also agreed to purchase large amounts of cigarettes and other tobacco products in specified intervals as to meet originally existing demand on Gondwandan market and to advertise these products in specified manner, i.e. To provide a visible counter space for them and to distribute various advertising branded materials delivered by NTC. These obligations could not have been performed due to the enactment of 275/2011 Bill which resulted in substantial decrease the demand for tobacco product and changed dramatically the regulations on the advertising and manufacturing tobacco products. Due to these changes RQCS recognized them as an impediment to the performance of the Agreement, offered to renegotiate the terms of Agreement and when met with opposition on the side of NCT it terminated the Agreement.

### **Interests of the parties**

- RQCS wishes to continue business cooperation with NTC on conditions reflecting the change of Gondwandan tobacco products market and novel legal regulations;
- RQCS wishes not to pay any liquidated damages prescribed in rightfully terminated Agreement;
- RQCS sees a potential for new longlasting distribution agreement that would contain a specific clause regularizing the occurrence of substantial changes in the economic stance of parties due to external events.

### **Sharing of responsibility**

Charles Mancuso will be in charge of presenting the business interests of RQCS in regard to the cooperation with NTC and economic capacities in regard to the possible amount of NTC products that may be resold on Gondwandan market. The counsel will be responsible for the legal framework of the Agreement reflecting the current interest of both parties and will assist

in the discussion of any legal issues arising from past and potential business cooperation between parties.

**Mediation strategy**

Mr Mancuso will elaborate in his opening statement on the RQCS understanding of the results of past cooperation with NTC and will provide the vision of the future terms of cooperation that will render interests of both parties respected. If necessary the counsel will finish the opening statement presenting the legal issues of case and will propose specific legal solutions in regard to both past and potential future relations between parties. In negotiation phase RQCS is prepared to agree either on the termination of the Agreement and amicable cessation of economic relations or on the continuation of business cooperation. The first solution may be agreed on under condition that NTC will withdraw from its claims regarding liquidated damages since they are groundless in the light of existing impediment as to the performance of Contract. In the case of decisions on the continuation of business relations RQCS wishes to agree on changed terms, to wit: decrease the amount of tobacco products to be purchased as to meet the actual demand on Gondwandan market and amend advertising policy of NTC products as to respect regulations introduced by the 275/2011 Bill.