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THE EFFECT OF STABILIZATION CLAUSE IN RENEGOTIATING SOUTH SUDAN PETROLEUM CONTRACTS

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South Sudan is gifted with vast natural resources with Petroleum as a leading mineral. Petroleum sector was inherited based on contracts signed earlier to its secession from Sudan, for the blocks located in South Sudan. The authorities in the new country made a commitment to respect the economic clauses in the contracts signed prior to independent and shall not be subjected to renegotiation.However, the economic provisions in the inherited existing contracts in the operational blocks are believed to be incompatible with the basic principles of Production Sharing Contracts (PSCs) around the world with regards to the omission of royalty and tax clauses obligations. This paper analyses the"Effect of Stabilization Clause in Renegotiating South Sudan Petroleum signed Contracts."

Key words:Stabilization Clause; Foreign oil companies; PSC, royalties, taxes; South Sudan.

1 INTRODUCTION.

The Republic of South Sudan is the youngest nation on earth, became independence from Sudan in July 2011. This young nation is blessed with vast natural resources that could immensely improve the living standards of its small-size population if wisely managed. The current petroleum sector operates on contracts inherited and signed prior to the secession of the State in 2011. When South Sudan got independent in 2011, the political leadership in the new country committed itself of not renegotiating the contracts which were signed before independent. That political assurance serves as a guarantee to the protection of foreign investments within the country. Should the country renege on its previous commitment, then such breach can develop a grave mistrust between South Sudan and the governments representing those foreign oil companies. The only remedy to safeguard any future relations between those countries representing oil companies, is to honor its earlier political promise. Moreover, the ongoing political unrest in the country placed a serious uncertainty to the contractor predictability and profitability. Henceforth, financial incentives in favor of contractor play a major role in maintaining and sustaining the investment. The last and foremost stumbling block in renegotiating the previous contracts is relating to the stabilization clauses in the signed contracts. The stabilization clauses in the signed contracts protect the investor from any change of law which materially restricts, divests or limits any rights or benefits accruing to the contractor or which materially increases the contractor's financial obligations.

Nevertheless, the economic provisions in the inherited existing contracts in the operational blocks are believed to be incompatible with the basic provisions of production sharing contracts (PSCs) around the world with regards to the exclusion of royalty and tax clauses. We believe that royalties and taxes are two key components of any sustainable and viable oil contracts. Any attempt to exclude them in any petroleum contract could result into significant financial loss to the host nation. Further, the future regime may invoke the sovereign rightsover national resources to alter the signed contracts in its favor or appropriate or nationalized the foreign oil companies assets on the ground of unfair economic terms. The rest of the paper is structured as follows. Section 2. Discusses the general theory of the Stabilization Clause. Section 3. Explains the Efficiency of Stabilization Clauses in Investment advancement and Security. Section 4. Explores the Statutory Frameworks that oversees Investments in the petroleum Industry. Section 5. Dwell on the Values of Investment Promotion and Security in Agreements. Section 6. Debatesthe policy proposal and itsimplications.Section 5. Draw the concluding remarks.

2 STABILIZATION CLAUSE

Stabilization clause is an effort to evade possible risks, barriers or hindrances to the investment in the petroleum industry, that arise as a result of modifications to the host country's legislative and regulatory regimes. Stabilization clauses are designed as legal assurances that the contractual provisions, as stipulated, at the time the agreement was made, will remain the same throughout the duration of the lifespan of the contract. (Peter Cameron,2012).To attain this goal, stabilization clauses might 'freeze' the terms and conditions of the signed contracts, as well as its fiscal regime or governing law, thus excluding the host country from changing any Acts that governs the contracts or provisions within the contracts. This clause restricts the host country's sovereign powers to modify its laws that add in more obligatory payments. On the other hand, stabilization clause could moreover 'freeze' the contract's connection with the country's legislation by assigning it in privacy from the rest of its legal structure. This entails that the contract will be accepted from any statutory amendments that are completed during the lifespan of the contract. In theory, stabilization clauses are very strong and secure instruments for investment protection. However, in practice, most states are unwilling to limit their rights to amend their legislative framework. Peter Cameron, (2012).

Thus, as a compromise, stabilization clauses could be imposed solely on specific contractual clauses such as those containing provisions related to fiscal issues as illustrated in Liberia's Mineral Development Agreement with Mittal Holdings(Liberia's Mineral Development Agreement with Mittal Steel Holdings dated 17th August, 2005 and amended 28th December, 2006, states that '*the Concessionaire and its Associates shall be subject to taxation under the provision of the Minerals and Mining Law and the Code and all regulations, orders and decrees promulgated thereunder, all interpretations (written or oral) thereof and all methods of implementation and administration thereof by any agency or instrumentality of the Government (the Code and all such regulations, interpretations and methods of implementation collectively, the Tax Corpus'), in each case as in effect as of the date of this Agreement…' 'For the avoidance of doubt, any amendments, additions, revisions, modifications or other changes to the Tax Corpus made after the Amendment Effective Date shall not be applicable to the Concessionaire. Furthermore, any future amendment, additions, revisions, modifications or other changes to any Law (other than the Tax Corpus) applicable to the Concessionaire or the Operations that would have the effect of imposing an additional or higher tax, duty, custom, royalty or similar charge on the Concessionaire will not apply to the Concessionaire to the extent it would require the Concessionaire to pay such additional tax, duty, royalty or charge'*: Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), pp. 70-71)

and Chile's Decree Law of 1975. Decree-Law 1089 of 1975, Art 12 and 12.1: *'The tax regime, benefits, privileges and exemptions provided in an of the articles hereof, which shall be recorded in the special operation contract, shall remain.*

Moreover, the contract, itself, can similarly be frozen so that neither party can one-sidedly alter it. This type of 'intangibility clause was utilised in Article 34 of a PSC by Indian Oil and Natural Gas Company, (Contract between India's Oil and Natural Gas Company and an IOC stated *'The Contract shall not be amended, modified, varied or supplemented in any respect except by an instrument in writing signed by all the Parties, which shall state the sate upon which the amendment or modification shall become effective':* Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), p. 74)

as well as in the Mozambique Model PSC (Mozambique Model Production Sharing Contract (2001), Article 30(7)(d) and (e) states *'The government will not without the agreement of the contractor exercise its legislative authority to amend or modify the provisions of this Agreement and will not take or permit any of its political subdivisions, agencies and instrumentalities to take any administrative or other action to prevent or hinder the Contractor from enjoying the rights accorded to it hereunder'*: Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), p. 74) .A further alternative to the traditional stabilization clause is a 'balancing or equilibrium stabilization clause', which is designed to assess and mitigate the economic impact an amendment to the host state's legal regime would have on the investment through negotiation, as demonstrated in Kurdistan's Model PSA(Model Production Sharing Agreement of the Kurdistan Regional Government states

43.2*'the obligations of the contractor resulting from this contract shall not be aggravated by the government and the general and overall equilibrium between the parties under this contract shall not be affected in a substantial and lasting manner.*

43.3 *The government guarantees to the contractor, for the entire duration of this contract, that it will maintain the stability of he fiscal and economic conditions of this contract, as they result from this contract and as they result from the laws and regulations in force on the date of signature of this contract the contractor has entered into this contract on the basis of the legal, fiscal and economic framework prevailing at the effective date. If at any time after the effective date, there is any change in the legal, fiscal and/or economic framework under the Kurdistan Region Law or other Law applicable in the Kurdistan Region which detrimentally affects the contractor, the terms and conditions of the contract shall be altered so as o restore the contractor to the same overall economic position as that which contractor would have been in, had no such change in the legal, fiscal and/or economic framework occurred.*

43.4 *If the contractor believes that its economic position has been detrimentally affected as provided in Article 43.3, upon the contractor's written request, the parties shall meet to agree on necessary measures or making any appropriate* *amendments to the terms of this contract with a view to reestablishing the economic equilibrium between the parties and restoring the contractor to the position it was in prior to the occurrence of the change having such a detrimental effect. Should the parties be unable to agree on the merit of amending this contract and/or any amendment s toe be made to this contract within ninety (90) days of the contractor's request (or such other period as may be agreed by the Parties), the contractor may refer the matter in dispute to arbitration as provided in Article 42.1.*

43.5Without prejudice to the generality of the foregoing, the contractor shall be entitled to request the benefit of any future changes to the petroleum legislation or any other legislation complementing, amending or replacing it': Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), pp. 75-76)

The stabilization clause could also be intended to allocate the burden resulting from a unilateral amendment to the law as depicted in the Kurdistan PSA. (*The government shall indemnify each contractor entity upon demand against any liability to pay any taxes, duties, levies, charges, impositions or withholdings assessed or imposed upon such entity which relate to any of the exemptions granted by the government under this Article 31.1':* Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), p. 80)

Stabilization mechanisms are not utilized in the UK because it has a more developed and stable investment regime, and the principle of parliamentary sovereignty ('Parliamentary Sovereignty',1st August2013) .

would hinder their enforcement, but countries, such as Nigeria and Venezuela, have employed them in order to promote and protect investments in their hydrocarbon industries.

3.EFFICIENCY OF STABILIZATION CLAUSES IN INVESTMENT ADVANCEMENT AND SECURITY

The interplay between the principles of pactasuntservanda or sanctity of contract and state sovereignty over natural resources is a deciding factor in assessing the efficacy of stabilization clauses in promoting and protecting investments. (Mustafa Erkan,2011) .The application of the principle of pactasuntservanda would specify that countries will compel themselves by agreeing to a stabilization section in a lawfully compulsory contract. This is because agreements in the petroleum sector, unlike agreements arrived at by consumers; include the assumption that the contracting parties have arrived into relations fully aware of the responsibilities and duties, as well as the lawfully binding and enforceable character of the agreement. Though the negotiating power may change after the investment has been completed or as a consequence of volatility in oil prices at the international markets, this would not prevent application of the stabilization clause if the agreement is globalized and the sanctity principle of the agreement implemented. This would also preclude an adjustment to the country's investment regime or assignment obligation for any resultant financial loss to the country, thus prompting indemnification or reimbursement instruments.

On the other, the application of the principle of permanent sovereignty would legalize a host country's intention to one-sidedly change or terminate agreements. Therefore, host countries would not be capable to bind themselves under contractual contracts. The United Nations General Assembly states that the *'rights of people and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development',* United Nations General Assembly, Resolution 1803, Article 1(1) and *'states have the right to nationalise or expropriate property with the payment of appropriate compensation on the grounds or reasons of public utility, security or national interest'.* ibid, Article 4 Moreover, the Charter of Economic Rights and Duties of States, states: *'(e) very state has the sovereign and inalienable right to choose its economic system as well as its political systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever'* Charter of Economic Rights and Duties of States, Article 1 and *'states have the right to regulate and exercise their authority over international investment in accordance with their national laws and their national objectivities. States should not be compelled to grant preferential treatment to investment.'* ibid, Article 2(2) Thus, the principle of permanent sovereignty over natural resources has become *jus cogens,* a norm of international law, as endorsed by the International Court of Justice, This principle was endorsed in *Democratic Republic of Congo v Uganda, Case Concerning Armed Activities on the territory of the Congo, 19th December, 2005,*which could render stabilization clauses invalid because they would limit host state's ability to exert their sovereignty over their resources. Nevertheless, instead of rendering stabilization clauses unacceptable, the central ground, that can would reserve the sanctity of agreements in order to uphold and safeguard investments without restricting the host country' authority over their natural resources, would be to promote agreement renegotiations, instead of illogical one-sided modifications.

4.GLOBAL STATUTORY FRAMEWORK THAT OVERSEES INVESTMENTS IN THE PETROLEUM INDUSTRY

The global statutory framework, that governs investment in the oil and gas industry, is dominant to investment advancement and protection since it arose as a response designed to perfect the effects of risks or obstacles to investment and offer another to protection under state frameworks. Consequently, International Investment Agreements (IIA), comprised of Bilateral Investment Treaties (BITs), Multilateral Investment Treaties (MIT) and Free Trade

Agreements (FTAs), grant assurances that investments will be protected by internationally recognised standards of treatment, with ingrained processes for enforcement and access to impartial venues for dispute resolution.(Peter Cameron,2012,p.146).

BITs are legal treaties intended to produce a supportive atmosphere for the trading of investments among two countersigner states. BITs are widely used between capital exporting and capital importing or developing and emerging market economies60% of BITs are concluded by developing states: 'International Investment Rule-Making: Stocktaking, Challenges and the Way Forward', United Nations Conference on Trade and Development Series on International Investment Policies for Development, (2008), Available at <http://unctad.org/en/Docs/iteiit20073_en.pdf> Accessed on 17th August, 2013 because they commit both states to provide substantial and procedural protections to investors and to the investment which originates in the other state, despite any political or socio-economic disparities.Note 154, p. 150. Therefore, business entities that have capitalized in one state can trust on the BIT to bring an action contrary to the host state without relying on its home state's support and interference.

Moreover, the protection offered to foreign investments under BITs are implemented through the application of accepted standards authorizing the implementation of principles of *'fair and equitable treatment, non-discriminatory and most favoured nation treatment, full protection and security, free transfer of currency and limitations on the sovereign right to expropriate, such as a prohibition to do so without due process, a public purpose goal and the payment of prompt, adequate and effective compensation to the investor.* Ibid, p. 150

Furthermore, MITs are covenants aimed to enable investments between many states. The Energy Charter Treaty (ECT) is reliable in the energy sector as an example of a MIT which relates entirely to energy-related matters. On the 17th of December 1994, it was established as a response to the collapse of the Soviet Union to encourage mutually beneficial long-term cooperation within Europe Energy Charter Treaty, Article 2.

It is imperative to underline that the effectiveness of the ECT in investment advancement and protection is thrown into uncertainty due to the fact that some principal countries like Norway, Russia and the USA have chosen not to ratify it notwithstanding being involved in the initial drafting of the statute. However, the ECT provides a comprehensive framework for regulating investments in the energy industry by first outlining its scope of application in definitions of the terms 'investment' ibid, Article 1(6) and 'investor', ibd, Article 17 in order to aid host states in determining which entities have rights under the treaty and should receive protection from it. *Plama Consortium Ltd v Bulgaria,* Decision on Jurisdiction, ICSID Case No ARB/03/24, IIC 189 (2005), 8 February 2005; *Petrobardt Ltd v Kyrgyz Republic,* Award SSC Case No ARB/96/3, IIC 184 (2005), 29 March, 2005.

The ECT also mandates the application of the aforementioned treaty standards of fair and equitable treatment to investments of investors, Note 158, Article 10(1) the creation of stable, equitable, favourable and transparent conditions and the application of national treatment or most favoured nation treatment standards to investments. ibid 10(7).Furthermore, it stipulates the method of deciding the amount of compensation that should be accorded to investment losses Energy Charter Treaty, Article 12 .Such fear further depends on whether the damages caused by war, armed struggle, state of national emergency or civil commotion, on one hand, or if the host country is directly accountable for the resulting damage. in the existence of the former, the ECT suggests the application of the most favourable nation treatment to the investors claim for compensation, and as a response to the latter reason for losses the investor should be accorded 'prompt, adequate and effective' compensation. Note 158, Article 12(2).

Furthermore, this Agreement similarly protects investments by ranking dispute resolution mechanisms as it rendered arbitration through ICSID, UNCITRAL or the Arbitration Institute of the Stockholm Chamber of Commerce (SCC), obligatory in contradiction of states for suspected breaches of the treaty's investment clauses at the choice of overseas investors. This would follow a three-month cooling off period, even without prior exhaustion of local remedies. ibid, Article 26.The ECT also advocates the use of diplomatic channels to resolve disputes between two contracting states before arbitration. ibid, Article 27.Moreover, the ECT offers investors with security in the event the host state pull out from its obligations, by reassuring that its requirements will not cease to apply to the investment area throughout the period between suggestion of notice of pulling out and its effect, and for a more twenty years after the date the withdrawal takes place.

The North American Free Trade Association (NAFTA), which was sign up by Canada, Mexico and the United States of America in 1992, works as a substitute to MIT, which too promotes and protects investments in the petroleum industry. This treaty promotes investment because it is designed to facilitate international trade by creating an expanded and secure market for goods and services produced in the contracting parties' territories and devising a predictable commercial framework for business planning and investment. NAFTA Treaty Preamble; Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), p. 164. Additionally, NAFTA protects investments by creating a system that can be applied for the settlement of investment disagreements.

5.VALUES OF INVESTMENT PROMOTION AND SECURITY IN AGREEMENTS

Bilateral Investments Treaties (BITs) and Multi-lateral Investment Treaties (MITs) comprise positive recognised values that offer protection for investments and complement the laws and policies enclosed in each country legal frameworks and contractual covenants; few are observed hereunder:

a. Fair and Equitable Treatment

Fair and Equitable Treatment (FET) is a prevalent standard in IIAs, which promotes stability, predictability, accessibility, impartiality and natural justice in host state's actions concerning foreign investments Peter Cameron, *'International Energy Investment Law The Pursuit of Stability',* (Oxford University Press, 2012), p. 170. Thus, the Tribunal in *MTD v Chile*, explained that *'Fair and equitable treatment should be understood to be treatment in an even-handed and just manner, conducive to fostering the promotion of foreign investment. (The BIT's) terms are framed as a pro-active statement – "to promote", "to create", "to stimulate" – rather than prescriptions for a passive behaviour of the state or avoidance of prejudicial conduct to the investors'. MTD v Equity SdnBhd and MTD Chile SA v Chile,* Award, ICSID Case No ARB/01/7; IIC 175 (2004), 25 May 2004, paragraph 113.Additionally, this standard is utilised as a mechanism for seeking compensation and redress from states that have engaged in expropriation, nationalisation or alterations to the legislative and regulatory framework For example, *CME v Czech Republic* 42 ILM 919 (2003) that have a negative impact on the investment. The protection provided under the FET standard is very comprehensive and effective because it extends to a wide array of issues such as the stability of legal and business frameworks, For example, *CMS v Argentina, LG&E v Argentina, National Grid v the Argentine Republic* ,legitimate expectations of investors, For example, *TECMED v Mexico, Saluka Investments B.V v Czech Republic* ,principles of good faith, For example, *Waste Management Inc. v United Mexican States,* consistent conduct, For example, *Occidental v Ecuador,* transparency, For example, *Metalclad v United Mexican States* ICSID Case No. ARB(AF)/97/1,denial of justice, *International Thunderbird Gaming Corporation v The United Mexican States* destruction of arrangements on which the investor was induced to invest *CME v Czech Republic* and non-compliance with representations made to induce investments. *Mondev International Ltd. v. United States of America*, ICSID Case No. ARB(AF)/99/2.

b. Legitimate Expectations

The Legitimate Expectations Standard integrates principles of fairness, transparency and reasonableness to expectations that host states will not unpredictably and arbitrarily alter their investment regimes, which would create instability when investors have relied on certain long-standing traditions in their operations in that jurisdiction.(Peter Cameron,2012,p.171).

c. Full Protection and Security

This standard offers protection to investors when host states fail to act, as would be necessary within reason, in order to thoroughly safeguard against risks to investments. (Peter Cameron,2012,p.171) .This was illustrated in *Asian Agricultural Products Ltd (AAPL) v Sri Lanka, Asian Agricultural Products Ltd (AAPL) v Sri Lanka,* ICSID Case No ARB/87/3, Final Award, IIC 18, (1990), 27 June 1990, 6 ICSID Rev (1991) 526 and *CME v Czech Republic*
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d.Umbrella Clause

The Umbrella Clause encompasses the protection of responsibilities the host country undertakes concerning overseas investors within its land by bringing them under the defensive umbrella of the BIT. This standard helps as a catch all sections as described in the ECT, Article 10 (1): *'Each contracting party shall observe any obligations it has entered into with an investor or an investment of an investor of any other contracting party.'* However, there is some ambiguity in the question of whether the umbrella clause should elevate a breach of the contractual clause to a breach of the treaty, which is illustrated in the contrasting approaches adopted in the resolution of disputes in *SGS v Pakistan SGS SocieteGenerale de Surveillance SA v Pakistan,* ICSID Case No ARB/01/13 and *SGS v Philippine SGS Societe General de Surveillance SA v Philippines,* ICSID Case No ARB/02/6*,* which arose from similar sets of facts.

Accordingly, the framework of global agreements assists to foster a cooperative environment that promotes investment among the countries. It furthermore reinforces the current structure of investment protection by offerings opportunities for agreeable dispute resolution in unbiased environments free from the political interferences that may characterize investment security within the national statutory framework. Nevertheless, some oil-rich nations, have established unwillingness to challenge their national sovereignty, by succumbing to international investment treaties and tribunals as demonstrated by Venezuela's condemnation of the ICSID Convention.

The above postulated reasons offer options for South Sudan to introduce contracts renegotiation to adjust the unbalance financial provisions (Royalty and Tax Clauses) enclosed in the signed contracts prior to independent. However, the existing political, and the oil prices risks render negative returns to the foreign oil investors. It is therefore recommended that the new fiscal model that brings additional financial loss to the contractorshall not be implemented with regards to the existing petroleum contracts in the country.

6.POLICY PROPOSALS REGARDING THE IMPLICATION OF THE RENRGOTIATION OF SOUTH SUDAN PETROLEUM CONTRACTS.

Whereas the proposed adjustment of financial/fiscal provisions of the signed contracts provides a favorable financial reward for South Sudan, there are some inherent risks and challenges associated with the conditions and outcomes of the model. These factors or limitations must be keenly observed and extreme cautions must be taken by the host nation in order to attract the FOCs investors while not compromising the interest of the host government. In light of this understanding, there are four potential risks associated with the new financial adjustment, and they are:

- Oil price volatility;
- Absence of geological information;
- Sustained political instability; and
- Land-lock country

The major policy implication regarding the new financial adjustment is linked to valid unforeseen risks in the area of oil price volatility in the international market as well as the reliability and availability of geological information at the government database within South Sudan. Geologically, and with the exception of the producing oil blocks, South Sudan is not geological mapped to access its minerals potentiality. The general prevailing perception is that, South Sudan is endowed with vast mineral resources that could improve the living standards of its population if policies to tap them is put in place. This perception is misguiding because it is not backed by any available scientific information. Hence, the application of the new model should put into account this missing security on the side of the foreign contractor. The absence of geological information at the government database represents a higher risk to the contractor. Therefore, the government is obliged to provide financial incentives to the contractor for a tax holiday for a reasonable number of years starting from commercial production of the field (s).

On political risks, South Sudan has a very fragile political environment. The building of strong political institution is still in the making. Therefore, adjustment to include royalty rate is not possible in the signed contracts and can only be considered in future ventures.

The existing cooperation agreement between Juba and Khartoum to address the land-lock matter contains an aggressive commercial term in which South Sudan is obliged to pay Khartoum a fixed amount of over $24 per barrel. Such commitment is a major challenge to South Sudan as the government struggles to meet its obligation in the face of low global oil prices. Under the same agreement, foreign oil companies are obliged to pay Sudan $20 per a barrel. Any additional financial obligation to the contractor would be a permit for departure of foreign oil investors.

7.CONCLUSION.

Not withstanding the susceptibility of long-term investments within the oil and gas sector to certain risks and hindrances, the predominant legal system composed of components of state legislation, contracts and international investment agreements, serves to encourage sustained investment, while shielding existing investment undertakings.

State legislative structures must prioritize transparency and predictability, in addition to executing investment inducements such as fair tax rates and clauses for impartial dispute resolution procedures, in order to build a favorable and stable atmosphere that upholds investment. Nonetheless, though capital importing countries, that need financial funding to mature their industry frequently, perform policies, which encourage investment, they have a tendency for taking advantage of shifts in negotiating power to upsurge their take, ownership or control over the investment scheme, which reduces the investors' returns and discourages additional investments.

Furthermore, although contracts are often negotiated with the intention of creating a cohesive covenant, that nurtures stability in the agreeing parties' relations, the application of the stabilization clause is arguable and does not help as a strong deterrent to government interference. Consequently, the global framework of investment contracts was industrialized to complement the security presented to investments in the oil and gas industry, by imposing reasonable standards that should form the basis for imposing provisions in contractual contracts and regulating investments within separate jurisdictions' statutory frameworks. Thus, South Sudan is not recommended to initiate renegotiation of previously signed contracts prior to independent on the ground of financial losses.

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