FEATURE

CHINESE DEMAND GUARANTEE DISPUTE

Ambiguous terms in independent guarantees inevitably leads to problems when there is a drawing. When adequate care and attention is not given to the content of these undertakings, then risk of an unpleasant dispute or costly lawsuit dramatically increases for the impacted parties. Jun XU abstracts *Powers Links International v. Far East Cable Co. Ltd*, a recent demand guarantee case in China which serves as a valuable lesson that minor issues can lead to major problems in demand guarantee-related international transactions. Although the case was decided before the PRC Supreme People’s Court’s Provision on Several Questions about Independent Guarantees Disputes Cases entered into force, XU considers whether the case would have fallen within the scope of the circumstances for fraud delineated in this law.