There are some who seem to believe that the application of the doctrine of changed circumstances would undermine the other crucial doctrine of `sanctity of contracts'.

Modification of contracts, due to changed circumstances, especially those of long duration like mineral development agreements, is neither an exception to, nor in, contradiction of the rule *pacta sunt servanda*. *Pacta sunt servanda* simply means that contracts which have legally come into existence and continue to be in force, must be observed. It means the inviolability, not unchangeability of contracts.\(^{47}\)

\[^{47}\text{Cf. J. Kunz, "The Problem of Revision in International Law", American Journal on International Law, Vol. 33 (1939), p. 42; and "The Meaning and Range of the Norm Pacta Sunt Servanda" American Journal on International Law, Vol. 39 (1945), p. 197. In one of his judgments, Lord Summer observed that the principle of frustration, which corresponds to the doctrine of rebus under English law, "is really a device by which the rules as to absolute contracts are reconciled with special exception which justice demand" (Hirji Matji and others v. Cheong Yue Steamship Co. Ltd., L.R. 1926, 497, 509, quoted by Williams, "The Permanence of Treaties" p.91.}\]

**Referring Principles:**

VIII.1 - Definition