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Legal considerations for UK businesses amid Middle East disruption



Raj Pahuja
Partner

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Setting the scene

66% of UK businesses already feeling fuel and energy pressure.

A Barclays survey of 525 UK business leaders (March 2026) confirms the breadth of disruption: 50% report moderate or significant supply chain disruption, 43% say shipping and logistics costs are weighing on margins, and fuel spending rose 10.9% YoY at the start of the conflict.

Yet 78% remain confident in their own prospects. The challenge is navigating multiple pressures converging at once.

Key business impacts

Supply chains

50% report moderate/significant disruption

Energy and fuel

66% facing price pressure; spending up 10.9%

Margins and costs

43% cite shipping/logistics cost pressure

Commercial contracts

What to check first

- English law does not automatically provide relief when things go wrong
- Force majeure clauses only help if they appear in your contract AND the event falls within the specific wording
- Key triggering language: "war," "hostilities," "terrorism," "blockade," "embargo," "governmental action"
- Check whether your clause requires performance to be completely prevented or whether hindrance is enough
- Track any long-stop dates and maintain a contemporaneous evidence bundle

Relief depends on

1. Timely notice to the counterparty
2. Reasonable endeavours to mitigate
3. Clear causal link between event and failure to perform

Relief available

Suspension, extension of time, or temporary price adjustment

When there is no force majeure clause

Alternative contractual and common-law routes

Frustration

The fallback - but the bar is very high: performance must be genuinely impossible or radically different. Rising costs or logistical difficulty alone will rarely suffice.

Illegality

Where sanctions directly prohibit performance, the doctrine of illegality may discharge the obligation entirely. This is a separate and potentially stronger route.

MAC / Change in law

Stress-test material adverse change clauses and change in law provisions. Under English law, these are construed narrowly - market-wide disruption rarely qualifies.

Price / hardship

Review price adjustment mechanisms and hardship frameworks. Where KPIs are no longer realistic, agree recalibrated benchmarks before disputes arise.

Construction and project contracts

Key considerations for EPC and infrastructure contracts

Foreseeability challenge

For contracts signed after mid-2025, when Iran's parliament voted to close the Strait of Hormuz, the opposing party may argue risk was foreseeable. War-risk premiums rose before the Feb 2026 strikes.

Change in law vs FM

Change-in-law and compensation-event routes often give time AND money. Force majeure typically gives time only. During COVID-19, change in law claims were preferred where available.

Evidence and notices

Strict notice requirements often operate as conditions precedent. Build contemporaneous evidence: critical-path analysis, procurement logs, shipping records, cost tracking.

Price adjustment routes

Where performance remains possible but at much greater cost, price adjustment or variation mechanisms can be stronger than FM.



Contract review framework

A practical approach to triage

Identify top 20 contracts

Prioritise by value and operational dependency

Build a review matrix

Governing law, dispute forum, performance status, FM/MAC wording, notice requirements, evidence needed

Prioritise actual prevention

Focus on contracts where performance is actually prevented or unlawful — not merely difficult. For construction and project contracts, also consider change-in-law and compensation-event routes where performance remains possible but at materially higher cost.

Set commercial guard-rails

Authority limits on delivery re-sequencing, temporary price bands, KPI relaxations

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Contract review framework

A practical approach to triage

Key focus areas:

- Change control provisions in outsourcing, IT and long-term service contracts
- KPI regimes that are no longer realistic - recalibrate before disputes arise
- Long-stop dates and termination triggers linked to delay
- Evidence bundles documenting the impact of disruption on performance
- Construction and EPC contracts: audit FM, change-in-law, compensation-event and price-adjustment mechanisms; verify foreseeability assumptions for contracts signed after mid-2025.

Key differences: UAE and Saudi law

UAE	Broader statutory protection Obligations may be extinguished or suspended automatically where performance becomes genuinely impossible. Courts can rebalance obligations where exceptional events make performance excessively onerous.
KSA	Modernised civil law Saudi Arabia's modernised Civil Transactions Law follows broadly similar civil law principles to the UAE. Practice is evolving but statutory protections apply.
Both	Contractual priority In both jurisdictions, bespoke contractual risk-allocation usually takes priority over statutory relief. Parties retain freedom to define their own framework.
ENG	English law advantage Decades of settled precedent provide certainty. UAE and Saudi frameworks are modernising rapidly but practice can vary between onshore courts, free-zone systems and arbitration.

Directors' duties during disruption

Companies Act 2006 duties do not pause for geopolitical disruption

s.172 - good faith:

Directors must promote the success of the company. Deferring entirely to management without applying independent judgment may breach this duty

s.174 - care, skill and diligence:

Directors unable to conduct site visits or attend meetings must take positive steps to compensate. Passive reliance on others will not suffice

Practical steps

- Ensure robust delegation frameworks
- Use written resolutions and careful documentation
- Any delegation must be genuine - appointing a local nominee while continuing remote control will not discharge duties
- Record decisions and reasoning contemporaneously

“Delegation without discharge is the biggest trap.”

Impact on M&A transactions

Scenario

UK buyer with heads of terms to acquire a UAE business, subject to a 90-day long-stop date.

- Travel restrictions prevent site visits
- Due diligence cannot be completed
- Regulatory approvals delayed
- Long-stop date at risk of expiry



Impact on M&A transactions

Key considerations

- Transactions involving Middle East-based targets or counterparties are most at risk
- The buyer's ability to pause, renegotiate or exit depends almost entirely on the offer documentation
- Force majeure and MAC clauses offer limited protection - construed narrowly under English law
- Parties should scrutinise drafting carefully before assuming there is a contractual exit route



Sanctions, export controls and payments

- UK sanctions targeting Iran are extensive and still evolving - restricting dealings with designated persons, certain sectors and specified goods
- Even indirect exposure counts: routing payments through sanctioned banks or using sanctioned ports
- Screen counterparties and payment routes now - do not wait for a transaction to trigger compliance checks
- Build extra time for licensing and bank queries - institutions apply conservative over-compliance
- Watch export controls on dual-use items and technology transfers, especially where supply disruption has forced component substitutions
- Lenders may push for enhanced sanctions undertakings - check existing representations in facility agreements

Watch out

Sanctions compliance is not just about direct dealings. Indirect exposure - through payment chains, ports of transit, and component origins - can create liability even where the primary transaction appears clean.

Failure to screen proactively is itself a risk factor for enforcement.

Supply chains, ESG and logistics

Logistics disruption

Airspace restrictions, port congestion and war-risk rerouting are pushing up lead times and costs significantly.

Incoterms review

Check how Incoterms allocate transport, risk and insurance responsibilities — mismatches cause disputes.

Contracting for ESG

Treat ESG due diligence like anti-bribery or sanctions diligence: risk-based, documented, embedded in contracting with flow-down clauses.

Regulatory expectations

EU Omnibus delays phasing but does not remove investor expectations or import controls. Large buyers must demonstrate action to regulators.

ESG due diligence

Rapid supplier substitution in higher-risk jurisdictions brings heightened human rights and environmental due diligence expectations under CSDDD and CSRD.

Cyber risk and operational resilience

- Iran-aligned actors and opportunistic groups have stepped up cyber activity targeting energy, logistics and financial services
- Ensure incident response plans cover multi-jurisdictional notification triggers
- Vendor contracts should allow rapid defensive action; offline backups must be in place
- Given sanctions overlay, ransom discussions may be legally constrained - build a pre-cleared decision framework now.

Priority actions

1. Map notification obligations across all jurisdictions
2. Test offline backup and recovery procedures
3. Review vendor contracts for defensive action rights
4. Pre-clear ransomware decision framework with legal counsel

Banking, trade finance and workforce

Banking and trade finance	Workforce safety
Banks re-pricing or pulling back from higher-risk routes and counterparties	Review travel policies, site access protocols, and emergency evacuation plans
Expect more intensive due diligence, shorter expiry periods, requests for additional collateral	Employers owe a non-delegable duty of care under English law (similar in UAE/Saudi Arabia)
Test increased cost and illegality provisions in financing agreements	Build documentary trail of dynamic risk assessments and employee consent
Consider alternative instruments: supply-chain finance, escrow arrangements; diversify confirming banks	Consider insurance coverage for employees in conflict-affected zones

Dispute resolution - be strategic

Where you resolve a dispute matters more than ever in a crisis

London arbitration

Attractive for neutrality, interim relief and enforceability. Well-established procedural framework

GCC arbitration

DIAC, ADGM, SCCA increasingly sophisticated. But sanctions and asset-flight risk complicate enforcement

Practical mechanics

Ensure clauses include service provisions, virtual hearings and emergency relief. Consider where assets sit today

“Where relationships remain valuable: structured renegotiations and standstill arrangements can preserve them.”

Practical next steps

What to do now

1. Map sanctions and export-control exposure across counterparties, routes, ports, banks and insurers; refresh KYC files
2. Triage top 20 contracts for force majeure, illegality, change in law, MAC and price-adjustment rights
3. Assess ESG due diligence for new or substitute suppliers; embed risk-based contracting with flow-down clauses
4. For construction and EPC contracts, audit FM, change-in-law and price-adjustment mechanisms; build contemporaneous evidence
5. Rehearse incident response for cyber and logistics shocks; re-baseline dispute strategy around venue and relief
6. Take specialist advice before irreversible decisions are made.

***“Contracts that were
‘good enough’ yesterday
need active stewardship
today.”***

Early, disciplined action will preserve your options later

Take specialist advice before irreversible decisions are made

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Thank you

Raj Pahuja
Partner

Email: rpahuja@hcrlaw.com
Telephone: 02039 498 294

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Navigating Middle East Trade Disruption

Logistical Impact on Global Transport & Supply Chains

Hosted by Charles Hogg

Chief Commercial Officer at Unsworth

ch@unsworth.uk



The Current Control Room – Now phase 3



General Rate Increases (GRIs) fully absorbed into the market.

Carrier pricing firming up across Asia-Europe trade lanes.

Geopolitical risk and fuel variables are now structurally embedded into long-term freight costs.



Sea Freight

**Stable operations.
Elevated Risk.**

Primary lanes open with no enforced global rerouting. Capacity strictly disciplined by carriers holding position. Disruption could occur with zero notice.



Air Freight

**Operationally
stable.**

No airspace closures impacting cargo. Broadly unchanged capacity. Acting as a highly sensitive geopolitical relief valve.



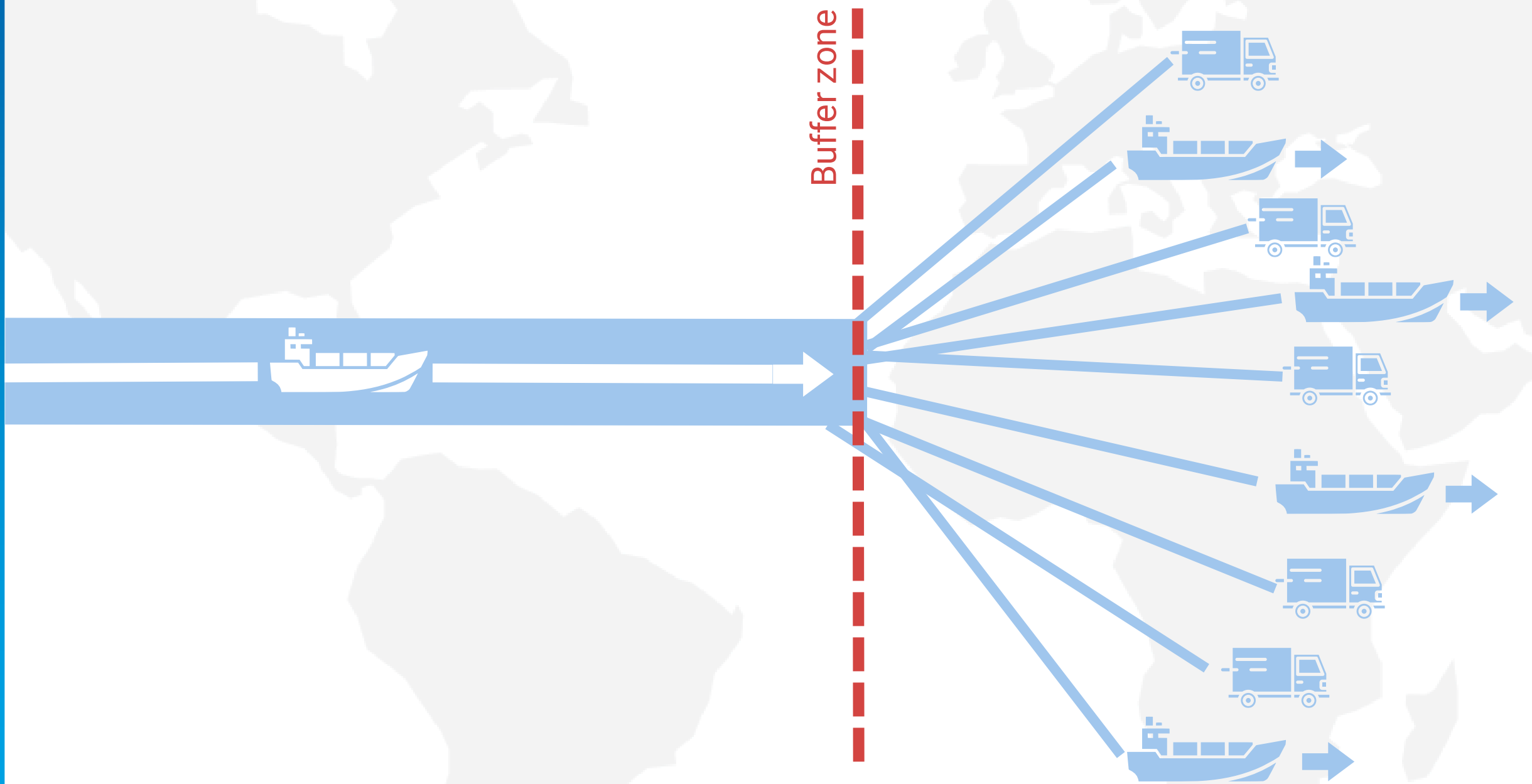
Cost & Insurance

**Stable but highly
exposed.**

No widespread introduction of new surcharges this week, but war-risk exposure means extreme vulnerability to rapid, unannounced cost escalation.

The Maritime Complication: Plan B Mandate

We can assist with the final mile delivery



Restricted Final Ports



Jebel Ali



Abu Dhabi



Doha



Bahrain



Dammam



Kuwait



Umm Qasr

Executing your 'Plan B': On-Water Cargo

Option 1: Return to Origin

Action

Container returned to export port of loading.

Impact

Total supply chain reset.
Extreme delay.

Option 2: End Voyage at Alt Port (EOV)

Action

Discharge at designated carrier port (Salalah, Sohar, Fujairah, Khor Fakkan, Jeddah, Mundra).

Impact

Consignee bears full responsibility for inland pick-up.

Strategic Note

Consider devanning/cross-docking to truck to avoid empty container return charges (subject to DG restrictions).

Option 3: Deliver via Alt Routing

Action

Carrier routes to planned port via different network (if possible).

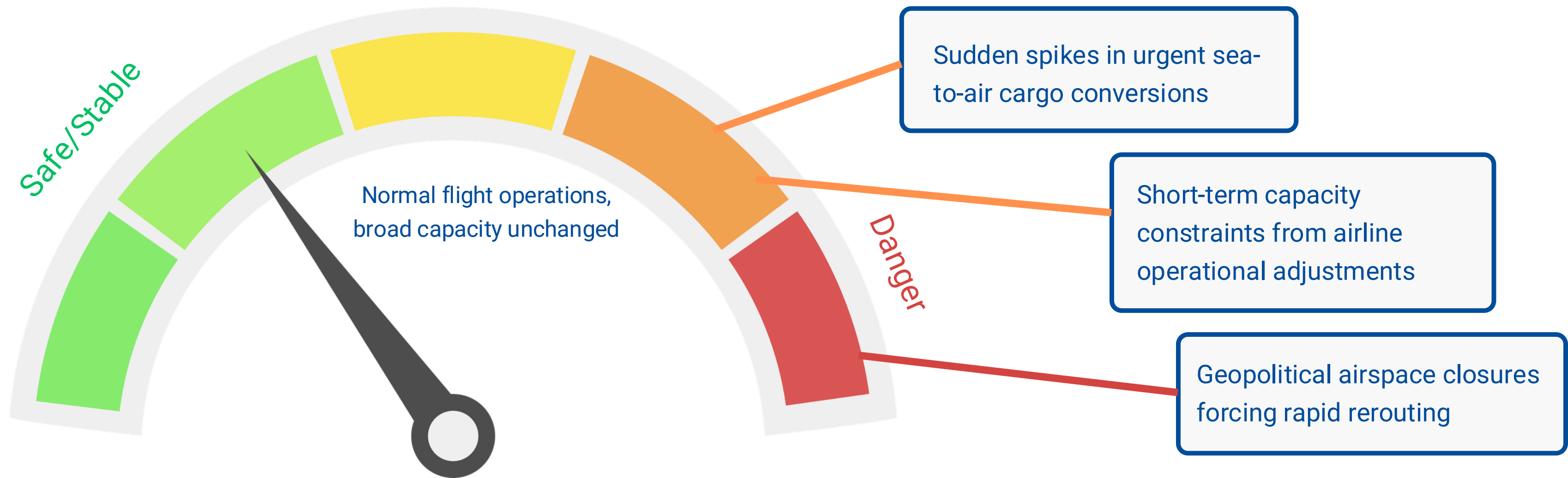
Impact

Low Consignee effort, but incurs **substantial carrier surcharges** and **potential empty container return fees** to the designated port.

The Overland Bypass Network

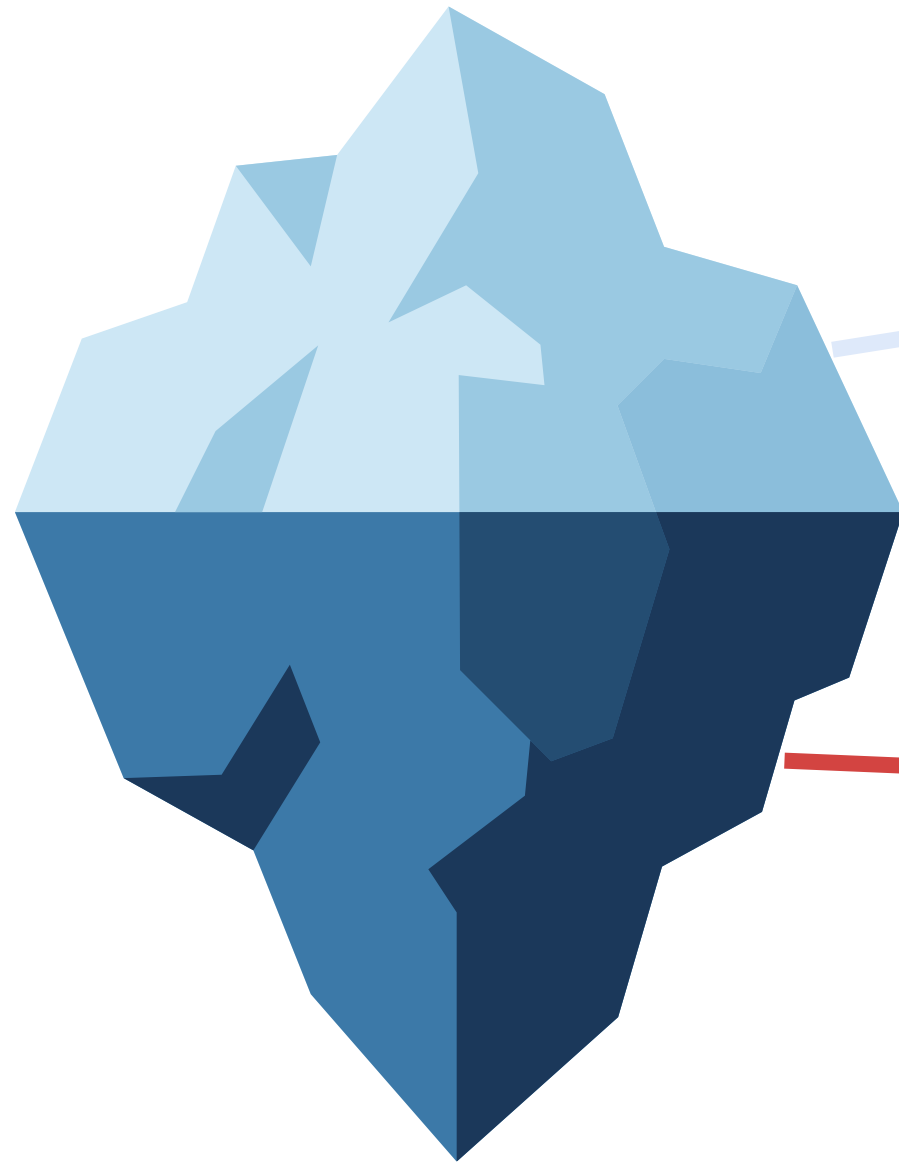


The Sensitive Safety Valve



Takeaway: Air freight is stable today, but must be actively monitored as a backup contingency rather than a guaranteed fail-safe.

Insurance & The Hidden Cost Exposure



Current Freight Rates

- Stable compliance environment
- No widespread new insurance surcharges this week.

Future Cost Exposure

- Sustained war-risk exposure
- Potential for rapid, zero-notice cost escalation
- Sudden regulatory and compliance shifts

Do not mistake stable operational pricing for low underlying **vulnerability**.

The market is holding its breath.

Immediate Action Plan & Monitoring



Act

- Select “Plan B” routings for all on-water cargo immediately
- Calculate cost-benefit of devanning at alt-ports to avoid empty return fees.



Communicate

- Align with consignees urgently regarding inland transport responsibilities from ports like Jeddah and Khor Fakkan.



Monitor

- Track fuel price movements, war-risk insurance triggers and overflow congestion at secondary hubs like Mundra.

Maintain close contact with forwarding partners to outmaneuver rapid market changes across Asia-Europe and Middle East corridors.

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Questions?

Online Freight Management

- **Delay Severity:** Using our multi-source algorithm to predict vessel ETA with more accuracy.
- **Track Orders, not Shipments:** Pathway structures your data in the most appropriate way for your business. Track order delays quickly and easily.
- **Enterprise-Level Analytics:** Monitor carrier performance, dwell time, freight spend, carbon emissions and more.



Business Resilience Under Disruption: Lessons from Ukraine

Navigating trade shocks in uncertain environments:

- Disruption patterns are comparable
- Focus: practical business response
- Based on the LCCI Ukraine Project experience

- LCCI Ukraine Project (2022–2025): 50+ companies engaged | B2B support | UK–UA stakeholder links

Ukraine: systemic disruption

- Logistics routes collapsed
- Export channels blocked
- Simultaneous pressure on supply, markets, finance
- Shift from optimisation → survival

Ukraine GDP fell ~29% in 2022



From fixed routes to constant adjustment

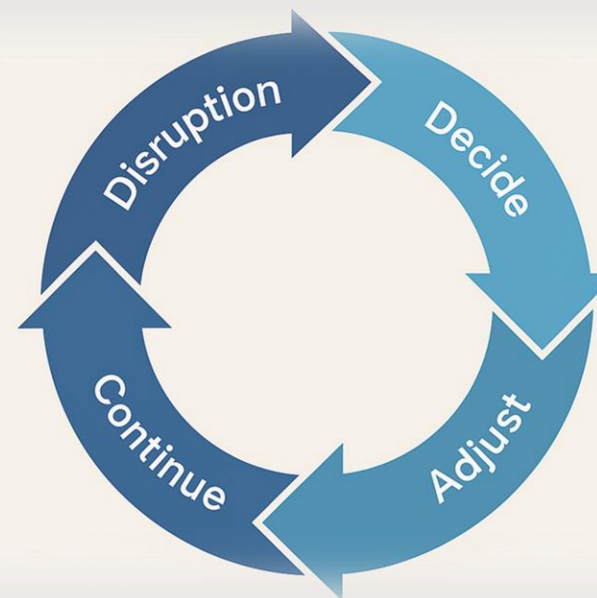
- Shift to EU corridors (PL / RO)
- Heavy reliance on road transport
- Multimodal delivery (road + rail + river)
- Routes became temporary solutions

~85% of crossings shifted to road transport



No pause.
Constant
adjustment.

- Real-time changes to routes and partners
- No expectation of system stabilisation
- Focus on controllable factors
- Businesses built their own solutions



Speed over precision

- Shorter planning cycles
- Decisions with incomplete information
- Iteration replaces optimisation
- Focus on continuity

Before: **Plan → Execute**

After: **Decide → Adjust → Repeat**

Redundancy over efficiency

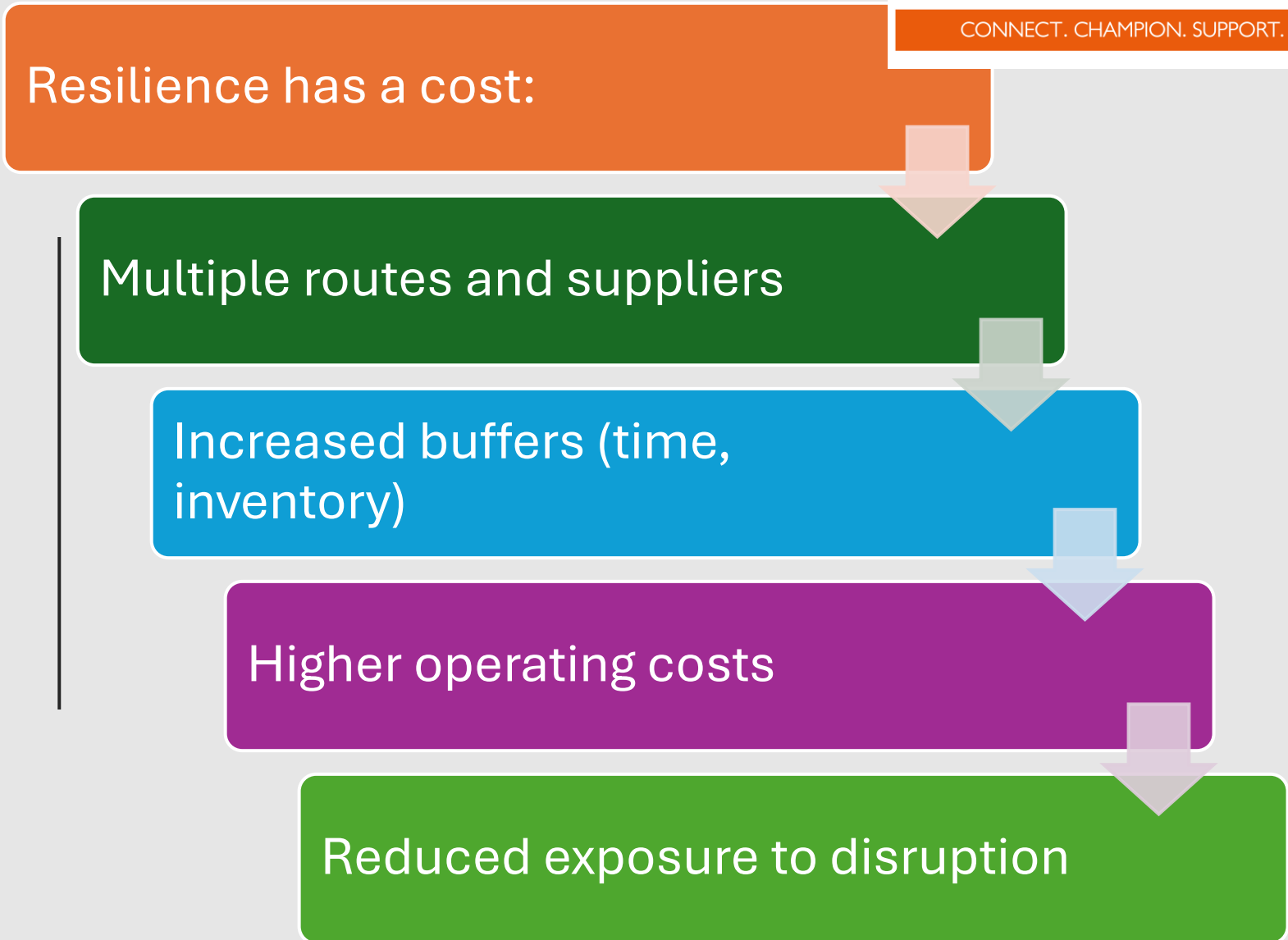
Resilience has a cost:

Multiple routes and suppliers

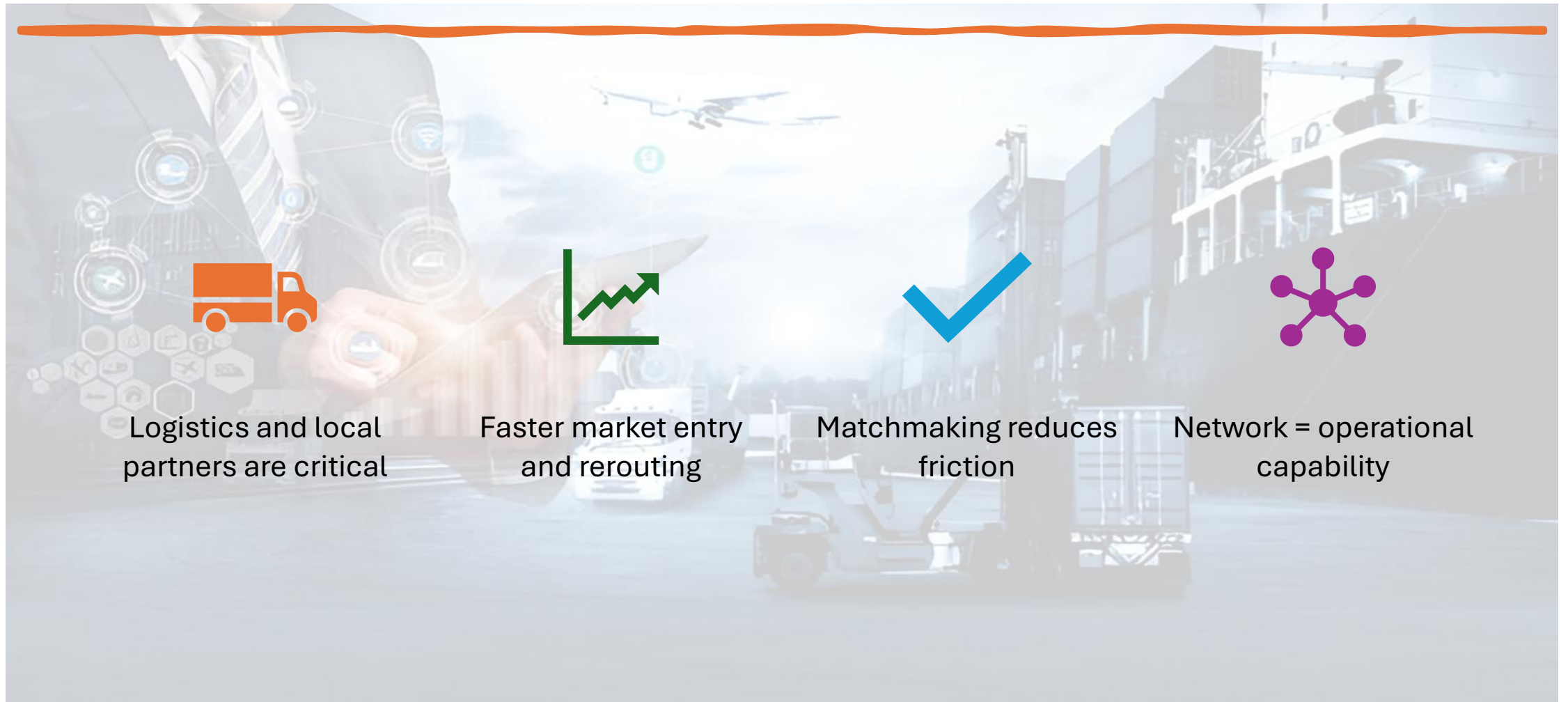
Increased buffers (time,
inventory)

Higher operating costs

Reduced exposure to disruption



Partnerships as infrastructure



Logistics and local partners are critical

Faster market entry and rerouting

Matchmaking reduces friction

Network = operational capability

Case study: stabilising delivery under disruption

- Metal producer in Dnipro (near the front line)
- Severe logistics disruption
- Intermediary hub established in Moldova
- Enabled continued exports



Case study: when finance becomes a bottleneck

- Payments declined by major UK banks
- High compliance/sanctions risk
- Legal support to navigate requirements
- Alternative finance providers enabled transactions



What does this mean for the UK traders?

- Map alternative routes now
- Identify backup suppliers/partners
- Build time buffers
- Review contracts for flexibility
- Understand key dependencies



Adaptability is the baseline

- Disruption is not temporary
- Planning alone is insufficient
- Operational flexibility is critical
- Fast adjustment enables continuity

Thank you!