Building Resilient Businesses in Times of Geopolitical and Economic Uncertainty

Practical legal perspectives and insights by Pannike+Partners

Introduction

The global business landscape has fundamentally changed. Commercial success is no longer determined solely by market conditions or financial performance, but increasingly by an organisation's ability to navigate geopolitical uncertainty while remaining legally compliant.

Recent developments—including the conflict involving Iran, disruptions to shipping through the Strait of Hormuz, supply chain instability and sustained volatility in global energy prices—have demonstrated how rapidly regional events can create worldwide legal and commercial consequences. For businesses operating across the Middle East, Europe and Africa, resilience has become as valuable as profitability.

From our experience advising multinational companies, investors and entrepreneurs on cross-border transactions, regulatory compliance and dispute prevention, one clear lesson emerges: businesses that prepare legally before a crisis consistently outperform those that react afterwards.

Geopolitics is now a legal risk

Many organisations continue to view geopolitical events primarily as economic or political issues. In practice, they quickly become legal issues.

When maritime routes are disrupted, companies face delayed contractual performance, increased transportation costs, insurance disputes and payment complications. Rising oil prices affect procurement agreements, long-term pricing models and force majeure discussions, while heightened sanctions and banking scrutiny can delay otherwise legitimate international transactions.

The role of legal counsel has therefore evolved from documenting transactions to actively safeguarding business continuity.

Five practical recommendations

1. Build contracts that anticipate disruption

Traditional commercial agreements often assume stable markets. Today's contracts should instead anticipate uncertainty.

Well-structured agreements should include flexible delivery mechanisms, carefully drafted force majeure and hardship provisions, alternative payment arrangements and clear dispute resolution procedures. The objective is not to predict every geopolitical event, but to provide commercially workable solutions when unforeseen disruption occurs.

A resilient contract creates certainty even when markets cannot.

2. Strengthen compliance beyond minimum requirements

Compliance is no longer limited to anti-money laundering obligations. It now requires continuous monitoring of counterparties, sanctions exposure, beneficial ownership, export controls and cross-border payment structures.

In several mandates, transactions were delayed not because clients breached regulations, but because intermediary suppliers or payment channels failed enhanced compliance reviews. Robust due diligence before signing an agreement is considerably less expensive than resolving regulatory investigations afterwards.

Businesses should regularly review their compliance framework rather than treating it as a one-time exercise.

3. Diversify critical dependencies

The recent Strait of Hormuz disruptions illustrated the vulnerability of concentrating logistics, suppliers or banking relationships within a single corridor. Shipping volumes declined while freight costs and insurance premiums increased, affecting industries far beyond the energy sector.

From a legal and commercial perspective, diversification should include:

- alternative suppliers in different jurisdictions;
- multiple compliant banking relationships;
- contingency logistics providers; and
- jurisdictionally flexible contractual structures.

Although diversification may increase short-term operational costs, it significantly reduces legal and commercial exposure during periods of instability.

4. Review pricing and payment clauses regularly

Oil price volatility has become more than an energy issue—it directly influences manufacturing, transportation, construction and professional services. Even businesses with no direct connection to the energy sector often experience increased operational costs through their supply chains.

Long-term agreements should therefore contain appropriate price adjustment or renegotiation mechanisms where commercially justified. Fixed pricing without flexibility can quickly become unsustainable for either party, creating avoidable disputes and damaged commercial relationships.

A legally balanced adjustment mechanism protects both parties while preserving the underlying transaction.

5. Prepare for crisis before it arrives

The most effective crisis management begins long before any crisis occurs.

Every organisation should maintain documented internal procedures covering regulatory reporting, contractual approvals, sanctions screening, board decision-making and communication protocols. During periods of geopolitical uncertainty, regulators and financial institutions increasingly expect businesses to demonstrate not only compliance, but also documented governance.

Prepared documentation often determines whether an issue becomes a manageable inquiry or a significant legal dispute.

The strategic opportunity

Periods of uncertainty also create opportunity.

The UAE continues to reinforce its position as a leading global commercial and financial hub, while East Africa remains one of the world's most dynamic and rapidly growing investment regions. Businesses that combine commercial ambition with robust legal governance, strategic foresight, and agile decision-making are particularly well positioned to capitalise on the significant opportunities across these markets.

Investors are increasingly selecting partners based not only on financial capability, but on governance standards, transparency and regulatory credibility. Legal compliance has become a competitive advantage rather than merely a regulatory obligation.

Our Key Advice: Geopolitical volatility is unlikely to be temporary. Whether driven by regional conflicts, maritime disruptions, sanctions or commodity price fluctuations, businesses should assume that periods of uncertainty will remain a defining feature of international commerce.

Our experience at Pannike+Partners consistently demonstrates that the most successful organisations share common characteristics: they plan proactively, apply a high degree of agility in managing cross-border business affairs, document key commercial and regulatory decisions thoroughly, and integrate legal strategy into commercial decision-making from the outset. Businesses that proactively diversify supply chains, implement flexible contractual and payment structures, and strengthen governance before disruption occurs are consistently better positioned to navigate geopolitical uncertainty while preserving both compliance and commercial continuity.

In challenging times, resilience is not created by chance—it is built through effective governance, practical compliance and legally sound business planning.

This article reflects general practical observations from cross-border legal mandates handled by Pannike+Partners and is intended for informational purposes only. It does not constitute legal advice.