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# Distressed supply chains - how can suppliers protect their position?

There is currently no shortage of global events imposing pressure on businesses' supply chains. There is no stopping the rise in raw material prices, which is driving price lists up to exorbitant levels. Nor does the shortage of raw materials seem to be anywhere close to resolved.

The phenomenon, originally triggered by the COVID-19 pandemic, has seen its escalation exacerbated by the conflict between Russia and Ukraine. The war in Ukraine has significantly impacted the performance of some contractual obligations by, for example, creating supply shortages and catalysing rising energy prices.

In order to understand this phenomenon, which is heavily influenced by geopolitical factors, it is necessary to consider its impact on the distribution chain, an impact that ultimately makes businesses increasingly vulnerable.

This critical situation stems, on the one hand, from more complex supply chains that involve international scenarios and, on the other, from the volatility of raw material prices and discontinuity in the supply and procurement of the same, we are witnessing the onset of contractual imbalances that lead to increased costs and to a consequent failure to perform contractual services, heavily compromising their original legal-economic structure and their regular execution.

In the absence of specific clauses agreed upon by the parties, the management of the impact of contingencies on the interests originally established by the parties may take place within the scope the laws of the legal system applicable to each individual contract. The remedies provided by the legal system for this purpose are subdivided into remedies for the avoidance of defects and remedies for the preservation of rights and can differ according to the case in point.

The risk of so-called "contractual contingencies" can be managed conventionally and preventively or, alternatively, legally and subsequently.

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