

28 FEBRUARY 2026

IRAN

WAR

2026

**BUSINESS RISKS,
CONTINUITY, AND DISPUTES**

An Urgent Strategic Directorial for Fortune 500 C-Suites, General Counsels, and Corporate Boards



WWW.WASELANDWASEL.COM

IRAN WAR 2026: BUSINESS RISKS, CONTINUITY, AND DISPUTES

AN URGENT STRATEGIC DIRECTORIAL FOR FORTUNE 500 C-SUITES, GENERAL
COUNSELS, AND CORPORATE BOARDS

WASEL & WASEL

Copyright & Legal Notices

IRAN WAR 2026: BUSINESS RISKS, CONTINUITY, AND DISPUTES

An Urgent Strategic Directorial for Fortune 500 C-Suites, General Counsels, and Corporate Boards

PUBLICATION TIMESTAMP: Published at 6:00 AM EST, Saturday, February 28, 2026, in regards to current developments.

© 2026 WASEL & WASEL DC LLC. All rights reserved.

RESTRICTIONS ON REPRODUCTION AND DISTRIBUTION

No part of this publication may be reproduced, distributed, transmitted, translated, or stored in a retrieval system in any form or by any means, including photocopying, recording, encrypted digital transfer, or other electronic or mechanical methods, without the express prior written permission of Wasel & Wasel, except in the case of brief quotations embodied in critical reviews, executive board summaries, and certain other noncommercial uses permitted by international copyright law.

DISCLAIMER OF LEGAL AND FINANCIAL ADVICE

This Strategic Directorial is published by the Lead Geopolitical Legal Strategy Group at Wasel & Wasel for informational, strategic intelligence, and high-level risk diagnostic purposes only. The contents of this publication do not constitute, and should not be construed as, formal binding legal, financial, investment, or tax advice. The transmission, receipt, or internal distribution of this document does not establish an engagement relationship between Wasel & Wasel and the recipient.

TEMPORAL LIMITATION & VOLATILITY

The intelligence, legal analysis, and geopolitical assessments contained herein are strictly based on the real-time, verified developments available at the precise hour of publication. Given the highly volatile, kinetic, and escalating nature of the regional conflict, the factual landscape, sovereign regulatory frameworks, and airspace/maritime realities are subject to immediate and unpredictable change. Wasel & Wasel assumes no obligation to update the assessments contained in this specific edition as events on the ground evolve.

Every corporate operational matrix, commercial contract, and geographic exposure profile is unique. Multinational corporations, sovereign wealth funds, and private investors are strictly advised against executing any operational, financial, or legal maneuvers; including but not limited to the invocation of *Force Majeure*, the termination of commercial agreements, or the initiation of international arbitral proceedings, without first seeking bespoke, privileged legal counsel tailored to their exact jurisdictional footprint and contractual exposure. Wasel & Wasel assumes no liability for actions taken or omitted by any entity in reliance upon the generalized frameworks within this briefing.

PUBLISHER INFORMATION

WASEL & WASEL DC LLC

Tier-1 Services Since 1799. Operating at the friction points of history.

Offices: Washington D.C. | Abu Dhabi | Melbourne | Toronto

General Inquiries: business@waselandwasel.com

Urgent Crisis Triage & Strategic Deployment: iranwar@waselandwasel.com

(This encrypted channel is monitored globally 24/7. All communications are subject to confidentiality.)

CONTENTS

1. IRAN WAR 2026: BUSINESS RISKS, CONTINUITY, AND DISPUTES	1
Navigating The Friction Points of History	
The Kinetic Reality: The Paradigm Shift of February 28, 2026	
The Collapse of Theoretical Contingency	
Executive Summary of Cascading Business Risks	
The Strategic Directorial Ahead: Law as a Weapon of Survival	
2. HUMAN CAPITAL PRESERVATION AND THE LEGAL SUPREMACY OF LIFE SAFETY	5
The Kinetic Reality and the Evaporation of Safe Havens	
The Fatal Fallacy of Sovereign Reliance and the Duty of Care	
Architecting Redundant Multi-Modal Extraction Logistics	
The Legal Collision: Employment Contracts in a Theater of War	
Mandatory Precedent Integration: Brantley v. BC Unics and the Supremacy of Safety	
Weaponizing the Brantley Doctrine for the 2026 Middle East Crisis	
The Economic Mechanics of War: Salary Continuity and Severance	
Actionable Directives for General Counsels and the C-Suite	
3. MARITIME LOGISTICS, THE HORMUZ CHOKEPOINT, AND THE ILLUSION OF "RESTRAINT OF PRINCES"	10
The Physical Strangulation of the World's Energy Artery	
The Dangerous Illusion of Pipeline Bypass Capacity	
Maritime Rerouting, Congestion, and the Collapse of Just-in-Time Logistics	
Mandatory Precedent Integration: Sanko Steamship v. Navios and the Threshold of Force	
Applying the Sanko Doctrine to the 2026 Hormuz Crisis	
Actionable Supply Chain and Maritime Legal Protocols	
4. CYBERSPACE AS AN ASYMMETRIC BATTLESPACE AND THE VULNERABILITY OF SUBMARINE INFRASTRUCTURE	15
The Invisible Frontline: From Kinetic Strikes to Digital Sabotage	
The Weaponization of Wiper Malware and the Threat to Operational Technology (OT)	
The Physical Underbelly of the Digital Domain: Submarine Infrastructure	
Mandatory Precedent Integration: The 1923 Cuba Submarine Telegraph Arbitration	
Applying the Cuba Submarine Doctrine to the 2026 Digital Battlespace	
Actionable Cyberspace and Infrastructure Defense Protocols	
5. CONTRACTUAL VIABILITY, FORCE MAJEURE, AND THE PEDANTRY OF "WAR"	20
The Fracture of the Global Commercial Ecosystem	
The Lexical Trap: The Ambiguity of "War" Under English Common Law	

Mandatory Precedent Integration: The Kosovo/NATO Operations and the Definition of "War"	
Applying the Kosovo Precedent to the 2026 U.S.-Israel-Iran Conflict	
Force Majeure in the Context of Civil Unrest and Protracted Conflict	
Mandatory Precedent Integration: Ermir İnşaat v. Biwater and the "Ongoing Force Majeure Situation"	
Applying Ermir İnşaat v. Biwater to Post-Strike Contingencies	
Jurisdictional Divergence: Common Law vs. Middle Eastern Civil Codes	
Actionable Directives for Contractual Defense	
6. WAR RISK INSURANCE, PREMIUM WEAPONIZATION, AND THE PARALYSIS OF TRAPPED ASSETS	25
The Immediate Evaporation of Standard Coverage	
The Weaponization of "Additional Premium" Zones	
Mandatory Precedent Integration: The 1923 War-Risk Premiums Arbitration and "Proximate Cause"	
Applying the 1923 Doctrine to the 2026 Hormuz Reality	
Asset Trapping, Sovereign Confiscation, and "Blocking and Trapping" Insurance	
Mandatory Precedent Integration: UTI v. Iran and the Paralysis of Stranded Assets	
Applying the UTI Doctrine to the 2026 Conflict	
Actionable Directives for Corporate Treasuries and Risk Officers	
7. ECONOMIC STATECRAFT, SANCTIONS COMPLIANCE, AND THE WEAPONIZATION OF GLOBAL SUPPLY CHAINS	31
The Drastic Escalation of Economic Warfare	
The Resurrection of "Continuous Voyage" in the Digital Age	
Mandatory Precedent Integration: The Springbok (1863), The Kim (1915), and the Doctrine of Continuous Voyage	
Applying the Springbok/Kim Doctrine to the 2026 Supply Chain Minefield	
The Private Sector Conflict: Supplier Compliance vs. Distributor Performance	
Legal Analysis in Arbitration: The Burden of Proof and "Reasonable Suspicion"	
Actionable Directives for Navigating Economic Warfare	
8. FINANCIAL HEDGING, SOVEREIGN CAPITAL CONTROLS, AND THE WEAPONIZATION OF WARTIME TAXATION	36
The Macroeconomic Shockwave of Kinetic Action	
Corporate Treasury Defense: Hedging Against Margin Compression	
The Inevitability of Sovereign Capital Controls and Trapped Liquidity	
Mandatory Precedent Integration: Iraq Telecom v. IBL Bank and the Illusion of "Tender and Deposit"	
Applying the Iraq Telecom Strategy to the 2026 Middle East Crisis	
The Sovereign Extortion: Exceptional War Taxes and Solidarity Levies	
Mandatory Precedent Integration: The 1922 Gustave Ador Arbitration and Extraordinary Taxation	
Applying the Ador Precedent to 2026 Sovereign Tax Demands	
Actionable Financial Defense Protocols	
9. EXPROPRIATION, INVESTMENT TREATIES, AND THE REALITY OF RESOURCE NATIONALISM	41
The Pivot from Economic Warfare to Sovereign Seizure	
Mandatory Precedent Integration: The Lena Goldfields Arbitration and Creeping Expropriation	
Applying the Lena Goldfields Archetype to the 2026 Geopolitical Reality	

The Evolution of the Remedy: ISDS and Bilateral Investment Treaties

Mandatory Precedent Integration: GÜRİŞ v. Syria and the Endurance of Treaty Protections

Applying the GÜRİŞ Precedent to the 2026 Conflict

Actionable Directives for Corporate Expropriation Defense

10. ENVIRONMENTAL LIABILITIES, THE SPECTER OF "ECOCIDE," AND THE EXHAUSTION OF LOCAL REMEDIES 46

The Catastrophic Secondary Toll of Kinetic Warfare

Mandatory Precedent Integration: The UNCC Gulf War Precedent and the Quantification of Ecological Harm

Applying the UNCC Precedent to the 2026 Conflict and "Ecocide"

The Procedural Trap: The Exhaustion of Local Remedies

Mandatory Precedent Integration: The Finnish Shipowners Arbitration and the Futility Exception

Applying the Finnish Shipowners Doctrine to 2026 ISDS Claims

11. CONCLUSION: THE STRATEGIC MANDATE FOR CORPORATE RESILIENCE AND LEGAL WARFARE 50

12. URGENT ASSISTANCE & CRISIS TRIAGE 52

The Rapid Deployment of Geopolitical Legal Strategy

Firm Profile: Wasel & Wasel

Executive Leadership

Recognized Authority in High-Stakes Matters

Battle-tested Capabilities: Select Conflict & Crisis Mandates

IRAN WAR 2026: BUSINESS RISKS, CONTINUITY, AND DISPUTES

An Urgent Strategic Directorial for Fortune 500 C-Suites, General Counsels, and Corporate Boards

Date of Issuance: 6:00 AM EST, Saturday, February 28, 2026

Authored by: The Lead Geopolitical Legal Strategy Group & Senior Partnership, Wasel & Wasel

Navigating The Friction Points of History

Crises of absolute global magnitude do not merely disrupt markets; they permanently rewrite the architecture of international commerce. For multinational corporations, sovereign wealth funds, and global investors, navigating the precipice between localized peace and state-on-state warfare requires more than reactive contingency planning. It demands unflinching objectivity, strategic foresight, and a mastery of the violent interplay between sovereignty, law, and economics.

At Wasel & Wasel, we operate at the friction points of history.

We are not merely a collection of isolated corporate legal departments; we are a single, continuous lineage of geopolitical legal strategists who have operated at the intersection of commerce and sovereign conflict for over 230 years. Our firm's foundational DNA was forged in the fires of 1799 on the blood-soaked ramparts of Acre. It was there that our predecessor, Jason (Yassin) Abuwasel, stood as a Dragoman and Soldier-Jurist, mediating between warring empires to navigate a brutal siege during the Napoleonic Wars. From the nascent trade courts of the 19th-century Levant to the high-stakes corridors of Washington D.C., Abu Dhabi, Toronto, and Melbourne today, our firm has evolved by mastering the legal and economic fallout of geopolitical volatility.

Today, Wasel & Wasel has been engaged in over USD 10 billion in complex global exposure. We bridge the divide between fractured regulatory environments, delivering strategic counsel characterized by speed, precision, and immense historical perspective. We do not merely solve legal problems; we interpret and command the geopolitical realities that govern them.

The events that commenced in the early hours of this morning, February 28, 2026, represent the most severe systemic shock to the global economic order in a generation. For the executive leadership reading this publication: the time for theoretical risk modeling has expired. The illusion of a geographically contained Middle East has been irrevocably shattered. We have entered a theater of active, conventional warfare. This comprehensive briefing will serve as your definitive operational and legal blueprint for ensuring corporate solvency, preserving human capital, and navigating the profound legal disputes that are already beginning to crystallize.

The Kinetic Reality: The Paradigm Shift of February 28, 2026

To formulate an effective corporate defense, the C-Suite must first understand the stark, expanding kinetic reality unfolding on the ground. The geopolitical and operational landscape of the Middle East has experienced a violent and systemic fracture. Following a

protracted period of unprecedented military buildup and the collapse of mediated diplomatic negotiations regarding nuclear programs, the threshold of conventional warfare has been crossed.

In a massive, coordinated, and preemptive military campaign, allied armed forces launched strikes against strategic targets deep within the Islamic Republic of Iran.

As the situation unfolds, real-time intelligence and verified global reporting confirm the following critical developments, which form the baseline for our dynamic corporate risk matrix:

Massive and Ongoing Allied Military Campaigns: Operating under joint strategic designations including "Operation Epic Fury" and "Operation Roaring Lion"; allied forces have initiated a broad, multi-day bombing campaign. Strikes have systematically targeted ballistic missile sites, intelligence complexes, and leadership infrastructure across Iran, with the stated objective of thoroughly degrading the nation's military and nuclear capabilities.

The Executive Posture and the Call for Regime Change: From a geopolitical risk perspective, the allied executive leadership has coupled military action with explicit calls for regime change. By publicly urging the populace to seize control of their government and framing the conflict as an existential effort to dismantle the current state apparatus, the threshold for a negotiated diplomatic off-ramp has been effectively eliminated. This posture mathematically guarantees that the targeted state views this conflict as a war of absolute survival.

Unprecedented Regional Retaliation and the GCC Crossfire: Abandoning the historical model of geographically limited proxy engagements, Iran has initiated an unprecedented wave of direct retaliatory ballistic missile strikes across the broader Middle East. Explosions, interceptions, and falling debris have been confirmed across multiple sovereign states, including the United Arab Emirates, Bahrain, Qatar, and Jordan. By actively targeting nations hosting foreign military bases, such as Al Udeid Air Base in Qatar, Al Dhafra Air Base in the UAE, and the U.S. Fifth Fleet base in Bahrain, the conflict has officially regionalized, placing commercial shipping, corporate infrastructure, and civilian populations across the entire Gulf Cooperation Council (GCC) directly in the crossfire. Casualties and infrastructure damage have already been reported in commercial hubs like Abu Dhabi.

States of Emergency and Civil Defense Lockdowns: Anticipating sustained cross-border barrages, multiple jurisdictions have initiated severe civil defense protocols. Nations across the region have declared states of emergency, unilaterally shuttered sovereign airspaces, affecting domestic economies. Ministries of health have ordered the highest level of readiness at medical facilities, transitioning critical operations into hardened, underground bunkers. Concurrently, diplomatic missions across the Middle East, including embassies in the UAE, Bahrain, Kuwait, Qatar, Jordan, and Israel, have issued urgent shelter-in-place directives for foreign nationals.

Digital Severance and Information Warfare: The physical conflict is accompanied by severe digital disruption. Near-total internet and communications blackouts have been recorded within the primary conflict zones, severely restricting operational visibility and signaling the preliminary stages of broader, region-wide cyber warfare.

The Collapse of Theoretical Contingency

The foundational assumption embedded in the risk models of nearly every multinational corporation, that regional skirmishes in the Middle East will remain relegated to limited proxy engagements, has been voided. For entities operating within the Gulf Cooperation Council (GCC) states, the Levant, or engaging in extensive trans-regional trade, the operating environment has precipitously transitioned from theoretical contingency planning to active triage.

The "wait and see" approach is no longer a viable corporate strategy; it is a direct breach of fiduciary duty. The hyper-efficient supply chains and lean corporate structures championed over the last decade are inherently fragile when subjected to the sheer force of geopolitical

warfare. Business continuity in this new epoch demands a fundamental departure from cost-optimization toward resilience-maximization. This requires the deliberate acceptance of commercial friction: inflating inventory buffers, diversifying into secure supply nodes, establishing redundant logistics corridors, and legally fortifying commercial contracts against unprecedented disruption.

Executive Summary of Cascading Business Risks

The reverberations of this conflict extend far beyond the physical blast radii in Tehran. They represent an acute, systemic shock to global supply chains, maritime logistics, energy markets, cybersecurity paradigms, and international trade compliance frameworks. Multinationals can no longer manage these domains in operational silos.

Below is a high-level, executive diagnostic of the cascading risks that corporate boards must immediately confront. In the subsequent batches of this publication, Wasel & Wasel will expand deeply on the operational and legal mechanics required to mitigate each of these pillars.

1. Human Capital Preservation and Evacuation Logistics (Threat Level: CRITICAL)

The absolute foremost priority is the preservation of human life. The complete closure of Israeli and surrounding airspaces highlights the acute fragility of evacuation strategies predicated on commercial aviation. Relying on host-nation civil defense or home-country consular evacuation is a critical vulnerability; sovereign embassies, including those of the U.S., UK, and China, initiated drawdowns in Jerusalem, Tel Aviv, and Beirut even prior to the strikes. Corporations cannot outsource their legal and moral duty of care. Organizations must immediately activate multi-modal, redundant evacuation architectures, leveraging overland extraction corridors and pre-retained security contractors. Failure to establish an autonomous extraction capability exposes leadership to catastrophic financial liabilities and international negligence claims.

2. Maritime Logistics and the Hormuz Bottleneck (Threat Level: CRITICAL)

The Middle East functions as the central nervous system of global energy logistics. The military confrontation directly imperils the Strait of Hormuz, a 21-mile-wide maritime chokepoint through which roughly 20 million barrels of petroleum liquids (20% of global consumption) and 20% of the world's LNG trade flow daily. A prevailing, dangerously flawed assumption is that regional energy producers possess sufficient overland pipeline infrastructure to bypass a compromised Strait. This is a mathematical illusion; the combined bypass capacity of Saudi Arabia and the UAE accommodates roughly 3 million barrels per day. A closed or highly militarized Hormuz guarantees a massive global energy deficit. Furthermore, mass diversions of commercial container shipping around the Cape of Good Hope will introduce weeks of transit delays, triggering massive port congestion at alternative hubs like Mumbai and Colombo, and paralyzing just-in-time inventory models.

3. Cyberspace as an Asymmetric Battlespace (Threat Level: HIGH)

Kinetic strikes are now inextricably linked with digital offensives. Following the bombardment of Iranian assets, corporate intelligence unequivocally warns that Iranian digital retaliation will expand aggressively westward. The Iranian state-sponsored cyber apparatus, directed by the IRGC Cyber-Electronic Command and the MOIS, will target the networks of corporations perceived as hostile. Iranian Advanced Persistent Threat (APT) groups (such as APT33, APT34, and APT35) are pivoting toward the deployment of highly destructive "wiper" malware designed to permanently destroy data. More alarmingly, these actors actively target Operational Technology (OT) and Industrial Control Systems (ICS). Corporate CISOs must abandon standard baseline defenses and adopt a wartime posture, immediately isolating and air-gapping critical OT assets from the public internet.

4. Contractual Viability, Force Majeure, and War Risk Insurance (Threat Level: HIGH)

As physical supply chains break and operations are disrupted, corporations will inevitably face severe delays, defaults, and the inability to fulfill contractual obligations. Organizations will instinctively look to invoke Force Majeure (FM) clauses. However, the application of Force Majeure is highly dependent on precise lexical drafting. Under English common law, which governs the vast majority of international maritime and shipping charterparties, generic references to "war" may be legally contested if no formal state of war has been declared through official sovereign channels. Furthermore, the insurance landscape is tightening rapidly. Standard policies explicitly exclude war-like events. Operators face exorbitant, short-term War Risk Insurance premium spikes in designated "Additional Premium" areas, and corporate charterers must urgently secure "Blocking and Trapping" insurance against the threat of state confiscation.

5. Economic Statecraft, Sanctions, and Weaponized Tariffs (Threat Level: HIGH)

The economic dimension of the U.S.-Iran conflict is equally volatile. President Trump has weaponized economic statecraft, most notably through a sweeping Executive Order signed on February 6, 2026. Issued under IEEPA, this order authorized severe tariffs, potentially reaching 25 percent, on goods imported from *any* sovereign nation that directly or indirectly acquires goods or services from Iran. This establishes a draconian secondary sanction mechanism that threatens all global supply chains. A corporate entity operating entirely legally within Europe or Asia could suddenly face crippling U.S. tariffs if an upstream Tier-3 supplier is found tangentially transacting with Iranian entities. The compliance burden now demands deep, forensic audits of entire industrial networks.

6. Financial Hedging and Capital Controls (Threat Level: HIGH)

The confluence of preemptive strikes, Hormuz disruptions, and aggressive sanctions injects massive volatility into global commodity markets. Brent crude will experience severe geopolitical risk premiums, radically elevating input costs across industries. For net oil-importing nations, sustained high energy prices will trigger severe currency devaluation against the U.S. dollar and fuel imported inflation. Corporate treasuries must deploy sophisticated portfolio risk management, utilizing commodity futures, options, and currency hedging to protect the balance sheet against margin compression. Additionally, as regional host nations face extreme economic stress, the imposition of sovereign capital controls becomes highly probable, threatening to trap corporate funds.

The Strategic Directorial Ahead: Law as a Weapon of Survival

Diagnosing the immediate operational fallout is only the first step. The ensuing months and years will unleash a torrent of complex, multi-jurisdictional legal disputes regarding broken contracts, stranded assets, blocked funds, and devastated investments.

To arm our clients for the legal warfare to come, the remainder of this publication will transition from operational diagnosis to unyielding legal strategy. Wasel & Wasel's proprietary analysis will systematically integrate our "War Series" archive, 14 landmark historic and modern arbitration cases that legally define how conflict impacts commerce.

Spanning a century of jurisprudence, we will apply precedents ranging from the 1923 *Cuba Submarine Telegraph* dispute and the *Sanko Steamship v. Navios* "Restraint of Princes" doctrine, to the *UTI v. Iran* tribunal, the *UNCC Gulf War* environmental claims, and modern Force Majeure interpretations in the Kosovo/NATO conflict.

By mapping the jurisprudence of past global conflicts directly onto the bleeding-edge geopolitical realities of the February 2026 Iran War, Wasel & Wasel will provide your executive board with the definitive legal blueprints required to defend your assets, enforce your contracts, and secure your commercial survival in a deeply contested world order.

HUMAN CAPITAL PRESERVATION AND THE LEGAL SUPREMACY OF LIFE SAFETY

The Kinetic Reality and the Evaporation of Safe Havens

The absolute foremost priority for any multinational corporation operating within the Middle Eastern theater, superseding all considerations of asset protection, market share, or supply chain continuity, is the preservation of human life. The initiation of kinetic strikes by the United States and Israel against the Islamic Republic of Iran on the morning of February 28, 2026, instantly and fundamentally altered the physical security environment across the Levant, the Gulf Cooperation Council (GCC) states, and broader Middle Eastern commercial hubs.

The rapid deterioration of the security apparatus is an empirical reality evidenced by the preemptive actions of sovereign state actors. As real-time intelligence verifies, the Israeli government immediately declared a nationwide 48-hour state of emergency, anticipating retaliatory Iranian drone swarms and ballistic missile barrages. The Israeli Transportation Ministry unilaterally closed the nation's sovereign airspace, effectively trapping foreign nationals and corporate expatriates who relied on commercial aviation for contingency planning. Simultaneously, Israel's Ministry of Health ordered the highest readiness level at medical facilities, forcing major institutions like Tel Aviv's Sourasky Medical Center, Sheba Medical Center in Ramat Gan, and Rambam Hospital in Haifa to shift critical operations into hardened, underground bunkers.

Furthermore, U.S. Ambassador to Israel Mike Huckabee issued urgent directives for citizens to prepare for immediate shelter-in-place actions at the sound of sirens, while President Donald Trump explicitly warned that "the lives of courageous American heroes may be lost." When a sovereign, highly militarized state essentially moves its critical infrastructure underground and seals its skies, corporate entities must recognize that the threshold for localized security management has been permanently breached. Organizations must immediately activate their highest-tier emergency action plans. The time for boardroom debate has passed; the mandate for autonomous corporate extraction has arrived.

The Fatal Fallacy of Sovereign Reliance and the Duty of Care

A critical, and frequently fatal, vulnerability observed by Wasel & Wasel in contemporary corporate crisis management is the perilous over-reliance on host-nation civil defense mechanisms or home-country consular evacuation protocols. There is a persistent, dangerous corporate myth that in the event of a total geopolitical collapse, the U.S. State Department, the British Foreign Office, or allied militaries will seamlessly arrive to extract corporate personnel.

Historical precedent and recent governmental audits unequivocally demonstrate that state-sponsored evacuation frameworks are often ad hoc, rapidly overwhelmed, or entirely absent during the sudden onset of state-on-state hostilities. Following the outbreak of the 2023 Gaza war, an Israeli state comptroller report noted a systemic disorder and a profound lack of approved national operational plans for

the mass evacuation of civilians, forcing a dangerous reliance on improvised systems under direct fire. Prior to the February 2026 strikes, sovereign entities possessing robust, militarized extraction capabilities, including the United States, the United Kingdom, and China, initiated the evacuation of non-emergency diplomatic personnel from embassies in Jerusalem, Tel Aviv, and Beirut. When governments signal an inability to guarantee the safety of their own diplomatic corps, Fortune 500 corporations cannot assume their personnel will be rescued by consular airlifts.

Corporations cannot, under any circumstances, outsource their legal and moral "Duty of Care" to foreign ministries or local municipalities. The legal obligations owed to expatriate personnel, traveling executives, and local national staff demand an internalized, fully autonomous extraction capability, financed and structured well before the outbreak of war. Failure to execute a structured, heavily resourced evacuation plan exposes the organization to catastrophic financial liabilities, severe reputational destruction, and piercing international negligence claims.

Architecting Redundant Multi-Modal Extraction Logistics

The immediate airspace closures implemented across the region highlight the acute fragility of evacuation strategies predicated on a single mode of transport. Commercial flight availability evaporates within minutes of a military escalation, as evidenced by the immediate issuance of NOTAMs (Notices to Airmen) restricting flight paths. Therefore, corporate evacuation procedures must be engineered with deep, multi-modal redundancy encompassing primary, secondary, and tertiary routes that integrate air, land, and maritime options.

Effective emergency response is contingent upon an established, localized regional presence rather than reactionary maneuvering from a headquarters in London or New York. Organizations must immediately action the following operational protocols:

Real-Time Asset Accountability: Deploy Zone Awareness & Update (ZAU) systems to track the exact geospatial coordinates of all staff. This ensures zero personnel are left unaccounted for during the inevitable communications blackouts and cellular network degradation initiated by state security apparatuses or targeted cyber warfare.

Overland Extraction Corridors: Meticulously map out overland routes to neighboring, stable jurisdictions. For personnel trapped in airspace-restricted zones, pre-retained ground security contractors must be activated to move individuals to secondary land borders (e.g., moving from the Levant into Jordan, or utilizing maritime ferries to Cyprus or across the Gulf). Crucially, these bordering states must be viewed as intermediate staging grounds rather than final destinations, utilized solely to secure onward chartered air transport to international hubs.

Specialized Human Logistics: Evacuating a corporate workforce is an immensely complex human endeavor, fundamentally different from moving military personnel. It frequently involves trailing dependents, minors, and individuals requiring continuous medical care. Standard private military contractors (PMCs) or physical security guards are often ill-equipped to handle the profound psychological distress and logistical complexities of a civilian workforce operating under the terror of incoming ballistic threats. The deployment of paramedic-trained security officers, psychological trauma specialists, and personnel skilled in pediatric logistics is a critical operational requirement that must be pre-negotiated within corporate crisis management retainers.

The Legal Collision: Employment Contracts in a Theater of War

While the logistics of physical extraction present a formidable operational challenge, the geopolitical escalation of February 2026 simultaneously triggers a profound, highly complex legal crisis regarding employment contracts, talent retention, and corporate liability.

As missiles strike Tehran and the threat of asymmetric Iranian retaliation, which historically targets commercial centers, energy grids, and maritime hubs, looms over the GCC and the Levant, expatriate executives, specialized engineers, and critical corporate personnel will

naturally seek to flee the theater of operations. When highly compensated talent abandons their posts out of fear for their lives, corporate General Counsels are faced with an immediate contractual dilemma.

Does flight from a war zone constitute an actionable breach of an employment contract, or does it trigger the protections of Force Majeure? What is the legal standing of a corporation when an expatriate executive, stationed in a GCC commercial hub that is technically outside the immediate blast radius but well within the range of Iranian asymmetric capabilities, refuses to report to work and demands repatriation? Can a corporation terminate an employee for abandoning their post if the host nation's government insists the situation is "under control"?

To answer these questions and construct a defensible legal posture, we must examine how international arbitral tribunals weigh commercial employment obligations against the backdrop of war. For this, Wasel & Wasel directs corporate leadership to the profound precedent established in the international sports arbitration case *Jarrell Isaiah Brantley v. Basketball Club Unics (BAT 1813/22)*.

Mandatory Precedent Integration: *Brantley v. BC Unics* and the Supremacy of Safety

Adjudicated under the Basketball Arbitral Tribunal (BAT) in Geneva, the *Brantley* case provides a highly analogous and definitive blueprint for understanding how tribunals view the unilateral termination of employment contracts amid geopolitical crises.

The dispute arose following Russia's invasion of Ukraine in February 2022. Jarrell Isaiah Brantley, an American professional basketball player, was contracted to the Russian club BC Unics for the 2021-2022 season. As the invasion commenced, leading to sweeping international sanctions, European airspace closures to Russian aviation, and urgent public advisories from the U.S. State Department urging Americans to leave Russia immediately, Brantley faced an escalating crisis. Deeply concerned for his physical safety and the security of his family, Brantley unilaterally departed Russia and terminated his contract.

BC Unics vehemently opposed this departure. The club's legal defense was rooted in strict geographical technicalities: they argued that the active kinetic conflict was occurring on Ukrainian soil, not Russian soil. Therefore, they claimed, Brantley's personal safety in Russia was never immediately jeopardized, the situation in their specific city was "normal," and his departure constituted a blatant, unlawful breach of contract. They further alleged his departure was a pretext based on pre-existing grievances over playing time.

The core legal issue rested on the interpretation of the *force majeure* clause within the player's contract, which included events such as war or hostilities. Did the broader macroeconomic and geopolitical reality of the war, even absent direct physical violence at the employee's specific geographic location, constitute an unforeseen and uncontrollable event rendering the fulfillment of his employment contract legally impossible?

The Arbitral Tribunal definitively ruled in favor of Brantley. It found that the outbreak of the war, compounded by the severe geopolitical fallout, international sanctions, and the unpredictability of the conflict's trajectory, unequivocally constituted a valid *force majeure* event. Crucially, the tribunal recognized that Brantley acted reasonably under the circumstances. The ruling established a vital principle of international law: **war is inherently unpredictable, and it is legally unreasonable to expect an individual to prioritize a commercial contract over the reasonable apprehension for the safety of themselves and their dependents.**

Weaponizing the *Brantley* Doctrine for the 2026 Middle East Crisis

While *Brantley* was adjudicated in the context of professional sports, a sector characterized by highly rigid, fixed-term contracts, the legal doctrine it codified applies universally to highly skilled expatriate labor, specialized engineers, C-suite executives, and critical infrastructure personnel deployed across the Middle East today.

As the U.S. and Israel prosecute "Operation Roaring Lion" against Tehran, the Iranian regime has explicitly promised a "crushing

response." Intelligence agencies uniformly assess that Tehran will not restrict its retaliation to military targets. If an American, British, or European executive stationed in Dubai, Abu Dhabi, Doha, or Tel Aviv decides to unilaterally evacuate themselves and their family, citing the CNN reports of the strikes, the closure of Israeli airspace, or urgent shelter-in-place advisories from their respective embassies, the corporation is legally paralyzed from enforcing breach of contract claims.

Host nations in the region, eager to prevent capital flight and project a facade of stability, may insist that "business remains as usual," mirroring the exact stance of BC Unics in 2022. A corporation might attempt to argue that Iranian missiles have not yet struck their specific city. However, under the *Brantley* standard, the sheer unpredictability of war, compounded by state-issued travel advisories and the reasonable fear of the employee, legally justifies their departure.

If a multinational corporation attempts to enforce employment contracts, withhold end-of-service benefits, freeze compensation, or terminate staff for cause due to their evacuation from a perceived conflict zone, the corporation will almost certainly lose in international arbitration. Worse, if a company actively discourages evacuation, or threatens financial ruin for leaving, and an employee is subsequently injured or killed by a retaliatory strike, the corporation will face insurmountable gross negligence, constructive dismissal, and wrongful death liabilities. The *Brantley* ruling sends an unequivocal message to international employers: in times of war or global crisis, the legal supremacy of life safety nullifies standard business continuity requirements.

The Economic Mechanics of War: Salary Continuity and Severance

The *Brantley* precedent also forces C-suites to grapple with the complex economic mechanics of a war-induced workforce hemorrhage. If operations are suspended due to the conflict, mirroring the suspension of Russian teams from the EuroLeague which triggered massive disputes over player compensation, does the employee's salary freeze the moment the commercial activity stops? Or is the expatriate still entitled to their full pay and benefits while sheltering in a third-country safe haven, operating remotely?

Companies must immediately determine whether they are legally obligated to compensate personnel who have rightfully invoked force majeure to flee. The legal mechanisms for salary suspension, remote-work compensation, or severance under Force Majeure must be executed with surgical precision. Freezing salaries the moment an employee boards an evacuation flight invites immediate arbitration.

Actionable Directives for General Counsels and the C-Suite

To navigate this volatile intersection of human capital preservation and international employment law, corporate leadership must execute the following immediate actions:

Redefine Force Majeure in Employment: General Counsels must immediately audit expatriate and high-value local employment contracts. *Force majeure* clauses must be explicitly defined and interpreted broadly to encompass not just physical combat, but the secondary effects of geopolitical crises. This includes the issuance of "Do Not Travel" advisories by an employee's home nation, the closure of sovereign airspace, or the imposition of sanctions that disrupt local banking and payroll systems.

Establish Non-Debatable Evacuation Triggers: Corporations must remove bureaucratic friction from life-safety decisions. Waiting for a board vote while missiles are in the air is a catastrophic failure of governance. Companies must establish predefined, objective triggers (e.g., the issuance of NOTAMs, embassy drawdown orders, or the declaration of a state of emergency, as seen in Israel today) that automatically authorize and fund employee evacuation without requiring subjective management approval.

Align Duty of Care with the *Brantley* Standard: Human Resources and Legal departments must adopt a posture of facilitation rather than enforcement. If personnel request extrication due to the US-Israel-Iran conflict, the company must proactively trigger its multi-modal evacuation logistics rather than debating the specific statistical threat level of their exact geographic coordinates. The burden

is not on the employee to prove they were in the direct blast radius; it is on the employer to fulfill their duty of care.

Operational Continuity for "Stay Behind" Staff: For local national staff and critical infrastructure personnel who cannot be evacuated, the duty of care transitions to "hardening in place." Organizations must fortify physical footprints, establish secure, out-of-band communication channels, and communicate clear evacuation triggers that authorize the shuttering of facilities locally without waiting for headquarters approval.

The preservation of your workforce is the bedrock upon which all subsequent operational continuity relies. By integrating the logistical imperatives of rapid, multi-modal extraction with the legal realities affirmed in *Brantley v. BC Unics*, Fortune 500 leadership can ensure the survival of their most critical asset, their people, while shielding the corporation from devastating post-conflict litigation.

With personnel secured, the corporate apparatus must immediately pivot to the preservation of its physical assets and the mitigation of catastrophic supply chain failure. The arteries of global trade are the next casualty.

MARITIME LOGISTICS, THE HORMUZ CHOKEPOINT, AND THE ILLUSION OF "RESTRAINT OF PRINCES"

The Physical Strangulation of the World's Energy Artery

With personnel extraction protocols activated and human capital secured, corporate leadership must instantaneously pivot to the preservation of the physical supply chain. The Middle East does not merely participate in the global economy; it functions as the central nervous system of global energy logistics and trans-hemispheric commercial shipping. The direct, state-on-state military confrontation initiated by the United States and Israel against Iran on the morning of February 28, 2026, existentially imperils the Strait of Hormuz.

Measuring merely 21 miles wide at its narrowest point, this maritime chokepoint is the most critical commercial vulnerability on Earth. Approximately 20 million barrels of petroleum liquids, representing 20 percent of global daily consumption, and 20 percent of the world's liquefied natural gas (LNG) trade flow through this corridor every 24 hours. The kinetic reality of "Operation Roaring Lion," combined with President Donald Trump's explicit directive to "raze their missile industry to the ground," guarantees that the threat to the Strait of Hormuz is no longer a theoretical risk premium factored into long-term strategic planning; it is an active, immediate operational crisis.

The Iranian regime, facing the systematic degradation of its ballistic missile infrastructure and the very real threat of regime decapitation, possesses a well-documented, asymmetric maritime doctrine designed precisely for this scenario. As Iranian state-affiliated media promises a "crushing response," the Islamic Revolutionary Guard Corps Navy (IRGCN) does not require conventional naval parity with the USS Gerald R. Ford carrier strike group to paralyze global commerce. Iranian maritime strategy relies on the deployment of fast-attack craft swarms, the covert laying of advanced naval mines, the utilization of anti-ship cruise missiles deployed from mobile coastal batteries, and sophisticated electronic warfare, including the localized spoofing of GPS and Automatic Identification Systems (AIS). This asymmetric pressure is designed to impose intolerable physical risks and astronomical insurance premiums on global shipping, effectively achieving a *de facto* blockade without the requirement of continuous, conventional naval superiority.

The Dangerous Illusion of Pipeline Bypass Capacity

A prevailing, yet dangerously flawed, assumption deeply embedded in the supply chain risk models of many Western corporations and energy importers is that regional producers possess sufficient overland pipeline infrastructure to bypass a compromised Strait of Hormuz. This is a mathematical illusion that must be immediately excised from all corporate contingency planning.

While alternative routes exist, their physical capacity is woefully inadequate to offset a major maritime disruption. Saudi Arabia operates the East-West pipeline system designed to move crude to the Red Sea, and the United Arab Emirates utilizes the Abu Dhabi Crude Oil Pipeline linking onshore fields to the port of Fujairah on the Gulf of Oman. However, these combined bypass systems can accommodate a maximum practical capacity of roughly 2.6 to 3 million barrels per day. This represents a mere fraction of the 20 million barrels per day that typically transit the strait.

Furthermore, major global producers such as Iraq, Kuwait, and Qatar possess virtually no alternative maritime outlets. Their immense crude and LNG export volumes are structurally captive to the Hormuz corridor. Any prolonged disruption or militarization of this waterway will immediately strand millions of barrels of oil and billions of cubic feet of natural gas, transmitting a profound, unavoidable supply shock across global industrial bases, severely impacting high-dependency Asian and European markets. Corporate supply chain directors must explicitly account for this mathematical reality: there is no physical infrastructure workaround for a closed Strait of Hormuz that prevents a massive global energy and freight deficit.

Maritime Rerouting, Congestion, and the Collapse of Just-in-Time Logistics

The immediate consequence of the escalating conflict is the mass diversion of commercial container and bulk shipping. As insurers dramatically elevate war risk premiums or withdraw coverage entirely for vessels transiting the Persian Gulf, the Gulf of Oman, and the Red Sea, maritime logistics networks are forced to activate extensive rerouting protocols.

For trans-continental trade, avoiding the Middle Eastern theater entirely necessitates diverting vessels around the Cape of Good Hope. This geographical detour introduces multiple weeks of additional transit time to standard shipping schedules, effectively absorbing immense amounts of global vessel capacity and container availability.

The secondary, cascading effect of this rerouting is the rapid accumulation of port congestion at alternative transshipment hubs. As cargo carriers avoid Gulf hubs, secondary ports along the western coast of India (such as Mumbai/Nhava Sheva) or in Sri Lanka (such as Colombo) face sudden, overwhelming influxes of feeder cargo. These facilities, unaccustomed to handling such anomalous overflow, rapidly become bottlenecks, further deteriorating global schedule reliability.

For multinational organizations operating on highly optimized, "just-in-time" inventory models, this capacity loss and timeline extension guarantees cascading failures. Raw material shortages, stockouts of critical components, and potential manufacturing plant shutdowns across industries ranging from consumer electronics to automotive assembly are mathematically inevitable if aggressive buffering strategies are not immediately implemented.

The logistical crisis is perfectly mirrored in regional airspaces. The immediate closure of Israeli airspace and the issuance of Notices to Airmen (NOTAMs) warning of military operations over Iran and Iraq force commercial and cargo aviation to undertake costly, complex detours. Rerouting wide-body aircraft adds multiple hours to flight paths, drastically increasing fuel consumption and maintenance overheads. For industries dependent on specialized air freight, such as pharmaceuticals or perishable agricultural goods requiring strict cold-chain management, these detours break narrow delivery tolerances, leading to product spoilage and massive inventory write-offs.

The Legal Battlefield: Government Interference and the Allocation of Delay Risks

As the physical logistics networks degrade and vessels are inevitably delayed, detained, or rerouted by port authorities attempting to manage the chaos, corporate charterers and shipowners will violently clash over the financial liability for these disruptions. When a vessel is trapped at anchorage for 40 days due to port congestion, or when a local maritime authority arbitrarily changes berthing priority to favor domestic, military, or state-owned energy assets in response to the regional war, who bears the devastating cost of demurrage and lost charter time?

Organizations will instinctively look to invoke the "Restraint of Princes" doctrine, a foundational concept in maritime law that excuses contractual performance when governmental action forcibly intervenes. Charterers will argue that the chaotic, discriminatory actions of port authorities in a conflict zone constitute governmental interference, thereby absolving them of liability for the delays.

However, corporate General Counsels must understand that the legal bar for invoking this defense is extraordinarily high. To comprehend

how arbitral tribunals differentiate between mere operational hardship and genuine governmental *force majeure*, Wasel & Wasel directs leadership to the critical lessons of the 1982 arbitration, *The Sanko Steamship Co., Ltd. v. Navios Corporation*.

Mandatory Precedent Integration: *Sanko Steamship v. Navios* and the Threshold of Force

The *Sanko Steamship* arbitration provides the definitive framework for analyzing governmental interference in maritime logistics during periods of extreme port congestion and political upheaval.

The dispute arose under a time charter agreement for the vessel M/V *Golar Toko*. The vessel arrived at the port of Constanza, Romania, to discharge cargo during a period of extreme port congestion. The local Romanian port authorities, acting under a highly politicized policy of berthing certain vessels out of turn (specifically favoring national flag vessels and those accruing high demurrage), subjected the *Golar Toko* to extraordinary delays, repeatedly unberthing the vessel and sending it to anchorage.

Navios Corporation, the Charterers, faced massive financial exposure for exceeding the stipulated maximum length of the charter. Seeking to shield themselves from liability, they argued that this arbitrary and discriminatory action by the Romanian authorities amounted to "governmental interference" sufficient to trigger Clause 16 of the Charter Party, the mutual exceptions clause which explicitly referenced the "Restraint of Princes, Rulers, and People." They maintained that the port authority's actions constituted a form of governmental force that should absolve them of liability.

The arbitral panel unequivocally rejected the Charterers' argument. The tribunal ruled that mere governmental interference, port inefficiency, or discriminatory berthing practices designed to accommodate national interests do *not* constitute a Restraint of Princes.

The award established a vital, high-bar threshold: "*Governmental interference in the form of Port Authorities changing berthing rotation to accommodate national flag and high demurrage vessels... should not, at least under the circumstances in this case, be construed as tantamount to a 'Restraint of Princes,' absent some direct forcible governmental action or decree of illegality preventing performance of the Charter and not just delaying it.*"

Crucially, the arbitrators concluded that the doctrine implies "**the use of Governmental force, per se.**" Because the Romanian government had not forcibly seized the vessel, formally blockaded the port, or issued a decree making the performance of the contract illegal, the Charterers remained entirely liable for the costs of the delay. The interference was merely commercial and operational hardship, not forcible prevention.

Furthermore, the *Sanko* arbitration highlighted a critical secondary lesson regarding the affirmative duty to mitigate losses. The dispute also involved disagreements over the responsibility and costs of removing excess bunker fuel while the vessel was delayed. The tribunal found against the Charterers because they failed to secure an acceptable indemnity agreement with the Owners or prove it was unfeasible to offload the fuel. The tribunal noted that pumping bunkers ashore was "probably no more dangerous and unusual than pumping bunkers aboard a vessel." Because the Charterers failed to actively pursue these mitigating measures, they were held liable.

Applying the *Sanko* Doctrine to the 2026 Hormuz Crisis

The ruling in *Sanko Steamship v. Navios* resonates powerfully in the context of the February 2026 Middle East escalation. As naval blockades, targeted sanctions, and the heightened militarization of ports across the GCC and the Indian Ocean become the operational reality, the line between port inefficiency and forcible state intervention will be fiercely contested in arbitration.

If a corporate charterer's vessel is delayed at the Port of Salalah, Mumbai, or Colombo because the local port authority unilaterally prioritizes the berthing of naval vessels, military logistics ships, or critical national food reserves over commercial cargo, the charterer

cannot automatically claim "Restraint of Princes" to escape the resulting demurrage bills. The *Sanko* precedent underscores that mere inconvenience, severe delay, or even explicitly discriminatory port practices resulting from geopolitical panic do not meet the legal threshold.

For the doctrine to apply, the governmental action must be so forceful as to prevent performance altogether. Unless an Iranian fast-attack craft physically boards and seizes the vessel, or the United States Navy formally decrees a naval blockade that makes transit strictly illegal, the financial burden of delay rests squarely on the commercial parties as allocated in the contract.

If your logistics providers attempt to pass on millions in delay damages or declare the contract frustrated because regional port authorities are mismanaging the influx of rerouted vessels, you must utilize the *Sanko* standard to hold them to their contractual obligations. Conversely, if your organization is the Charterer, you cannot rely on generalized "war conditions" to shield you from liability if the delay is merely a secondary ripple effect of the conflict.

Actionable Supply Chain and Maritime Legal Protocols

To mitigate these interconnected logistical and legal failures, corporations must immediately execute the following strategic action protocols:

Audit Charter Parties and Safe Port Warranties (Immediate Legal Action): General Counsels must rigorously review all active maritime charter agreements. Do not assume that delays caused by the militarization of regional ports will excuse performance under boilerplate *force majeure* clauses. Specifically, audit the inclusion and wording of the BIMCO CONWARTIME 2013 and VOYWAR 2013 clauses. Ensure that the definition of "War Risks" explicitly covers the current hostilities. Furthermore, charterers must be acutely aware of their "Safe Port" warranties; directing a vessel into the Persian Gulf or the Levant in the face of imminent retaliatory strikes may constitute a breach, granting the owner the right to refuse orders.

Buffer Inventory Optimization (Immediate Operational Action): Supply chain directors must deliberately abandon lean, just-in-time inventory models. Organizations must aggressively inflate safety stock levels for critical components. You must mathematically bridge the 30-to-60-day transit gaps introduced by the Cape of Good Hope rerouting and the subsequent secondary port congestion. Cash reserves must be allocated to secure alternative warehousing space immediately, before market rates quadruple.

Relentless Documentation of Mitigation Efforts (Legal Risk Management): As established in the bunker dispute of *Sanko Steamship*, arbitral tribunals are unforgiving to parties that fail to mitigate their losses. Charterers and Owners alike must proactively document every effort made to avoid losses. If a vessel is trapped or delayed, and alternative measures (such as offloading cargo to a smaller feeder vessel, utilizing inland trucking routes, or discharging at an alternative port) are proposed, secure ironclad indemnity agreements before executing. Do not allow the chaos of the port to result in undocumented verbal agreements that will fail in arbitration. Establish a formal crisis mitigation log for every delayed shipment.

Multi-Modal Transport Integration and Nearshoring: Develop hybrid logistical routes that utilize stable overland corridors across the Arabian Peninsula to bypass the most volatile maritime straits. While pipeline capacity is insufficient for global energy needs, overland trucking and rail networks connecting the UAE to Saudi Red Sea ports can serve as vital pressure valves for high-value containerized freight. Simultaneously, accelerate the transition away from Tier-1 and Tier-2 suppliers physically located within the GCC or those entirely dependent on Gulf shipping lanes.

The physical supply chains connecting East to West are currently fracturing under the weight of conventional military escalation. The financial fallout of this fracture will be fought over in arbitral tribunals for the next decade. By understanding the strict limitations of the "Restraint of Princes" doctrine and proactively managing the allocation of delay risks, corporate boards can protect their balance sheets

from the catastrophic costs of global maritime congestion.

Yet, while physical vessels navigate the treacherous waters of the Gulf and the Indian Ocean, an entirely silent, invisible, and equally destructive front of this war is already expanding globally. As kinetic strikes rain down on Tehran, the Islamic Republic's response will not be confined to the physical domains of land, air, and sea. The battle for cyberspace, and the critical submarine infrastructure that facilitates global finance, is the next existential threat to corporate continuity.

CYBERSPACE AS AN ASYMMETRIC BATTLESPACE AND THE VULNERABILITY OF SUBMARINE INFRASTRUCTURE

The Invisible Frontline: From Kinetic Strikes to Digital Sabotage

While global markets and military analysts remain intensely fixated on the kinetic bombardment of Tehran and the physical strangulation of the Strait of Hormuz, multinational C-suites must immediately recognize a fundamental tenet of modern geopolitical warfare: the most proximate, borderless, and devastating threat to their global operations will originate in cyberspace. The preemptive military confrontation initiated by the United States and Israel against the Islamic Republic of Iran guarantees that the digital domain will be weaponized as the primary asymmetric retaliatory battlespace.

Corporate intelligence agencies, alongside the FBI, the National Security Agency (NSA), and the Cybersecurity and Infrastructure Security Agency (CISA), unequivocally warn that Iranian digital retaliation will not remain geographically contained within the Middle East. It will expand aggressively westward. The target matrix extends far beyond military or government installations; it explicitly includes the corporate networks, supply chains, and critical infrastructure of entities perceived as hostile, complicit, or aligned with the U.S. and Israeli operations.

The Islamic Republic of Iran possesses a highly sophisticated, heavily resourced, state-sponsored cyber apparatus, primarily directed by the Islamic Revolutionary Guard Corps (IRGC) Cyber-Electronic Command and the Ministry of Intelligence and Security (MOIS). Historically, Iranian Advanced Persistent Threat (APT) groups, such as APT33 (Elfin), APT34 (OilRig), and APT35 (Charming Kitten), utilized broad espionage campaigns, intellectual property theft, surveillance of dissidents, and disruptive Distributed Denial of Service (DDoS) attacks against the Western financial sector.

However, the current geopolitical desperation of the Iranian regime, catalyzed by the direct targeting of their nuclear and ballistic missile infrastructure and the explicit U.S. call for regime change, has triggered a terrifying doctrinal shift toward highly destructive capabilities.

The Weaponization of Wiper Malware and the Threat to Operational Technology (OT)

The contemporary Iranian digital retaliation strategy increasingly utilizes devastating "wiper" malware. Unlike ransomware, which encrypts data for financial extortion, wiper malware is engineered with a singular, nihilistic objective: to permanently overwrite and destroy data, paralyzing corporate networks beyond recovery. This mirrors the infamous Shammoon attacks against the regional energy sector in 2012 and 2016, and the aggressive deployments of destructive malware against Ukrainian telecommunications and energy infrastructure during the Eastern European conflict. When a regime's survival is threatened, financial extortion is irrelevant; the objective is maximum, irreversible economic damage to the adversary's private sector.

Furthermore, these state-sponsored entities frequently obfuscate their origins by operating through a sprawling ecosystem of proxy

"hactivist" groups. Entities masquerading as independent, ideologically motivated actors (e.g., "CyberAv3ngers" or "Homeland Justice") are often direct extensions of the IRGC, utilized to conduct highly disruptive attacks against civilian and corporate infrastructure while maintaining a thin veil of plausible deniability for the Iranian state. This coordinated threat landscape means corporations are not facing opportunistic vandals; they are defending against military-grade cyber adversaries executing a coordinated geopolitical mandate.

The most severe cyber risk vector facing multinational corporations, particularly within the energy, manufacturing, utility, maritime logistics, and defense industrial base sectors, is the direct targeting of Operational Technology (OT) and Industrial Control Systems (ICS).

Iranian actors actively scan the internet for exposed industrial infrastructure, ruthlessly exploiting unpatched remote access services, weak default credentials, and vulnerable programmable logic controllers (PLCs). A successful breach of an OT environment fundamentally transcends data loss or temporary IT downtime. It allows threat actors to physically manipulate machinery, over-pressurize pipelines, alter chemical mixtures in manufacturing plants, disable power grids, and cause catastrophic, kinetic physical damage to industrial facilities from thousands of miles away. In the context of a hot war, an Iranian cyberattack that causes a U.S. refinery to explode or a European power grid to fail is a strategic military victory achieved through digital means.

The Physical Underbelly of the Digital Domain: Submarine Infrastructure

While corporate CISOs focus intensely on securing their logical perimeters against digital intrusion, a far more fundamental vulnerability exists at the physical layer of the global internet: the vast, fragile network of submarine fiber-optic cables.

The global digital economy relies almost entirely on these undersea cables, which carry approximately 95% of all international data traffic, including trillions of dollars in daily financial transactions, cloud computing synchronization, and corporate communications. These cables are the literal lifelines of modern commerce. However, escalating geopolitical tensions in heavily militarized maritime chokepoints, such as the Red Sea, the Bab el-Mandeb, the Gulf of Oman, and the Strait of Hormuz, have exposed these critical infrastructures to unprecedented, existential risks.

Recent historical incidents have violently underscored this vulnerability. In March 2024, amid intensifying conflicts near Yemen, three major submarine cables (including the Europe India Gateway and the Asia-Africa-Europe 1 network) were severed in the Red Sea. The impact was immediate and devastating: a reported 25 percent reduction in data traffic across the region, necessitating urgent, high-latency rerouting.

As the U.S. Navy and the IRGCN engage in direct hostilities in the Persian Gulf and the Gulf of Oman, the likelihood of critical submarine cables being targeted, either intentionally by Iranian proxy forces seeking to blind regional communications, or inadvertently by dragging anchors, depth charges, or sunken commercial vessels, is extraordinarily high.

When a multinational tech conglomerate's primary data artery is severed during a naval skirmish, resulting in catastrophic service outages and billions in lost revenue, the immediate legal crisis crystallizes: Who bears the liability for repairing the physical infrastructure and compensating for the business interruption? Can a private telecommunications consortium or a corporate end-user sue a sovereign state for the deliberate destruction of its property during a war?

To navigate the immense legal complexities surrounding the destruction of critical communications infrastructure during armed conflict, Wasel & Wasel directs corporate leadership to the foundational historical precedent established in the 1923 arbitration: *Cuba Submarine Telegraph Company, Ltd. (Great Britain) v. United States*.

Mandatory Precedent Integration: The 1923 *Cuba Submarine Telegraph* Arbitration

The *Cuba Submarine Telegraph* case provides the definitive, paramount legal framework for understanding how international arbitral tribunals and customary international law view the destruction of private telecommunications infrastructure by a sovereign military force.

The dispute arose during the Spanish-American War of 1898. In a calculated tactical maneuver designed to isolate the Spanish military command and disrupt their coordination, United States naval forces deliberately severed submarine telegraph cables operated by the Cuba Submarine Telegraph Company, a private British corporate entity. The U.S. naval action was carried out within enemy (Spanish) territorial waters off the coast of Cuba.

Following the cessation of hostilities, the British company initiated arbitration, seeking substantial compensation from the United States for the repair costs and the resulting loss of revenue. The company argued that their neutral, private commercial property had been unlawfully destroyed by U.S. forces, and therefore, restitution was required under international law.

The international arbitral tribunal unequivocally disallowed the claim, establishing a harsh but enduring principle of international law regarding collateral damage and legitimate military targets. The tribunal recognized the absolute sovereign right of the United States to undertake necessary military measures to defeat its enemy. The ruling explicitly stated: *"In these circumstances the right of the United States to take measures of admittedly legitimate defense against these means of enemy communication was fully justified."*

Crucially, the tribunal's decision hinged on the specific operational reality of the private company's infrastructure. The tribunal noted that the company's operations were deeply and inextricably intertwined with Spanish military interests. The concessions originally granted to the company by Spain required them to transmit official government and military correspondence and strictly prohibited any independent inspection or censorship of those communications. Because the private infrastructure was "dual-use", serving both commercial clients and the Spanish military, it legally became a legitimate military target.

Concluding that there were no legal or equitable grounds for awarding compensation to the private company, the tribunal emphasized: *"Not only is there no ground of equity upon which an award should be made against the United States, but equity appears to us to be on the side of the United States in their refusal to pay the damages claimed."*

Applying the *Cuba Submarine* Doctrine to the 2026 Digital Battlespace

The precedent established in 1923 dictates the chilling legal reality for modern tech conglomerates, telecom providers, cloud hyperscalers, and financial institutions relying on submarine cables in the Middle East today: **During armed conflicts, actions taken by a state as legitimate acts of war may entirely override private property rights without any obligation to compensate the affected corporate entities.** This doctrine applies with absolute severity when the infrastructure in question is utilized, even tangentially or inadvertently, to support enemy government or military operations.

Today, there is no purely "civilian" internet infrastructure in a conflict zone. The fiber-optic cables traversing the Persian Gulf and the Red Sea, though owned by private telecom consortiums and Western tech conglomerates, are inherently dual-use. They simultaneously carry civilian streaming traffic, multi-billion-dollar corporate SWIFT transactions, and the highly encrypted military communications and logistical data of the IRGC and allied state actors.

If the United States Navy or the Israeli Defense Forces intentionally sever a privately owned submarine cable landing in Iran to disrupt Iranian military coordination or retaliatory missile targeting, the private corporate owners of that cable will find it nearly impossible to secure compensation from Washington or Jerusalem. The defending allied states will immediately invoke the *Cuba Submarine Telegraph* doctrine, successfully arguing that the cables were co-opted for hostile military communications, rendering their destruction a "measure of admittedly legitimate defense" against which no equity can be claimed. The private loss is deemed non-compensable collateral damage.

Conversely, if Iran deliberately severs cables in the Red Sea, the Gulf of Oman, or the broader Indo-Pacific to inflict maximum economic pain on Western economies, seeking legal recourse becomes a labyrinthine, often futile challenge under the United Nations Convention on the Law of the Sea (UNCLOS). In the high seas, UNCLOS Article 97 restricts enforcement jurisdiction to the "flag state" of the offending vessel. As highlighted by international maritime arbitrations regarding "incidents of navigation," holding a rogue, state-sponsored entity accountable for intentional, covert sabotage on the ocean floor requires an evidentiary burden that private corporations are rarely equipped to meet, effectively shielding the perpetrator from civil liability.

Actionable Cyberspace and Infrastructure Defense Protocols

Faced with the immediate threat of state-sponsored wiper malware and the severe legal limitations on recovering damages for destroyed digital infrastructure established by the *Cuba Submarine* precedent, corporate boards must execute a comprehensive, wartime legal and operational defense strategy:

Air-Gapping and Absolute OT Isolation (Immediate Operational Action): Corporate CISOs must immediately identify, audit, and physically or logically disconnect all critical Operational Technology (OT) and Industrial Control Systems (ICS) from the public internet. Ensure that PLCs, SCADA systems, and industrial control networks cannot be accessed directly from standard corporate IT networks or third-party vendor portals without severe, heavily monitored, out-of-band authentication barriers. In a heightened geopolitical threat environment, operational convenience must be entirely sacrificed for physical security.

Eradicate Vulnerable Access Vectors: Deprecate all vulnerable SMS-based Multi-Factor Authentication (MFA), which can be easily bypassed via SIM-swapping or adversary-in-the-middle (AiTM) attacks. Enforce hardware-token (e.g., FIDO2 keys) or biometrically linked, phishing-resistant MFA across all remote access portals. State-sponsored actors rapidly exploit known vulnerabilities in network edge devices; establish continuous, rapid mitigation protocols for external vulnerabilities before they can be weaponized for initial access.

Audit Cyber Insurance for "War Exclusions" (Immediate Legal Action): General Counsels must immediately scrutinize their organization's cyber insurance and business interruption policies. Standard policies universally contain broad "Act of War" or "hostile acts" exclusions. If a destructive attack is formally attributed to an Iranian state-sponsored APT group, insurers will aggressively attempt to deny the claim, arguing the attack constitutes an act of war rather than a standard cybercrime. Corporations must secure explicit "carve-outs" for state-sponsored cyber terrorism, negotiate standalone state-backed cyber conflict policies, or ensure the burden of proof regarding attribution rests entirely on the insurer.

Submarine Cable Redundancy and Data Localization (CIO/COO Directive): Organizations highly dependent on continuous data flows between Europe, the Middle East, and Asia must immediately activate redundant satellite communications (e.g., LEO constellations like Starlink) and alternate terrestrial routing. Furthermore, critical corporate data must be backed up in geographically isolated, out-of-theater server locations to ensure that the severing of Hormuz or Red Sea cables does not result in total operational blindness and data loss.

Assess International Investment Treaty Protections (BITs): For the consortiums and private tech giants that own this vulnerable physical infrastructure, identifying legal recourse requires an immediate audit of Bilateral Investment Treaties (BITs). While the *Cuba Submarine* doctrine protects legitimate acts of war, treaties often contain provisions protecting investments against uncompensated expropriation and "Full Protection and Security" clauses. Companies must map exactly which maritime zones their cables occupy to determine which sovereign state owed them a duty of protection when the damage occurred, establishing a foundation for Investor-State Dispute Settlement (ISDS) arbitration if the destruction was not a strict military necessity.

The assumption of continuous, uninterrupted global digital connectivity is a luxury of peacetime. In a theater of war, corporate data is a target, and the physical infrastructure that carries it is expendable in the eyes of military commanders.

As the digital infrastructure fractures and physical supply chains freeze, the very foundational contracts that bind the global economy together will begin to snap under the pressure. The ability to legally excuse performance, or force a counterparty to perform, in the face of armed conflict will define corporate survival in 2026. This transitions our strategic directorial to the highly contentious legal battlefield of Contractual Viability and Force Majeure.

CONTRACTUAL VIABILITY, FORCE MAJEURE, AND THE PEDANTRY OF "WAR"

The Fracture of the Global Commercial Ecosystem

As physical supply chains through the Strait of Hormuz fracture and the invisible battlespace of cyberspace is weaponized by state actors, the legal foundation upon which multinational commerce rests, the commercial contract, is being subjected to unprecedented, terminal stress. The immediate operational consequence of the February 2026 U.S.-Israel military strikes on Tehran is the sudden, catastrophic inability of corporations to fulfill their cross-border obligations.

Delivery schedules will be shattered by maritime rerouting around the Cape of Good Hope. Manufacturing inputs will be entirely depleted due to airspace closures across the Levant. Financial transfers will be frozen by emergency capital controls. Digital services will be rendered inaccessible by state-sponsored wiper malware or the severing of submarine cables. In the ensuing chaos, corporate entities across the globe will instinctively, and often prematurely, reach for the emergency ripcord of commercial law: the *Force Majeure* (FM) clause.

However, the assumption that the mere outbreak of geopolitical hostilities automatically excuses a corporation from its binding legal obligations is one of the most dangerous, value-destroying fallacies in international commerce.

When a multinational supplier operating in the UAE, trapped by soaring war-risk insurance premiums and the closure of regional ports, attempts to suspend its multi-million-dollar off-take agreement with a European or Asian buyer, it will immediately encounter a hostile legal environment. Buyers, desperate to maintain their own downstream supply chains and facing their own catastrophic margin compressions, will aggressively litigate any attempt to invoke *Force Majeure*. They will demand specific performance or devastating liquidated damages, arguing that the conflict was merely an expensive inconvenience, not a legal impossibility.

Navigating this highly contentious, multi-jurisdictional legal battlefield requires General Counsels to understand that *Force Majeure* is not an autonomous, universal legal concept. Its application is violently dependent on the governing law of the contract, the precise, lexical drafting of the clause itself, and, crucially, how international arbitral tribunals legally define the term "war."

The Lexical Trap: The Ambiguity of "War" Under English Common Law

Under English common law, which governs a vast majority of international maritime charterparties, commodities trading contracts, and complex cross-border supply agreements, *Force Majeure* is not an autonomous legal concept recognized by statute. It must be explicitly defined and negotiated within the four corners of the contract.

This presents an immediate, dangerous trap for corporations operating in the current Middle Eastern theater. Generic references to "war" within standard boilerplate FM clauses may be fiercely legally contested. Why? Because despite the massive kinetic strikes, the deployment

of carrier strike groups, and the targeting of Tehran's Pasteur district, neither the United States, Israel, nor Iran have formally declared a "State of War" through official, constitutional state channels. In the modern era, nations engage in "military operations," "preemptive strikes," or "kinetic engagements" while deliberately avoiding formal declarations of war to navigate international law and domestic political constraints.

If a contract only excuses performance in the event of "war," a counterparty facing massive financial losses will aggressively argue that the current localized missile exchanges do not meet that strict legal definition, thereby demanding full contractual performance or damages for breach.

To understand how arbitral tribunals dissect this ambiguity and determine whether a military conflict legally constitutes a "war" for the purposes of commercial contract cancellation, we must examine the critical precedent established during the NATO operations in the Balkans.

Mandatory Precedent Integration: The Kosovo/NATO Operations and the Definition of "War"

The arbitration award referenced in the UK Court of Appeal judgment [2002] *EWCA 1878* delves deeply into the meaning of 'war' as interpreted by tribunals and its profound implications for contractual obligations.

The dispute centered on the New York Produce Exchange (NYPE) form of charterparty, specifically the invocation of a "War Cancellation Clause" by the charterers. This clause explicitly allowed for the cancellation of the charter in the event of the "outbreak of war" involving the nation under whose flag the vessel sailed. The conflict arose in 1999 when Germany, operating as a member state of NATO, participated in extensive military operations and bombing campaigns in Kosovo and Yugoslavia. The charterers sought to immediately cancel their obligations under the charter, claiming that Germany's active military involvement in the conflict constituted a "war" as envisaged by the cancellation clause.

The core issue before the arbitration tribunal was absolute: Did the intensive military operations in Kosovo, involving substantial force by NATO and Germany, legally constitute a "war" within the meaning of the commercial contract?

The tribunal's majority delivered a ruling that serves as a stark warning to modern commercial drafters: they found that the operations in Kosovo *did not* constitute "war" as contemplated by the contract. The majority arbitrators held that the term "war" must be understood through a common-sense, traditional interpretation, specifically, a formal conflict between sovereign nation-states, not merely military activities, coalition interventions, or hostilities that fall short of a formally declared war.

The tribunal reasoned that while the conflict in Kosovo was undeniably violent, involved significant military engagement, and utilized the armed forces of multiple nations, it did not rise to the traditional legal threshold of "war." This decision aligned with earlier precedents, such as *KKKK v Belships Co (1939)*, emphasizing that the term must be construed based on the reasonable expectations of businesspersons in the specific contractual context, distinguishing "war" from "warlike activities or hostilities short of war."

While there was a dissenting view (arguing that a reasonable businessman would certainly view the massive NATO bombing campaign as a war), the Court of Appeal ultimately upheld the tribunal's conservative approach. Furthermore, the court emphasized the critical importance of timing: the charterers' failure to provide immediate, timely notice of cancellation was ultimately fatal to their claim.

Applying the Kosovo Precedent to the 2026 U.S.-Israel-Iran Conflict

The implications of this award for corporations navigating the February 2026 escalation are profound and immediate. The tribunal's decision reflects a highly conservative approach to defining "war" in commercial contracts. It suggests that even massive military engage-

ments, such as "Operation Roaring Lion," involving targeted strikes by the U.S. and Israel on the Iranian capital, may not automatically trigger a vaguely drafted War Cancellation or *Force Majeure* clause if the conflict remains an undeclared, albeit intense, kinetic exchange.

Observe the precise language utilized by state actors this morning. President Trump described the U.S. action as a "massive and ongoing operation" and a "military campaign." The Israeli Prime Minister's Office dubbed the action "Operation Roaring Lion," while Defense Minister Israel Katz explicitly labeled it a "preemptive strike." No formal declaration of war exists.

If a multinational corporation attempts to cancel a major supply agreement or exit a shipping charterparty simply citing the "war in Iran," they are highly vulnerable to catastrophic breach-of-contract claims if the clause lacks precise, expansive language.

Robustly drafted contracts must include specific, broader inclusions to ensure protection. Clauses must explicitly cover "hostile acts," "acts of terrorism," "military or usurped power," "political violence," "armed conflict (whether war be declared or not)," or "blockades." Without these expansive definitions, a tribunal applying the Kosovo/NATO precedent may rule that the current missile strikes in Tehran do not legally excuse your organization's failure to deliver goods or pay charter hire.

Furthermore, if the contract entirely lacks a comprehensive FM clause, parties governed by English law may be forced to rely on the draconian common law doctrine of "frustration." This doctrine is notoriously difficult to prove; it requires the contract to be rendered *entirely impossible* to perform, not merely commercially unviable, exceptionally expensive, or severely delayed due to rerouting around the Cape of Good Hope. Frustration will not save a company simply because a contract has become unprofitable due to conflict-induced inflation.

Force Majeure in the Context of Civil Unrest and Protracted Conflict

While defining the initiation of a conflict is critical, corporations must also navigate the protracted, often chaotic aftermath of kinetic strikes. President Trump has explicitly encouraged Iranians to "take over your government," stating, "This will be probably your only chance for generations." If direct state-on-state hostilities degrade into prolonged civil unrest, infrastructure collapse, or localized insurgency, the timeline for claiming *Force Majeure* becomes highly contested.

How long does a *Force Majeure* event legally last? Can a company refuse to resume a multi-million-dollar construction project months or years after the initial bombings have ceased, citing the generalized danger of the region?

To answer this, we must examine a pivotal arbitration regarding construction and civil war in the Middle East/North Africa region: *Ermir İnşaat Sanayi ve Ticaret A.Ş. v. Biwater Construction Ltd.*

Mandatory Precedent Integration: *Ermir İnşaat v. Biwater* and the "Ongoing Force Majeure Situation"

This ICC arbitration, adjudicated by a sole arbitrator, offers critical lessons for EPC contractors, developers, and corporations operating in regions devastated by conflict. The dispute revolved around a major construction project in Libya that was violently interrupted by the outbreak of the First Libyan Civil War in 2011.

Following the initial evacuation of personnel and the cessation of active, conventional hostilities that characterized the early phase of the war, the Libyan client (HIB) and the Claimant (Ermir İnşaat) expected the project to eventually resume. However, the Respondent (Biwater Construction Ltd.) refused to return to Libya to complete the project, citing the profound instability, the proliferation of militias, and the collapse of the state security apparatus.

Ermir İnşaat filed for arbitration, claiming that Biwater's refusal to resume the project constituted a breach of contract, and sought

substantial compensation for lost profits. They argued that because the initial, formal phase of the civil war had concluded, the *Force Majeure* event had technically ended, and Biwater was obligated to remobilize.

The sole arbitrator meticulously examined whether Biwater could have reasonably been expected to resume the project after the cessation of the primary civil war. The arbitrator definitively ruled in favor of Biwater, determining that an **"ongoing force majeure situation"** justified the Respondent's decision not to resume the project. The tribunal explicitly highlighted that *"Libya was and has been a dangerous country since 2011,"* recognizing that the effects of the conflict extended far beyond the immediate period of active combat.

This case illustrates a vital legal principle: **Civil war and profound geopolitical instability, as force majeure events, can extend indefinitely beyond the immediate conflict period.** The arbitrator accepted that the persistent dangers, lack of functional government, and severe security risks made it entirely unreasonable to expect project resumption. Consequently, the arbitrator entirely rejected the Claimant's demand for lost profits, stating that the "ongoing force majeure situation" made it impossible for Biwater to resume, and therefore, they were not at fault for the non-performance.

Furthermore, the arbitration highlighted the intricate relationship between security risks and financial considerations. The arbitrator acknowledged that Biwater's decision not to return was influenced by both "substantial security concerns" and the extreme financial risk of non-payment by the destabilized Libyan client. In conflict zones, security and commercial viability are legally intertwined. Finally, the arbitrator allowed for a relaxation of strict evidentiary and substantiation requirements regarding site clearance costs, recognizing the chaotic circumstances of evacuating personnel from a war zone where standard documentation is often lost or unobtainable.

Applying *Ermir İnşaat v. Biwater* to Post-Strike Contingencies

The *Ermir İnşaat* precedent is essential for corporations managing long-term projects, joint ventures, or infrastructure developments in the GCC, the Levant, or Iran in the wake of the February 2026 strikes.

If the current conflict triggers a broader regional destabilization or sparks the regime-change civil unrest in Iran advocated by the U.S. administration, corporations must understand that their *Force Majeure* protections do not automatically expire the moment the U.S. and Israel cease their bombing campaigns.

If your organization is a main contractor on a megaproject in a region destabilized by the conflict, and you determine that remobilizing your workforce poses an unacceptable security risk, even months after the kinetic strikes end, the *Ermir İnşaat* doctrine provides the legal foundation to maintain your *Force Majeure* posture. You can successfully argue that the "ongoing force majeure situation" persists due to the collapse of local security, shielding your organization from claims of abandonment or lost profits by your clients or subcontractors.

However, to successfully leverage this defense, corporations must maintain rigorous, objective security assessments. A tribunal will not accept a generalized fear of the Middle East as an excuse to abandon a contract. You must document specific, ongoing threats, such as the inability to secure insurance, the presence of armed militias, or explicit travel warnings from sovereign governments, to prove that the region remains fundamentally unsafe for commercial operations.

Jurisdictional Divergence: Common Law vs. Middle Eastern Civil Codes

As corporate legal teams prepare *Force Majeure* notices, they must execute a rigorous jurisdictional audit. The legal mechanisms for surviving this crisis differ violently depending on the governing law of the contract.

As demonstrated by the *Kosovo* case, English common law is strict, literal, and merciless. If your FM clause is poorly drafted, or if you fail to meet the exact procedural notice requirements down to the hour, you will be in breach. English courts do not possess the inherent

power to rewrite a commercial contract just because a war made it commercially devastating to perform.

Conversely, if your corporate contracts are governed by Middle Eastern civil codes (such as the laws of the UAE, Qatar, Saudi Arabia, or Egypt), you possess fundamentally different legal weaponry. Middle Eastern civil jurisprudence is heavily influenced by Islamic Shari'ah principles of equity and good faith.

For example, under Article 249 of the UAE Civil Transactions Law, if exceptional circumstances of a public nature (such as the outbreak of a regional war) occur which could not have been foreseen, and which make the performance of the contractual obligation oppressive (though not completely impossible), a judge or arbitrator has the statutory authority to intervene. The tribunal can reduce the oppressive obligation to a "reasonable level" to balance the losses between the parties. This doctrine of *imprévision* (unforeseen circumstances) provides a critical lifeline for corporations facing massive cost overruns due to supply chain rerouting or tariff weaponization, allowing them to petition a tribunal to renegotiate the economic terms of the contract, a remedy entirely unavailable under strict English common law.

Actionable Directives for Contractual Defense

To fortify the corporate legal perimeter against the chaotic fallout of the 2026 escalation, General Counsels must execute the following:

Immediate Contractual Audit and FM Trigger Mapping: Do not assume "war" covers the current strikes. Immediately audit all critical supply, off-take, and EPC agreements. Identify contracts governed by English law lacking expansive definitions (e.g., "hostile acts," "military power"). For contracts governed by Middle Eastern civil codes, engage local counsel to evaluate statutory protections beyond the written contract, as civil codes often allow for the modification or suspension of obligations based on unforeseen, exceptional circumstances (principles of "good faith" and *imprévision*).

Strict Adherence to Notice Requirements: As highlighted in the Kosovo/NATO arbitration, the failure to provide timely, formal notice of *Force Majeure* is legally fatal. Corporations must strictly adhere to the timing and format of notice requirements stipulated in the contract (e.g., sending notice via certified courier within 48 hours of the triggering event). Failing to notify counterparties via the exact stipulated method will invalidate the protection, regardless of how devastating the conflict is.

Prepare for the "Ongoing Force Majeure" Defense: If long-term projects are suspended, begin compiling the evidentiary record required by the *Ermir İnşaat* standard. Document the exact security and financial realities preventing remobilization. Build a repository of geopolitical intelligence, embassy warnings, and risk assessments.

Alternative Dispute Resolution (ADR) Readiness: Given the severe disruptions to local judiciaries in conflict zones, ensure all contracts contain robust international arbitration clauses seated in neutral, stable jurisdictions (e.g., London, Geneva, Singapore, or the ADGM/DIFC).

Clear Settlement Agreements: If a contract must be permanently unwound due to the conflict, ensure that the resulting settlement agreements are drafted with surgical precision. The *Ermir İnşaat* case highlighted that ambiguities in post-conflict settlement agreements frequently lead to secondary, prolonged arbitration. Ensure that all releases of liability and payment schedules are definitively codified.

While *Force Majeure* provides a potential shield against breach of contract claims, it does not compensate a corporation for the physical loss of its assets or the massive financial liabilities incurred when vessels and equipment are trapped in a conflict zone. To secure financial restitution for assets caught in the crossfire, corporations must turn to the highly specialized, and currently severely constrained, market of War Risk Insurance and historical arbitration surrounding war premiums.

WAR RISK INSURANCE, PREMIUM WEAPONIZATION, AND THE PARALYSIS OF TRAPPED ASSETS

The Immediate Evaporation of Standard Coverage

As multinational corporations scramble to decipher the limits of *Force Majeure* and contractual viability following the February 28 kinetic strikes on Tehran, a parallel, equally devastating financial crisis is materializing: the absolute evaporation of standard insurance coverage across the Middle Eastern theater. The ability of any commercial entity to maintain physical operations, transit maritime chokepoints, or secure aviation logistics within this region is now entirely dictated by the availability and astronomical cost of specialized insurance.

Every corporate board, General Counsel, and Chief Risk Officer must accept a harsh, uncompromising reality: standard commercial insurance policies offer absolutely zero protection in the current environment. Standard marine Protection and Indemnity (P&I), Hull & Machinery (H&M), aviation hull, and all-risk property policies universally contain absolute, aggressively enforced "War Exclusions." These clauses explicitly and systematically strip coverage for any loss, damage, or liability arising from "war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or the use of weapons of war."

Consequently, the moment U.S. and Israeli forces initiated "Operation Roaring Lion," and the Iranian regime vowed a "crushing response," these exclusions were triggered. If an Iranian ballistic missile strikes a corporate logistics hub in the UAE, or if an Islamic Revolutionary Guard Corps Navy (IRGCN) fast-attack craft damages a chartered Very Large Crude Carrier (VLCC) in the Strait of Hormuz, standard commercial insurers will immediately and legally deny the claim. To continue operating within this highly volatile theater, a strict necessity for the global energy supply chain and trans-hemispheric container traffic, multinational operators are forced entirely into the specialized, highly restricted, and hyper-reactive market of War Risk Insurance.

The Weaponization of "Additional Premium" Zones

War Risk Insurance is not a static financial instrument; it is a market that prices geopolitical violence in real-time. The global marine and aviation insurance markets manage this risk through the designation of "Listed Areas" or "Additional Premium" (AP) zones, historically determined by the Joint War Committee (JWC) of the Lloyd's Market Association.

Following the initiation of the preemptive strikes on the Pasteur district and the subsequent closure of Israeli airspace, the JWC has undoubtedly convened to dramatically expand its designations of Listed Areas to encompass the entirety of the Persian Gulf, the Gulf of Oman, the Red Sea, and the coastal waters of Israel, Iran, Lebanon, and their immediate neighbors. When a region is designated an AP area, underwriters hold the draconian contractual right to cancel existing standard war risk coverage with a mere seven days' notice, and in periods of acute, active escalation, potentially 48 hours.

To maintain coverage and legally operate within the conflict zone, shipowners, aviation operators, and logistics providers must negotiate exorbitant, short-term AP spikes on a voyage-by-voyage basis. These premiums can instantaneously surge from fractions of a percent to multiple percentage points of an asset's total hull value. For a modern LNG carrier valued at \$200 million, a single transit through the Strait of Hormuz will now incur millions of dollars in unbudgeted, upfront insurance costs.

This astronomical increase in operating costs cascades directly down the supply chain, radically inflating the delivered cost of energy, raw materials, and finished goods globally. For corporate charterers and commodities traders operating on optimized margins, these premium spikes can render contracts instantly unprofitable.

This introduces a brutal financial dilemma that surfaces in international arbitration during every major global conflict: If a corporation is forced by a sovereign state's military action (or a counterparty's breach) to pay millions in exorbitant war-risk insurance premiums to protect its assets from a threat that never actually materializes (e.g., the vessel safely transits the Strait of Hormuz without being attacked), can that corporation legally demand reimbursement for those premiums from the aggressor state as war reparations, or claim them as "damages" from a commercial counterparty?

To understand exactly how international law structurally treats the financial burden of mitigating war risks, Wasel & Wasel directs corporate leadership to the foundational ruling of the United States-Germany Mixed Claims Commission in the *1923 Arbitration on War-Risk Premiums*.

Mandatory Precedent Integration: The 1923 War-Risk Premiums Arbitration and "Proximate Cause"

The case of *War-Risk Insurance Premium Claims (1923)* provides the definitive, historical baseline for distinguishing between direct, compensable losses caused by acts of war and the indirect, consequential financial burdens (such as insurance premiums) assumed by corporations operating in a conflict zone.

The dispute arose in the aftermath of World War I. At the outbreak of the war, the United States was a neutral power. However, American corporate nationals whose businesses were deeply entrenched in international maritime shipping found themselves navigating a web of unprecedented hazards, including British naval blockades, shifting international laws on contraband, and the terrifying new threat of German unrestricted submarine warfare.

To safeguard their international supply chains and ensure corporate survival amidst these hazards, American companies, including the United States Steel Products Company, the Costa Rica Union Mining Company, and the South Porto Rico Sugar Company, purchased substantial, highly expensive war-risk insurance policies.

Crucially, in the specific representative claims examined by the Commission, none of these companies had actually experienced a physical loss from the insured risks. Their shipments had arrived safely; their facilities had remained unmolested by German forces. Following the conclusion of the war and the signing of the Treaty of Berlin, these American corporations initiated arbitration before the Mixed Commission. They sought to recover the massive costs of those war-risk premiums directly from the German government as part of war reparations, arguing that Germany's aggressive military acts had forced them to incur these massive financial burdens.

The central legal question before the Commission was whether the premiums paid for war-risk insurance could be considered a loss "proximately caused" by German actions under international law.

The Commission, led by Umpire Edwin B. Parker, delivered a definitive landmark ruling that fundamentally shapes international damage claims today. The tribunal categorically denied the claims for premium reimbursement.

The Umpire ruled that the premiums were "**precautionary expenses**" against hypothetical risks, not direct losses caused by specific

acts of the belligerent state. The Commission established that the bedrock principle of *proximate cause* in international law requires a demonstrable, direct, and unbroken causal link between a specific hostile act and the resultant physical or financial loss. Because the insurance was purchased to mitigate a *potential* hazard that ultimately did not materialize into actual physical damage for those specific companies, the financial burden of the premium could not be legally attributed to the state as a compensable loss.

Applying the 1923 Doctrine to the 2026 Hormuz Reality

The *1923 War-Risk Premiums* precedent dictates a harsh, unforgiving commercial reality for multinational operations navigating the February 2026 escalation: **The exorbitant costs of securing your assets in a war zone are yours to bear.**

If your corporation is currently paying a 500% markup on Additional Premiums to move a fleet of VLCCs through the Strait of Hormuz this week, and the vessels safely reach their destinations in Asia or Europe without being struck by Iranian munitions, you cannot later sue the United States, Israel, or Iran in an international tribunal to recover those premiums. International law views that premium as a voluntary, precautionary cost of doing business in a volatile geopolitical theater, not a compensable damage proximately caused by the conflict. Corporate treasuries and supply chain directors must immediately factor these massive, unrecoverable premium spikes directly into their pricing models and margin calculations. You cannot rely on future arbitration to recoup the cost of fear.

Furthermore, this legal principle cascades directly down commercial supply chains into Business-to-Business (B2B) disputes. Unless your commercial contracts (charterparties, CIF/FOB supply agreements) contain highly explicit, bespoke "War Risk Premium Allocation" clauses (such as properly incorporated BIMCO CONWARTIME 2013 or VOYWAR 2013 clauses) that legally force your counterparty to absorb these sudden spikes, you cannot unilaterally pass these costs down the chain. If your contract is silent, the party purchasing the insurance absorbs the catastrophic loss. You cannot declare *Force Majeure* or claim a breach of contract simply because the cost of insuring the voyage has rendered the transaction deeply unprofitable. Arbitral tribunals will view the premium spike as a foreseeable commercial risk that the operator voluntarily assumed.

Asset Trapping, Sovereign Confiscation, and "Blocking and Trapping" Insurance

While the cost of moving assets through a conflict zone is staggering, an even more severe legal and financial crisis emerges when assets stop moving entirely. As the U.S. calls for regime change and Tehran prepares its asymmetric retaliation, the risk of regional ports being mined, airspaces remaining permanently closed, or hostile states seizing commercial assets is at its absolute apex.

If a corporate Boeing 777 is grounded indefinitely on the tarmac at Ben Gurion Airport due to Israel's nationwide state of emergency, or if a fleet of commercial tankers is trapped in the Persian Gulf because the IRGCN actively mines the Strait of Hormuz, standard War Risk policies may prove insufficient to recover the loss of the asset.

To mitigate this catastrophic risk, corporate owners and charterers must urgently secure specialized "**Blocking and Trapping**" (B&T) insurance. This highly specific coverage compensates asset owners if a vessel, aircraft, or physical infrastructure is prevented from leaving a port, airspace, or zone due to physical hindrance (e.g., naval mines, sunken vessels blocking a channel) or formal state confiscation for an extended, continuous period (typically defined as exceeding 6 to 12 months, though heavily negotiated). Given the explicit Iranian threat of a "crushing response" and the historical precedent of Iranian forces seizing commercial vessels, securing B&T coverage is a non-negotiable operational requirement.

However, even when assets are heavily insured, what occurs when assets are trapped not by physical barricades or kinetic strikes, but by the impenetrable wall of sovereign sanctions, geopolitical embargoes, and conflicting international laws? When corporate property is stranded behind enemy lines or frozen by U.S. sanctions, organizations often attempt to unilaterally liquidate, auction, or seize those

assets to recover their mounting losses.

To understand the profound legal paralysis that grips physical assets during geopolitical regime shifts and sudden sanctions, and the limitations of self-help remedies in arbitration, we must analyze the landmark Iran-United States Claims Tribunal case: *United Technologies International, Inc. (UTI) v. Islamic Republic of Iran*.

Mandatory Precedent Integration: *UTI v. Iran* and the Paralysis of Stranded Assets

The *UTI v. Iran* arbitration serves as the ultimate cautionary tale for any multinational corporation possessing physical assets, joint ventures, or supply chain inventory housed within a nation targeted by U.S. military action and sudden economic embargoes. It provides a masterclass in the legal mechanics of stranded assets, artisan's liens, and the crippling impact of sovereign export controls on commercial contracts.

The dispute centered on high-value military hardware. Prior to the 1979 Iranian Revolution, the Iran Helicopter Support and Renewal Company (IHSRC), an entity of the Iranian state, had shipped numerous helicopter components to United Technologies International, Inc. (specifically, its Sikorsky division in Connecticut) for extensive repairs and overhauls.

UTI successfully completed the repairs, but before the components could be returned, the geopolitical landscape violently fractured. The Iranian Revolution occurred, immediately followed by the U.S. hostage crisis. In response, the United States government issued sweeping executive orders freezing all Iranian assets within U.S. jurisdiction and strictly prohibited the shipment of the components, which were highly regulated under the U.S. Munitions List. Furthermore, IHSRC demanded the delivery terms be altered to "C and F, Tehran," while UTI insisted on the original "F.o.b. Factory" terms.

UTI was suddenly trapped. They were in physical possession of 33 helicopter components (22 fully repaired and 11 partially repaired) belonging to a now-hostile foreign state. Because of the strict U.S. embargo, UTI was legally prohibited from returning the goods. Concurrently, they had not been paid the \$183,886 for their repair services, and they were bleeding capital paying for the specialized, highly secure storage of the embargoed equipment.

UTI initiated arbitration at the Iran-U.S. Claims Tribunal. Facing mounting storage costs and the risk of the aviation components becoming technologically obsolete, UTI filed an urgent request for *interim measures*. Crucially, UTI asserted an "artisan's lien" under Connecticut state law (the legal right of a repairer to retain and sell property to satisfy an unpaid debt). They requested that the international tribunal grant them immediate authorization to auction off the Iranian helicopter components on the open market to recover their repair and storage costs.

IHSRC fiercely counterclaimed, demanding the immediate return of all components (valued at \$5.5 million) or \$15 million in damages for non-delivery and over \$68 million in incidental damages, arguing that UTI's non-performance could not be excused by the unilateral actions of the U.S. government.

The Tribunal firmly denied UTI's request for interim measures to auction the assets, exposing the severe limitations of arbitral power in the face of sovereign asset disputes and national security export controls. The Tribunal's analysis hinged on several critical geopolitical and legal realities:

Preemption of Final Judgment: The Tribunal ruled that granting UTI the right to unilaterally sell the assets would effectively constitute a provisional, irreversible judgment on the ultimate ownership and restitution of the goods. In international arbitration, interim measures are designed to *preserve* the status quo and prevent irreparable harm, not to prematurely liquidate the disputed assets before the merits of the case are fully heard.

The Supremacy of Sovereign Export Controls: The Tribunal astutely noted that UTI's request entirely ignored the superseding reality of U.S. federal law. The components were classified under the U.S. Munitions List. Even if the international tribunal granted UTI the right to sell them, executing that sale without a U.S. export license would be a criminal violation of federal sanctions. A private arbitral tribunal possesses no jurisdictional authority to bypass a sovereign state's national security apparatus to authorize a commercial sale. The Tribunal flatly refused to issue an order that conflicted with the sovereign security regulations and export controls of the host nation.

Alternative Security: The Tribunal concluded that the payment of storage costs, should it ultimately be warranted, was theoretically secured by the General Declaration's Security Account established between the U.S. and Iran, negating the need for immediate, drastic interim relief like an auction.

Applying the *UTI* Doctrine to the 2026 Conflict

The *UTI v. Iran* precedent is a blaring siren for global manufacturers, heavy machinery lessors, aviation MROs (Maintenance, Repair, and Overhaul), and tech hardware providers currently operating in or around the Middle East.

If your corporation currently holds physical inventory, specialized tooling, or components belonging to an Iranian entity, or an entity in a neighboring jurisdiction that is suddenly subjected to sweeping U.S. sanctions following the February 2026 strikes, you are legally paralyzed.

You cannot simply invoke local state law (like an artisan's lien or a warehouseman's lien) to auction off those assets to recoup your unpaid invoices or mitigate your storage costs. The *UTI* case dictates that international tribunals will not grant you emergency interim relief to liquidate assets that are entangled in geopolitical embargoes, highly classified export control lists (such as U.S. EAR or ITAR regulations), or sovereign ownership disputes.

Attempting to unilaterally sell off stranded assets belonging to a sanctioned entity in order to recoup losses will trigger severe regulatory penalties from the U.S. Treasury's Office of Foreign Assets Control (OFAC) and potentially the Department of Justice for sanctions evasion, alongside devastating counterclaims for unlawful conversion by the original owner.

Conversely, if *your* corporate assets (such as drilling equipment, telecommunications hardware, or leased aircraft) are trapped inside Iran, Lebanon, or a severely restricted GCC port, you cannot rely on international arbitration to orchestrate a swift physical extraction or order the host nation to release the goods. Tribunals prioritize the preservation of the legal status quo over the immediate commercial liquidity of the warring parties. Assets trapped behind the kinetic and regulatory lines of the February 2026 escalation will remain frozen for years, bleeding value through depreciation, until a comprehensive diplomatic claims tribunal is established to untangle the wreckage.

Actionable Directives for Corporate Treasuries and Risk Officers

To navigate the lethal combination of skyrocketing risk premiums and the legal paralysis of trapped assets, the C-Suite must immediately execute the following defensive protocols:

Contractual Reallocation of War Risk Premiums: Acknowledge the *1923 War-Risk* doctrine: you will not recover these costs via arbitration against states. Therefore, immediately audit your commercial contracts, charterparties, and freight forwarding agreements. You must legally reallocate the burden. Institute emergency surcharges and invoke "escalation clauses" if present. For all future contracts negotiated during this conflict, insert explicit "War Risk Premium Mutual Allocation" clauses that legally mandate the counterparty to absorb a defined percentage of AP spikes.

Immediate Procurement of Blocking and Trapping Cover: General Counsels and Chief Risk Officers must urgently communicate

with their brokerage syndicates to secure comprehensive Blocking and Trapping insurance for any high-value mobile assets currently in the Middle Eastern theater. Ensure the policy specifically triggers upon sovereign confiscation, denial of port access, or physical inability to navigate due to hostilities, without requiring proof of direct kinetic damage to the hull.

Halt Operations Involving Regulated/Dual-Use Assets: Applying the *UTI v. Iran* precedent, immediately halt the transfer, repair, or processing of any assets belonging to counterparties in high-risk zones if those assets touch the U.S. Commerce Control List (CCL) or Munitions List. Do not allow your facilities to become the holding pen for embargoed geopolitical assets.

Isolate Stranded Capital and Establish Custodianship: If corporate property or counterparty assets are already trapped in a combat zone or sanctioned jurisdiction, corporate treasuries must immediately account for the write-down. Do not allocate excessive legal capital seeking "interim measures" from arbitral tribunals to forcibly extract or sell the assets; as *UTI* proved, tribunals will deny these requests. Instead, physically and financially segregate the assets. Formally assert your legal liens, meticulously document all costs associated with secure storage, insurance, and preservation, and retain specialized sanctions counsel to petition OFAC (or the relevant national authority) for specific licenses to manage the frozen property legally.

While the physical trapping of assets and the exorbitant cost of insuring them are catastrophic blows to the balance sheet, they represent only the immediate, physical costs of the February 2026 conflict. The U.S. administration has signaled that kinetic strikes are merely the vanguard. The true strangulation of the adversary, and the greatest compliance minefield for multinational corporations, will be executed through the aggressive weaponization of global trade and secondary sanctions.

As President Trump expands an already suffocating web of economic controls, utilizing the U.S. tariff schedule to punish any corporation that touches the Iranian economy, the legal battlefield shifts from physical assets to global supply chain compliance. This transitions our strategic directorial to the terrifying expansion of Economic Statecraft and the digital resurrection of the "Continuous Voyage" doctrine.

ECONOMIC STATECRAFT, SANCTIONS COMPLIANCE, AND THE WEAPONIZATION OF GLOBAL SUPPLY CHAINS

The Drastic Escalation of Economic Warfare

The kinetic strikes launched by the United States and Israel against Iranian ballistic and nuclear infrastructure on February 28, 2026, represent only the visceral, physical manifestation of this conflict. For multinational corporations operating entirely outside the immediate blast radius, across Europe, Asia, and the Americas, the most profound, existential threat to business continuity lies in the weaponization of the global financial system and international trade architecture.

The U.S. administration, led by President Donald Trump, has aggressively utilized economic statecraft, expanding an already suffocating web of primary and secondary sanctions designed to completely sever the Islamic Republic of Iran's access to global capital, technology, and export revenue. This is not a localized embargo; it is a structural, global siege on the economy.

In a drastic escalation of this economic warfare, the geopolitical landscape was fundamentally altered on February 6, 2026. President Trump signed a sweeping Executive Order authorizing the imposition of severe, punitive tariffs, explicitly cited as potentially reaching 25 percent, on goods imported from *any* sovereign nation that "directly or indirectly purchases, imports, or otherwise acquires goods or services from Iran." Issued under the broad authority of the International Emergency Economic Powers Act (IEEPA), this directive effectively weaponizes the U.S. tariff schedule as a *de facto* secondary sanction mechanism.

This Executive Order primarily targets the macroeconomic lifelines of the Iranian regime, specifically its clandestine petroleum exports to global powers via its illicit "shadow fleet." However, the inclusion of the phrase "directly or indirectly" guarantees a blast radius that threatens all global supply chains. The Department of Commerce and the Treasury Department's Office of Foreign Assets Control (OFAC) are explicitly tasked with tracing indirect trade via intermediaries.

For multinational corporations, this dictates a terrifying new compliance reality: A corporate entity operating entirely legally and compliantly within Europe, South America, or Southeast Asia could suddenly face crippling 25% tariffs on its exports to the United States if its host nation, or an upstream Tier-3 supplier within its extended network, is found to be transacting with Iranian entities, handling sanctioned precursor chemicals, or utilizing Iranian maritime logistics. The compliance burden has permanently shifted from merely screening direct, Tier-1 counterparties to conducting deep, forensic audits of entire national and industrial supply chains to ensure absolutely zero tangential exposure.

The Resurrection of "Continuous Voyage" in the Digital Age

This aggressive, extraterritorial application of U.S. economic power forces a reckoning for corporate compliance officers and General Counsels. How far down the supply chain does liability legally extend? When a corporation sells a dual-use component (such as an

advanced semiconductor, a specialized valve, or encrypted communications software) to a legitimate, non-sanctioned distributor in a neutral third country (e.g., the UAE, Turkey, or Singapore), and that distributor subsequently re-exports the component to Iran, who is legally liable for the sanctions violation?

To understand how modern arbitral tribunals and regulatory enforcement agencies adjudicate these complex, multi-tiered supply chain disputes, we must look to a foundational doctrine of maritime warfare that has been resurrected and digitized for the 21st century. Wasel & Wasel directs corporate leadership to the historical precedent established by the U.S. Supreme Court during the American Civil War, and its profound implications for modern arbitration.

Mandatory Precedent Integration: *The Springbok* (1863), *The Kim* (1915), and the Doctrine of Continuous Voyage

The Doctrine of Continuous Voyage establishes that the legality of a shipment is determined not by the initial port of discharge or the immediate contractual counterparty, but by the ultimate intent and final destination of the goods.

In 1863, during the height of the American Civil War, the British barque *Springbok* was intercepted by the USS *Sonoma* while sailing toward Nassau, a port in the neutral British Bahamas. The vessel's manifest listed a cargo of textiles, boots, and saltpeter, goods that were commercially standard and bound for a legally neutral jurisdiction. Under the strict letter of maritime law at the time, trade between neutral ports was absolutely protected from belligerent interference.

Yet, the U.S. Supreme Court eventually condemned the cargo. The court reasoned that while the ship would physically unload its cargo in Nassau, the goods were unequivocally intended to be transshipped to a blockade-runner and smuggled into the Confederate states. This landmark judgment established the doctrine of "Continuous Voyage" (or "Ultimate Destination"): the voyage was deemed "continuous" despite the legal stopover, and the neutral port provided no sanctuary if it was merely a waypoint for contraband.

Decades later, during World War I, the British Prize Court aggressively expanded this doctrine in the case of *The Kim* (1915). Authorities seized American cargoes of lard and wheat bound for Copenhagen, a neutral port in Denmark. Crucially, the British did not rely on direct intelligence of a specific smuggling operation; they relied on statistical inference. The court condemned the cargo because the sheer volume of goods vastly exceeded domestic Danish consumption requirements, heavily implying that the surplus was destined for enemy Germany.

The precedent was irrevocably set: the legal "voyage" ignores the physical itinerary, bypasses the immediate invoice, and relentlessly follows the goods to their final end-user, often relying on circumstantial evidence or statistical anomalies ("red flags") to prove illicit intent.

Applying the *Springbok/Kim* Doctrine to the 2026 Supply Chain Minefield

Today, physical naval blockades of neutral ports have largely been replaced by the regulatory architectures of export controls, entity lists, and the February 2026 Executive Order on tariffs. However, the ghost of the *Springbok* haunts the modern high-tech, energy, and manufacturing supply chains. The logic of "Continuous Voyage" has been digitized, shifting the immense burden of enforcement from naval captains to corporate compliance officers, creating a volatile new arena for private commercial disputes.

In the modern global economy, the "neutral port" is no longer a physical harbor like Nassau; it is a Distributor, a Trading House, or a Joint Venture located in a jurisdiction that is politically non-aligned or legally distinct from sanctioned territories (such as Dubai, Istanbul, or Hong Kong). The "contraband" is no longer boots or saltpeter; it is dual-use integrated circuits, precision manufacturing equipment, aviation spare parts, and specialized chemicals.

The regulatory expectation established by OFAC and the Department of Commerce perfectly mirrors the 19th-century doctrine: authorities entirely disregard the invoice address. If a U.S. or European supplier ships advanced components to a distributor in Country B, and those components are subsequently re-exported to the Iranian regime or a sanctioned IRGC front company in Country C, the trade is viewed as a direct, actionable violation by the original supplier. The voyage is continuous.

The critical, defining difference between 1863 and 2026 lies in execution. In the 19th century, the sovereign state enforced the blockade with warships. Today, the state has deputized the private sector. Manufacturers are legally required to look past their contractual counterparty and affirmatively assess the "ultimate destination." This deputization has sparked a massive wave of Business-to-Business (B2B) friction that is increasingly ending in international arbitration.

The Private Sector Conflict: Supplier Compliance vs. Distributor Performance

The core of the modern dispute is rarely between a government and a company; it is between a Supplier (desperately seeking compliance to avoid catastrophic sanctions) and a Distributor (demanding performance and delivery under a binding contract).

Consider a highly probable scenario unfolding in the wake of the February 28 strikes: A Western Supplier of high-tech components is engaged in a long-term framework agreement with a Distributor in a neutral third country. Following the U.S. escalation and the expansion of secondary sanctions, the Supplier's internal compliance software flags the Distributor's jurisdiction as a high-risk transshipment hub for Iranian procurement networks. Echoing the statistical logic of *The Kim*, the Supplier notices the Distributor is ordering volumes vastly inconsistent with local civilian demand. Fearing strict liability, loss of export privileges, or devastating 25% tariffs, the Supplier immediately suspends shipments, citing "suspected diversion."

The Distributor, however, declares a total Breach of Contract. They argue that they are a legitimate business, the goods are for local civilian use, they are not on any OFAC designated list, and the Supplier is reacting to corporate paranoia rather than a specific legal prohibition. The Distributor initiates international arbitration, seeking massive damages for lost profits, reputational harm, and replacement costs.

Here, the Supplier is trapped in a lethal pincer movement. If they ship the goods, they risk existential regulatory penalties and criminal prosecution from their home government under the *Springbok* standard of ultimate destination. If they refuse to ship without absolute, concrete proof of diversion (which is often impossible to obtain), they face millions in damages for breach of contract in arbitration.

Legal Analysis in Arbitration: The Burden of Proof and "Reasonable Suspicion"

When these disputes reach an arbitral tribunal, the central legal battleground is the burden of proof regarding the definition of "Illegality" or compliance-based *Force Majeure*.

The Distributor will typically argue that a contract can only be voided by *actual*, proven illegality. They will assert that unless the government has specifically listed their company on an OFAC Specially Designated Nationals (SDN) list or a Commerce Department Entity List, the Supplier has no legal right to withhold performance. From this perspective, the Supplier's refusal is a voluntary business decision to "de-risk," not a legal necessity excusing breach.

The Supplier, invoking the modern spirit of "Continuous Voyage," must argue that the *unacceptable risk* of diversion creates a constructive illegality. They will assert that modern compliance standards require "Know Your Customer" (KYC) diligence that goes far beyond simply checking government lists. If a Supplier ignores "Red Flags", such as a Distributor ordering anomalous volumes—they can be held criminally liable for willful blindness.

This creates a highly complex question for arbitrators: **Is reasonable suspicion of sanctions evasion enough to legally breach a**

commercial contract?

If a tribunal demands "concrete evidence" that the specific goods will be diverted to Iran, the Supplier will almost always lose the arbitration. Proving a future negative, or proving the illicit intent of a third party three steps down the supply chain, is nearly impossible without the subpoena powers and intelligence apparatus that the private sector lacks.

However, if the tribunal accepts "reasonable suspicion" as a valid ground for suspending performance, it grants Suppliers immense, unilateral power to void contracts based on internal risk appetites, potentially destabilizing global trade reliability.

Furthermore, the role of the End-User Certificate (EUC) is under intense scrutiny. Historically, an EUC signed by the buyer was a legal shield, a document the Supplier could rely on to prove good faith and compliance. In the modern era of "Continuous Voyage" and sophisticated Iranian procurement networks, the EUC is increasingly viewed by regulators and tribunals as a "rebuttable presumption." Tribunals are asking whether the Supplier *should have known* the EUC was merely a paper promise. Did the Supplier conduct adequate due diligence, or did they willfully ignore the geopolitical reality of the trade route?

Actionable Directives for Navigating Economic Warfare

The revival of the "Continuous Voyage" doctrine in the form of digital supply chain controls, combined with the February 2026 Executive Order on tariffs, dictates that the era of simplified, transactional global trade is over. For legal practitioners and corporate officers, the actionable takeaways are critical:

Immediate Overhaul of Compliance Clauses (Legal Action): Standard "Force Majeure" and generic "Compliance with Laws" clauses are completely insufficient to protect a Supplier. Contracts must immediately be amended to include highly specific "Sanctions, Export Control, and Trade Compliance" clauses. These clauses must explicitly grant the Supplier the absolute right to suspend or terminate performance, without liability, based on a *reasonable internal assessment of risk* regarding diversion or sanctions exposure, explicitly stating that formal government designation (listing) is not required to trigger the suspension.

Deep-Tier Supply Chain Audits (Operational Action): The Executive Order targets nations that *indirectly* acquire goods from Iran. Corporations must immediately map their Tier-2 and Tier-3 supply chains. If your organization relies on a supplier based in a nation that is subsequently hit with the 25% U.S. secondary tariff due to its ongoing trade with Iran, your cost of goods sold (COGS) will instantly render your U.S. market operations unprofitable. Diversification and nearshoring are no longer merely cost-optimization strategies; they are essential sanctions-avoidance imperatives.

The "Reasonableness" Standard in Diligence: The outcome of future arbitrations will hinge heavily on the concept of "abuse of right." Tribunals will look for a balance: Did the Supplier act in good faith to comply with highly complex regulations, or did they use regulatory ambiguity as a convenient excuse to exit a commercially unfavorable contract? Corporate compliance departments must meticulously document the specific "Red Flags" (e.g., shell company structures, unusual shipping routes, refusal to provide end-user data) that led to the suspension of a contract to prove reasonableness to an arbitrator.

Elevate "Red Flag" Diligence Above End-User Certificates: Do not rely solely on signed EUCs from distributors in high-risk transshipment hubs. Implement automated transaction monitoring that flags anomalous ordering patterns. If a distributor in a small market suddenly orders a volume of dual-use technology that exceeds historical norms by 500% (the logic of *The Kim*), halt the shipment immediately. Document the specific "Red Flags" investigated.

Just as the *Springbok* case forced 19th-century maritime law to look beyond the immediate horizon, modern high-tech trade requires multinational corporations to look beyond the immediate invoice. The voyage is continuous, and so is the corporate liability.

However, as the web of sanctions tightening around the Iranian economy sparks massive volatility in global energy markets, corporations must confront an equally dangerous financial threat: the sudden imposition of capital controls, currency devaluation, and the inability to repatriate funds from destabilized jurisdictions. This transitions our strategic directorial to the critical domain of Financial Hedging, Capital Controls, and War Taxes.

FINANCIAL HEDGING, SOVEREIGN CAPITAL CONTROLS, AND THE WEAPONIZATION OF WARTIME TAXATION

The Macroeconomic Shockwave of Kinetic Action

The geopolitical detonation of the February 28 strikes on Tehran is not isolated to the military and logistical domains; it has triggered an immediate, profound macroeconomic shockwave that will rapidly destabilize corporate balance sheets globally. The confluence of preemptive military action by the U.S. and Israel, the imminent, existential threat to the Strait of Hormuz, and the aggressive expansion of the secondary sanctions regime outlined in previously injects massive, unpredictable volatility into global commodity and currency markets.

As the skies over Iran fill with smoke and Israeli hospitals shift to underground bunkers, global markets are violently reacting to the evaporation of stability. Oil markets immediately price in an unprecedented "geopolitical risk premium." Brent crude has surged on the anticipation of conflict, with quantitative models from Tier-1 financial institutions projecting potential spikes well beyond \$100 to \$120 per barrel if a sustained Iranian blockade, asymmetric naval harassment, or extensive mining operation materializes in the Persian Gulf.

This severe energy price shock cascades directly and rapidly through the profit and loss (P&L) statements of multinational corporations. It radically and instantaneously elevates input costs for petrochemical feedstocks, raw materials, aviation fuel, and basic global freight. For organizations engaged in energy-intensive manufacturing, global logistics, or high-volume physical retail, the resulting margin compression will be catastrophic if aggressive hedging strategies are not immediately executed. The rapid increase in operating costs cannot be seamlessly passed through to end-consumers via pricing adjustments without collapsing market demand and violating fixed-price vendor agreements.

Furthermore, the macroeconomic devastation is violently asymmetric. For net oil-importing nations, including major economies in the Levant, South Asia, and the European Union, sustained high energy prices trigger severe currency devaluation against the U.S. dollar as their import bills explode. This fuels imported inflation, rapidly drains foreign exchange reserves, and dramatically complicates the operating environment for foreign multinationals doing business within those jurisdictions.

Corporate Treasury Defense: Hedging Against Margin Compression

To protect financial continuity and ensure corporate solvency, Corporate Treasuries must abandon passive risk management and immediately deploy sophisticated, wartime portfolio hedging strategies:

Commodity Futures and Options (Immediate Treasury Action): Treasuries must aggressively utilize the futures market to lock in energy and critical raw material prices for specific 12-to-24-month time horizons, shielding the corporation from sudden, conflict-driven supply price spikes. Employing options strategies (such as call options on crude or middle distillates) provides asymmetric risk-reward

profiles, limiting downside financial exposure during this highly unpredictable period without locking the company into artificially high prices if the conflict is unexpectedly contained.

Currency Hedging (FX Forwards): Importers and multinationals operating in emerging markets must aggressively hedge exchange rates against the U.S. dollar. The geopolitical "flight to safety" toward the USD, combined with oil-driven inflation in regional markets, will create highly adverse, margin-destroying foreign exchange dynamics. Unhedged local-currency contracts will become toxic assets overnight.

Margin Compression Stress-Testing: Companies must prepare for significant, unavoidable margin compression. Treasuries must stress-test liquidity reserves to absorb this compression over a sustained, multi-year conflict timeline, modeling scenarios where the Strait of Hormuz operates at severely reduced capacity for months.

The Inevitability of Sovereign Capital Controls and Trapped Liquidity

While hedging against global price volatility is a mandatory baseline, a far more insidious and legally complex threat emerges when sovereign states, desperate to manage the economic fallout of the conflict, unilaterally alter the rules of global finance through the imposition of capital controls.

When developing economies or conflict-adjacent host nations face sudden, extreme economic stress, characterized by capital flight, collapsing local currency values, and the specter of regional war, sovereign governments reliably deploy a blunt, highly effective financial weapon: Capital Controls. Central banks will violently restrict the outflow of foreign exchange (particularly U.S. dollars and Euros) to preserve their dwindling national reserves and stabilize their domestic banking systems.

For multinational corporations operating subsidiaries, joint ventures, or executing large-scale projects within these jurisdictions, capital controls represent a terrifying financial paralysis. The corporation may be generating massive local currency profits on paper, but those funds are effectively trapped. They cannot be converted into hard currency, repatriated to the parent company to pay dividends, or utilized to service international debt obligations.

This creates a highly contentious legal battlefield in international arbitration. When a corporation successfully litigates a breach of contract or wins a massive international arbitration award against a counterparty located within a state that has subsequently imposed severe capital controls, a critical dilemma crystallizes: How does the victorious party physically enforce the award and extract the capital if the sovereign state legally prohibits the cross-border transfer of the funds? Can a debtor legally hide behind its government's economic collapse to avoid paying an international judgment?

To understand how courts in primary enforcement jurisdictions (such as New York or London) navigate the profound practical impact of foreign capital controls when considering the execution of arbitral awards, Wasel & Wasel directs corporate leadership to the critical, highly strategic precedent established in *Iraq Telecom Limited v. IBL Bank S.A.L.*

Mandatory Precedent Integration: *Iraq Telecom v. IBL Bank* and the Illusion of "Tender and Deposit"

The *Iraq Telecom* decision, adjudicated by the United States District Court for the Southern District of New York, provides a masterclass in the intersection of international arbitration, sovereign economic collapse, and the aggressive strategies required to extract trapped capital.

The dispute originated from complex financing arrangements for Korek Telecom, an Iraqi telecommunications operator. The petitioner, Iraq Telecom, held a subordinated loan position relative to the respondent, IBL Bank of Lebanon. Following the discovery of a fraud-

ultimately undisclosed cash collateral arrangement, Iraq Telecom initiated arbitration in Beirut, Lebanon. The arbitral tribunal ultimately ruled in favor of Iraq Telecom, voiding the agreement and issuing a monetary award for costs and fees.

However, the geopolitical and economic reality of Lebanon completely superseded the legal victory. Lebanon was in the grip of a catastrophic financial crisis characterized by severe capital controls imposed by the banking sector, rendering the transfer of U.S. dollars out of the country practically impossible.

Recognizing that winning an award inside Lebanon was financially meaningless if the capital could not be extracted, Iraq Telecom executed a sophisticated global enforcement strategy. They petitioned the federal court in New York to confirm and enforce the arbitral award under the New York Convention, specifically seeking to attach IBL Bank's liquid assets held in U.S. correspondent bank accounts in Manhattan. Concurrently, IBL Bank initiated an action in Lebanon (the primary jurisdiction) to have the arbitral award formally annulled.

IBL Bank aggressively requested that the New York court stay (pause) the U.S. confirmation proceedings pending the outcome of its annulment action in Lebanon. IBL argued that it had already attempted to satisfy the award within Lebanon using a local legal procedure known as "tender and deposit." IBL had deposited a Lebanese banker's check for the award amount with a notary public in Beirut, claiming the debt was legally settled under domestic law.

The central issue for the U.S. court was profound: How should an enforcement jurisdiction treat a debtor's attempt to settle an international award using trapped, restricted funds within a collapsed financial system?

The U.S. court delivered a highly pragmatic, commercially grounded ruling that pierced the veil of the local legal maneuver. The court explicitly acknowledged the severe economic crisis and capital controls operative in Lebanon. It observed that *"under the extraordinary circumstances that currently prevail in Lebanon, banker's checks denominated in foreign currency cannot be readily liquidated into cash at face value by the recipient."* Because the funds could not be moved out of the country or accessed at their true value, Iraq Telecom rightfully declined to accept the deposited check as genuine satisfaction of the international award.

In deciding whether to grant IBL's request for a stay, the court applied a multi-factor analysis balancing international comity against the goals of the New York Convention. Crucially, the court assessed the **balance of hardships**. It determined that Iraq Telecom faced a massive, asymmetric hardship: due to Lebanese capital controls, it would *"have difficulty obtaining effective payment of the Award within Lebanon and must rely on the Convention's procedures for confirmation and enforcement outside Lebanon."*

Ultimately, the U.S. court denied the stay and proceeded to confirm the award against IBL's assets in New York. The decision did not turn on the legal merits of the Lebanese annulment action; it turned entirely on the practical, financial reality that enforcing the award in Lebanon was an illusion due to sovereign capital controls.

Applying the *Iraq Telecom* Strategy to the 2026 Middle East Crisis

The *Iraq Telecom* ruling is an essential tactical blueprint for any multinational corporation that currently holds accounts receivable, joint venture profits, or pending litigation awards against counterparties located in Iran, the Levant, or any regional economy that may violently impose capital controls as the macroeconomic shockwaves of the February 2026 strikes spread.

If your corporation wins a commercial dispute against a Middle Eastern entity, and that entity attempts to satisfy the judgment by depositing local currency or restricted "lollars" (trapped dollars) into a blocked domestic account (mirroring the "tender and deposit" tactic), you must aggressively reject this as valid satisfaction.

The *Iraq Telecom* precedent confirms that U.S. and UK courts are acutely aware of the realities of sovereign economic collapse. If

a debtor attempts to hide behind the capital controls of their home jurisdiction, you must immediately pivot your legal strategy to aggressively pursue confirmation and enforcement of the award in stable, Tier-1 financial centers (New York, London, Singapore, or the DIFC/ADGM in the UAE) where the debtor holds correspondent banking accounts, real estate, or liquid assets.

The New York Convention is not merely a legal framework for resolving disputes; it is a critical financial mechanism for bypassing the economic barriers and trapped liquidity crises erected by distressed sovereign states.

The Sovereign Extortion: Exceptional War Taxes and Solidarity Levies

Capital controls are not the only financial mechanism sovereign states deploy to survive a conflict. Wars are astronomically expensive. As the crisis deepens, host nations facing massive military expenditures and collapsing tax revenues will inevitably attempt to fund their survival by aggressively taxing the commercial entities operating within their borders.

Multinational corporations must anticipate the sudden, unilateral imposition of "Exceptional War Taxes," "National Solidarity Levies," or retroactive windfall taxes on perceived excessive profits (particularly aimed at the energy, maritime logistics, and defense sectors). When a host nation suddenly demands a massive, unbudgeted "extraordinary contribution" from a foreign corporation to fund its national defense, the corporation is thrust into a highly sensitive dispute regarding tax treaty interpretation and sovereign overreach.

Does a sovereign state's absolute right to tax its populace during an existential crisis override its international treaty obligations to foreign investors? To navigate this complex intersection of domestic wartime tax law and international treaties, Wasel & Wasel looks to the historical foundation established exactly a century ago in the 1922 arbitration concerning the French *Tax on War Profits*.

Mandatory Precedent Integration: The 1922 Gustave Ador Arbitration and Extraordinary Taxation

This landmark 1922 arbitration, decided by sole arbitrator Gustave Ador between the French and Spanish governments, addressed a critical question: Were Spanish nationals residing in France during World War I subject to the draconian French law of 1 July 1916 on "exceptional war profits," or were they legally exempted by virtue of the Franco-Spanish convention (treaty) of 1862?

During the devastation of WWI, the French government enacted the 1916 law specifically to capture the extraordinary economic gains made by businesses during the unprecedented wartime mobilization. France argued, based on equity, that it was fundamentally unfair for foreign nationals to operate businesses in France, benefit economically from the wartime conditions, and completely avoid contributing to the extraordinary fiscal burdens of the state defending them.

Arbitrator Ador meticulously examined the 1862 bilateral treaty, which sought to establish mutual tax exemptions. The treaty explicitly exempted foreign nationals from "extraordinary contributions" tied to exceptional circumstances, while subjecting them to ordinary commercial taxes based on domicile.

Ador ruled against France, determining that the 1916 war profits tax was not a standard, ordinary commercial levy. It was an exceptional, transitory tax designed entirely to address the extraordinary economic conditions of the war. Ador emphasized that the French legislative debates heavily linked the tax to national solidarity and patriotism, concepts inherently tied to French citizens, not neutral foreign residents.

Therefore, Ador concluded that the extraordinary tax fell squarely within the treaty's exemption clause. He acknowledged the French arguments regarding fairness but stated that if France found the situation inequitable, its legal remedy was to formally renegotiate or denounce the 1862 bilateral treaty, not to unilaterally impose the extraordinary tax in violation of its international obligations.

Applying the Ador Precedent to 2026 Sovereign Tax Demands

The principles established by Gustave Ador remain highly relevant and potent for corporate tax departments and General Counsels navigating the current escalation.

If a host nation in the Middle East, or a European nation dealing with the massive economic fallout and militarization spurred by the crisis, attempts to unilaterally impose a retroactive "Windfall Tax," a "National Defense Levy," or an extraordinary contribution specifically targeting corporate profits generated during the conflict period, multinational corporations must immediately audit their Bilateral Investment Treaties (BITs) and Double Taxation Agreements (DTAs).

The *Ador* arbitration establishes that a host state cannot easily bypass its international treaty obligations simply by citing the exceptional financial burdens of a war. If a corporate entity's home nation has a treaty with the host state that exempts its nationals from "extraordinary" or non-standard contributions, that treaty must be aggressively invoked to shield the corporation from predatory wartime taxation. General Counsels must scrutinize the legislative intent of the newly imposed tax; if it is explicitly tied to funding the conflict or capturing conflict-driven windfalls, it likely falls outside the bounds of ordinary, permissible taxation under historic treaty standards, forming the basis for an Investor-State Dispute Settlement (ISDS) claim.

Actionable Financial Defense Protocols

To defend the corporate balance sheet against the macroeconomic shockwaves, capital controls, and predatory taxation of the 2026 conflict, leadership must execute the following:

Execute the Iraq Telecom Asset Tracing Strategy: Do not allow accounts receivable or litigation awards to become trapped in jurisdictions vulnerable to capital controls. Immediately map the global asset footprint of your counterparties. If a dispute arises, pursue arbitration with the explicit strategy of enforcing the award against the counterparty's liquid assets held in stable, Tier-1 correspondent banking centers, bypassing the host nation's capital controls entirely.

Treaty Shielding Against War Taxes: Corporate tax departments must proactively model the impact of potential windfall taxes or reconstruction levies in their host nations. Cross-reference these potential liabilities against existing BITs and DTAs. If a host nation attempts to impose an extraordinary war tax, utilize the *Ador* precedent to argue that the levy violates treaty exemptions protecting foreign nationals from exceptional, non-ordinary contributions.

Restructure Receivables and Payment Flows: For all ongoing operations in high-risk zones, mandate that payments must be made in hard currency (USD, EUR, GBP) to accounts located completely outside the jurisdiction *before* goods are shipped or services are rendered. Do not accept payment in local currency or into local bank accounts that may be frozen by emergency sovereign decrees overnight.

While capital controls and extraordinary taxation represent severe financial bleeding, they pale in comparison to the ultimate sovereign weapon against foreign capital: the outright, physical seizure and nationalization of corporate assets. As the geopolitical conflict intensifies into a war for strategic resources and technological supremacy, host states will increasingly resort to expropriation. This transitions our strategic directorial to the high-stakes realm of Investment Treaties and the modern reality of Resource Nationalism.

EXPROPRIATION, INVESTMENT TREATIES, AND THE REALITY OF RESOURCE NATIONALISM

The Pivot from Economic Warfare to Sovereign Seizure

As the macroeconomic shockwaves of the February 2026 strikes propagate through global supply chains, capital markets, and corporate treasuries, multinational boards must confront the absolute, terminal risk to Foreign Direct Investment (FDI) in a conflict zone: Expropriation.

When a regional conflict escalates into a systemic, state-on-state war involving the United States, Israel, and Iran, host nations facing existential military and economic pressures inevitably undergo a radical strategic pivot. The era of globalization, characterized by the welcoming of foreign capital, the protection of private property rights, and the optimization of cross-border trade, is violently superseded by the imperatives of national security, autarky (economic self-sufficiency), and raw regime survival.

In this fiercely contested, multipolar environment, the control of strategic resources, critical energy infrastructure, and advanced technology is no longer viewed through a purely commercial lens; it is a primary vector of state power. Consequently, host states across the Middle East and aligned jurisdictions are increasingly willing to destabilize established foreign investments, unilaterally rewrite long-term concession agreements, and outright seize corporate assets to secure a geopolitical advantage, punish Western adversaries, or fund their wartime mobilization.

For multinational corporations with significant physical footprints, particularly those in energy extraction, critical minerals mining, telecommunications, and heavy infrastructure, the threat of expropriation is no longer a tail-risk; it is an active, highly probable scenario. However, modern expropriation rarely resembles the overt, televised military seizures of the mid-20th century. Today, states employ highly sophisticated, regulatory tactics designed to systematically destroy the economic value of a foreign investment while maintaining a facade of legal legitimacy, a process known in international arbitration as *creeping expropriation*.

To understand how states weaponize their regulatory, fiscal, and security apparatuses to seize foreign assets during periods of profound geopolitical realignment, and how corporations must structurally defend their investments, Wasel & Wasel directs leadership to the foundational blueprint established in the 1930 ad hoc arbitration: *Lena Goldfields, Ltd. v. The Soviet Union*.

Mandatory Precedent Integration: The *Lena Goldfields* Arbitration and Creeping Expropriation

The *Lena Goldfields* dispute provides a precise, historical archetype for understanding the complex mechanics of resource nationalism and state-sponsored confiscation during a massive geopolitical pivot.

In 1925, during its New Economic Policy (NEP), a period characterized by a tactical, temporary openness to foreign capital designed to rebuild a shattered economy, the Soviet government granted Lena Goldfields, a British corporate entity, an extensive, highly lucrative

concession in Siberia. This concession granted the company the right to extract gold, copper, and other critical minerals, representing the largest such agreement the USSR had ever entered into with a foreign investor.

However, the genesis of the ensuing dispute was not a mere commercial disagreement over royalties; it was a fundamental, systemic realignment of state strategy. In 1929, the USSR abruptly abandoned the NEP and launched the first Five-Year Plan. This massive macroeconomic shift prioritized rapid, state-directed industrialization and absolute state ownership. This new strategic doctrine placed the Soviet apparatus in direct, irreconcilable conflict with the private-enterprise foundation of the Lena Goldfields concession. The state's new geopolitical objectives were simply incompatible with foreign, capitalist control over vital strategic resources.

Crucially, the Soviet Union did not immediately send the Red Army to physically seize the mines. Instead, the state initiated a highly coordinated, multi-front campaign of creeping expropriation designed to render the investment totally inoperable and worthless to the British company.

The company faced a relentless barrage of hostile state actions: the deliberate withholding of contractually obligated state support and transportation logistics, the instigation of massive labor unrest framed as ideological class warfare, and crippling, arbitrary regulatory audits. Most severely, the state security agency (the O.G.P.U.) directly intervened, raiding facilities and arresting key Lena Goldfields engineers and managers on fabricated charges of espionage and counter-revolutionary sabotage. Rendered entirely incapable of operating its facilities or protecting its staff, Lena Goldfields was forced to abandon the asset and initiate arbitration in 1930.

The *Lena* case is critically significant for the profound jurisdictional contest it presented. The Soviet Union, asserting absolute, unchallengeable state sovereignty, boycotted the arbitral proceedings entirely and withdrew its appointed arbitrator. The USSR argued a tautological defense: because Lena's forced cessation of operations constituted a unilateral termination of the agreement by the company, the arbitration clause was nullified, stripping the tribunal of any competence to hear the case.

The arbitral tribunal, proceeding *ex parte* (in the absence of the Soviet Union), delivered a landmark ruling. It forcefully rejected the Soviet argument, affirming the principle of *Kompetenz-Kompetenz*, the inherent power of an arbitral tribunal to determine its own jurisdiction. Finding the arbitration clause separable and legally operative despite the state's destructive actions, the tribunal recognized the absurdity of applying Soviet domestic law (which was the very instrument of the policy change that caused the breach). Instead, the tribunal elevated the dispute to the international level, applying "general principles of law."

Based on the principle of unjust enrichment, the tribunal awarded Lena Goldfields approximately £13 million in compensation in 1930 (equal to over £1 billion today). However, the ultimate outcome highlights the severe limitations of ad hoc arbitration against a hostile sovereign state outside of a formalized treaty framework. The Soviet government immediately repudiated the award as a legal nullity. This resulted in a massive "paper victory" for the British investor, but a complete, devastating failure of enforcement and financial recovery.

Applying the *Lena Goldfields* Archetype to the 2026 Geopolitical Reality

The tactical blueprint utilized by the Soviet Union in 1929 is mirrored, with terrifying precision and modern bureaucratic sophistication, in the actions of hostile host states today. The shift from the NEP to the Five-Year Plan directly parallels the modern transition from the globalization of the 2010s to the strategic, multipolar decoupling accelerated by the 2026 war. Today, states view critical minerals, energy infrastructure, and advanced technology not merely as commercial assets, but as absolute necessities for national security.

In the wake of the U.S.-Israel strikes on Iran, multinational corporations operating in nations sympathetic to Tehran, or those aggressively pivoting away from Western alignment, must recognize the immediate signs of creeping expropriation. If your organization suddenly faces:

Unilateral Revision of Mining or Energy Codes: Sudden, drastic legislative changes to the fiscal terms of a concession, rendering the project economically unviable overnight.

Regulatory Strangulation: As discussed in Phase 8, the imposition of massive, discriminatory "windfall" taxes designed to capture the entire profit margin, or the sudden, aggressive enforcement of previously ignored environmental regulations to force a shutdown.

Weaponized Security Apparatus: The detention of expatriate personnel, the denial of visas for critical engineers, or spurious criminal investigations into corporate executives (mirroring the O.G.P.U. raids of 1929), utilized as extreme leverage to force a renegotiation of terms favorable to the host state.

Disruption of Offtake Agreements: Host states mandating that resources must be processed domestically or redirected to geopolitically aligned partners (e.g., China or Russia), completely destroying the investor's ability to fulfill long-term supply contracts with Western buyers.

These actions are not random administrative hurdles; they are the coordinated, deliberate mechanisms of creeping expropriation. A state is utilizing its sovereign regulatory power to achieve a strategic objective: the *de facto* nationalization of your asset without the legal obligation to pay prompt, adequate, and effective compensation.

The Evolution of the Remedy: ISDS and Bilateral Investment Treaties

The primary, crucial distinction between the British investor in 1930 and a multinational corporation in 2026 lies not in the tactics of the host state, but in the legal weaponry available to the investor to secure an *enforceable* remedy.

The *Lena Goldfields* award proved unenforceable because it was an ad hoc arbitration repudiated by a non-participating sovereign power. To prevent this exact scenario, the modern international legal architecture developed the system of Investor-State Dispute Settlement (ISDS), underpinned by thousands of Bilateral Investment Treaties (BITs) and the institutional framework of the International Centre for Settlement of Investment Disputes (ICSID).

When a host state currently attempts to expropriate a foreign investment, whether directly or through creeping regulatory strangulation, the foreign investor no longer relies on the domestic courts of the expropriating state. Instead, the investor elevates the dispute to an international tribunal under the protections of a specific BIT.

However, in the context of the February 2026 Middle East war, a critical legal question arises: **Do the protections of a Bilateral Investment Treaty remain legally operative during an active, kinetic armed conflict, or does the outbreak of war allow a host state to entirely suspend its treaty obligations and seize foreign assets with impunity?**

Host states will inevitably argue that the U.S.-Israel-Iran conflict created a "State of Necessity" or *Force Majeure* that excuses their expropriatory actions or their failure to protect corporate assets from destruction. To defeat this defense, Wasel & Wasel directs C-suites to a highly relevant, modern arbitration award arising from one of the most devastating conflicts of the 21st century: *GÜRİŞ and others v. Syria*.

Mandatory Precedent Integration: *GÜRİŞ v. Syria* and the Endurance of Treaty Protections

The 2020 ICC arbitration award in *GÜRİŞ v. Syria* provides an indispensable, timely reminder of the stringent legal obligations host states remain bound by, even when operating within the chaotic theater of a civil war or regional conflict.

The dispute arose when Turkish investors (*GÜRİŞ*) suffered massive financial losses after their investments in Syria were devastated by

the ongoing, brutal Syrian Civil War. Seeking compensation for the destruction and loss of their assets, the investors initiated arbitration against the Syrian Arab Republic under the protections of the Syria-Turkey Bilateral Investment Treaty (BIT) of 2004.

The central legal issue was profound: Did the Syrian government breach its international treaty obligations, particularly the requirement to provide "full protection and security" to the investments, and what were the specific provisions relating to losses incurred due to war or civil disturbances?

The arbitral tribunal delivered a definitive ruling that is critical for corporations navigating the 2026 crisis. The tribunal emphatically highlighted that **the mere existence of an armed conflict does not automatically suspend a state's legal obligations under international investment treaties**. Referring to the 2011 International Law Commission (ILC) Articles on the Effect of Armed Conflict on Treaties, the tribunal established that treaties continue to operate in full force during wartime unless specific provisions explicitly state otherwise.

Crucially, the tribunal examined Article IV(3) of the Syria-Turkey BIT, known as the "**war-losses clause**." This standard treaty provision ensures that if a foreign investor suffers losses due to war, revolution, or civil disturbance, the host state must accord them treatment no less favorable than that given to its own domestic investors or those of any third country concerning restitution or compensation.

The Syrian government attempted to use this clause defensively. The tribunal ruled that this war-losses clause did *not* exclude the application of other, broader protections under the BIT (such as protection against expropriation). Instead, it provided an *additional*, additive layer of security for the investors during the conflict.

Furthermore, the investors successfully invoked the **Most-Favored-Nation (MFN) clause** within their BIT. They argued that they were legally entitled to benefit from even more favorable compensation provisions contained in Syria's separate investment treaty with Italy. The tribunal agreed, allowing the Turkish investors to access these enhanced protections, specifically the obligation to offer "adequate compensation" for losses, as stipulated in the Syria-Italy agreement.

Most significantly for the current 2026 crisis, the Syrian government attempted to defend its failure to protect the investments and its refusal to pay compensation by invoking the absolute defenses of *Force Majeure* and *State of Necessity*. Syria argued that the existential threat of the civil war completely excused any breaches of its treaty obligations.

The tribunal categorically rejected these sovereign defenses. The tribunal emphasized a critical distinction: while a war might make it physically impossible for a state to deploy troops to protect a factory from being bombed, the obligation in question was to provide *financial compensation* for the losses already incurred. The tribunal noted that the obligation to offer compensation is a purely financial duty, and that war or armed conflict does not make it "materially impossible" for a sovereign state to fulfill a financial obligation. By undertaking a treaty commitment to compensate for losses due to war, the state cannot later claim that the very occurrence of a war legally absolves it of that exact duty.

Applying the *GÜRİŞ* Precedent to the 2026 Conflict

The *GÜRİŞ v. Syria* award serves as a crucial, immensely powerful precedent for multinational corporations operating across the Middle East in 2026. It establishes an uncompromising legal reality for host nations: **Investment treaties remain fully in force during active conflicts, and states cannot easily evade their compensation obligations by citing the chaos of war.**

If your corporation's assets in the region are damaged by the conflict, seized by the host state under the guise of "national security," or subjected to creeping expropriation via wartime regulatory edicts, the *GÜRİŞ* precedent dictates your immediate legal response.

Actionable Directives for Corporate Expropriation Defense

To fortify the corporate balance sheet against the severe threat of expropriation and massive wartime losses, leadership must execute the following strategic protocols:

Immediate Treaty Mapping and Restructuring (Legal Action): General Counsels must immediately map the corporate structure holding assets in high-risk jurisdictions. Determine exactly which BITs govern those investments. If an investment is held through a subsidiary in a jurisdiction lacking a robust BIT with the host state, it is highly vulnerable to uncompensated seizure. If time permits before host state actions crystallize into a formal dispute, strategically restructure the investment, routing ownership through intermediate holding companies in jurisdictions that possess the strongest, most protective BITs with the host nation (e.g., the Netherlands, Switzerland, or the UAE). This "treaty shopping" must be executed *before* the dispute is reasonably foreseeable to remain legally valid.

Document Creeping Expropriation (Operational Action): If a host state systematically destroys your asset's value through punitive taxes, denied visas, or forced offtake disruptions (the *Lena Goldfields* playbook), meticulously document every administrative action. Build an evidentiary record demonstrating that these seemingly isolated regulatory hurdles, in aggregate, constitute a coordinated, constructive taking of your property, entitling you to full compensation.

Weaponize War-Losses and MFN Clauses: Scrutinize your BIT for "war-losses" clauses, which explicitly guarantee non-discriminatory compensation for damages incurred during hostilities. Furthermore, utilize the Most-Favored-Nation (MFN) clause to "import" stronger, more favorable compensation standards from treaties the host state has signed with other nations, exactly as the Turkish investors did in the *GÜRİŞ* case.

Defeat Sovereign Force Majeure Defenses: Anticipate that the host state will argue that the U.S.-Israel-Iran conflict created a "State of Necessity" that excuses their failure to protect your asset or pay compensation. Utilize the *GÜRİŞ* doctrine to defeat this defense, arguing that while the war is a tragedy, it does not render the state's financial obligation to pay compensation "materially impossible."

While ISDS provides a mechanism to recover the financial value of a destroyed asset, the physical destruction of that asset in a war zone, particularly in the energy or chemical sectors, frequently triggers a catastrophic, highly complex secondary liability: massive environmental devastation. When oil wells burn and pipelines rupture in the crossfire, who bears the billion-dollar liability for the ecological cleanup? This transitions our strategic directorial to the final, critical domain: Environmental Liabilities, Ecocide, and the Exhaustion of Local Remedies.

ENVIRONMENTAL LIABILITIES, THE SPECTER OF "ECOCIDE," AND THE EXHAUSTION OF LOCAL REMEDIES

The Catastrophic Secondary Toll of Kinetic Warfare

As multinational C-suites triage the immediate preservation of human capital, the rerouting of fractured maritime supply chains, the defense of Operational Technology against state-sponsored wiper malware, and the high-stakes legal battles over expropriated assets, a massive, often structurally unmodeled liability looms over the February 2026 U.S.-Israel-Iran conflict: catastrophic environmental devastation.

When kinetic military operations target critical infrastructure, particularly within the heavily industrialized, energy-dense geographies of the Middle East, the collateral damage is profoundly ecological. The preemptive U.S. and Israeli strikes on Iranian infrastructure, and the promised asymmetric retaliation by the Islamic Revolutionary Guard Corps (IRGC) against regional energy grids, petrochemical facilities, and maritime chokepoints, carry the absolute certainty of massive environmental spillover.

When a ballistic missile strikes a refinery, a drone swarm detonates a pipeline network, or a commercial Very Large Crude Carrier (VLCC) is sunk in the Strait of Hormuz, the resulting oil spills, toxic chemical releases, and atmospheric contamination present an unprecedented legal dilemma. For multinational energy corporations, chemical manufacturers, and logistics providers operating in the blast radius, the destruction of their physical assets triggers an immediate, multi-billion-dollar question: When a corporate facility is bombed in a war zone and causes catastrophic environmental damage, who is legally and financially responsible for the cleanup?

Traditional commercial contracts and standard *Force Majeure* clauses may excuse the failure to deliver oil or petrochemicals during a war, but they rarely, if ever, absolve a corporation of its overarching, statutory environmental liabilities to the host nation or the international community. If a host state, even one engaged in active hostilities, attempts to penalize a foreign investor or demand billions in restitution for war-induced ecological damage, how does a corporation defend itself in an international tribunal?

To understand how international law quantifies, litigates, and arbitrates the destruction of an ecosystem in the aftermath of war, and how financial liability is fundamentally assigned, Wasel & Wasel directs corporate leadership to the towering, foundational precedent established following the 1991 Gulf War.

Mandatory Precedent Integration: The UNCC Gulf War Precedent and the Quantification of Ecological Harm

When Iraqi forces retreated from Kuwait in 1991, they executed a scorched-earth policy of unprecedented ecological malice. Over 600 Kuwaiti oil wells were intentionally set ablaze, and millions of barrels of crude oil were deliberately released into the waters of the Persian Gulf. The sky turned black, agricultural land was sterilized, and pristine coastal marine ecosystems were decimated.

Beyond the profound human toll and the destruction of sovereign property, the international community faced a novel, immensely complex legal challenge: How do you place a financial value on a destroyed biosphere? Historically, international legal mechanisms for addressing war reparations heavily favored physical property damage, lost commercial profits, and personal injury. The environment was tragically viewed as a silent, uncompensable casualty of armed conflict.

This paradigm shifted permanently with the establishment of the United Nations Compensation Commission (UNCC), a quasi-judicial, mass-claims body created by UN Security Council Resolution 687. The UNCC's handling of environmental damage claims, specifically designated as the "F4" claims category, revolutionized international law and laid the foundational precedent for how modern arbitral tribunals approach the financial liability of environmental destruction.

Crucially, the UNCC formally recognized claims for "environmental damage and the depletion of natural resources." The F4 category allowed governments and corporate entities to seek immense financial compensation not just for the loss of commercially viable resources (like the market value of the burned oil itself), but for the actual, physical restoration of the natural ecosystems.

The UNCC established that compensation could be legally awarded for three distinct pillars of environmental response:

Preventative Measures: The immediate, emergency costs incurred to mitigate further environmental degradation, such as deploying containment booms to halt oil slicks or neutralizing toxic chemical plumes.

Reasonable Restoration: The massive, long-term capital expenses associated with physically cleaning up shorelines, remediating contaminated soil, restoring depleted aquifers, and extinguishing the oil well fires.

Monitoring and Assessment: Crucially, funding was awarded to scientifically study the long-term health and ecological impacts, formally acknowledging the legal reality that environmental damage from warfare often takes years, or decades, to fully manifest and be accurately quantified.

The Commission ultimately awarded over \$5.2 billion strictly for environmental remediation and restoration. This set a towering, unshakeable precedent in international law: pure ecological harm, distinct and separate from commercial property loss, has quantified, actionable legal standing, and the entity responsible for the military aggression ultimately bears the immense financial burden for the devastation.

Applying the UNCC Precedent to the 2026 Conflict and "Ecocide"

While the UNCC was a specialized commission established by the Security Council rather than a traditional commercial arbitration tribunal, its rigorous evidentiary standards and valuation methodologies deeply influence how modern Investor-State Dispute Settlement (ISDS) and commercial arbitrations adjudicate environmental disasters during armed conflicts today.

For multinational corporations operating in the Middle East in 2026, the UNCC precedent dictates a harsh, uncompromising reality: **environmental damage in war is not legally "collateral." It is a highly scrutinized, financially quantifiable liability.**

If an international energy company's facility in the GCC or the Levant is struck by an Iranian retaliatory drone, resulting in a massive toxic leak that destroys a local water table or coastal fishery, the host state will inevitably seek billions in cleanup costs. If the host state attempts to penalize the foreign investor under strict domestic environmental regulations, arguing that the facility was inadequately hardened against attack or that the operator bears absolute liability, the corporation must aggressively utilize the UNCC framework in international arbitration.

To defend the corporate balance sheet, legal teams must definitively prove that the environmental destruction was the direct, proximate

result of the military aggression (the *Force Majeure* event), not operational negligence. The UNCC precedent underscores that the entity responsible for the military action (or the sovereign state that failed in its treaty duty to provide "full protection and security" to the asset) ultimately bears the financial burden of the ecological fallout. This principle must be heavily litigated to shield the corporation from the host state's attempt to offload the catastrophic cleanup costs onto the private sector.

Furthermore, as the deliberate destruction of critical infrastructure increases in modern conflicts, international legal scholars and arbitrators are increasingly engaging with the concept of "ecocide", the mass, systemic destruction of nature as a weapon of war. As states and corporations prepare to arbitrate the massive costs of post-war reconstruction in the Middle East, the UNCC's formula for valuing the restoration of water tables, agricultural land, and biodiversity will serve as the baseline methodology for tribunals determining damages. Corporate legal departments must ensure that their investment contracts, Joint Operating Agreements (JOAs), and environmental liability insurance policies explicitly define the allocation of environmental risk in the event of armed conflict.

The Procedural Trap: The Exhaustion of Local Remedies

However, before a multinational corporation can elevate a dispute regarding environmental liability, creeping expropriation, discriminatory war taxes, or destroyed infrastructure to an independent international ISDS tribunal, it must frequently navigate a highly dangerous, jurisdictional minefield: The "Local Remedies Rule."

Under customary international law and the provisions of many Bilateral Investment Treaties, a foreign investor cannot simply bypass the domestic courts of the host state and immediately file for international arbitration. The investor is often legally required to first "exhaust" all available domestic legal avenues within the host state's own judicial system.

In the context of the February 2026 Middle East war, this presents a seemingly impossible, Kafkaesque hurdle. If a host state's military aggressively seizes your corporate assets under the guise of national security, or its environmental ministry levies a billion-dollar fine against you for a war-induced oil spill, attempting to fight that state in its own domestic courts during a period of intense geopolitical conflict is often a futile, highly politicized, and commercially suicidal exercise. Courts in conflict zones may be formally suspended, inherently biased against foreign entities from "enemy" nations, or legally barred from ruling against sovereign military decrees.

How can a multinational corporation legally bypass a compromised, hostile, or futile domestic court system to reach an impartial international tribunal? To understand the precise legal mechanics of the Local Remedies Rule and exactly when it can be successfully circumvented, Wasel & Wasel directs leadership to a pivotal 1930s arbitration regarding wartime property seizure: *The Finnish Shipowners' Arbitration*.

Mandatory Precedent Integration: The *Finnish Shipowners Arbitration* and the Futility Exception

This critical arbitration, adjudicated in Stockholm between Finnish shipowners and the British government, provides the definitive legal framework for understanding the limits of the Local Remedies Rule, particularly concerning actions taken during a massive global conflict.

The case arose from the complex requisitioning of Finnish maritime vessels during World War I. The vessels were initially requisitioned by Russia (to whom Finland was subject as a Grand Duchy at the time) but were subsequently used extensively by the British government for the war effort. Following the cessation of hostilities, the Finnish shipowners sought substantial compensation from the British government, arguing that Britain had unlawfully used their private commercial property.

The British government mounted a fierce jurisdictional defense. They countered that the international arbitration should be immediately dismissed because the Finnish shipowners had not exhausted all local remedies available within the United Kingdom. Specifically, the

British insisted that the shipowners should have utilized the domestic UK War Compensation Court and pursued claims under the UK Indemnity Act before seeking international intervention. Because they had not done so, Britain argued the international tribunal lacked the jurisdiction to hear the case.

The Finnish government (acting on behalf of the shipowners) contended that pursuing these domestic British remedies would have been entirely redundant and legally futile. They pointed out that an internal Arbitration Board had already determined the foundational fact that the ships were legally requisitioned by Russia. Therefore, under the legal principle of *res judicata* (a matter already judged), litigating the same facts before the UK War Compensation Court would be dismissed as frivolous, as the domestic court would likely uphold the initial requisition finding, offering no real prospect of a remedy against Britain.

The international arbitrator delivered a pivotal, landmark ruling in favor of the Finnish shipowners, stating they had exhausted all *reasonable* local remedies. This decision firmly established the "Futility Exception" in international law.

The ruling underscored a vital principle of justice: **The local remedies rule does not obligate foreign claimants to pursue redundant, ineffective, or manifestly futile legal actions in domestic courts.** Claimants are legally permitted to bypass local courts and proceed directly to international arbitration if they can convincingly demonstrate the sheer inadequacy, structural bias, or futility of the domestic legal system.

Applying the *Finnish Shipowners Doctrine* to 2026 ISDS Claims

The *Finnish Shipowners* precedent is an absolutely vital tactical weapon for General Counsels navigating disputes arising from the 2026 Middle East war.

If your corporation's assets are expropriated by a hostile state, or if you are subjected to punitive, war-related environmental fines, the host state will inevitably file a motion to dismiss your international arbitration claim, demanding you first spend years litigating in their domestic supreme court.

You must immediately invoke the *Finnish Shipowners* doctrine. In a theater of war, where the executive branch of the host state has often suspended constitutional norms, nationalized industries by emergency decree, or publicly declared the foreign investor an "enemy of the state," domestic courts cannot be considered independent or capable of providing a genuine remedy.

Corporate legal teams must rigorously document the impossibility of justice within the host state. If the judiciary is systematically compromised, if emergency war laws explicitly strip foreign investors of standing, if courts are physically inaccessible due to airspace closures, or if previous domestic rulings indicate that the state's actions are unchallengeable (the *res judicata* element of the *Finnish* case), the tribunal will grant the futility exception. This critical legal maneuver allows the corporation to bypass decades of hostile domestic litigation and accelerate their claims directly into binding, enforceable international arbitration.

CONCLUSION: THE STRATEGIC MANDATE FOR CORPORATE RESILIENCE AND LEGAL WARFARE

The preemptive military strikes launched by the United States and Israel against the Islamic Republic of Iran on February 28, 2026, signify the violent, irreversible termination of an era. The global economic architecture, built upon the assumptions of localized proxy skirmishes, hyper-efficient just-in-time supply chains, and relatively stable regulatory environments, has been shattered. We have plunged into a state of acute, conventional military volatility where the primary vectors of state power are kinetic force, cyber sabotage, and the weaponization of international trade.

The cascading risks detailed in this 60-page Strategic Directorial, ranging from the physical peril of your human capital and the strangulation of the Strait of Hormuz, to destructive state-sponsored wiper malware, suffocating secondary tariff regimes, trapped capital, outright sovereign expropriation, and massive environmental liabilities, are not isolated, theoretical contingencies. They are deeply interconnected, active dominoes capable of paralyzing and liquidating an unprepared multinational corporation within days.

Business continuity in this new epoch demands a fundamental, uncompromising departure from the operational philosophies of the past decade. The C-Suite must execute an immediate transition toward **resilience-based design**. This requires the deliberate, heavily funded acceptance of commercial friction:

Aggressively inflating inventory buffers.

Diversifying into more expensive, but secure, supply nodes outside the blast radius of secondary sanctions.

Investing heavily in redundant, multi-modal evacuation and logistics corridors.

Air-gapping critical industrial control systems against digital retaliation.

Hedging against massive macroeconomic and currency volatility.

Most crucially, as demonstrated by the 14 historical and modern arbitration precedents meticulously analyzed by Wasel & Wasel throughout this publication, corporate leadership must recognize that **Law is a Weapon of Survival**.

You cannot rely on boilerplate *Force Majeure* clauses to excuse performance in an undeclared war (the *Kosovo/NATO* and *Ermir İnşaat* precedents). You cannot legally justify endangering your workforce over a commercial contract (the *Brantley v. BC Unics* standard). You cannot assume insurance will cover the astronomical cost of doing business in a conflict zone (the *1923 War-Risk* doctrine) or that port congestion equals state interference (the *Sanko Steamship* ruling). You cannot expect to unilaterally auction off stranded assets without triggering devastating sovereign sanctions (the *UTI v. Iran* ruling), nor can you assume your digital infrastructure is protected from legitimate military targeting (the *Cuba Submarine* doctrine).

Furthermore, you cannot ignore the terrifying reality that your supply chain is only as legally compliant as its ultimate, indirect destination

(the *Springbok/Kim* doctrine). And when the state turns against you, you must be prepared to aggressively utilize Bilateral Investment Treaties to counter sovereign expropriation and extraordinary taxation (*Lena Goldfields, GÜRİŞ v. Syria, Gustave Ador*), while bypassing capital controls and hostile domestic courts through strategic international enforcement (*Iraq Telecom, UNCC Gulf War, Finnish Shipowners*).

Navigating the fallout of the 2026 Middle East escalation requires continuous, real-time geopolitical threat modeling embedded directly into the C-suite decision-making apparatus. Organizations that treat this conflict as a temporary disruption to be "waited out" will face terminal operational failures, unrecoverable margin compression, and insurmountable legal liabilities.

Conversely, entities that rapidly and ruthlessly adapt their legal, digital, and physical architectures to withstand sustained, systemic shock will not only secure their corporate continuity but will emerge with a decisive, commanding competitive advantage in an increasingly fragmented and contested global economy.

At Wasel & Wasel, we have navigated the friction points of history for over two centuries. We do not merely observe the geopolitical reality; we command it. We stand ready to deploy our global partnership to defend your assets, enforce your contracts, and secure your commercial survival in the conflicts ahead.

URGENT ASSISTANCE & CRISIS TRIAGE

The Rapid Deployment of Geopolitical Legal Strategy

The legal and operational window to secure your corporate assets, evacuate your personnel, and fortify your commercial contracts is closing rapidly. The kinetic reality of the February 2026 conflict demands immediate, uncompromising legal intervention to navigate the fracturing of the global economic order. You cannot afford to wait for the geopolitical dust to settle; by the time the skies clear, supply chains will be irreversibly broken, assets will be expropriated, and the window for securing emergency arbitral relief will have permanently closed.

Wasel & Wasel has mobilized a dedicated, 24/7 cross-jurisdictional **Crisis Response Task Force** to assist Fortune 500 C-suites, sovereign wealth funds, and private investors currently exposed to the Middle Eastern theater.

Upon engagement, our Geopolitical Legal Strategy Group will immediately deploy to audit your active contracts, execute precise *Force Majeure* notices, navigate complex war-risk insurance denials, and initiate protective international arbitral measures to ring-fence your capital and physical assets.

For immediate and confidential crisis triage, execute direct contact with our Senior Partnership via our dedicated conflict-response channel:

URGENT ASSISTANCE DIRECTIVE:

Email: iranwar@waselandwasel.com

(Our geopolitical dispute partners and cross-border enforcement teams are monitoring this encrypted channel 24/7 globally. Please include your corporate entity name and the jurisdiction of immediate exposure.)

Firm Profile: Wasel & Wasel

Tier-1 Services Since 1799: Operating at the Friction Points of History

We are not merely a collection of isolated legal departments; we are a single, continuous lineage of lawyers and geopolity consultants that have operated at the perilous intersection of commerce and sovereign conflict for 230 years.

Our firm's DNA was forged in 1799 on the blood-soaked ramparts of Acre, where our predecessor, Jason (Yassin) Abuwasel, stood as a Soldier-Jurist and Dragoman, mediating between warring empires to repel a siege during the Napoleonic Wars. From the trade courts of the 19th-century Levant to the high-stakes corridors of Washington D.C., Abu Dhabi, Melbourne, and Toronto today, our firm has evolved by mastering the legal and economic fallout of geopolitical volatility and the development of emerging economies.

We do not just solve problems; we interpret and command the reality that governs them. Bridging the divide between highly fractured global regulatory environments, we deliver strategic counsel characterized by absolute speed and surgical precision. To date, we have secured definitive outcomes in complex, cross-border engagements involving over **USD 10 billion in total global exposure**.

Wasel & Wasel has actively assisted global investors and multinational companies operating in active conflict zones since 2019. We were among the elite few global firms intimately involved in the complex commercial fallout of the Yemen/Iran/GCC proxy wars—successfully navigating the catastrophic losses of physical assets, complex war-risk insurance disputes, and sovereign contract collapses. Through our acclaimed *War Series* legal analysis, initiated in 2024, we remain the preeminent thought leaders on commercial disputes in active combat theaters.

Executive Leadership

Our principals drive the strategic vision, supported by an agile, globally distributed network of legal and consulting experts ready to mobilize across borders.

Sohair Saber | Partner – Policy: Advises sovereign governments and multinational conglomerates on critical domestic and international policy issues, navigating the lethal intersection of macroeconomic shifts, economic statecraft, and government affairs.

Email: ssaber@waselandwasel.com

Mahmoud Abuwasel | Partner – Disputes: A licensed solicitor and highly qualified arbitrator, practicing at the absolute apex of international dispute resolution, cross-border enforcement, ISDS arbitrations, and high-stakes commercial litigation.

Email: mabuwasel@waselandwasel.com

Abdulla Abuwasel | Partner – Transactions: Leads the firm's Critical Transactions practice, providing strategic counsel in massive arbitration matters, distressed corporate architecture, and the rapidly evolving domains of aerospace and defense policy.

Email: awasel@waselandwasel.com

Recognized Authority in High-Stakes Matters

Our firm holds an uncompromising track record, recognized globally for excellence in the most fiercely contested domains of international law:

Arbitration Team of the Year & Litigation Team of the Year (2024) – *ALM Law.com International Legal Awards / AACC*

Arbitration Law Firm of the Year & Litigation Law Firm of the Year (2021 & 2023) – *Thomson Reuters ALB Awards*

National Expert: Investor-State Disputes (2022, 2023, 2024) – *Getting The Deal Through*

Regional Law Firm of the Year (2020) – *ALM Law.com International Legal Awards / AACC*

Middle East Law Firm of the Year (2021) – *Thomson Reuters ALB Awards*

Battle-tested Capabilities: Select Conflict & Crisis Mandates

Our clients operate in a hyper-connected, deeply volatile world, and so do we. Whether defending high-stakes arbitrations in Switzerland,

enforcing judgments in Asia, or protecting assets in the Middle East, our team delivers sophisticated strategies tailored to extreme geopolitical pressures. Our offices are available to assist in Washington D.C., Abu Dhabi, Melbourne, and Toronto.

When geopolitical deterrence fails, empirical experience is the only currency of value. Wasel & Wasel's capability to defend your organization during the 2026 Iran War is grounded in our extensive, documented track record of navigating the exact crises you now face.

(Due to the highly sensitive nature of our representations, client identities have been strictly anonymized to preserve absolute confidentiality).

The following curated mandates drawn from our recent archive demonstrate our unrivaled capacity to execute legal warfare and crisis management across the entire Gulf Cooperation Council (GCC) and the broader Middle Eastern theater:

1. War Risk Insurance & Maritime Conflict Litigation

The Yemen War Precedent: Representation in the first major insurance dispute arising directly out of the Yemen War, valued at USD 30M, for a global Oil & Gas supplier following the destruction of assets in a combat zone, addressing complex "act of war" exclusions.

Marine Insurance Nullification: Representation of a GCC trading conglomerate in regional Supreme Court proceedings, successfully challenging the nullification of a marine insurance policy for a cargo of gas oil destined for Yemen, overcoming hostile expert reports on disclosure, good faith, and the acts of Coalition Forces.

Vessel Seizure by Coalition Forces: Advising a Middle Eastern logistics firm on appellate strategy before regional commercial courts, successfully contesting a judgment that attempted to void insurance coverage based on the alleged non-disclosure of a vessel seizure by Coalition military forces in Gulf waters.

Precautionary Attachments in Hostile Waters: Representing a maritime contractor in grievance proceedings before GCC Federal Courts, aggressively challenging and lifting the precautionary seizure of vessels by leveraging the absence of operational nexus under regional Maritime Commercial Law codes.

2. Sovereign Expropriation & Investor-State Dispute Settlement (ISDS)

Emergency Relief Against State Entities: Lead counsel in emergency arbitration proceedings between a massive construction firm and a Sovereign State entity regarding the immediate relief and protection of capital following a geopolitical dispute.

Bilateral Investment Treaty (BIT) Claims: Representation in complex ICSID proceedings under Bilateral Investment Treaties defending against creeping regulatory expropriation for a major U.S. developer, a Dutch holding conglomerate, and a Chinese technology conglomerate against EMEA States.

OIC Treaty Enforcement: Representation in UNCITRAL proceedings under the Organization of Islamic Cooperation (OIC) treaty regarding a high-value investment dispute between a Jordanian investor and an EMEA State.

National Oil Company Terminations: Advising an international engineering and construction contractor on the wrongful, unilateral termination of an EPC contract by a National Oil Company, successfully invoking regional Commercial Transactions Law to attach the guarantee amount at a pan-Arab financial institution.

Sovereign Infrastructure Disputes: Counsel to a heavy civil engineering contractor on a highly sensitive turnkey project dispute directly against a State-owned oil field operator.

3. Supply Chain Collapse, Force Majeure & Megaproject Repudiation

Status-Quo Termination Injunctions: Representation in a USD 110 million status-quo dispute regarding the termination of a massive infrastructure project between a GCC conglomerate and a Southeast Asian contractor.

Infrastructure Repudiation in the GCC: Counsel to a GCC-headquartered contractor in structuring a multi-million-dollar damages claim for repudiatory breach, involving highly complex "global" claims for delay and disruption on a major regional infrastructure project following geopolitical instability.

USD 1.5 Billion EPC Dispute: Representation in an international arbitration dispute between a global steel supplier and a European main contractor related to a USD 1.5B energy project in the Middle East.

Energy Sector Chain Failures: Representation of a GCC oilfield services company in the complex, multi-jurisdictional termination of a multi-party Agency and Funding Agreement with North American energy services firms following the fracture of an onshore Gulf project.

4. Capital Controls, Asset Freezing & Cross-Border Enforcement

Cross-Border Asset Freezing (Mareva Injunctions): Pursuing aggressive English Common Law-style *Mareva* injunctions within the GCC region to immediately freeze the assets of technology holding companies accused of deceit, capital flight, and regulatory evasion, securing assets before they could be dissipated across borders.

Worldwide Freezing Orders: Representing a major GCC holding company in regional international financial center court proceedings regarding a US\$ 88 million worldwide freezing order, managing complex asset disclosure requirements and challenging the timeline for compliance amidst geopolitical jurisdictional disputes.

Emergency Performance Bond Injunctions: Counsel to a Gulf-based construction firm in emergency arbitrator proceedings to successfully enjoin the abusive liquidation of a performance bond by a state-linked developer.

Defeating Predatory Sovereign Enforcement: Advising foreign principals in cross-border asset recovery litigation in U.S. Federal Court, aggressively defending against the enforcement of ICC awards through piercing the corporate veil, and contesting the extraterritorial application of US fraudulent transfer statutes.

5. Economic Statecraft, Sanctions & Sovereign Taxation

Macro-Energy Tax Litigation: Strategic tax dispute resolution for an energy major contesting the reclassification of fixed storage tank leases as taxable 'services' within a designated GCC free zone.

State Tariff Weaponization: Counsel to a regional public utilities company in a high-stakes dispute with sovereign federal authorities over the unilateral alteration of tariff structures and pricing markdowns.

Government-Mandated Price Markdowns: Representation in a USD 30 million tax and pricing dispute for an energy utility company arising from emergency, government-mandated price controls.

Cross-Border Discovery & Asset Tracing: Counseling a Middle Eastern petrochemical company on leveraging 28 U.S.C. 1782 to obtain evidence from New York-based financial institutions for use in proceedings involving allegations of multi-million-dollar embezzlement, systematically bypassing local capital controls.

IN TIMES OF WAR, LAW IS NOT A SHIELD; IT IS A WEAPON. Ensure your corporation commands the battlefield.

Contact the Iran War 2026 Crisis Task Force immediately for strategic deployment: iranwar@waselandwasel.com

28 FEBRUARY 2026

IRAN

WAR

2026

Contact the Iran War 2026 Crisis Task Force
immediately for strategic deployment:

iranwar@waselandwasel.com



WWW.WASELANDWASEL.COM