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When Geopolitics and Market Power Disrupt Supply Chains, Legal Disputes Follow

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Geopolitical shocks do not stop at borders or commodity markets. When conflict interrupts energy supplies, shipping routes or access to critical inputs, the consequences move quickly into contracts: deliveries fail, prices reset, force majeure notices are issued, insurance coverage is tested and counterparties begin assessing claims. For businesses operating across global supply chains, geopolitical risk is increasingly also legal risk.



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The fertilizer industry offers a particularly vivid example. It sits at the intersection of energy, shipping and agriculture, making it unusually exposed to disruption while also being critical to global food production. Recent strain in the Strait of Hormuz has put contracts across the fertilizer supply chain under simultaneous pressure, while US antitrust scrutiny is creating a separate source of potential claims. The disputes being seeded now could take years to resolve.

A Supply Chain Under Pressure

Fertilizer production depends heavily on natural gas: nitrogen products such as ammonia and urea are effectively gas transformed into crop nutrients. Petrochemicals share the same feedstock, so disruption to gas supply can affect both industries simultaneously.

The effects then cascade through the supply chain. Production costs rise, fertilizer prices respond, planting decisions change and downstream food prices can come under pressure. At each stage, contractual obligations are tested against circumstances that may bear little resemblance to those assumed when the agreements were negotiated.

The disruption to shipping through the Strait of Hormuz illustrates this dynamic vividly. The closure produced a 33% contraction in the global fertilizer supply chain and halted the Gulf region's roughly 22 million tons of annual urea exports, a serious matter in a market where some 46% of

global urea supply originates in the Gulf. Prices responded accordingly: Through April, world urea prices approximately doubled and DAP prices rose about 35%.

The legal consequences reach across upstream gas supply agreements, production and offtake contracts, shipping arrangements, charterparties, cargo insurance and downstream sales. Similar pressures are emerging in petrochemicals, which shares the same feedstock.

Force Majeure and Supply Chain Claims

The current conflict has already prompted a series of force majeure declarations by major state-owned energy and commodities producers. QatarEnergy declared force majeure on affected long-term LNG contracts with counterparties in Italy, Belgium, South Korea and China, extended through mid-June 2026. Kuwait Petroleum Corporation and Bahrain's Bapco Energies followed with similar declarations, while Iraq declared force majeure across all foreign-operated oilfields.

These announcements are likely only the first stage in what could become a substantial volume of commercial and investor-state arbitration.

Claims will turn on familiar but fact-intensive questions: Was a delivery failure genuinely caused by the disruption or by commercial choices made around it? Was termination permitted? How do price-adjustment clauses drafted for ordinary volatility apply to an extraordinary event? What steps were required to mitigate the impact? Under many force majeure clauses, increased cost alone will not excuse performance; the distinction between impossibility and commercial unattractiveness may be decisive.

Where counterparties are state-owned or operate across jurisdictions, disputes may also raise complex enforcement questions, particularly around the location and availability of assets.

A Second Front: Antitrust

At the same time, the U.S. fertilizer sector faces heightened competition scrutiny. Four firms now control roughly 84% of North American nitrogen capacity. Two firms dominate both phosphate, at approximately 86%, and potash, at approximately 89%. The DOJ Antitrust Division has reportedly opened an investigation into possible civil and criminal antitrust violations, while the FTC has confirmed an industrywide investigation into fertilizer pricing practices and market concentration.

Purchaser class actions filed beginning in March 2026 have now been consolidated for pretrial proceedings in multidistrict litigation in the District of Kansas. The complaints allege coordinated price increases dating back to at least 2021, including claims that producers restricted output to sustain elevated prices. Plaintiffs allege purchasers paid more than 60% above competitive prices and seek treble damages under Section 1 of the Sherman Act.

Lexie Gallo-Cook, a member at Mintz, said: "These are serious and detailed allegations – and only the beginning of what will inevitably be a long road of litigation. Given the claims at issue and parallel government investigations, the antitrust community will be watching closely as these cases develop in the District of Kansas, a venue well equipped to handle complex antitrust matters."

For agribusinesses, co-operatives, distributors and food companies with substantial fertilizer spend, class certification may create an important choice: remain in the class or opt out and pursue recovery individually. The 2025 Opt Out Survey indicates how much can ride on that decision: in antitrust price-fixing cases, opt-out plaintiffs frequently recover between three and ten times more than counterparts who remain in the class, while 71% of in-house lawyers

estimate their companies could have recovered over 25% more by opting out. At the same time, 73% cite litigation cost as a major barrier. Legal finance can address that obstacle by allowing businesses to pursue claims on a non-recourse basis without committing operating capital; claim monetization can also convert a future recovery into immediate liquidity.

The Disputes Extend Beyond Fertilizer

Geopolitical disruption can create overlapping disputes across the same supply chain. Allianz has estimated that around 1,150 cargo-carrying vessels, with combined vessel and cargo value of approximately $125bn, were stranded in the Persian Gulf. War risk premiums have surged to between 3% and 10% of hull value, up from 0.25% before the war. That creates the potential for coverage, charterparty and cargo claims alongside commercial arbitrations, often involving the same shipments and facts. Trade disputes may intensify as governments turn to tariffs, anti-dumping investigations and countervailing duties. Elevated input costs and disrupted logistics can also push weaker suppliers toward insolvency and restructuring.

The U.S. antitrust actions may likewise have a cross-border tail. Several defendants operate globally, and regulators or purchasers in Europe, the U.K., Canada and other markets may examine whether similar conduct affected their markets. The availability of competition damages actions in jurisdictions including the UK and EU means companies procuring fertilizer across borders should assess potential claims through more than a U.S. lens.

What Businesses Should Do Now

Businesses affected by force majeure declarations, terminations, disputed price adjustments or alleged anticompetitive conduct should treat potential claims as assets to be assessed early: quantify the loss, evaluate the merits, consider the counterparty's ability to pay and build enforcement strategy into the case from the beginning. Where counterparties are state-owned or overseas, enforcement should shape the claim from the outset rather than being addressed only once an award is in hand. Businesses harmed by alleged anticompetitive conduct should likewise assess available remedies deliberately rather than defaulting to passive participation in a class action.

Across commercial arbitration and antitrust litigation, legal finance can change the economics of pursuing those claims by shifting litigation cost and downside risk to a third-party funder. More broadly, the fertilizer sector shows how quickly a geopolitical shock can become a legal one. Businesses across globally connected industries should expect the same pattern: disruption first, disputes close behind.

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