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DEPT: CHEMICAL ENGINEERING

ENG 384 SHORT TEST II

 **QUESTION:**

**Describe two scenarios where force majeure clauses can be applicable to contract in your discipline.**

 In a business context, the effects of such natural (or, for that matter, civil or social) disruptions can be felt up and down the hydrocarbon, petrochemical and other chemical-process supply chains, causing shortages, delays and allocations of material needed for processing and manufacturing. When faced with or affected by disruptive situations, sellers or buyers commonly invoke “force majeure” to relieve themselves of contractual obligations, leaving the other party or parties to grapple with the consequences in order to assure continued production. (The paradox, however, is that most chemical-process companies are both sellers and buyers.) A clear understanding of the provisions, implications and workings of force majeure can help a production or plant-operations manager or engineer to make a disruption less damaging to the business than it otherwise would be.

 sContractual terms: Parties to a supply-chain contract commonly include in that contract a force majeure clause that excuses part or all of a party's obligations if a specified event occurs. Such contractual force-majeure clauses normally require that the event be specifically identified in the clause and beyond the control of the parties, and that the effects be unavoidable through reasonable action. Normally, performance of the obligations is excused only for the duration of the event; and even during that period, the affected party is expected to perform to the extent that it can.