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**QUIZ**

2. In the U.S. last year, Hurricanes Katrina and Rita powerfully demonstrated the ability of nature to disrupt companies’ operations and commitments. 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. What force majeure entails Force majeure means “greater force.”

In the absence of a looming natural disaster or pandemic, force majeure clauses are sometimes treated as boilerplate language and the implications are easily overlooked. However, the increasing economic effects of the coronavirus (COVID-19) have underscored the potential significance of force majeure clauses, especially with respect to commercial real estate lending. Over the past week, in an effort to slow the spread of COVID-19, multiple governors have issued state-wide orders closing all non-essential businesses, and in some states, governors have issued “shelter-in-place” orders mandating residents to stay inside. At this rate, it is not difficult to imagine scenarios in which some borrowers may no longer have adequate cash flow to pay the monthly debt service on their loans or may be in breach of other non-monetary obligations or covenants as a result of tenants whose businesses have been shut down and are no longer able to pay rent. In these cases, borrowers may begin to look to force majeure clauses for protection from what is hopefully a temporary condition.