

Currency, Duties & Sanctions Risk

The problem

A EUR-priced refrigeration plant procured against a USD- or local-currency revenue can lose its business case to FX drift alone. Add HS-code disputes, changing duty rates and sanctions exposure and the risk is material.

Mitigations checklist

- Fix contract currency and hedge material FX exposure at award, not at delivery.
- Pre-clear HS classifications and duty rates with a local customs broker before PO.
- Screen supplier, sub-suppliers and financing counterparties against OFAC / EU / UK sanctions lists.
- Include a change-in-law clause covering new tariffs, sanctions and refrigerant quota changes.

Contract clauses to insist on

- Contract currency defined; FX responsibility explicit.
- Change-in-law and change-in-tax cost-recovery mechanism.
- Sanctions and anti-bribery representations from supplier and sub-tier.
- Termination-for-convenience with capped exit cost.

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