Commerce & Contract
Management Institute

Geopolitical Disruption: Commercial Paralysis

Why organizations understand the risk but cannot act and what to do about it.

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Based on WorldCC's Geopolitical disruption survey June 2026

Executive summary

Geopolitical disruption has become a permanent feature of commercial life. The WorldCC survey conducted in June 2026 confirms that organizations across sectors and regions are feeling the pressure. There is clear awareness that we are facing an ongoing problem. Yet for most organizations, the response continues to be fragmented, often transactional, underfunded and stuck at the wrong level of decision-making.

The central finding of this report is not simply that action is lagging awareness. It is that there is a structural reason for the paralysis, something that no amount of clause revision or sourcing preference will resolve. Organizations cannot calculate the cost of disruption because they do not know where disruption will hit. They cannot assemble the economic case for resilience because the relevant costs and offsets sit across functions that do not share data. And any step one organization takes to increase its resilience typically generates resistance from counterparties facing identical pressures. The system ends up fighting itself, battling over price adjustments and transparency rather than reshaping relationships to tackle a shared problem.

We require a different starting point: shared interest rather than positional standoff, principles before mechanisms and governance that is connected to the commercial decisions it is supposed to shape.

> The organizations gaining ground are not the ones writing tougher clauses. They are the ones beginning to connect governance, pricing, and relationship management into a coherent commercial response.

The data at a glance

Respondents represented 9 sectors and 7 regions. 47% buy-side, 22% sell-side, 31% both.

2.76 / 5
Mean commercial impact score

39%
Have no formal or only ad hoc geopolitical risk governance

15%
Have board-level oversight with escalation triggers

41%
Would accept no cost premium for geographic supply realignment

63%
Of sell-side disputes resolved through renegotiation, not formal claims

35%
Made no significant contract clause changes in the past 12 months

Part one: What the survey shows

The mood has darkened but not enough to force structural change

The mean commercial impact score indicates whether the impacts of disruption are getting worse - and at 2.76 out of 5, the answer is marginally yes (3 would indicate no real change since March). This describes a mildly negative but not catastrophic environment. That positioning matters because organizations feel the pressure enough to worry, but not enough to override the normal constraints of cost discipline, governance approval, and organizational inertia.

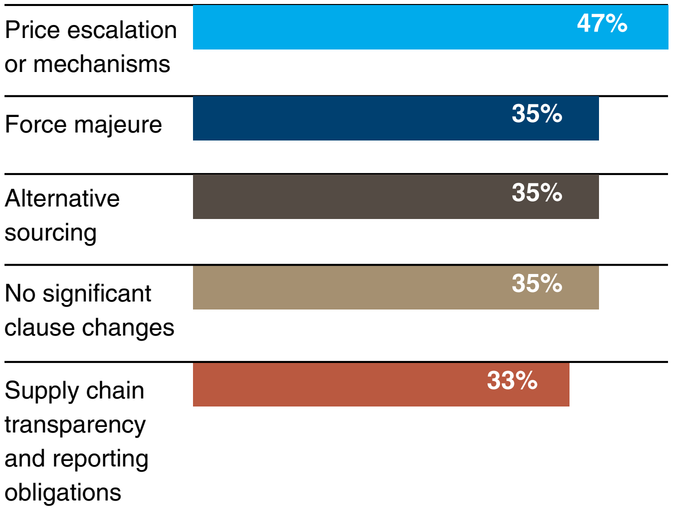
Between April and June 2026 the data shows movement but not a significant change. Clause revision, sourcing adjustments and pricing changes are all more visible. But the pace is uneven and the response is still more tactical than strategic. The April survey showed awareness without operationalization. The June survey shows the beginning of selective action.

The structural problem remains largely untouched. Meanwhile, buyer-supplier relationships are being tested at a time when they actually need greater openness and collaboration. The market has not changed its mind about geopolitical disruption. It has started to change its behavior. But the response remains cautious, fragmented and often constrained by limited investment.

Part one: What the survey shows

Contract responses are stuck at clause level, not relationship level

Figure 1. Contract clauses most frequently revised



Note: Multiple responses allowed; percentages do not sum to a total.

Price escalation mechanisms are the most actively revised clause area, at 47%, followed by force majeure and alternative sourcing, each at 35%. Strikingly, 35%, the same proportion, say they have made no significant clause changes at all and supply chain transparency and reporting obligations followed closely at 33%.

The pattern this reveals is more important than any individual number. Price escalation and force majeure are bilateral arguments about who absorbs a cost or risk that has already occurred. The shared exposure that drove the issue goes unaddressed. Neither clause type requires the parties to think together about what they are both facing, which means that the opportunity to elevate the conversation to establish a true solution is missed.

The open-text responses to the question on practical obstacles make this explicit. Respondents identify *"lack of supply chain visibility"*, *"conflicting objectives"*, *"absence of collaboration"*, *"reactive rather than planned responses"* and particularly *"lack of contract symmetry between supply base and customer agreements"*.

That last response is particularly revealing since it describes the structural fragility of an organization that has promised its customers more stability than it has secured from its suppliers. It is an inside-out design failure made concrete.

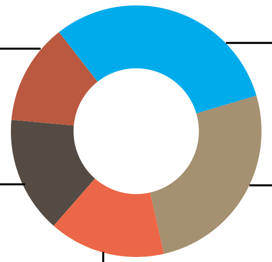
Figure 2. Key findings and implications

What the data shows	What it means
Price escalation and force majeure dominate contract responses: both reactive, contentious, focused on cost allocation not risk prevention.	The conversation is happening at clause level, not relationship level. Both parties argue over symptoms rather than addressing shared exposure.
35% have made no clause changes at all. Most others have made changes only for future agreements.	The inside-out instinct is to start from contractual position rather than from an effort to understand shared reality. This produces a standoff that crowds out the joint thinking both sides need.
Respondents cite collaboration, visibility and contract symmetry as the missing elements, not legal protection.	

Governance is present in theory but absent at the moment of decision

39% acknowledge that they have either no formal process or only an ad hoc governance in place to manage geopolitical uncertainty.

Figure 3. Governance vs. Reality



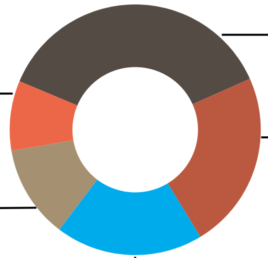
Only 15% report that there is board-level oversight with formal escalation triggers. This is the focus needed for there to be a true capability to initiate and fund policy actions at the speed needed. For another 15%, actions are being taken at a project level or as part of bid governance, and for 31% tell us that decisions are 'embedded in category strategy'.

Category strategy governance means the framework exists in planning documents. It does not mean it is triggered when a sourcing decision, a contract negotiation or a bid response is in progress. This is a structural gap that matters. Overall, it means that almost 85% lack meaningful governance standards for the problems at hand.

> Governance that is not connected to live commercial decisions is ineffective. The question is not whether geopolitical risk appears in a category strategy document. It is whether it shapes the decision being made day to day.

The reshoring aspiration and the cost-discipline reality

Figure 4. Geographic alignment is becoming a meaningful factor in sourcing decisions



Taken together 65% are giving geographic alignment at least moderate weight, while the remaining 35% do not consider it a meaningful factor - 12% say 'not at all' and 23% call it a minor preference.

A majority are concerned about geographic alignment and considering alternative sources of supply, but the commercial reality suggests this is largely a paperwork exercise. 41% say they would accept no cost premium at all for geographic alignment. Only 23% would accept more than 15% in select strategic situations. The instinct toward resilience is real but willingness (or authority) to fund it is conditional and limited.

The concern - not surprisingly - is greater when it comes to physical goods and services, where 41% view re-alignment as a high priority. That drops to 26% for technology and digital services, 18% for professional services and again 18% for financial services. The reshoring instinct is understandably strongest where physical supply interruption is most likely to occur.

Timing also matters. The exposure is here today but half of those with a geographic preference plan to address it only at renewal and retender. 29% apply it only to new contracts. Just 21% are proactively moving existing suppliers before contracts expire. The majority are waiting for the next convenient commercial moment rather than addressing current exposure.

Buyers want continuity; sellers want survivability

Figure 5. Top 3 buyer and seller responses to geopolitical disruption

Disruption	Buy-side
Long-term fixed-price contracts	62%
Dual sourcing	46%
Regional alternative development	38%

Disruption	Sell-side
Escalation clauses	92%
Contingency uplift built into fixed-price offers	58%
Explicit carve-outs for tariff changes	58%

Note: Multiple responses allowed; percentages do not sum to a total.

The survey data shows buyers and sellers responding to the same disruption in structurally different ways. Buyers are focused on continuity and supply assurance: long-term fixed-price contracts 62%, dual sourcing 46% and regional alternative development 38%. Sellers are focused on pricing architecture and commercial selectivity: escalation clauses 92%, contingency uplifts and tariff change carve-outs each at 58%.

However, suppliers are experiencing growing resistance to their focus on rights to price adjustments. The 'receptiveness score' is currently 2.67 out of 5, where 1 indicates that buyers are highly resistant and 5 indicates that they are generally receptive. However, suppliers are no longer willing to absorb higher costs and are increasingly persistent in their pursuit of adjustments.

Yet this pressure is not yet producing formal disputes. 63% of affected respondents say renegotiation has taken place without formal dispute. 38% say discussions are ongoing but unresolved. The commercial system is absorbing the strain through negotiation rather than legal mechanism. This is broadly healthy, but also means both parties are repeatedly revising allocations on a situational basis rather than establishing clear mechanisms designed for the conditions they are operating in.

Organizations are not acting as they are because they fail to understand the risk. The commercial impact score, the sourcing adjustments, the clause revisions collectively indicate genuine engagement. The limited and often ineffective response we observe has structural causes that conventional commercial models are failing to address.

The unlocatable risk problem

Conventional investment justification requires an estimate of the probability and magnitude of a negative event. Geopolitical disruption defeats both calculations. Organizations do not know which node in their supply chain will be affected, when or how severely. This is not risk in the actuarial sense, it is uncertainty in the deeper sense, where the information needed to calculate expected economic impact does not exist.

Most commercial governance frameworks, procurement business cases and investment approval processes are built for quantifiable risk. They require a number. When the number cannot be produced, approval is refused or indefinitely deferred. Clause-level fixes survive this filter because they have a calculable cost against a visible near-term trigger.

> Strategic resilience investment often fails the approval test. This is the first structural cause of paralysis: not reluctance to engage, but the inability to produce the justification that meaningful governance demands.

The fragmented offset problem

The problem with this is that the true cost of a resilience investment is not simply the gross cost of alternative sourcing. Nor is it only the net cost after the potential avoidance of disruption. An accurate calculation would account for reduced logistics exposure, flexible contract structures that avoid renegotiation costs, reduced claims and disputes and potentially improved pricing from customers who value supply certainty. These offsets are real but they sit across different functions, different budget lines and different time horizons so they take time, effort and executive sponsorship to identify and calculate.

No single function holds the whole commercial picture. Procurement sees the cost of alternative sourcing. Legal or contract management or operations may see the cost of dispute resolution separately. Logistics sits elsewhere. Finance consolidates none of it into a resilience return on investment. The economic case for action cannot be assembled, even when the component data exists.

This is just one illustration of the impact when organizations lack the integrated 'commercial intelligence' that WorldCC advocates. It is the missing structural element in most organizations: the capacity to hold the full commercial picture across a relationship, across categories and across time.

The circular resistance problem

There is a structural irony in these findings. Customers want security of supply, so suppliers ask their procurement teams to act. However, when this increases costs and leads to price increases, the customers' procurement functions push back - even though they themselves face identical pressures.

Every individual procurement function is rationally resisting cost increases that the system as a whole is generating. Nobody is wrong in their local logic, but the aggregate outcome is collective irrationality and self-defeating results. Unfortunately, this cannot be resolved by individual organizations acting more decisively. It requires either coordinated action which markets do not spontaneously produce or a shared framework that makes the collective cost visible and creates the conditions for shared interest to surface.

> The standoff between buyers and sellers over geopolitical cost is not a negotiation problem. It is a design problem. Both sides are locked in positional conflict over a disruption that is external to both of them. Shared interest never gets to surface because neither side starts from the disruption itself.

Addressing these structural problems requires a different architecture for commercial decision-making. Frameworks such as the Global Contract Management Standard (CMS4), the VCU/CGR uncertainty management model and the Relationship Management Lifecycle Standard (RMLS) have been developed precisely to address the design failures that this survey makes visible. This section maps the required changes to that architecture.

Start outside-in not inside-out

The dominant commercial instinct under disruption is to retreat to contractual position, to identify internal exposure and seek to protect it through clause revision, audit rights, and compliance demands. Both buyers and sellers do this. The result is a positional standoff in which the shared external threat (the one both parties are actually trying to manage) never becomes the starting point for the conversation.

The outside-in alternative begins with the disruption itself. What are both parties facing? Where is the shared exposure? What would resilience look like for the supply relationship as a whole, not just for each party's contractual position within it? This is not a call for trust, which the data consistently shows is in short supply, but for a recognition of shared interest. Shared interest does not require trust, it requires rational planning. Both parties benefit from supply continuity. Both parties suffer from a standoff that produces no resilience and introduces time-consuming renegotiation.

A The CMS4 provides a framework to operationalize this shift. It establishes that commercial management begins with understanding the commercial environment and the counterparty's position, not with protecting one's own.

B The VCU model's focus on value, compliance and uncertainty as the organizing dimensions of a commercial relationship reflects the same outside-in logic.

C The RMLS describes the governance principles that should be considered to build more open, adaptive supply relationships.

Establish principles before mechanisms

The survey shows organizations reaching for mechanisms (clauses, governance frameworks, pricing structures) before the parties have agreed what they are trying to achieve together. This sequencing is a problem because mechanisms imposed unilaterally and without agreed principles are brittle and may further weaken the relationship. They are designed to protect a position rather than to respond to a problem, and they fail when the problem changes form.

Figure 6. Key questions for any supply relationship facing geopolitical disruption

- What are we both prepared to commit to?
- Continuity of supply at what cost premium?
- Transparency about exposure to what depth?
- Risk-sharing through what mechanism?

These are commercial strategy questions that must be answered before the contract can be designed in a way that holds under stress.

The draft RMLS is intended to address this sequencing and develop more sustainable relationships. The early phases of the RMLS establish the commercial basis of a relationship, shared objectives, risk appetite and governance principles before moving to the operational mechanisms that will govern it. This is the layer that most organizations skip because it does not fit within the typical procurement remit, nor is it part of the traditional sales process. These tend to relegate the commercial agreement to a supporting role, eliminating or truncating the steps that give a contract and supporting governance their structural integrity.

Treat resilience as a joint problem requiring joint economics

The fragmented offset problem cannot be solved within existing functional boundaries. If the economic case for resilience investment is to be made, it requires visibility across the full commercial picture, including other categories of spend that may be affected. A holistic view of total procurement costs, logistics exposure, renegotiation friction, dispute costs and the commercial value of supply continuity must be established.

This is the commercial intelligence function that WorldCC has described as the Commercial Intelligence Office: not a new department but a capability with the ability to hold and interrogate the full commercial picture of a supply relationship and to translate that picture into decisions. In the context of geopolitical resilience this means the ability to model resilience scenarios across categories to identify where investment in alternative sourcing pays for itself through reduced downstream costs and to present that calculation in a form that governance can act on.

Equally, the circular resistance problem points toward the need for inter-organizational economic reasoning. When one party's resilience cost becomes another's procurement pressure, the only durable solution is a framework that makes the collective cost visible, ideally through open-book or target-cost structures that distribute resilience investment across the supply relationship rather than concentrating it at one party's expense.

> Neither of these is an overnight fix but they represent the types of capability that organizations will need to operate effectively in the markets of today and the future.

Connect governance to the commercial need

The data shows that the majority of organizations with geopolitical risk governance have it embedded in category strategy. This means it informs planning but does not reliably reach the bid, the negotiation, the sourcing decision, which is where it needs to operate.

CMS4's process architecture is designed to embed commercial intelligence and risk assessment into the workflow of contract and commercial management rather than relegating it to a planning layer that sits above the work. The 31% with category-level governance and the 15% with project and bid governance represent the population of organizations that have the intent but lack the operational connection to respond effectively when disruption hits them.

In these situations, governance that lacks reliable data provides the appearance of risk management while the decisions that determine actual exposure are most likely made on the basis of cost and convenience alone.

Part four: Recommended actions

The following actions are sequenced by urgency and level. Some are immediately actionable by commercial and procurement leaders. Others require organizational investment and therefore require higher levels of sponsorship. The Institute's frameworks can be used to provide the architecture for all of them, where needed.

For senior commercial and procurement leaders

IMMEDIATE Reframe the conversation with key suppliers

Stop starting from contractual positions. Convene a joint session with critical supply partners focused on shared geopolitical exposure: what is each party facing and what would resilience look like for the relationship as a whole. This does not require trust. It requires recognizing shared interest.

IMMEDIATE Audit where your governance sits

If geopolitical risk is embedded only in category strategy, identify the three to five commercial decisions in the next six months where it needs to be present. These could include bids, renewals and renegotations. Then build the connection.

SHORT TERM Develop a resilience investment framework that does not require point-specific disruption estimates.

Model scenarios across your critical supply categories. Identify where alternative sourcing, inventory buffer or contract restructuring pays for itself through reduced downstream costs and renegotiation friction. Present this as a portfolio decision, not a line-item cost.

(Continued over)

SHORT TERM Map the offset picture across functions

Before making or resisting a resilience investment, assemble the full commercial picture: procurement cost increases or reductions, logistics risk reduction, avoided dispute and renegotiation costs and the value of supply continuity. This requires a conversation across stakeholder groups that most organizations have not yet had.

MEDIUM TERM Establish or designate a commercial intelligence capability with cross-category visibility.

This is the structural requirement identified by WorldCC research as the most consistent gap in commercial function design. It does not need to be a new function. It needs to be a designated responsibility, with data access and governance authority to hold the whole commercial picture.

For Contract and Commercial managers

IMMEDIATE Diagnose your current response level honestly

Are you revising clauses in response to disruption that has already occurred, or are you designing contracts for the conditions you expect? Price escalation and force majeure are necessary but insufficient. The question is whether the contract as a whole is designed to operate under the disruption scenarios your supply chain faces.

IMMEDIATE Identify the contract symmetry gap

Map what you have committed to customers against what you have secured from suppliers in the same critical categories. Where there is a mismatch in terms, duration or risk allocation, that is your primary geopolitical exposure. It will not be resolved by clause revision alone.

SHORT TERM Introduce shared diagnostic conversations into relationship governance

The RMLS can offer a framework. The practical step is to add a standing agenda item to critical supplier governance meetings: what is each party's current geopolitical exposure in this relationship and are the mechanisms we have designed are still fit for purpose?

SHORT TERM Shift the transparency conversation

Rather than demanding transparency from counterparties, propose mutual disclosure of exposure in specific, bounded areas. Sub-tier supply chain risks, cost structure under tariff scenarios, geographic concentration in critical inputs. Transparency requested in exchange for transparency given is structurally different from transparency demanded as a contractual right.

MEDIUM TERM Build geopolitical scenario testing into contract design

CMS4 provides the process architecture. Before a contract is finalized, test it against two or three plausible disruption scenarios relevant to the supply category. Does the risk allocation still make commercial sense? Does the governance mechanism trigger at the right point? Are there adjustment mechanisms that allow the parties to adapt without renegotiating from scratch?

Conclusion

The June 2026 data does not describe a commercial community that is unaware of geopolitical risk. It describes one that is aware, selectively active and structurally constrained. The constraints are not primarily cultural or capability-based. They are economic and architectural, due to the fact that organizations cannot calculate the justification for resilience investment, cannot assemble the cost-benefit case across functional silos and cannot escape the circular logic in which every organization's response to disruption makes every other organization's commercial environment harder.

The path forward is a different starting point for commercial relationships under disruption: shared interest before contractual position, principles before mechanisms, governance connected to decisions rather than sitting above them and a commercial intelligence capacity that can hold the full picture.

Figure 7. A new foundation for commercial relationships

1	Shared interest before contractual position
2	Principles before mechanisms
3	Governance connected to decisions rather than sitting above them
4	A commercial intelligence capacity that can hold the full picture

WorldCC and the CCM Institute have developed frameworks which can assist in providing the operational architecture for this shift. The survey evidence makes the case for why that architecture matters. The organizations that close the gap between awareness and action will not do so by working harder within existing commercial designs. They will do so by changing the design.

The disruption is external and shared. The standoff between buyers and sellers over who bears its cost is a choice. It is also making both sides more vulnerable. Shared interest is not an aspiration. It is the only rational response to a risk that neither party can manage alone.

Contacts

Commerce & Contract Management Institute

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Tim Cummins, Executive Director
t.cummins@ccm.institute

General or media enquiries
info@ccm.institute

www.ccm.institute

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