



Guiding Business Through Times of Economic Uncertainty

Compliance and Ethics

Employment and Labor

Government



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Economic uncertainty poses significant challenges for businesses. Off-and-on tariffs, looming trade wars, supply chain disruptions, and the risk of a recession present a volatile environment. In-house counsel play a critical role in helping organizations navigate these turbulent times.

By identifying legal risks, ensuring compliance, and developing strategic mitigation plans, legal teams can help their companies weather financial and operational instability. Here are six key areas of focus for corporate legal teams.

1. Assess the impact of tariffs and trade restrictions

Recent political and economic shifts worldwide have resulted in rapidly evolving — and at times unclear — trade policies. Legal teams should conduct a thorough analysis of their company's exposure to tariffs, including:

- The percentage of raw materials, components, or finished goods sourced from affected regions.
- Potential cost increases and how they can be managed through contract terms or operational measures.
- Options for alternative sourcing strategies (keeping in mind compliance with applicable laws,

and with provisions of trade agreements such as labor law compliance per the USMCA, the trade agreement between the United States, Mexico, and Canada).

- The potential impact on corporate strategy, particularly for businesses that rely heavily on cross-border supply chains.

Working closely with procurement and supply chain teams to explore tariff exemptions, trade agreement benefits, and alternative supplier arrangements can help mitigate cost impacts.

Reviewing the company's risk matrix will also help determine how tariff increases affect the bottom line and broader operations.

For more guidance, read [Tariffs, Trade, and Supply Chains: What In-house Counsel Need to Know](#).

2. Strengthen supplier and customer contracts

Contracts are a company's key line of defense against economic volatility. Legal teams should review and update key agreements to identify or negotiate:

- Force majeure clauses that address trade disruptions, raw material shortages, or economic downturns.
- Price adjustment mechanisms that account for sudden tariff increases or inflationary pressures.
- Termination and renegotiation provisions that provide flexibility in uncertain market conditions.

Mission-critical contracts should be prioritized for review to assess whether they can be adjusted or renegotiated in response to market shifts. By proactively amending contracts, companies can better manage risks and avoid costly disputes down the line.

[ACC Members: Stay up to date with ACC's Resource Collection: Navigating the New US Administration](#)

3. Ensure business continuity and agility

Legal teams should collaborate with business leaders to ensure contingency plans are in place:

- Identify potential alternative suppliers and manufacturing locations to reduce dependency on single-source providers.
- Review insurance policies, including business interruption and trade credit insurance, to safeguard against potential losses.
- Ensure compliance with international trade laws and sanctions to avoid regulatory penalties.

[Healthcare Focus: Learn Supply Chain Resilience Strategies. Watch the ACC Health Law Network Webcast \(April 1, 2025, at 12pm ET\)](#)

In-house counsel can help to develop business agility strategies that allow their companies to quickly adapt to shifting economic conditions, diversify supplier networks, and regionalize production. Proactive risk management in supply chain operations can help businesses maintain stability in uncertain times.

For more insights, download [ACC's Brief Guide to Navigating Geopolitical Risk](#).

4. Mitigate demand-side risks and protect revenue streams

As potential recessions or economic downturns threaten demand globally, legal teams should help business leaders assess customer financial stability and explore protective measures, such as:

- Conducting credit risk assessments of key customers and adjusting payment terms accordingly.
- Implementing flexible pricing strategies or volume-based contracts to maintain long-term customer relationships.
- Strengthening collection policies and enforcing payment terms to reduce accounts receivable risks.

Taking these steps can ensure financial resilience and minimize exposure to customer insolvency.

5. Manage workforce and compliance considerations

Economic downturns often lead to cost-cutting measures, including workforce reductions. Though current trends may be temporary, legal teams should:

- Review processes for reductions in force (RIFs) to ensure compliance with applicable laws.
- Assess obligations under other employment regulations, such as the Worker Adjustment and Retraining Notification (WARN) Act in the United States.
- Ensure that the company's internal policies align with evolving employment law requirements, to mitigate litigation risks especially for cross-border and multinational companies.

By addressing these considerations, in-house counsel can ensure lawful and ethical workforce management during uncertain times.

[ACC Members: Learn more on RIFs with the Checklist: Preparing for Your Reduction-In-Force, by Ogletree Deakins](#)

6. Manage financial health, liquidity, and regulatory disclosures

Corporate counsel must play a role in evaluating the company's financial health. Consider the following steps:

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- Assess cash reserves, existing credit facilities, and potential refinancing options.
 - Ensure compliance with debt covenants and identify opportunities for restructuring debt if needed.
 - Advise the organization on government relief programs, tax incentives, or regulatory measures that can support business stability.
 - Review regulatory disclosure obligations for publicly traded companies, including whether risks related to tariff increases, supply chain disruptions, or operational risks require disclosure to investors and regulatory bodies.

By staying ahead of financial and regulatory risks, legal teams can help companies maintain operational continuity and strategic flexibility.

Resilience through economic uncertainty

Global disruptions and pressures in supply chains come from multiple sources, due to international events (such as [geopolitical tensions](#) and resulting sanctions) or regional labor tensions with cross-border and local impacts (such as [strikes in an industry sector](#)). The context of new or enhanced tariffs heightens trade tensions and the risk of business disruptions,

Economic uncertainty presents complex legal and business challenges. Legal teams should serve as strategic partners to mitigate risk and drive resilience, by providing critical guidance that supports long-term success. They play a key role in assessing trade risks, strengthening contracts, ensuring business continuity, managing demand-side exposure, addressing workforce compliance, and safeguarding financial health.

Now more than ever, proactive legal risk management is essential for navigating uncertainty and emerging stronger from these turbulences.

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