

TARIFF-RELATED CANCELLATIONS

**WHAT CAMBODIAN
SUPPLIERS MUST
CHECK IN THEIR
CONTRACTS**

Start with the Governing Law Clause

Is the contract governed by
Cambodian law or a foreign law
(e.g., U.S. law)?

This determines how terms like
force majeure or termination are
interpreted.

Force Majeure

Does your contract include a force majeure clause?

Some contracts clearly designate specific events — like natural disasters or pandemics — as force majeure.

If no specific event is designated, assess whether the event meets the general legal definition. As generally accepted in commercial contracts, force majeure must be (1) irresistible, (2) unpredictable; and (3) external (to the parties)

Can a tariff increase qualify?

- Legislative change is public and often foreseeable
- But U.S. Executive Orders can be sudden and unilateral
- Some argue unpredictability fails, others say economic impact should not be enough to excuse performance.

Change of Law

Does the contract allow for price adjustment or termination if new tariffs are imposed?

Check how "law" or "legal change" is defined in the contract.

In some contracts, "law" may include executive orders, regulations, or government actions — not just legislation passed by parliament or congress.

A Presidential Executive Order increasing tariffs, though not legislation, may still qualify as a change of law if the contract defines "law" broadly.

Material Adverse Change (MAC)

Does the contract allow termination if a significant event affects commercial feasibility?

MAC clauses often refer to unforeseen economic or regulatory changes, such as drastic cost increases or sudden regulatory shifts.

Check if government actions are mentioned.

Measures Taken By The Purchasers

Common actions:

- Requesting a price readjustment to reflect new costs
- Suspending payment or delivery obligations temporarily
- Extending timelines for performance or delivery
- Proposing renegotiation of key terms

These responses depend on the language of the contract — especially whether the clauses allow adjustment or only termination.

Don't Forget This

- Before reacting to an order cancellation, always check the governing law of your contract.
- The interpretation and enforcement of force majeure, change of law, MAC, and termination rights depend heavily on the applicable legal framework.
- Once the governing law is confirmed, seek legal advice from a professional familiar with that jurisdiction.

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