

THREAT LEVEL: HIGH

GSOC Situational Update

Event:	GCC Update: Mediterranean Shipping Company (MSC) 'End-of-Voyage' Advisory Signals Emerging Reconfiguration of Middle East Trade Routes		
Location:	GCC		
Date:	03 March 2026	Time:	Afternoon Hours

Key Assessment

- Mediterranean Shipping Company (MSC) has issued an advisory indicating that shipments destined for the Arabian Gulf may be declared “end of voyage” before reaching their originally scheduled ports.
- The advisory reflects rising operational risk linked to instability around two major maritime chokepoints:
 - the Bab el-Mandeb Strait
 - the Strait of Hormuz
- Under this mechanism, cargo may be discharged at alternative ports outside the Gulf, transferring responsibility for final delivery to cargo owners or freight forwarders.
- If adopted by other carriers, this approach could shift container flows toward a distributed logistics system built around regional transshipment hubs and land corridors.

What the MSC Advisory Implies

- The wording used in the advisory carries important operational implications for shippers.
- Operational implications include:
 - Containers may be discharged at ports outside the Gulf region rather than at the originally scheduled destination.
 - Cargo owners may be required to arrange onward transport to the final market.
 - Secondary logistics may include feeder vessels, trucking routes, or multimodal corridors.
 - Storage, handling, and redistribution costs may shift to cargo owners.
- For shippers, this means:
 - Higher logistics costs.
 - Delivery schedule uncertainty.



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- Potential inventory disruptions for just-in-time supply chains.
- Greater reliance on regional distribution hubs rather than direct port delivery.

Drivers of the Disruption

- The advisory reflects pressure created by two overlapping security dynamics.
- **Southern Red Sea**
 - Houthi forces in Yemen have demonstrated the capability to strike commercial vessels near the Bab el-Mandeb Strait.
 - Missile, drone, and maritime attack tactics have been used against ships operating along the corridor linking the Indian Ocean with the Red Sea.
 - While attacks have concentrated in the southern Red Sea, risk perception now affects the entire route toward the Suez Canal.
- **Persian/Arabian Gulf**
 - Rising tensions involving Iran have increased concern over maritime security in the Strait of Hormuz.
 - Approximately 20 per cent of the global oil supply transits the corridor each day.
 - Shipping companies must evaluate both transit safety and the viability of Gulf destination ports.

Redistribution Ports Emerging Around the Gulf

- If containers are discharged outside the Gulf, several regional ports could absorb redirected cargo flows.
- **Oman**
 - Port of Salalah
 - Major transshipment hub on the Asia–Europe route
 - Located outside the Strait of Hormuz
 - Port of Duqm
 - Expanding industrial and logistics hub
 - Increasing energy and heavy cargo capacity
- Oman was struck twice by Iranian drones earlier in the current escalation. Tehran later apologised and described Oman as a friendly state.



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- Despite these incidents, Oman remains significantly safer than operating inside the Gulf.
- **South Asia**
 - Port of Colombo
 - Major Indian Ocean transshipment hub
 - Extensive feeder connections across the Middle East
 - Jawaharlal Nehru Port
 - India's largest container gateway
 - Capable of absorbing diverted cargo flows
- **Pakistan**
 - Port of Karachi
 - Pakistan's primary container gateway
 - Positioned along western Arabian Sea shipping routes
 - Port of Gwadar
 - Developed under the China–Pakistan Economic Corridor
 - Strategic relevance for Chinese energy and trade routes
- **Eastern Mediterranean**
 - Port Said
 - Located at the northern entrance to the Suez Canal
 - Possible redistribution point for Red Sea traffic
 - These ports collectively form a logistics arc surrounding the Gulf and Red Sea.

Insurance as the Real Operational Driver

- Shipping decisions are often influenced more by insurance markets than by direct military threats.
- Key dynamics include:
 - Ships entering high-risk zones require specialised war-risk coverage.
 - Premiums rise rapidly following attacks on commercial vessels.



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- Insurers may refuse coverage in extreme scenarios.
- Without insurance, vessels cannot enter contested waters.
- Insurance markets therefore translate geopolitical instability into financial signals that shape shipping behaviour.

Outlook

- MSC's advisory highlights the growing integration of geopolitical risk into global supply chain planning.
- If instability persists across the Red Sea and Persian/Arabian Gulf:
 - Shipping companies may increasingly rely on ports outside the Gulf for cargo discharge.
 - Regional hubs across Oman, Pakistan, India, and Sri Lanka could absorb redistributed cargo flows.
 - Hybrid sea–land corridors may become more common.
- The result may be a temporary but significant shift toward a multi-node logistics system surrounding the Gulf, reducing dependence on a small number of vulnerable maritime chokepoints.





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✉ gsoc@global-sa.co.uk

🌐 www.globalsitu.com

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