

SITUATION OVERVIEW

Regional Escalation Intensifies as Hormuz Disruption Deepens

The conflict involving the United States, Israel and Iran continues to widen across the Gulf and Levant, increasing pressure on regional security, energy exports and global trade routes. Disruption around the Strait of Hormuz, which normally carries about 20% of global oil and LNG flows, has sharply reduced tanker traffic and forced production cuts across the region. Overnight escalation included a major US airstrike targeting military facilities on Iran's Kharg Island export hub, which handles roughly 90% of Iran's crude exports. US President Donald Trump warned that interference with shipping could trigger strikes on Iranian oil infrastructure, as Iranian missiles damaged US aircraft in Saudi Arabia while Qatar intercepted incoming missiles over Doha. Analysts warn prolonged disruption around Hormuz could trigger wider global energy market instability.

COUNTRY KEY DEVELOPMENTS

Iran

- Continues missile and drone strikes while using Hormuz disruption as strategic leverage.

Israel

- Sustains strikes on Iranian and Hezbollah military infrastructure across multiple fronts.

United Arab Emirates

- Air defences intercept drones and missiles; ports and airports remain operational.

Saudi Arabia

- Iranian missile strike damaged five U.S. refuelling aircraft at Prince Sultan Air Base.

Kuwait

- Remains on high alert with airspace disruptions and regional missile interceptions.

Qatar

- Missile interceptions over Doha prompt evacuations in Msheireb and Education City districts.

Oman

- Remains stable and increasingly important alternative corridor outside Hormuz disruption zone.

Iraq

- Iraq is now one of the few countries hit by both Iranian-aligned militias and U.S. strikes.

Lebanon

- Israeli strikes and evacuation orders displace hundreds of thousands across southern Lebanon.

Turkey

- NATO air defences intercepted a third Iranian ballistic missile approaching Turkish airspace.

Yemen

- Houthis may reopen Red Sea shipping attacks if regional war expands.

Egypt

- Suez Canal gains strategic importance as Hormuz disruption reshapes global shipping routes.

Syria

- Israeli strikes reported near Damascus, Latakia, Tartus, Homs, Hama and southern Daraa.

RISK INDICATORS

Security Risk: Drone and missile attacks continue across Gulf states and the Levant.

SEVERE

Aviation Risk: Airspace closures and missile interceptions continue disrupting regional passenger and cargo flights.

HIGH

Maritime Risk: Naval drones, tanker attacks and Hormuz disruption threaten commercial shipping lanes.

SEVERE

Energy Risk: Oil export disruption and stranded cargoes increase global energy market volatility.

HIGH

OPERATIONAL IMPACT

Aviation

- Airlines including British Airways, Lufthansa and Air Canada suspend regional routes.
- Long-haul routes rerouted around Iran and Iraq, increasing flight times and fuel costs.
- Regional carriers including Qatar Airways and Kuwait Airways face disruptions from airspace closures.

Logistics & Supply Chain

- Maersk suspended key Asia–Middle East and Middle East–Europe shipping services and introduced emergency freight surcharges of up to \$3,000 per container.
- Several carriers imposed emergency surcharges and booking stops for Gulf cargo.
- DHL and FedEx are rerouting Middle East cargo flows via Europe and South Asia hubs.

Maritime

- US Navy deploying USS *Tripoli* to support mine-countermeasure and aviation operations in Hormuz.
- Ocean Network Express (ONE) imposed emergency surcharges and stopped new bookings to Gulf ports.
- MSC, TUI and Celestyal cruise ships stranded as Gulf sailings cancelled.

Energy Markets

- India's refiners including IOC and Reliance seeking alternative crude suppliers amid Gulf disruptions.
- Japan and South Korea considering releases from strategic petroleum reserves to stabilise supply.
- China reportedly exploring yuan-denominated oil trades if tanker transit through Hormuz resumes.

OUTLOOK (NEXT 72–96 HOURS)

- Military activity is likely to remain elevated as operations continue across the Gulf, Iraq, Syria and Lebanon. Western governments are reinforcing regional security posture, with France redeploying the aircraft carrier *Charles de Gaulle*, the UK increasing air and naval presence from Cyprus and the UAE, and the US deploying additional naval aviation assets near the Strait of Hormuz.
- Energy markets are expected to remain volatile as disruption around Hormuz continues affecting crude and LNG flows. Gulf exporters are relying more on routes such as Saudi Arabia's Yanbu terminal and UAE east-coast ports, while Japan, South Korea and Australia monitor supply risks.
- Diplomatic pressure for de-escalation is expected to intensify. The US, EU and several Gulf states have called for restraint, while France and the UK coordinate maritime security discussions with NATO partners.
- Economically, the conflict is beginning to affect tourism and service sectors across the Gulf, raising concerns about income pressure on lower-paid workers in hubs such as Dubai.

ADVISORY NOTE

Organisations operating across the Middle East should maintain heightened operational awareness as security, maritime and infrastructure risks remain elevated. Missile and drone activity across parts of the Gulf continues to create a volatile environment for aviation, logistics and commercial operations. Companies should closely follow government advisories, embassy notifications and corporate security guidance, particularly in major business districts and financial centres where precautionary evacuations, access restrictions or temporary closures may occur. Organisations may consider activating remote or work-from-home arrangements where appropriate and ensure employees remain familiar with company evacuation and safety procedures. Businesses with maritime exposure should monitor developments in the Strait of Hormuz, including potential shipping disruption, naval activity and war-risk insurance changes. Organisations should also remind employees to avoid posting sensitive operational or conflict-related information on social media, as some governments in the region may impose fines, detention or other penalties for the public sharing of security-related information during active crises.