

SITUATION OVERVIEW

Escalation Broadens as Access Control, Civil Defence and Energy Stress Intensify

The conflict is now being shaped not only by missile and UAV escalation, but also by increasingly conditional rules governing movement, trade and operations. Iran's latest position on the Strait of Hormuz points to a politically filtered transit environment rather than a return to normal commercial navigation, while maritime traffic through the strait remains severely depressed. Gulf states are also hardening their security and strategic posture after direct attacks, with interception activity over the UAE and Kuwait showing that the threat now extends into civilian areas. International responses are widening as Washington issues new caution notices, Asian states adjust fuel strategies, and energy consumers turn to conservation, fuel switching and broader contingency measures.

COUNTRY KEY DEVELOPMENTS

Iran

- New Israeli strikes on Tehran Monday morning underline continued escalation.

Israel

- Netanyahu urges international partners, including Europe, to join fight against Iran.

United Arab Emirates

- Abu Dhabi confirms intercepted ballistic-missile debris injured one person in Al Shoamkh.

Saudi Arabia

- Strategic posture is hardening further as pressure grows for stronger alignment with Washington.

Kuwait

- Air defences are actively responding to hostile missile and drone threats.

Qatar

- Remains exposed to wider energy and aviation disruption despite ongoing containment efforts.

Oman

- Continues to favour restraint and distance from a fully aligned anti-Iran posture.

Iraq

- US Baghdad and Erbil missions remain heavily reduced under persistent militia threat.

Lebanon

- Israeli operations are intensifying, adding another escalation front.

Turkey

- Ankara pushes diplomacy as NATO interceptions highlight rising spillover risk.

Yemen

- Houthis remain a latent escalation risk but have not fully entered the conflict.

Egypt

- Energy-saving measures deepen as Cairo struggles with rising import and power costs.

Syria

- Damascus stays cautious as border deployments rise and Israeli strikes continue.

RISK INDICATORS

Security Risk: Missile and drone threats are now clearly affecting civilian-populated Gulf areas.

SEVERE

Aviation Risk: Airspace remains usable in parts, but interception activity keeps disruption risk high.

HIGH

Maritime Risk: Hormuz remains politically filtered, heavily reduced, and legally contentious for commercial transit.

SEVERE

Energy Risk: Fuel switching, conservation and emergency power measures show broader demand stress.

HIGH

OPERATIONAL IMPACT

Aviation

- Commercial aviation remains operational but unreliable. British Airways has extended flight cuts across multiple Middle East destinations, KLM has cancelled Dubai flights through late March, and Emirates has had flights forced into U-turns, diversions and limited-schedule operations from Dubai.

Logistics & Supply Chain

- CMA CGM has introduced emergency fuel surcharges and shifted some container movements onto alternative land routes, while FedEx says fuel surcharges are helping offset higher operating costs. Honeywell has also warned that shipping disruption into the Middle East is delaying some revenue recognition, showing that the impact is now reaching industrial supply chains.

Maritime

- Lloyd's List reports that Iran has established a paid approval-based transit mechanism for certain vessels, increasing compliance risk and fragmenting access.
- Saudi Arabia's Mawani has expanded vessel-support services across eastern ports, including bunkering, water, food, medical supplies and crew changes, as operators rely more on alternative hubs.

Energy Markets

- Thailand has restarted mothballed coal-fired units to limit electricity costs.
- Egypt has moved to conserve power and energy supplies.
- IEA has warned the conflict could trigger one of the worst energy crises in decades and says at least 40 energy assets across nine Middle Eastern countries have been severely or very severely damaged.

OUTLOOK (NEXT 72–96 HOURS)

The most likely near-term trajectory remains continued managed escalation rather than a rapid return to stability. Iran appears intent on preserving pressure through selective missile and drone activity, continued coercive signalling around Hormuz, and threats against Gulf energy and water infrastructure, while still keeping some of its own oil exports moving. That combination suggests Tehran is trying to retain revenue and leverage at the same time, rather than trigger an immediate full closure that would also shut off its own earnings. For the Gulf states, the political direction is also becoming clearer. Anwar Gargash, diplomatic adviser to the UAE president, said the war may end up deepening Gulf security ties with Washington because Iran's actions are reinforcing the view that the Iranian threat must be addressed in a more durable way, beyond a temporary ceasefire. In practical terms, that points to a harder regional security posture, more openness to external naval or air-defence support, and less confidence that de-escalation alone will restore deterrence. For businesses, that points to continued disruption, higher operating costs and an extended period of elevated regional risk.

ADVISORY NOTE

Businesses operating in or through the Gulf should continue planning for instability rather than a near-term return to normal conditions. The operating environment remains shaped by interception risk over populated areas, politically conditioned maritime access through the Strait of Hormuz, and continued exposure of energy, water and transport systems to escalation. The Abu Dhabi debris incident underlines that even where commercial activity continues, the security environment can still affect civilian areas with limited warning. Companies should avoid treating continuity in flights, office activity, retail operations or selective vessel movements as evidence of stabilisation. The near-term picture remains one of uneven access, sudden disruption, rerouting pressure, higher freight and insurance costs, and elevated legal and sanctions risk around maritime decisions linked to Hormuz transit. Organisations should monitor official advisories in real time; confirm escalation thresholds; review staff accountability and shelter procedures; and ensure contingency planning covers alternate routing, supplier disruption, fuel availability, utilities exposure, cyber risk and crisis communications. Companies with US-linked staff, sites or clients should also note Washington's worldwide caution notice.