

SITUATION OVERVIEW

Gulf Conflict Escalates as Energy, Aviation and Shipping Disruptions Grow

Operational pressure across regional transport and energy networks intensified as the Gulf conflict entered its seventh day. Aviation logistics are tightening after fuel supply disruptions were reported at Muscat International Airport, forcing some airlines to refuel outside the Gulf. Maritime trade is facing mounting constraints as major shipping lines suspend services and tanker freight rates surge amid vessel congestion around the Strait of Hormuz. At the same time, regional airspace fragmentation continues to limit aviation capacity across several Gulf states. Diplomatically, Egypt, Turkey and Oman have begun preliminary mediation efforts, while governments across the region are monitoring potential economic and security spillover from the expanding conflict.

KEY DEVELOPMENTS

Security

- Iran warns there is “no option but to end the US presence in the Gulf,” signalling continued escalation rhetoric as the conflict enters its seventh day

Aviation

- Jet A-1 fuel supplies tightening regionally, with refuelling delays reported at Muscat International Airport; Regional airspace remains fragmented with Qatar, Kuwait and Iraq closed, while UAE airspace operates under restricted corridors

Maritime

- Maersk suspends key Middle East services as VLCC tanker rates surge toward \$170,000/day amid Strait of Hormuz congestion

Diplomatic / Political

- Egypt, Turkey and Oman begin mediation efforts between Iran, the US and Gulf states

RISK INDICATORS

Security Risk

- Egypt warns continued conflict could trigger economic instability and price shocks across the Middle East
- Continued missile and drone attacks across Gulf states increase the likelihood of further strikes on civilian infrastructure and energy facilities

HIGH

Aviation Risk

- Airlines may increasingly rely on refuelling outside Gulf hubs if fuel supply constraints persist
- Prolonged airspace instability may disrupt international hub connectivity across Gulf aviation networks

HIGH

Maritime Risk

- Potential UAE action against Iran’s shadow-fleet tanker operators could disrupt sanctions-evasion oil shipping networks (Wall Street Journal)

CRITICAL

Energy Risk

- Restricted export routes risk creating oil storage bottlenecks across Gulf producers, potentially forcing production cuts

CRITICAL

OPERATIONAL IMPACT

Aviation

- Airlines are rerouting long-haul flights around Iranian and Iraqi airspace, extending Europe–Asia routes
- Aircraft are carrying extra fuel or making additional refuelling stops due to airspace restrictions
- Fujairah airport has begun charter evacuation flights via Muscat to move stranded passengers out of the region

Logistics & Supply Chain

- Container cargo bound for Gulf ports is increasingly discharged at alternative ports
- More than 100 vessels are waiting inside the Gulf and dozens more are idling near ports
- Shipping surcharges and emergency fees are being imposed across Gulf routes as carriers adjust to higher security and insurance risks

Maritime

- Hull war-risk insurance premiums for Gulf transits have quadrupled to ~1% of vessel value for seven days of cover
- A sanctioned tanker carrying flammable gas recently transited the Strait of Hormuz, highlighting continued high-risk navigation despite security threats
- Some container vessels are diverting to Oman and Red Sea ports

Energy Markets

- LNG supply disruptions after Gulf shutdowns removed about 5.8m tonnes of expected global supply for March
- Oil prices have surged sharply during the conflict, with Brent approaching \$90 per barrel amid supply fears
- Gas supply disruptions in Iraqi Kurdistan have caused electricity shortages, after precautionary shutdowns at gas fields

OUTLOOK (NEXT 72–96 HOURS)

- Aviation disruption is likely to remain uneven rather than improve uniformly, as restricted airspace, longer rerouted flight paths, and fuel constraints at hubs such as Muscat continue to limit recovery.
- Maritime traffic through the Strait of Hormuz is likely to remain severely constrained as shipowners delay or avoid Gulf transits and vessel queues build.
- Shipping costs are likely to remain elevated, as war-risk cover stays restricted and higher freight, insurance, and emergency surcharges continue feeding through Gulf trade routes.
- Energy market pressure is likely to intensify if export disruption persists, with reduced Gulf flows tightening fuel availability and sustaining upward pressure on regional and global prices.
- Diplomatic efforts by Egypt, Turkey, and Oman may expand, but no near-term de-escalation is evident, given Tehran's stated rejection of ceasefire talks and continued escalation rhetoric.

ADVISORY NOTE

Organisations operating across the Gulf should plan for continued disruption across aviation, maritime logistics, and regional supply chains over the coming days. Airspace restrictions remain fluid, flight routings are longer and less predictable, and fuel availability at some hubs is under pressure.

Shipping conditions are likely to remain particularly challenging. Reduced Hormuz transits, higher war-risk costs, and limited insurance visibility are creating delays, congestion, and operational uncertainty for cargo owners and vessel operators.

Organisations should maintain close coordination with airlines, logistics providers, and shipping partners; verify route and fuel assumptions before movement; and review contingency plans for cargo diversion, alternative sourcing, staff travel disruption, and business continuity.