

SITUATION OVERVIEW

Gulf Conflict Escalates as Energy Infrastructure Risks Grow

Regional tensions intensified after U.S. strikes on Iran's Kharg Island oil export hub, prompting Iranian warnings that U.S.-linked facilities across the Gulf could become targets. Air defence activity remains elevated, with the UAE intercepting nine ballistic missiles and thirty-three drones overnight, part of more than 2,500 drones launched since the conflict began. The United States has deployed about 10,000 AI-guided Merops interceptor drones to counter high-volume UAV attacks and reduce reliance on expensive Patriot and THAAD systems. Energy infrastructure risks also increased after another incident affecting oil loading operations in Fujairah, a major bunkering hub outside Hormuz. Diplomatically, divisions persist after Russia and China abstained from a Bahrain-led UN resolution condemning Iran's attacks.

COUNTRY KEY DEVELOPMENTS

Iran

- Iran warns US-linked Gulf infrastructure could become legitimate targets after Kharg strikes.

Israel

- Israeli strikes continue targeting Iranian military infrastructure and Hezbollah positions.

United Arab Emirates

- UAE air defences intercept missiles and drones as Fujairah incident disrupts oil loading.

Saudi Arabia

- Saudi oil export infrastructure increases security after Iranian media lists potential targets.

Kuwait

- Kuwait remains on heightened military readiness as missile interceptions continue across airspace.

Qatar

- Fitch affirms Qatar's AA rating, citing LNG expansion despite regional conflict risks.

Oman

- Oman remains stable and supports alternative logistics routes outside main conflict zones.

Iraq

- Iran-aligned militias continue drone and missile attacks on U.S. diplomatic and military facilities.

Lebanon

- Israel intensifies strikes as Hezbollah prepares for possible southern ground invasion.

Turkey

- Turkey increases regional security monitoring as Iran conflict raises NATO spillover concerns.

Yemen

- Houthi forces signal potential resumption of Red Sea attacks targeting commercial shipping.

Egypt

- Suez Canal and Egyptian ports gain importance as Hormuz disruption reshapes global logistics.

Syria

- Syria remains active theatre as Israeli strikes target Iranian networks and weapons transfers.

RISK INDICATORS

Security Risk: Missile and drone attacks continue across Gulf states, raising risks to urban areas and infrastructure.

SEVERE

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

HIGH

Maritime Risk: Shipping near Strait of Hormuz remains exposed to drones, mines and vessel attacks.

SEVERE

Energy Risk: Asian fuel conservation measures emerge as Gulf export disruption threatens global energy supply stability.

HIGH

OPERATIONAL IMPACT

Aviation

- IndiGo introduced a fuel surcharge on all flights from 14 March, citing rising fuel costs and regional airspace disruption linked to the conflict.
- Several global airlines introduced fuel surcharges and higher ticket prices as jet fuel costs surge due to Gulf supply disruption.

Logistics & Supply Chain

- Nigerian exporters report major losses as shipping lines avoid Gulf ports, forcing cargo delays and rerouting through alternative hubs.
- Egyptian ports and Suez Canal logistics networks are preparing for increased cargo diversion as carriers adjust routing away from Gulf shipping risks.

Maritime

- India deployed naval escorts for LPG tankers Shivalik and Nanda Devi transiting Hormuz amid the blockade.
- European governments are pursuing diplomatic talks with Iran to secure safe passage for shipping.
- Pakistan Navy launched Operation Muhafiz-ul-Bahr to protect national shipping routes and energy imports.

Energy Markets

- Oil traders report growing demand for Atlantic Basin crude grades, including US and West African barrels, as buyers diversify away from Gulf risk.
- Refiners across Asia are increasing purchases of Russian and Latin American crude grades
- Up to 10 million bpd of Gulf output disrupted across multiple producers

OUTLOOK (NEXT 72–96 HOURS)

- Military activity is likely to remain elevated across the Gulf, Iraq, Syria and Lebanon as Iran continues drone and missile launches while Israel maintains strikes against Iranian networks and Hezbollah positions. Western and Asian naval deployments are expected to expand to protect shipping routes and deter further attacks.
- Energy markets are expected to remain volatile as disruption around the Strait of Hormuz continues affecting crude and LNG flows. Gulf exporters may increasingly rely on alternative routes such as Saudi Arabia's Yanbu terminal and UAE east-coast ports, while Asian governments implement fuel conservation measures and review strategic reserves.
- Diplomatic divisions are likely to complicate de-escalation efforts. Russia and China's abstention on the Bahrain-backed UN Security Council resolution highlights the lack of unified international pressure on Iran.
- Economic pressure may increase if the conflict persists, with early indicators including capital movement toward safe-haven jurisdictions and declining tourism activity across parts of the Gulf.

ADVISORY NOTE

Organisations operating across the Middle East should maintain heightened operational awareness as missile, drone and maritime threats continue affecting regional security conditions. Businesses with exposure to Gulf shipping routes should closely monitor developments around the Strait of Hormuz, including naval activity, vessel routing changes and rising war-risk insurance costs.

Companies operating in major commercial centres and near critical infrastructure should remain alert to potential security advisories, temporary access restrictions or precautionary closures. Aviation disruption may continue as airlines adjust routes and schedules in response to airspace risks.

Organisations should ensure employees follow official guidance, avoid sharing unverified conflict-related information online, and remain familiar with corporate security and emergency procedures during the crisis.