

SITUATION OVERVIEW

Gulf Conflict Escalation Intensifies Security and Economic Disruption

Regional tensions continue to intensify across the Gulf as missile and drone incidents affect both security conditions and economic systems. Iran claimed it targeted US forces at Al Dhafra Air Base in the United Arab Emirates on 15 March using missiles and drones, while Saudi Arabia reported intercepting ten drones near Riyadh and in the eastern region. Aviation disruption is widening, with FlyDubai suspending all Tel Aviv flights until 30 April, ending one of the last remaining Gulf commercial links to Israel during the conflict. Maritime risks remain elevated as shipping companies avoid the Strait of Hormuz and recent drone incidents affect port infrastructure, including Fujairah and Salalah. Economic effects are also spreading as tourism declines across the Gulf and logistics operators increasingly rely on cross-border trucking networks to maintain cargo flows.

COUNTRY KEY DEVELOPMENTS

Iran

- Iran claims missile and drone strike targeting US forces at Al Dhafra.

Israel

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

United Arab Emirates

- UAE officials warn Iran; security heightened around bases, ports and infrastructure.

Saudi Arabia

- Saudi air defences intercept ten drones near Riyadh and eastern region.

Kuwait

- Exit permit rules complicate expatriate departures as security concerns rise.

Qatar

- Authorities say security conditions remain stable despite regional escalation.

Oman

- Ports remain on heightened alert following drone incidents affecting Salalah.

Iraq

- US advises citizens to leave as militia threats persist.

Lebanon

- Israeli airstrikes continue in southern Lebanon as Hezbollah launches rockets toward Israel.

Turkey

- Turkey increases regional monitoring as conflict raises risks near Syrian border.

Yemen

- Houthis reinforce Red Sea positions while warning attacks on Israel-linked shipping may resume.

Egypt

- Egypt monitors escalation and potential disruption risks to Suez Canal shipping routes.

Syria

- Israeli strikes target Iranian logistics networks and weapons.

RISK INDICATORS

Security Risk: Missile and drone attacks continue across Gulf states, including Iranian claims of strikes targeting U.S. forces at Al Dhafra Air Base and drone interceptions reported by Saudi Arabia near Riyadh and the eastern region.

Aviation Risk: Flight disruptions continue across the region as airlines adjust schedules and routes amid missile interception activity. FlyDubai has suspended all Tel Aviv flights until 30 April.

Maritime Risk: Drone incidents at Fujairah and Salalah raise risks for Gulf shipping.

Energy Risk: Infrastructure threats and tanker routing uncertainty are increasing volatility in global oil markets, with traders monitoring Gulf export capacity closely.

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OPERATIONAL IMPACT

Aviation

- Oman Air cancelled flights to nine international destinations amid regional airspace closures.
- KLM cancelled all flights to Dubai until 28 March due to security risks.
- Qantas rerouting Europe flights to avoid Middle East airspace corridors.
- Cathay Pacific cancelled Dubai and Riyadh flights through 31 March.

Logistics & Supply Chain

- Saudi Arabia deploying 500,000-truck fleet to maintain GCC freight flows.
- Saudi Arabia's land transport network is emerging as the GCC's primary contingency logistics corridor.
- LuLu Group importing over 100 tonnes of food into Bahrain via Gulf Air flights from Kochi, Mumbai, London and Thailand through Dammam.

Maritime

- Port of Salalah in Oman temporarily suspended operations after a drone strike, disrupting bunkering and container terminal activities while safety assessments were conducted.
- Major carriers Maersk, MSC, CMA CGM and Hapag-Lloyd suspend Gulf bookings; cruise ships remain stranded offshore.

Energy Markets

- Oil markets pricing geopolitical risk premium amid attacks on regional infrastructure.
- Asian refiners scrambling for alternative crude supplies as Gulf flows decline.
- Gas markets tightening after disruptions affecting Qatari LNG infrastructure.
- Saudi Aramco rerouting crude exports as Hormuz disruption continues.

OUTLOOK (NEXT 72–96 HOURS)

- Security conditions are likely to remain volatile as missile and drone activity continues across Gulf states, raising risks to military facilities, ports, airports and energy infrastructure. Additional interception operations and security alerts are likely across Saudi Arabia, the UAE and other Gulf states as regional air-defence systems remain active.
- Maritime disruption around the Strait of Hormuz is expected to persist as commercial operators continue limiting vessel transits due to security threats, insurance restrictions and the risk of further drone incidents affecting shipping lanes and port infrastructure.
- Energy markets are likely to remain volatile as traders monitor Gulf export capacity, tanker routing and potential threats to major oil and LNG facilities.
- Aviation disruption may continue as airlines reassess flight routes and schedules amid airspace risks and regional security developments.
- Economic pressure may increase as tourism declines and logistics networks rely more heavily on trucking corridors and emergency supply routes to maintain cargo movement across 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. Companies with exposure to Gulf shipping routes should closely monitor developments around the Strait of Hormuz, including vessel routing decisions, naval deployments and rising war-risk insurance costs. Businesses operating near military facilities, energy infrastructure, ports or major logistics hubs should remain alert to potential security advisories, temporary closures or access restrictions. Aviation schedules may remain unstable as airlines adjust routes and airport operations in response to ongoing air-defence activity.

Organisations should also maintain vigilance against potential cyber activity targeting financial institutions, logistics networks and critical infrastructure. Employees should avoid sharing operational details, travel plans or information about facilities and events on social media, as such information could increase security risks during the current crisis environment.