

SITUATION OVERVIEW

Conflicting Diplomatic Signals Deepen and Already Volatile Gulf Crisis

The conflict remains highly unstable, with the picture now shaped not only by escalation but by contradictory diplomatic signaling, continued regional strike risk, and worsening disruption across energy, logistics and humanitarian supply chains. President Trump said the US and Iran had made progress towards talks and paused threatened strikes on Iranian energy infrastructure, but Iranian media denied any direct or indirect contact. The threat environment also remains regional rather than confined to the UAE: Reuters has reported recent Iranian strikes and retaliatory effects across Qatar, Saudi Arabia, Kuwait, Bahrain and the UAE, while Gulf states have collectively raised the issue internationally. The IFRC has also warned that moving humanitarian goods is becoming slower and more expensive, as LNG and shipping disruption feed wider downstream stress.

COUNTRY KEY DEVELOPMENTS

Iran

- Iran launched its 76th aerial wave against Israeli infrastructure.

Israel

- Rejecting "wind-down" rhetoric; preparing for "weeks more" of high-intensity regional combat.

United Arab Emirates

- Government emphasises dialogue while asserting full right to self-defence measures.

Saudi Arabia

- Yanbu exports hit 3.66 million barrels; posture hardening against further incursions.

Kuwait

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

Qatar

- Tragic helicopter crash in Qatari waters killed joint Qatari-Turkish military personnel.

Oman

- Favouring restraint while Muscat airport faces severe congestion as transit hub.

Iraq

- Foreign contractors at Martyr Ali Flaih Air Base report being "stranded."

Lebanon

- Spanish government has condemned reported Israeli statements about Litani River bombings.

Turkey

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

Yemen

- Houthis conducting "extensive field movements" in anticipation of potential retaliatory strikes.

Egypt

- Government implemented 9 PM commercial closures to manage extreme energy price volatility.

Syria

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

RISK INDICATORS

Security Risk: Missile and drone threats continue to affect civilian-populated Gulf areas directly. Iranian threats now explicitly include Gulf power and water infrastructure.

SEVERE

Aviation Risk: Continuous air defence activity across 11 regional Flight Information Regions (FIRs) maintains an extremely high risk of sudden closure and forced diversions.

HIGH

Maritime Risk: There is a rising risk of Houthi re-engagement in the Red Sea, potentially creating a simultaneous closure of both major regional chokepoints.

SEVERE

Energy Risk: Widespread adoption of conservation, fuel switching, and emergency power measures indicates a state of broader systemic demand stress.

HIGH

OPERATIONAL IMPACT

Aviation

- SriLankan and Nepal Airlines have cancelled all flights to Dubai, Doha, Dammam, and Kuwait through 29 March due to airspace instability.
- EasyJet is Warning of significant fare hikes by late summer as spot jet fuel prices hit \$1,850 per tonne.

Logistics & Supply Chain

- FedEx has suspended all express flights to/from Saudi Arabia due to rising operating costs.
- DHL is utilising overland links via Kazakhstan to bypass the regional maritime blockade.
- Hapag-Lloyd is implementing a War-risk surcharge of \$1,500 per TEU; suspended cargo for most Gulf states.

Maritime

- S&P Global / Moody's state \$40 billion in insurance exposure for 3,200 vessels currently trapped inside the Gulf.
- UKMTO has confirmed first kinetic incident in UAE coastal waters 15 NM north of Sharjah.

Energy Markets

- Thailand has restarted mothballed coal-fired units to limit electricity costs.
- Jet fuel prices topped \$200 per barrel; IATA reports costs surged 58% in a single week.
- Slovenia has capped fuel purchases and deployed army to domestic shortages.
- Basra production collapsed from 3.3 million to 900,000 barrels per day.

OUTLOOK (NEXT 72–96 HOURS)

The most likely near-term trajectory remains stable with uneven diplomatic signaling rather than a clean move either to de-escalation or full regional war. Trump's five-day pause on strikes against Iranian power and energy infrastructure slightly lowers immediate escalation pressure, but Iran's denial of any talks means there is still no clearly verified diplomatic channel that businesses can treat as reliable. That gap between political claims and confirmed contact is now itself a risk factor, because it can drive abrupt moves in oil, equities, shipping sentiment and business planning assumptions before the underlying reality is clear. In practical terms, organisations should continue to expect volatility in transport, shipping, energy pricing, fuel availability and government messaging. Humanitarian logistics are becoming slower and more expensive, Pakistan is nearing an LNG squeeze, and Saudi Arabia's elevated Red Sea export usage shows that regional workarounds are active but still under strain. Partial continuity in exports, flights or public activity should not be mistaken for stabilisation, as mine threats, infrastructure targeting risks and freight disruption still leave the operating environment vulnerable to renewed shocks.

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. Even where commercial activity continues, the security picture can still affect civilian areas and business operations with limited warning. Companies should avoid treating ongoing flights, open offices, retail activity 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 Hormuz-linked maritime decisions. Aviation remains operational in parts, but reliability is weak, while shipping, fuel supply and industrial supply chains are already absorbing the cost of delay and contingency measures. Organisations should monitor official advisories in real time, confirm escalation thresholds, review staff accountability and shelter procedures, and ensure contingency plans cover alternate routing, supplier disruption, fuel availability, utilities exposure, cyber risk and crisis communications.