

## SITUATION OVERVIEW

### Hormuz Hardens Again as Talks Stall and Enforcement Risk Rises

The regional picture has become more volatile again. Iran says it remains open to further talks, but distrust persists and there is still no clarity on the next negotiating round. At the same time, Trump's latest threat to blockade the Strait of Hormuz, interdict vessels that paid tolls to Iran and destroy sea mines suggests the next phase may be shaped less by negotiation than by coercive maritime enforcement. This comes as some operational recovery is visible, with Saudi Arabia restoring full East-West pipeline capacity and crude cargoes again moving through Hormuz. The result is a more dangerous split between limited physical recovery and worsening strategic uncertainty. Across the GCC, recent reporting still points to lower kinetic activity, but that should not be mistaken for stabilisation. The immediate risk is now a more unpredictable mix of enforcement action, cyber pressure, drone threats, maritime incidents and political miscalculation.

## COUNTRY KEY DEVELOPMENTS

### Iran

- Open to more talks, but distrust of Washington remains deeply entrenched.

### Israel

- War costs now estimated at \$11.5 billion in budgetary expenses.

### United Arab Emirates

- Lower recent kinetic exposure, but still vulnerable to Hormuz escalation.

### Saudi Arabia

- Restored East-West pipeline capacity, improving Red Sea export resilience.

### Kuwait

- Benefits from current de-escalation, but remains exposed to spillover.

### Qatar

- Calmer conditions persist, though wider Hormuz instability still threatens recovery.

### Oman

- Faces renewed pressure as maritime control becomes more openly contested.

### Iraq

- Iraqi crude is again moving through Hormuz despite continuing uncertainty.

### Lebanon

- Humanitarian campaign launch reflects mounting domestic strain from conflict spillover.

### Türkiye

- Turkish Airlines traffic growth shows rerouting is benefiting peripheral hubs.

### Yemen

- Armed skiff incident off Hodeidah shows Red Sea insecurity remains active.

### Egypt

- Suez-linked routes remain strategically important if Hormuz pressure intensifies.

### Syria

- Still secondary, but vulnerable to wider regional escalation pathways.

## RISK INDICATORS

**Security Risk:** Failed diplomacy leaves deniable attacks, drones and miscalculation as key threats.

**SEVERE**

**Aviation Risk:** Air routes are steadier, but fuel costs and alerts threaten disruption.

**HIGH**

**Maritime Risk:** Hormuz transit is resuming selectively, but coercion and interdiction risks persist.

**SEVERE**

**Energy Risk:** Partial recovery helps, but supply flows remain vulnerable to renewed disruption.

**HIGH**

## OPERATIONAL IMPACT

### Aviation

- Vietnam Airlines is planning domestic route cuts and international fuel surcharges after Thailand and China halted jet fuel exports, exposing how Southeast Asian carriers remain vulnerable to regional supply controls.
- FlySafair says jet fuel now adds about R35,000 per flight hour in extra costs, while stock buffers in South Africa, Kenya and Zambia are thinning.

### Logistics & Supply Chain

- Markets and shopping malls are closing at 8 p.m., government fuel allowances have been cut 50%, and public offices are operating with only 50% physical staffing, showing how fuel stress is now directly reshaping economic activity.
- Indian rice exports have slowed as freight, insurance and emergency fuel surcharges rise, adding cost pressure for buyers.

### Maritime

- West African crude trade has slowed as sellers hold cargoes back for local refining; Bonny Light hit a \$7.50-per-barrel premium, while high freight costs are discouraging some Asian buyers, including India and China.
- A watered-down UN resolution now leans towards defensive coordination and merchant-vessel escorts, after China opposed authorising force.

### Energy Markets

- Canberra is underwriting spot fuel purchases by Ampol and Viva Energy after localised shortages, showing that fuel imports have become risky enough to require direct state support.
- Greece is offering €100 million a year for five years to help industry with energy costs, alongside €200 million in EU-backed efficiency subsidies

## OUTLOOK (NEXT 72–96 HOURS)

The near-term outlook is for a volatile and uneven pause rather than a clean move towards settlement. Pakistan is still trying to keep the diplomatic track alive and has urged both sides to respect the ceasefire, which suggests mediation will continue even after the failure in Islamabad. But the strategic gap is now clearer: Washington is tying any wider stabilisation to nuclear concessions, while Tehran still frames Hormuz, sanctions relief and regional terms as part of the same bargain. That means the next several days are likely to be shaped by three overlapping pressures. First, Hormuz may see limited commercial movement continue, but under a far more coercive backdrop of blockade threats, mine-clearing and compliance uncertainty. Second, the Levant remains the most immediate spoiler: Israeli operations in Lebanon are continuing, and any escalation there could quickly undermine the wider ceasefire logic. Third, symbolic and humanitarian flashpoints such as the Gaza aid flotilla could add political pressure and complicate regional messaging, especially for Egypt and other Arab states trying to balance diplomacy, border management and domestic opinion. Overall, selective recovery may continue, but the region still looks one incident away from renewed deterioration.

## ADVISORY NOTE

Businesses should treat the coming days as a period of selective recovery rather than restored normality. Some shipping, aviation and energy flows are resuming, but the operating environment remains shaped by political uncertainty, enforcement risk and the possibility of sudden disruption from incidents beyond Hormuz itself. Pakistan's continued mediation is helpful, but the absence of a breakthrough means firms should not assume that diplomacy will quickly remove exposure across the Gulf and Levant. For management teams, the priority is disciplined exposure control. Shipping and procurement functions should review which cargoes depend on Hormuz-linked transit, which can shift to Red Sea or overland alternatives, and where insurance, sanctions or compliance risks could still delay execution. Commercial teams should prepare customers for continued variability in timing and pricing, especially for fuel-linked goods, industrial inputs and time-sensitive deliveries. Treasury, legal and security teams should also monitor freight surcharges, counterparty resilience, contract wording, cyber exposure and site-level contingency plans. The practical goal is continuity with flexibility: keep operations moving where conditions permit, but retain centralised decision-making and readiness to tighten quickly if the regional picture worsens.