Global Situational Awareness

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Key Takeaways

- Iran – US launches, then pauses Project Freedom – **SEVERE**
- Iran/UAE – Iran launches missile and drone attacks against UAE – **SEVERE**
- Lebanon – Israeli attacks kill dozens within days in Lebanon despite ceasefire – **SEVERE**
- GCC – OPEC+ virtual meeting signals adjustment in global oil market strategy – **SEVERE**

Global Situational Awareness

Iran — US launches, then pauses Project Freedom — SEVERE

Situation Update

On 03 May 2026, United States (US) President Donald Trump announced Project Freedom, a new military operation aimed at guiding tankers through the Strait of Hormuz. US Central Command (CENTCOM) confirmed that "guided-missile destroyers, over 100 land and sea-based aircraft, multi-domain unmanned platforms, and 15,000 service members" were being used to support the operation. Trump portrayed the move as a humanitarian gesture "meant to free up people, companies, and countries that have done absolutely nothing wrong". According to Washington, 22,500 mariners on 1,550 commercial vessels remain trapped in the Gulf; there have been growing concerns over dwindling supplies and the effects on sailors' physical and mental health.

CENTCOM confirmed that two US-flagged merchant vessels had successfully transited through the Strait and the shipping company Maersk also acknowledged that one of its vessels had exited the Gulf, accompanied by the US military. The Islamic Revolutionary Guard Corps denied that any vessels had passed through the waterway. Tehran subsequently claimed that it had fired at US warships, including striking one with two missiles, a claim that CENTCOM quickly refuted. Whereas the US announced that it had sunk a number of Iranian small boats. The escalating situation threatened the ceasefire implemented between the pair on 08 April 2026. However, two days after the operation's announcement, on 05 May 2026, Trump stated that the initiative would be paused "for a short period of time" to see whether the US and Iran could reach an agreement.

Assessment/Impact/Business Implications

With Trump opting to pause Project Freedom, the limited amount of time in which it was operational has made it difficult for analysts to ascertain on what scale the US military would be able to reopen the waterway. While it could be true that Trump reached the decision to facilitate a meaningful dialogue in pursuit of achieving a peace agreement, it may also be the case that Project Freedom was struggling to have the desired impact. Considering the risk being taken on by the US military, Washington may have assessed that the risk-to-reward ratio was too unfavourable to keep the plan operational.

The situation in the Strait of Hormuz, as well as between the US and Iran more broadly, remains fluid. While there has been some justification for cautious optimism regarding a potential peace settlement, with Trump also threatening to bomb Iran at a "much higher level" if Tehran refuses the 14-point memorandum of understanding, another escalation cannot be ruled out. The number of ships to have transited through the Strait under Project Freedom was far from enough to come anywhere close to addressing the global energy crisis. It remains unclear whether its resumption, should peace talks fail, can achieve the results necessary to address the global energy crisis.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	MODERATE	Environment	HIGH
Crime	MODERATE	Legal	HIGH

Iran/UAE — Iran launches missile and drone attacks against UAE — SEVERE

Situation Update

On 04 May 2026, Iran launched a new wave of attacks against the United Arab Emirates (UAE), the first since the United States-Iran ceasefire took effect on 08 April 2026. The UAE accused Tehran of firing a barrage of missiles and

drones at the port of the eastern emirate of Fujairah, injuring three Indian nationals and setting an oil refinery ablaze. The port serves multiple purposes, acting as the terminus of the Abu Dhabi Crude Oil Pipeline and a major global hub for ship refuelling. According to the UAE's Ministry of Defence, the country's air defences "engaged" 12 ballistic missiles, three cruise missiles, and four drones. Another wave of missiles and drones was launched the following day. The UAE has opted to impose temporary restrictions on its airspace as a result of the heightened threat landscape. The Islamic Revolutionary Guard Corps (IRGC) has denied the attacks, labelling the UAE's reports as being "devoid of truth".

Assessment/Impact/Business Implications

The attacks have impacted the aviation industry through airspace closures, physical infrastructure through blast damage, and caused deaths, demonstrating the human cost. The resumption of Iranian attacks against the UAE can be attributed to Washington's announcement of Project Freedom, a US naval operation intended to escort and guide tankers through the Strait of Hormuz, breaking Iran's blockade. With US President Donald Trump having announced a pause to the operation to facilitate peace negotiations, the extent to which the matter has acted as a flashpoint that has placed the UAE at greater risk may have declined. However, with the situation remaining fickle, the potential for Project Freedom to resume or another flashpoint to arise cannot be discounted at this crucial moment.

Despite not being directly involved in the US-Israeli war on Iran, the UAE has been targeted more by Iran than any other country. This is likely due to the country's status as the region's premier economic and tourism hub maximising the impact of Iranian strikes. While the UAE's air defence system has played a crucial role in mitigating the scale of infrastructural damage and the human costs, the economic and reputational threat posed remains significant. If there is another escalation, there is a strong probability of the UAE being targeted more than other nations in the region.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	MODERATE	Environment	HIGH
Crime	MODERATE	Legal	HIGH

Lebanon — Israeli attacks kill dozens within days in Lebanon despite ceasefire — SEVERE

Situation Update

Israeli attacks have killed dozens of people in Lebanon within a matter of days despite the ceasefire remaining formally in place, underlining how fragile and contested the current arrangement has become. Strikes killed 14 people on 27 April 2026, including two women and two children, after evacuation warnings were issued for seven towns north of the Litani River. Further attacks then killed five more people in southern Lebanon, including three rescuers, while Lebanese authorities said Israeli fire had also wounded two soldiers. Additional strikes on 01 and 02 May 2026 reportedly pushed the death toll significantly higher, marking one of the deadliest periods since the ceasefire began.

The ceasefire has not produced stable de-escalation, with casualties continuing to rise amid widespread displacement and heavy damage to civilian infrastructure. At the same time, Hezbollah attacks on Israeli positions, including drone and rocket fire, have reinforced the pattern of reciprocal violence rather than genuine calm. Israel maintains that it is targeting Hezbollah infrastructure and militants, while Lebanese officials and humanitarian actors continue to accuse Israel of violating the spirit and practical basis of the truce. The broader effect is to leave the ceasefire in force on paper but highly unstable in practice.

Assessment/Impact/Business Implications

For businesses, the key issue is that the ceasefire has not produced a permissive or predictable operating environment. Instead, it has created a situation in which Israeli military action continues, Hezbollah remains active, and humanitarian, transport, and reconstruction conditions remain highly unstable. The latest wave of casualties shows that southern Lebanon, and increasingly areas beyond it, remain exposed to sudden escalations even under a formally active truce. That means access, insurance, staffing, aid delivery, and infrastructure planning all remain difficult.

The overall risk is severe because the conflict is now operating in the grey zone between ceasefire and conflict. The truce has not ended the violence and the combination of Israeli enforcement, Hezbollah retaliation, mass displacement, and damaged infrastructure points to a prolonged period of insecurity rather than a transition to recovery. For investors, humanitarian actors, and firms with any operational exposure to Lebanon, the practical reality is that ceasefire language currently offers limited protection against renewed or continuing disruption.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	HIGH	Environment	HIGH
Crime	MODERATE	Legal	HIGH

Israel — Netanyahu appears in court on corruption charges — SEVERE

Situation Update

Israeli Prime Minister Benjamin Netanyahu has appeared in court again in his long-running corruption trial after an hours-long delay linked to what was described as an urgent political and security schedule. The latest hearing was shortened after the delay and formed part of Netanyahu's continuing testimony in cases involving bribery, fraud, and breach of trust. This was his 83rd appearance since the trial began, and the court rejected a last-minute attempt to cancel the session entirely before allowing a delayed and shortened appearance instead. The timing is notable because the delay was reportedly tied to developments connected to Iran and wider regional security concerns.

The significance lies in the continued overlap between Netanyahu's legal troubles, wartime leadership, and coalition politics. His defence team has repeatedly pointed to national security demands and regional conflict as reasons to delay or modify court appearances, while critics argue that the repeated overlap between war management and trial scheduling has reinforced concerns about political accountability and institutional strain. At the same time, discussions are continuing over whether any eventual resolution could involve a plea deal rather than a pardon, suggesting that Netanyahu's legal future remains tightly bound up with Israel's broader political trajectory.

Assessment/Impact/Business Implications

For businesses and investors, the immediate impact of a single hearing is limited. The wider significance lies in the continued collision between legal uncertainty and executive leadership at a time of acute regional tension. Netanyahu remains at the centre of Israeli decision-making during a period of conflict involving Iran-linked actors and continuing operations in Lebanon, yet he is simultaneously required to defend himself in a complex criminal case. That combination adds to political volatility and reinforces the perception that Israel is operating under simultaneous security and institutional pressure.

The overall risk is high rather than severe because the judicial process is still functioning and the proceedings remain within an established legal framework. However, repeated delays, shortened hearings, and continuing debate over

plea deals point to a more fluid political environment in which court developments may have direct implications for coalition durability, public confidence, and longer-term leadership stability. For firms exposed to Israel, the main concern is not abrupt economic collapse, but a noisier and less predictable policy environment shaped by war, legal pressure, and intensifying political contestation.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	HIGH
Economic	HIGH	Conflict	SEVERE
Civil Unrest	HIGH	Environment	HIGH
Crime	MODERATE	Legal	HIGH

Morocco — Morocco plans to expand fuel storage capacity — LOW

Situation Update

The Moroccan Minister of Energy Transition, Leila Benali, has announced that the government is looking to scale up its strategic fuel storage reserve capacity. Around US$600 million is expected to be invested in the expansion of the country's storage infrastructure, which is due to augment storage capacity by 1.5 million cubic metres by 2030. The announcement comes amid major disruptions to global oil and gas supplies as a result of the conflict in the Middle East and the closure of the Strait of Hormuz. Projects currently underway also plan to add over 400,000 cubic metres of storage capacity for butane and around 100,000 cubic metres for jet fuel by 2030. Benali also clarified that around 80% of the country's existing storage capacity is located in the regions of Casablanca-Settat and Tangier-Tetouan-Al Hoceima. The projects are also expected to be brought to other regions, including the Nador West Med port in the north of the country.

Assessment/Impact/Business Implications

The projects have sustained a wave of criticism from Moroccan parliamentarians. Among them is Mohamed Mkhnater, who has argued that the government's energy strategy is ineffective due to weak guidelines on a refining policy following the closure of the La Samir refinery. Additional criticisms include concerns over the government's fuel pricing transparency, such as over-taxation for consumers, and issues concerning the ownership of the storage facilities. The import, storage, and distribution of petroleum products in Morocco is largely managed by companies that are responding to market forces and prices, rendering price adjustments more complicated.

Morocco is also heavily dependent on diesel and petrol imports, a reliance that has been critically subject to debate during this fuel crisis. The country has invested extensively in fuel storage over the past three years and officials are planning to develop further into the hydrocarbons and natural gas storage domains. Despite the efforts, the international energy supply disruption has hit Morocco particularly hard, especially as it does not possess refining capacities. As a result, subsidies for professional transporters, such as taxis, buses, and trucks, were re-implemented to keep prices stable. Attempts to mitigate the fuel price crisis have led it to diversify its energy sources, mainly from Europe and the United States, while continuing to massively import liquefied natural gas from Spain. Currently, coal accounts for most of Morocco's electricity production, which is concerning given that coal prices are rising.

Factor	Risk Rating	Factor	Risk Rating
Political	LOW	Business	MODERATE
Economic	MODERATE	Conflict	LOW
Civil Unrest	MODERATE	Environment	MODERATE
Crime	LOW	Legal	LOW

Global Situational Awareness

Algeria — Private companies sign contract to develop Algerian oil field — LOW

Situation Update

A consortium led by Petrojet has signed a contract pledging to begin a second phase of development at the Hassi Bir Rekaiz oil field in Algeria. Petrojet, a subsidiary of the state-owned Egyptian General Petroleum Corporation, signed the US$1 billion contract with the other consortium member, Italy's Arkad. The agreement launches construction of a central processing facility with a capacity of 32,000 barrels per day, along with related infrastructure, such as a 217km pipeline project. The consortium is expected to work together on the design, construction, supply, and operation of the oil field, increasing crude production capacity.

Assessment/Impact/Business Implications

The Hassi Bir Rekaiz oil field is located in southern Algeria and is operated by Groupement Hassi Bir Rekaiz, a joint venture between Algeria's Sonatrach and Thailand's PTT Exploration and Production. The awarded contract was signed after a strong competition in a global tender. The results revealed the rise in confidence in Egyptian companies' capabilities. Indeed, in late 2025, Cairo-based Elsewedy Electric had committed to investing almost US$2.5 billion in Algerian renewable energy projects. The increase in Egyptian private interests in foreign oil and gas development projects can be attributed to the rise in domestic demand and a national decline in oil extraction due to ageing fields and investment delays.

Algeria's Sonatrach expects the field's second phase of development to boost production and streamline processing. The field could strengthen Algeria's export capacity and its position as a key regional energy supplier. However, the full development and construction of new extraction and export projects could take up to several years. Energy projects are still strongly contingent on foreign private investments or public funds allocated by the European Union (EU) and Italy. EU countries are eyeing Algeria for a potential alternative, more secure source of oil as global fuel price insecurities continue. The efficiency and outcome of the field's second phase of development will likely be a strong factor in securing future partnerships and contracts for fuel exports.

Factor	Risk Rating	Factor	Risk Rating
Political	MINIMAL	Business	LOW
Economic	LOW	Conflict	LOW
Civil Unrest	LOW	Environment	LOW
Crime	MINIMAL	Legal	LOW

GCC – OPEC+ virtual meeting signals adjustment in global oil market strategy – SEVERE

Situation Update

On 03 May 2026, seven countries belonging to the wider alliance of the Organisation of the Petroleum Exporting Countries (OPEC+)—namely Saudi Arabia (KSA), Russia, Iraq, Kuwait, Kazakhstan, Algeria, and Oman—met virtually "to review global market conditions and outlook". With the aim of supporting stability in the oil market, the seven participating countries agreed to increase oil activity, implementing a production adjustment of 188,000 barrels per day (bpd). This adjustment, following those announced in April and November 2023, will be implemented in June 2026 and is subject to significant flexibility in order to respond to ongoing fluctuations in the economic system. According to this adjustment, only KSA's quota—the main producer within OPEC+—is estimated to rise to 10.291 million bpd for June 2026, compared to 7.76 million bpd produced in March 2026.

The proposed move demonstrates the group's readiness to increase oil supplies, reflecting a continuity-based operational approach in the face of two major geopolitical events that have affected OPEC+: the standoff between the US and Iran blocking the Strait of Hormuz, and the withdrawal of the United Arab Emirates (UAE) from the organisation. On one hand, the war in Iran has choked exports from OPEC+ members, primarily KSA, Iraq, and Kuwait. On the other hand, the withdrawal of the UAE, the group's third-largest producer, described by the Emirati government as a "sovereign and strategic choice", has further weakened the cartel's influence over global oil supplies and prices.

Assessment/Impact/Business Implications

The internal decision of OPEC+ has far-reaching implications. The US-Iran confrontation and the UAE's exit from the group have significantly weakened the oil cartel. In this context, the increase in production reflects a tactical response to a temporary decline in market activity, but it exposes the system to a potential domino effect, should other countries consider withdrawing or reducing cooperation. In this high level of geopolitical instability, environmental risk is also critical due to missile activity that can strike oil infrastructure, such as the attack targeting the Shaybah oil field. Targeting these sites not only threatens production but also risks releasing toxic substances that endanger surrounding ecosystems.

Economically, the blockade of the Strait of Hormuz—a strategic chokepoint with an average of 20 million bpd of crude oil and oil products shipped in 2025—creates significant challenges for OPEC+. The impact leads to crude oil price volatility, a surge in shipping costs, and global energy insecurity. As a consequence, companies are facing significant supply chain disruption, characterised by increased operating costs, logistical risks, and greater uncertainty in energy exports. Although alternative routes such as the Abqaiq–Yanbu pipeline system may be considered, the vulnerability of regional infrastructure remains high. In particular, Houthi activities along the Yemeni coastline of the Red Sea, equipped with long-range missile capabilities, represent an additional risk factor for the security of oil tankers.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	SEVERE
Economic	SEVERE	Conflict	SEVERE
Civil Unrest	MODERATE	Environment	SEVERE
Crime	MODERATE	Legal	HIGH

Libya – US initiative targets national unification through rival families — SEVERE

Situation Update

Recently, during an official ceremony held in Washington, a high-level delegation representing the Government of National Unity (GNU) of Libya met with the administration of US President Donald Trump to discuss the expansion of commercial relations between the two countries. The meeting addressed the issue of expanding the activities of American companies in the Libyan market, with particular attention to the energy, infrastructure, telecommunications, mining, and aviation sectors. The event, focused on the Libyan-American partnership, also highlights a key point of Trump's foreign policy: the unification of Libya. This objective was clearly emphasized by the US Senior Advisor for Arab and African Affairs, Massad Boulos, who stated that "unifying Libya's economic, military, and political institutions is essential."

The realization of this project would revolve around the two most influential families in the country: the Dbeibeh family in western Libya and the Haftar family in eastern Libya. The American idea is that the grandson of the current Prime Minister, Ibrahim Dbeibah, would assume the role of head of government, while the Deputy Commander of the Libyan National Army's General Command, Saddam Haftar, would be appointed president of the country. Although the initiative has been under discussion for some time, it has recently been revived as a possible response

to rising oil prices in the context of the US-Israel war against Iran. Libya, rich in energy resources, is experiencing significant rent gains as a strategic alternative, and oil exploration represents a major profit margin given the stalemate in the Strait of Hormuz.

Assessment/Impact/Business Implications

The Libyan-American cooperation is taking place in a complex and articulated domestic context. At the political level, the situation is critical due to the coexistence of two powerful families with marked internal rivalries and various armed groups, especially in the south of the country. The American push, although aimed at national unification, risks intensifying rivalries among the existing actors. This is reflected in the strong opposition of many Libyans to such unification, primarily the business families of the coastal city of Misrata and the highest religious authority, the Grand Mufti of Libya, Sheikh Al-Sadiq Al-Gharyani, who describes it as an "ominous initiative." At the security level, the partnership must contend with arms trafficking, fuel smuggling, and corruption networks, factors that further exacerbate the conflict situation.

In environmental and economic terms, however, the impact is significant. The partnership itself does not represent a major environmental risk; however, the presence of companies such as Chevron, which holds exploration licenses for the extraction of shale oil and shale gas, has negative environmental implications. The economic potential is considerable, thanks to the richness of the subsoil, although the benefits will only become visible in the long term. For businesses, given the energy instability in the Gulf region, investment opportunities are high, particularly in hydrocarbons and infrastructure. However, given the internal situation, businesses must consider factors such as political volatility, contract uncertainty, weak legal enforcement, and security risks to personnel and assets.

Factor	Risk Rating	Factor	Risk Rating
Political	SEVERE	Business	HIGH
Economic	HIGH	Conflict	SEVERE
Civil Unrest	SEVERE	Environment	HIGH
Crime	HIGH	Legal	HIGH

Global SA Risk Methodology

THREAT LEVEL RATING	
SCORE	LEVEL
5	SEVERE
4	HIGH
3	MODERATE
2	LOW
1	MINIMAL

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