Middle East Situation Briefing

Navigating Logistics Disruption Webinar

7th May, 2026

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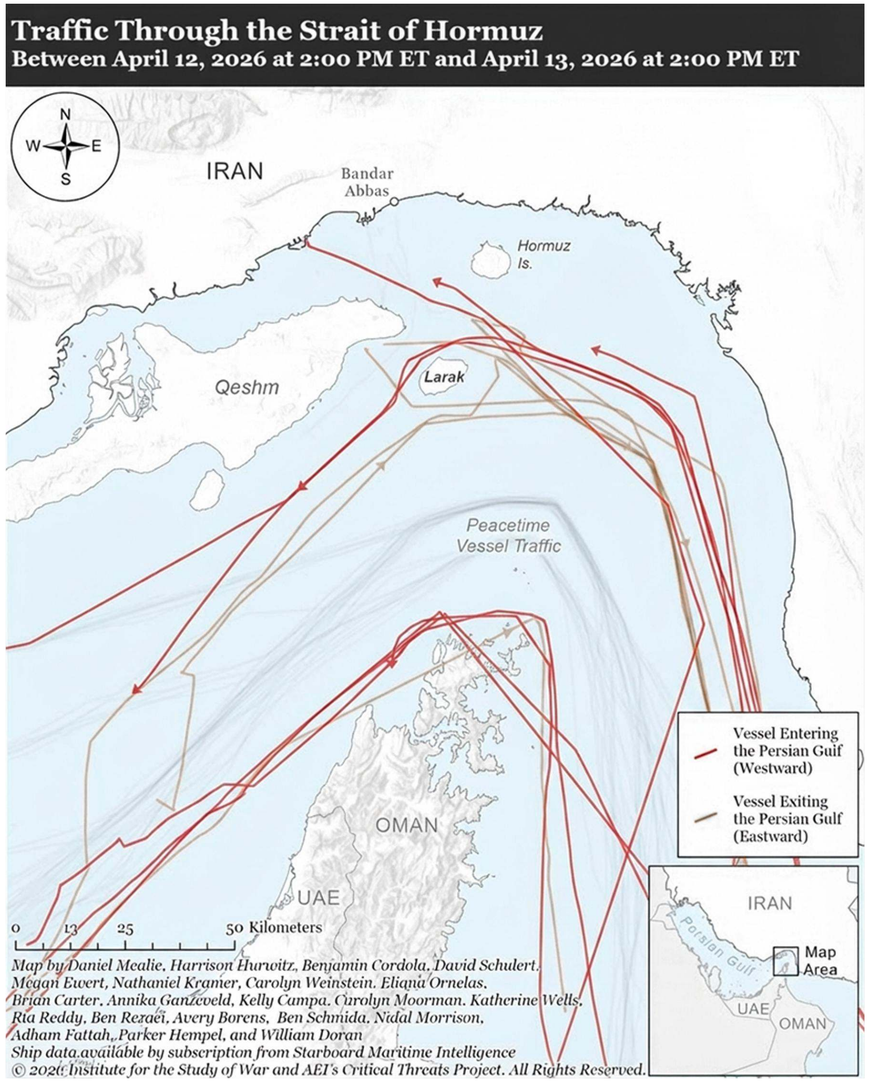
Session Overview

- Setting the Stage: Context of the Crises
- Escalating Risk & Impact on the Energy Industry & Beyond
- Impact of Disruption on Maritime and Air Freight
- Strategic Planning & Contingency Planning
- Long-Term Impact & Future Outlook

Why the Strait of Hormuz Matters

- The **Strait of Hormuz** is a vital chokepoint connecting the **Persian Gulf** to the **Gulf of Oman,** with **no alternative routes** for most exports.
- **20 million barrels of oil per day** pass through, representing **20% of global oil consumption** and **25% of seaborne crude oil trade.**
- **20% of global LNG trade,** especially from **Qatar** and the **UAE,** transits this route, making it crucial for the **global energy supply chain.**
- **Instability** or **closure** could trigger **price spikes** in **oil, gas,** and **commodities,** impacting **manufacturing, transportation,** and **supply chains.**
- Disruptions also affect **fertilizers, petrochemicals,** and **industrial feedstocks,** creating **price pressures** and **supply delays** globally.



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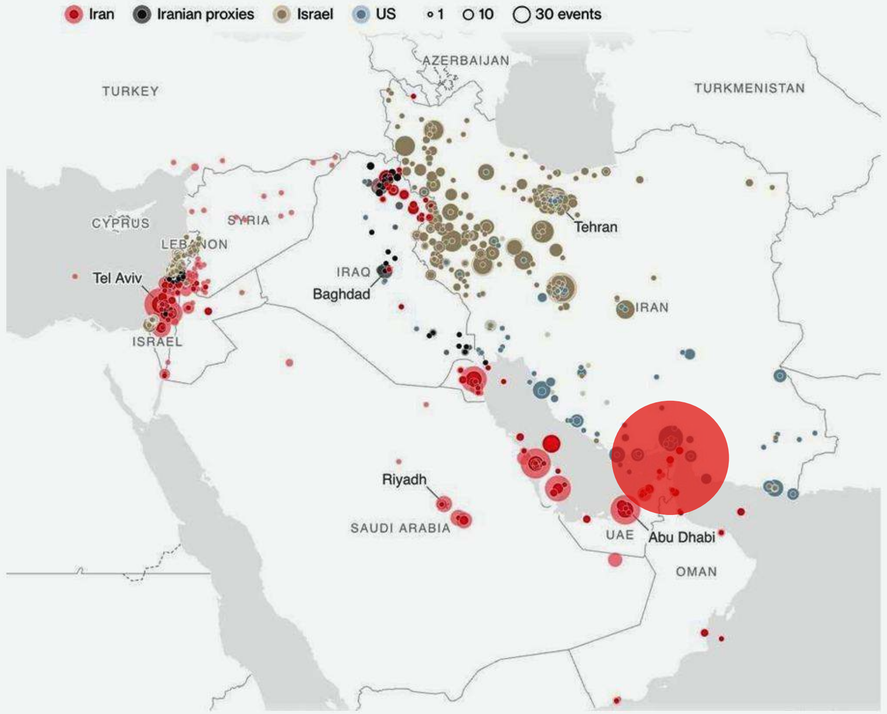
Escalating Risk and Global Spillover

- ~20% of global oil & LNG flows disrupted through chokepoints like the Strait of Hormuz, causing price volatility & energy shortages, especially in regions reliant on oil and LNG.
- Tanker slowdowns have created supply & pricing volatility in crude oil and LNG markets, with ripple effects on petrochemicals & other energy intensive industries, driving up global energy cost.
- Material shortages in critical metals and offshore energy equipment are straining global energy infrastructure, delaying development and hindering LNG production and offshore drilling.
- Rising inflation due to energy cost escalation is affecting industries like automotive, manufacturing, & agriculture, driving production costs up and worsening supply chain bottlenecks.
- CapEx delays across the global energy sector are worsening long-term disruptions, hindering both renewable energy infrastructure and fossil fuel energy maintenance, further impacting global energy supply and prices.

Conflict Rapidly Spread Across Entire Gulf

Cumulative reported strikes and interceptions since Feb. 28

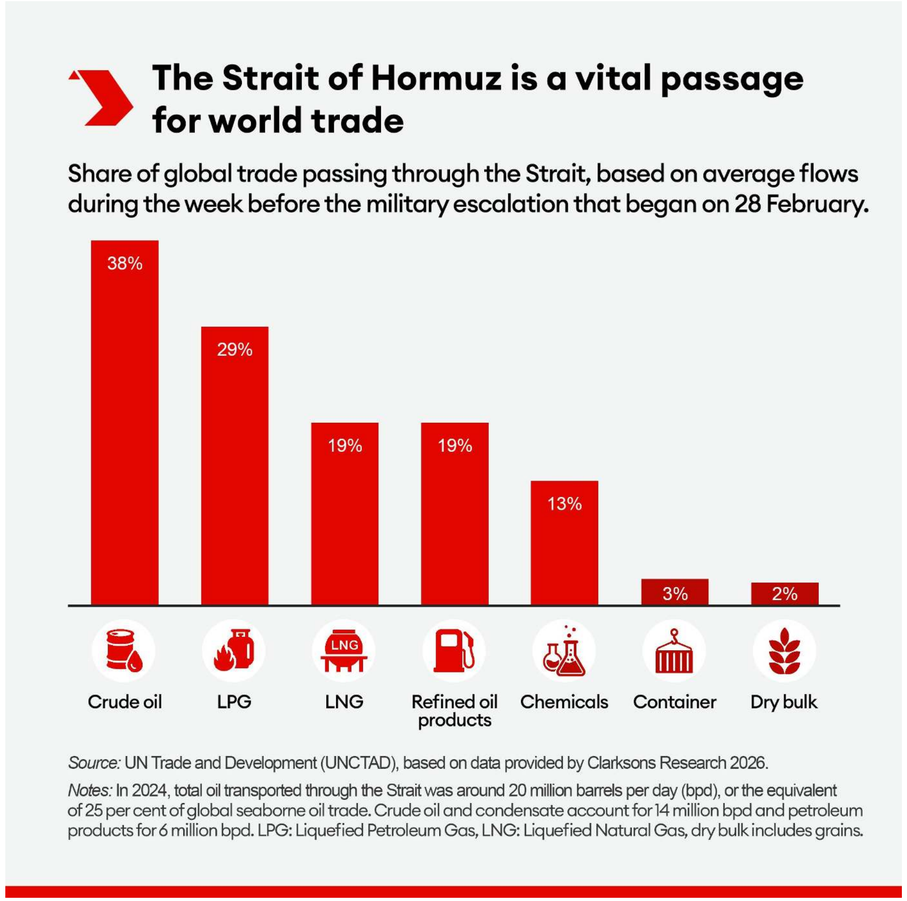


Source: Armed Conflict Location and Event Data (ACLED)

Note: Some events may include more then one strike. Data as of March 13, some recent strikes from the US and Isreal on other countries, as well as strikes from Iranian proxies may not be included yet. Some event, including a March 4 US strike on an Iranin warship off the coast of Sri Lanka, are outside the freme of this map.

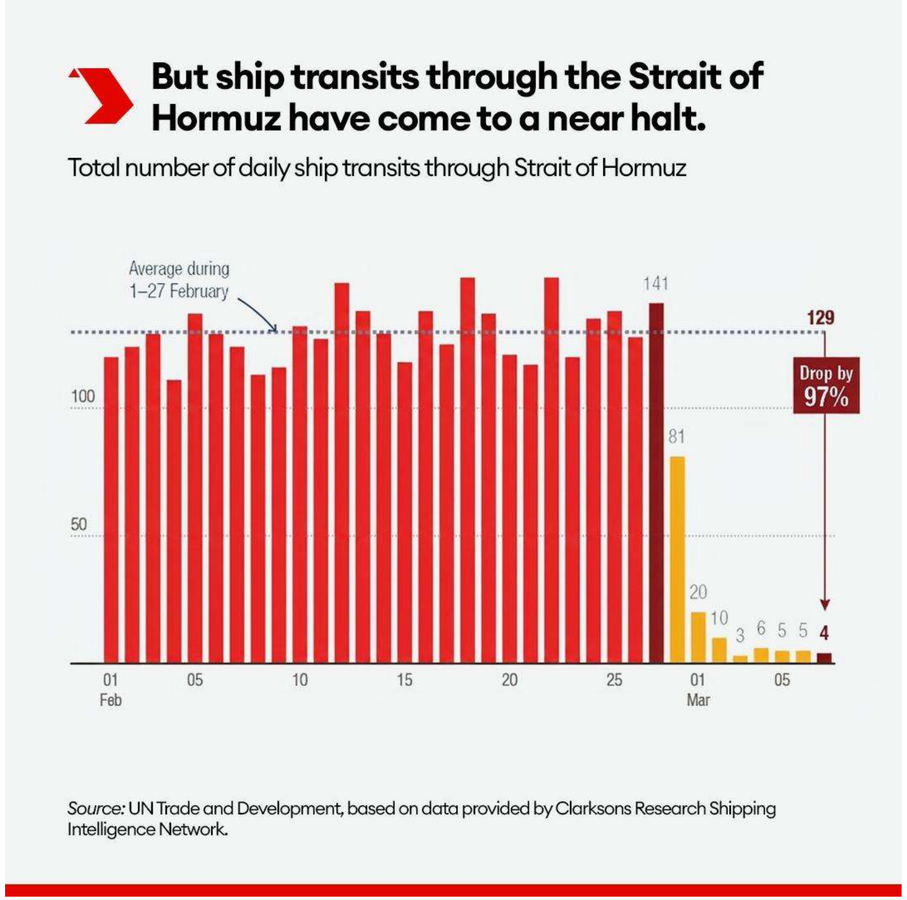
Disruption Extending Beyond Energy

- **Cape rerouting** has caused a **20% reduction** in global **TEU velocity,** putting additional pressure on **shipping timelines** and creating **backlogs** at ports across **Europe** and **Asia,** leading to significant **shipping delays.**
- Over **3,600 HS codes** are impacted, with industries like **automotive, electronics,** and **pharma** facing **supply chain bottlenecks,** causing **inventory shortages** and **production delays.**
- **Supply shocks** are spreading to **Southeast Asia** and **South Korea,** exacerbating the strain on **fragile manufacturing hubs** and causing **delays,** particularly in the **electronics and automotive** sectors.
- The **bullwhip effect** is triggering **downstream production halts,** especially in **electronics** and **automotive,** as manufacturers struggle to maintain **inventory levels,** resulting in **long-term production disruptions** in **global supply chains.**



Freight Costs and Reroutes — A Direct Hit

- Ocean freight rates have surged, with emergency surcharges of **$2,000+ per TEU and up to $3,000 per FEU** on routes linked to the crisis.
- Tanker flows for crude, LNG, and petrochemicals are operating under severe constraints, adding volatile price pressure on energy markets.
- Dry bulk cargo like coal, iron ore, and grains are delayed due to longer sea journeys and port backlog.
- Reroute premiums, fuel costs, and war-risk insurance surcharges have pushed shipping costs sharply upward.

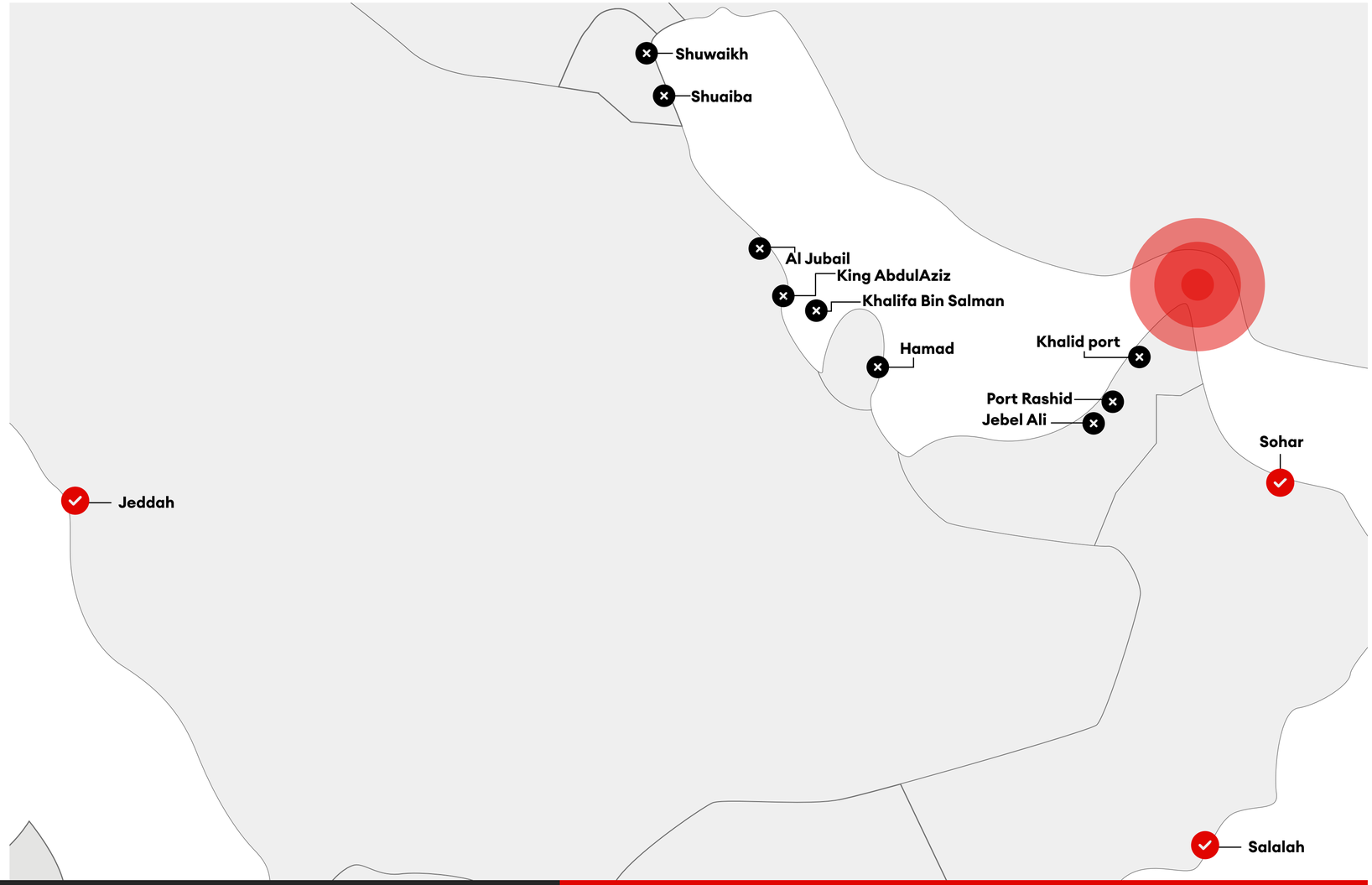


Suspended Ports

- Khalifa Bin Salman
- Jebel Ali
- Port Rashid
- Port Khalid
- Fujairah
- King Abdulaziz
- Al Jubail
- Shuwaikh Port
- Shuaiba Port
- Hamad Port

Operational Ports

- Salalah
- Sohar
- Jeddah



Longer Transit Time **Rising Freight Rates** **Equipment Shortages**

Monitor closely. Stay flexible. Adapt to evolving conditions

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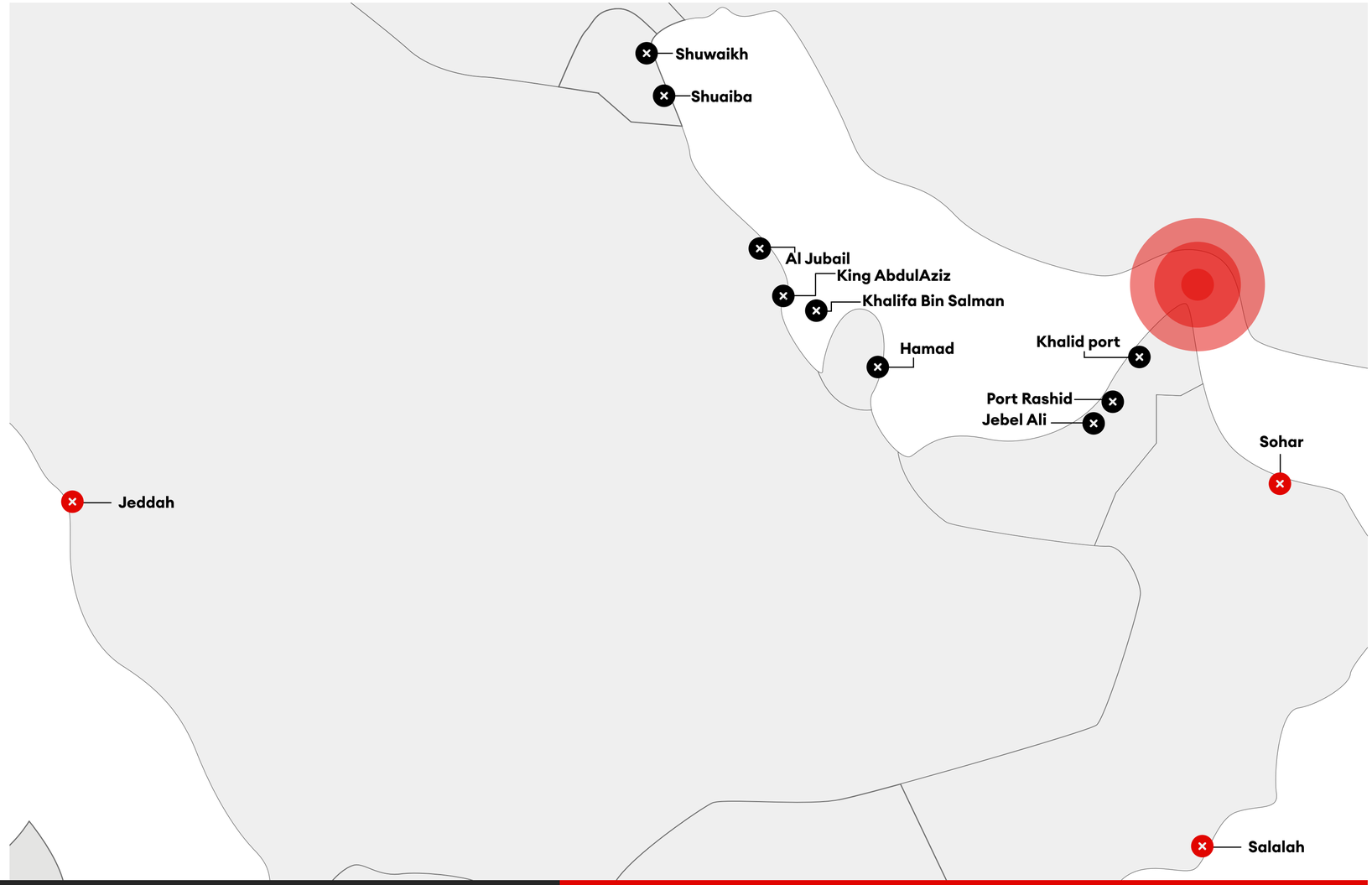

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Air Freight — A Parallel Capacity Shock

- Closure of Middle East airspace and hub suspensions have cut **global air cargo capacity by roughly 16–18 percent,** with concentrated effects on Asia–Europe and trans-Atlantic lanes.
- Major carriers (including Middle East three hubs) have rerouted or suspended operations, adding distance, fuel use, and delays.
- Persistent disruptions are squeezing jet fuel availability on alternative long-haul routes and increasing rates across the board. (Based on broader freight and capacity trends.)
- High-value cargo is prioritized, pushing spot rates up sharply and creating capacity shortages for general cargo



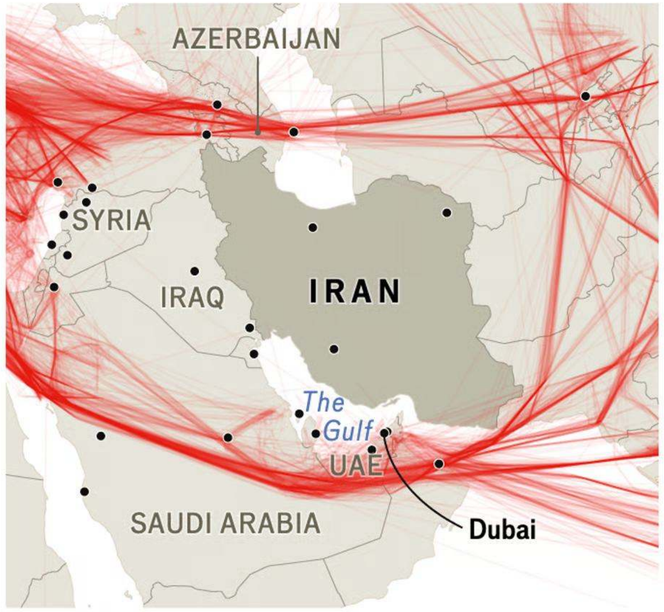
Air Freight — A Parallel Capacity Shock

Detected flights across the Middle East*

2025 March 3rd-4th

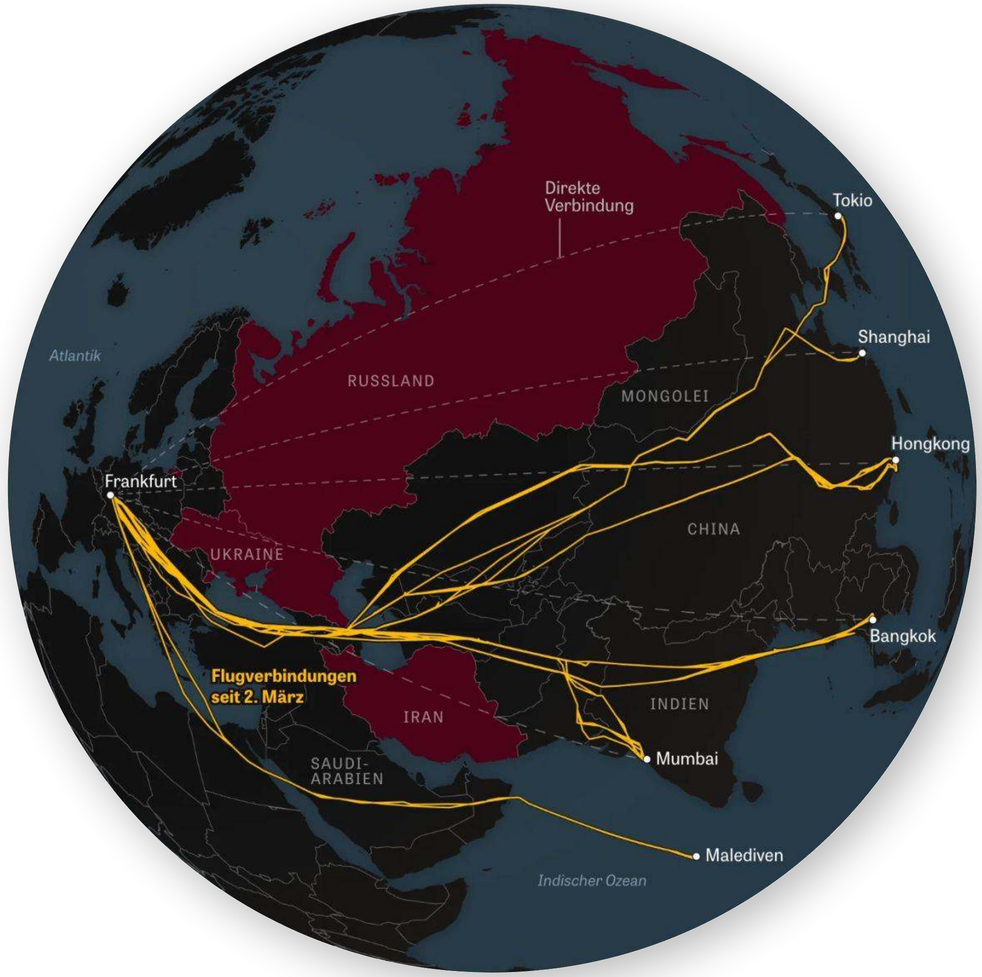


2026 March 3rd-4th

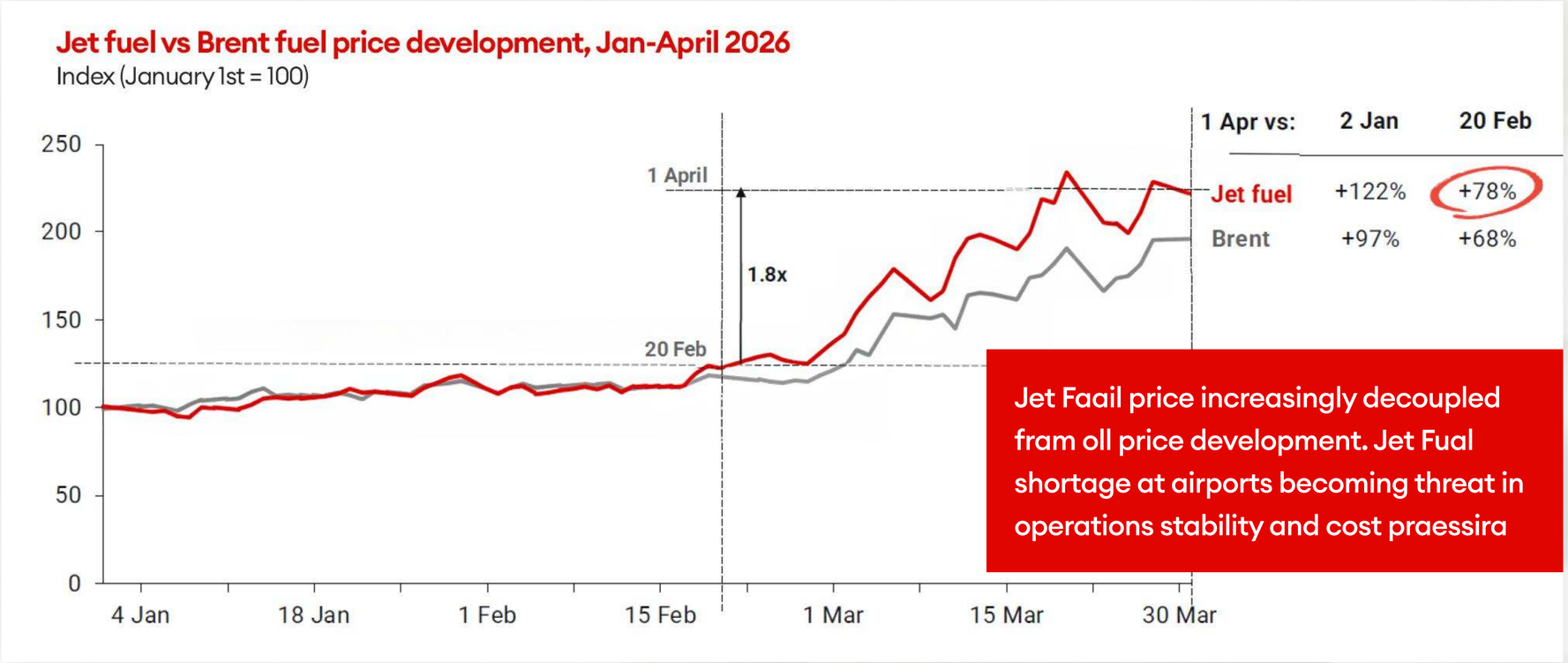


Sources: Planefinder.net; *The Economist*

*Paths based on available transceiver data



AFR Demand & Capacity



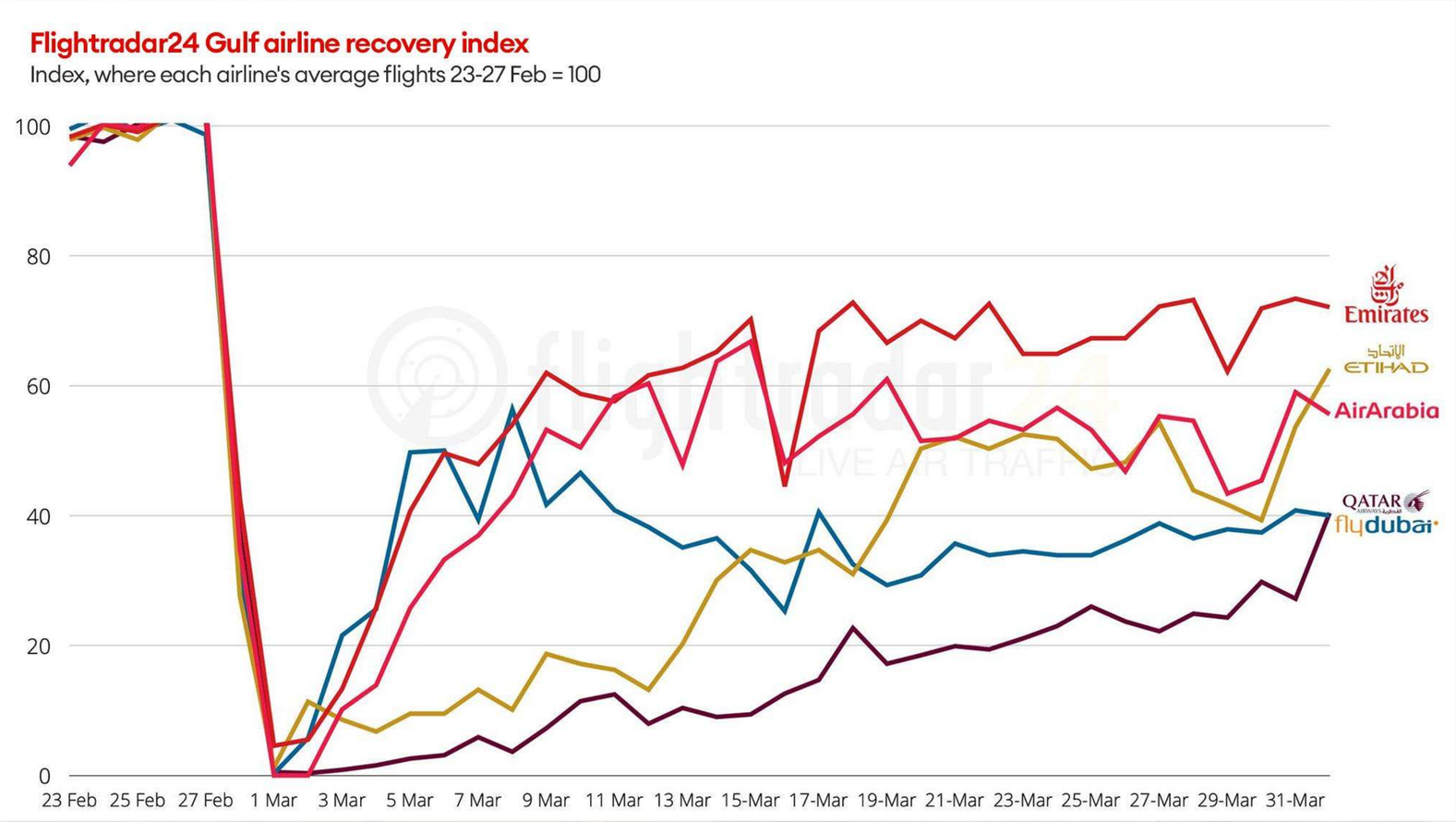
Jet Faail price increasingly decoupled fram oll price development. Jet Fual shortage at airports becoming threat in operations stability and cost praessira

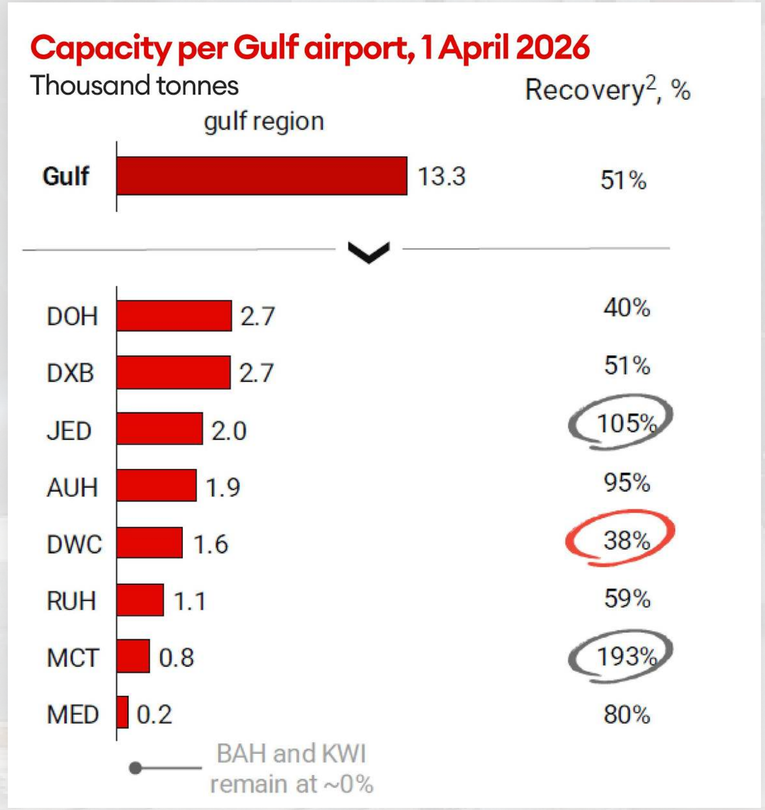


ADAPTING TO CHANGE: SOLUTIONS FOR

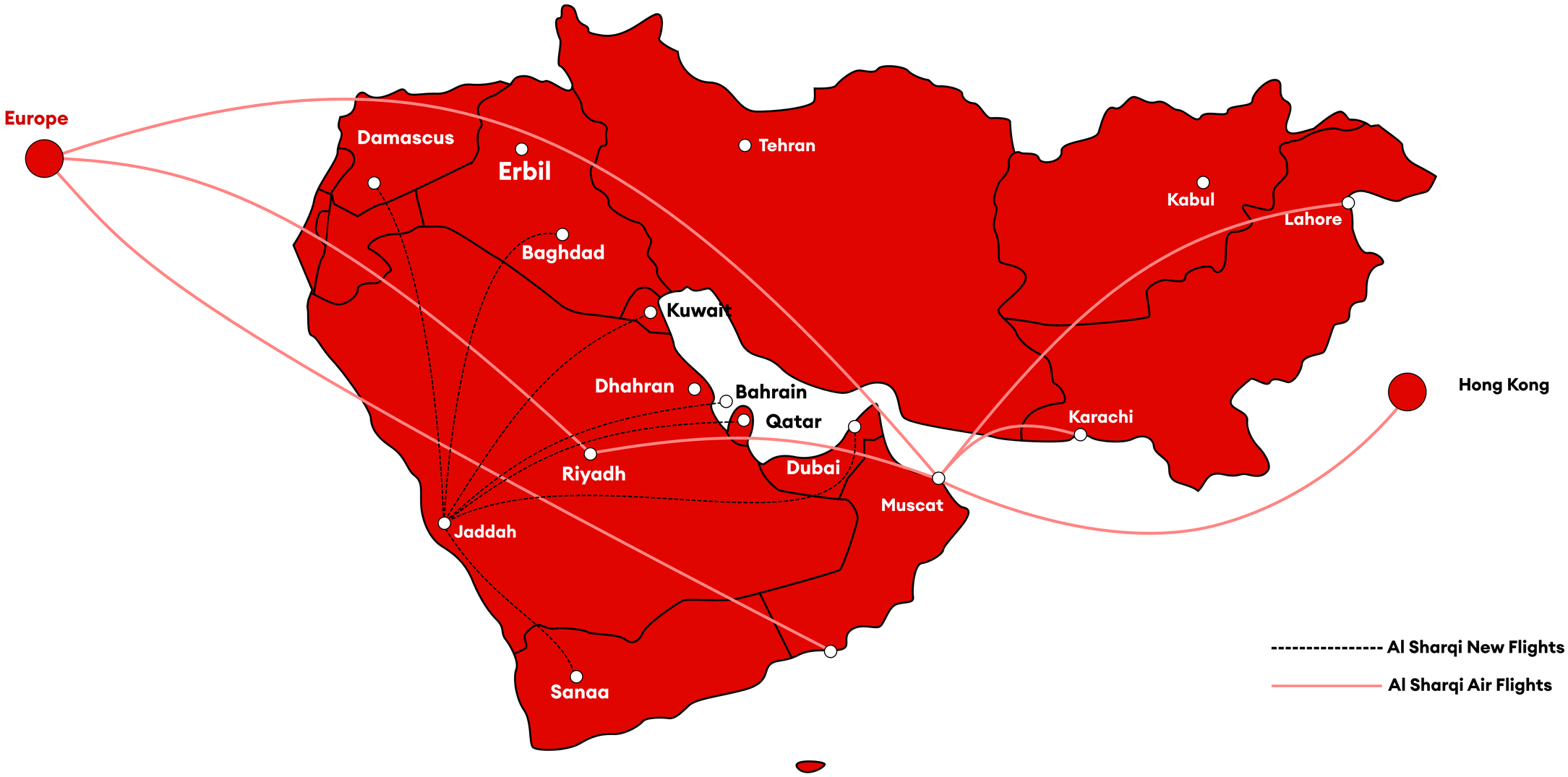
Air, Ocean, and Road Freight

Air Resilience





Air & RFS Solutions



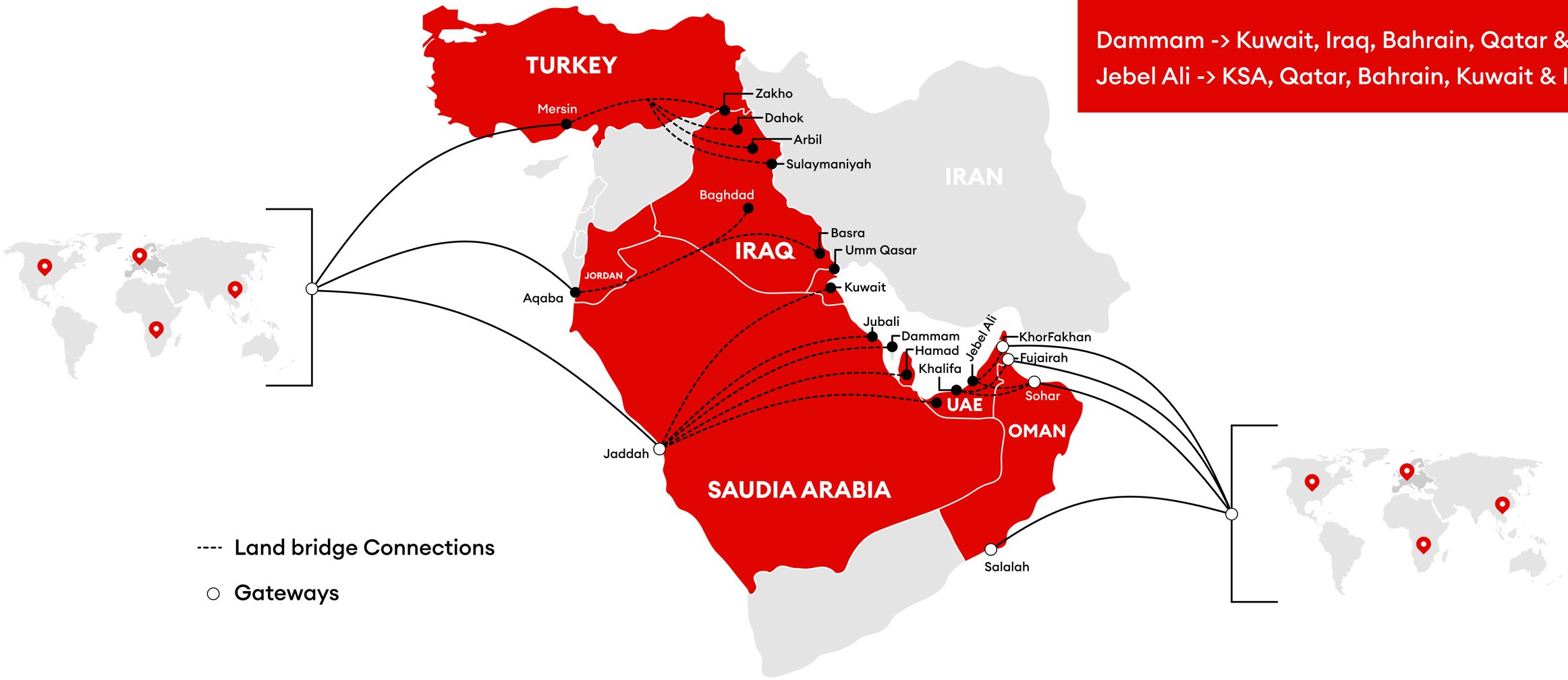
Ocean Resilience & Solutions

Import & Export

Feeder Connections Arabia's Gulf Ports:

Dammam -> Kuwait, Iraq, Bahrain, Qatar & UAE

Jebel Ali -> KSA, Qatar, Bahrain, Kuwait & Iraq



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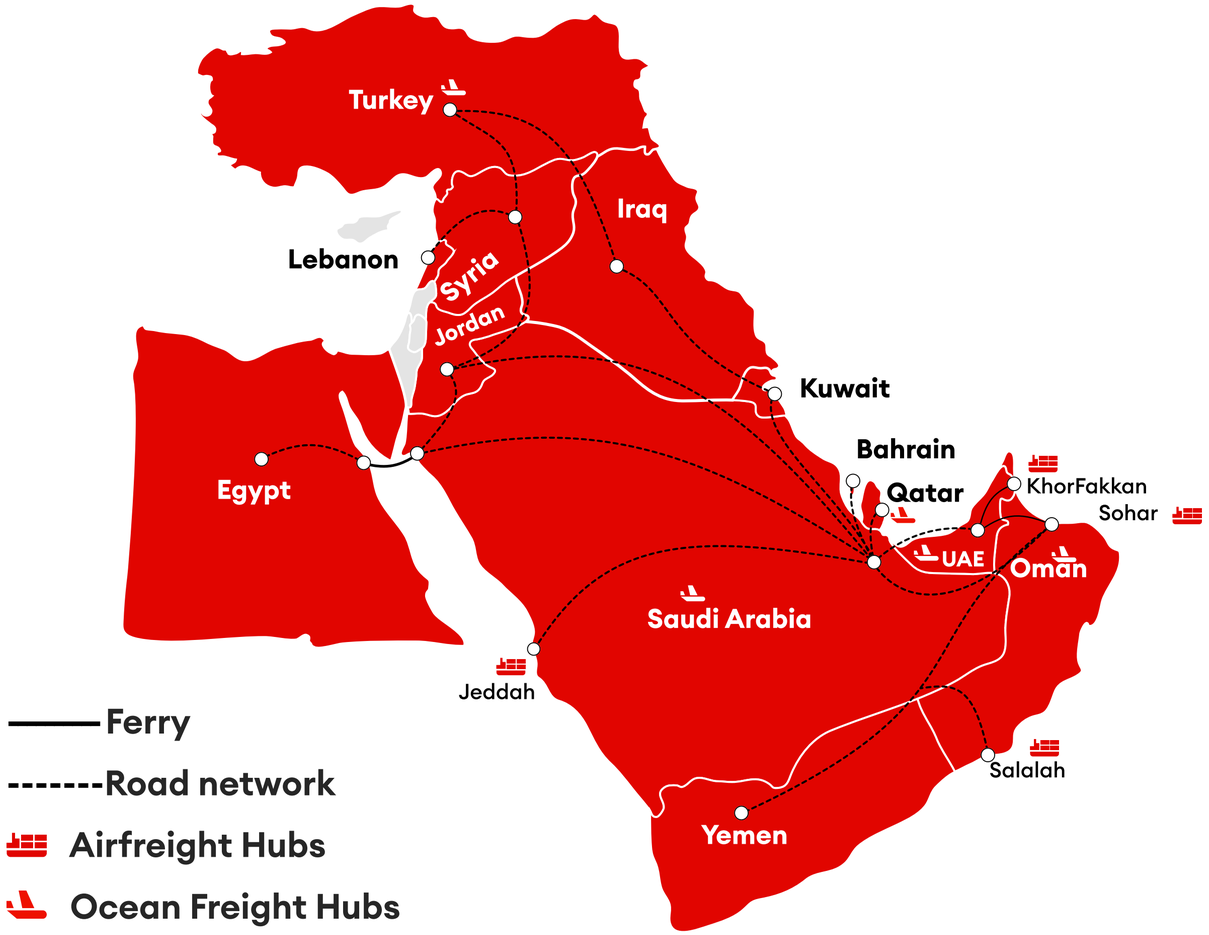
Road Resilience & Solutions

A Stable Alternative in Times of Disruption





GCC Land Transport Facilitation:

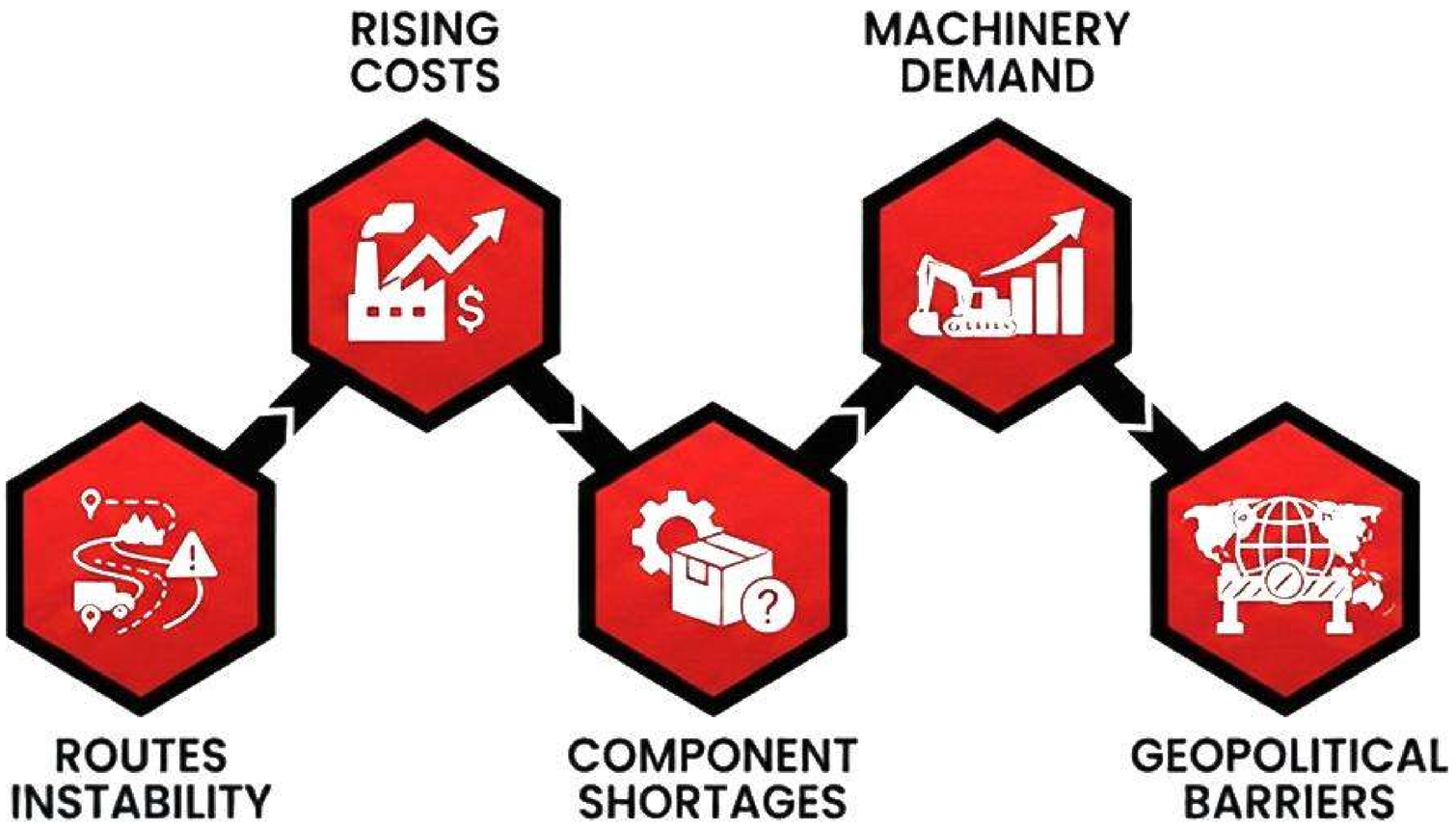
- Quick enablement allowed empty UAE containers into Oman and Saudi, accelerating land transport recovery.
- Oman-Dubai Green Corridor accelerated diverted cargo movement.
- TIR-sealed Saudi-Qatar transit kept essential goods moving.
- Unified GCC land transport law standardized cross-border rules.

From Disruption to Action — Building Resilience

- **Expand visibility** across **Tier-2** and **Tier-3 supplier networks** to identify vulnerabilities and enhance risk management, ensuring **supply chain continuity.**
- **Diversify sourcing** and **logistics routes** to avoid over-reliance on single suppliers or routes. Leverage **multi-supplier strategies** and **gateway ports** to improve flexibility and reduce **bottlenecks** during disruptions.
- Shift from "Just in Time" to "Just in Case" strategies, emphasizing building resilience through proactive inventory management, diversification, and securing critical resources to mitigate supply chain risks and adapt to future disruptions.
- **Build structured contingency** and response frameworks with clear **communication protocols, proactive supplier engagement,** and well-defined **emergency strategies** to ensure fast and organized responses during crises.

Long-Term Impact and Future Outlook

3–6 month recovery window with high uncertainty Short-term disruption vs long-term structural shift still evolving Structural shifts in global trade routes likely Persistent elevation in freight and energy costs Scenario planning critical for future disruptions



Integrated Freight Forwarding & Customs Brokerage

One partner to move, clear, and deliver cargo across import and export supply chains.



1

MOVE

Air, Ocean, Road & Multimodal Freight

2

CLEAR

Customs Declarations, Duties, Permits & Trade Compliance

3

DELIVER

Ground Transport, Warehousing, 3PL & Last Mile

Since 1989, Al Sharqi has helped businesses simplify cross-border logistics through connected freight, customs, and delivery solutions.

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