

SHIPPING NEWS

MIDDLE EAST CONFLICT: WHAT IT MEANS FOR AUSTRALIAN IMPORTERS AND SUPPLY CHAINS



Recommended Actions for Importers and Exporters:

- Confirm insurance coverage (specifically war risk clauses)
- Seek written confirmation from insurers and freight providers
- Build contingency time into supply chains
- Monitor routing and transshipment ports closely
- Engage early on complex or regulated shipments
- Engage a supply chain professional.

CHANGING PORT STRATEGIES IN THE MIDDLE EAST

A Shift in Marine Insurance Risk

One of the most immediate impacts is the tightening of marine insurance conditions. Insurers are reassessing exposure to high risk regions, with many increasing war risk premiums or limiting coverage altogether.

For Australian importers, this introduces a critical risk layer. Cargo that would ordinarily be covered under standard marine policies may now require additional approvals or fall outside coverage entirely. In practical terms, this means higher costs, delayed shipments awaiting insurance confirmation, and in some cases, exposure to uninsured loss.

Cost Escalation and Delays Across the Supply Chain

Tankers and container vessels are avoiding high-risk areas (e.g. Red Sea / Strait of Hormuz). The ports listed on the bill of lading may no longer be a reliable indicator of where the cargo will end up.

These changes in vessel discharge schedules and routings are causing transit time increases (often 10–20+ days), knock-on congestion at Asia hub ports, and additional transport layers.

For example, cargo destined for the UAE may now be discharged (by some shipping lines in Qatar or Oman with intermodal transport options (for a fee) being offered to importers to the UAE.

Air transport across the Gulf region remains heavily disrupted due to operational constraints and airspace restrictions. Airfreight consignments are being allowed through specified safe corridors with limited cargo flights still being offered.



While the conflict is geographically distant, its impact on Australia's supply chains is immediate and tangible. The combination of insurance constraints, vessel diversions, and schedule instability is creating a more volatile operating environment for importers.

In this landscape, proactive management is essential. Understanding where risks sit – whether in insurance, routing, or compliance – allows businesses to make informed decisions and avoid costly disruptions.

The escalation of conflict in the Middle East is rapidly reshaping global shipping dynamics, and while geographically distant, Australia is already feeling the effects across freight, insurance, and supply chain reliability.