

War Impact on Trading & Shipping

How the current conflict and Red Sea/Hormuz disruption are reshaping freight, insurance, and lead times for UAE–KSA trade — and what to do about it in the next 10–30 days.

TACTICAL MITIGATION STRATEGIC SETUP 3–6 MONTH ROADMAP

by

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Disclaimer

This document is based solely on secondary information. It is not supported or verified by any statutory records, government data, or official authorities. The content is intended only for general advisory purposes. The purpose of this note is to support business owners with additional insights, as part of the ongoing work Dr. Ibrahim has been doing throughout the various crises since 2020. make business owners best in all the situations .

Every crisis brings its difficulties, but it also opens the door to new opportunities. This situation is unexpected and not ideal, but we cannot choose the crises we face. As a business owners, our strength lies in focusing on the opportunities ahead rather than the worries around us. When we look for the positive side, we find ways to adapt, grow, and move forward with confidence.

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What is Happening Now — 12-Day Horizon

Red Sea / Suez

Maersk, CMA CGM, and Hapag-Lloyd have again suspended or sharply limited Red Sea transits, rerouting via **Cape of Good Hope** — adding **10–20 days** to Asia–Europe and Asia–Gulf legs.

Strait of Hormuz

Commercial traffic has dropped by approximately **90%**. Tankers and vessels are rerouted or delayed, pushing insurance and bunker costs sharply higher for Gulf-linked trade.

Costs & Prices

Import costs and purchase price inflation are rising across the region. Saudi firms are seeing faster increases in selling prices; UAE firms are so far passing on only **part** of the cost increase.

Market Sentiment

Gulf equity markets are volatile but holding up, supported by higher oil prices on supply fears. Uncertainty remains elevated across all trade corridors.

For a trading company moving goods into/out of KSA and UAE, this means: sharply higher sea freight quotes, more "war risk" surcharges, unreliable ETAs, and some carriers refusing certain ports and routes entirely.

Direct Impact on Your Trading Business

Logistics & Shipping

Longer transit times from Asia/Europe if cargo moves via Suez — expect **+10–20 days** and more schedule changes. Fewer sailings, rolled bookings, and priority given to large BCOs and long-term contract customers. Higher costs from war-risk premiums, insurance, rerouting fuel burn, and congestion around alternative routes.

Trade, Sales & Finance

- **Working capital strain:** More cash locked in pipeline inventory and higher LC/financing requirements because shipment cycles are longer and invoices are delayed.
- **Margin pressure:** You will either absorb freight increases (hit margins) or pass through to customers (risk volume loss), with Saudi wholesalers already increasing selling prices faster than in UAE.
- **Contract & legal risk:** Delivery deadlines, "time is of the essence" clauses, and fixed-price contracts may become impossible to meet without force-majeure or price-adjustment clauses.

Best Options: Routing & Sourcing (Next 30–90 Days)



Shipping Line & Routing Strategy

Work with **2–3 core carriers/NVOCCs** actively rerouting via Cape of Good Hope and offering guaranteed space products — rather than chasing the lowest spot rate. Prioritize direct services into **Jebel Ali/Dubai** and **Dammam/Jubail**. Monitor regional feeders from safer trans-shipment hubs (Salalah, Sohar, Jeddah, East Med) day-by-day.



Modal & Sourcing Diversification

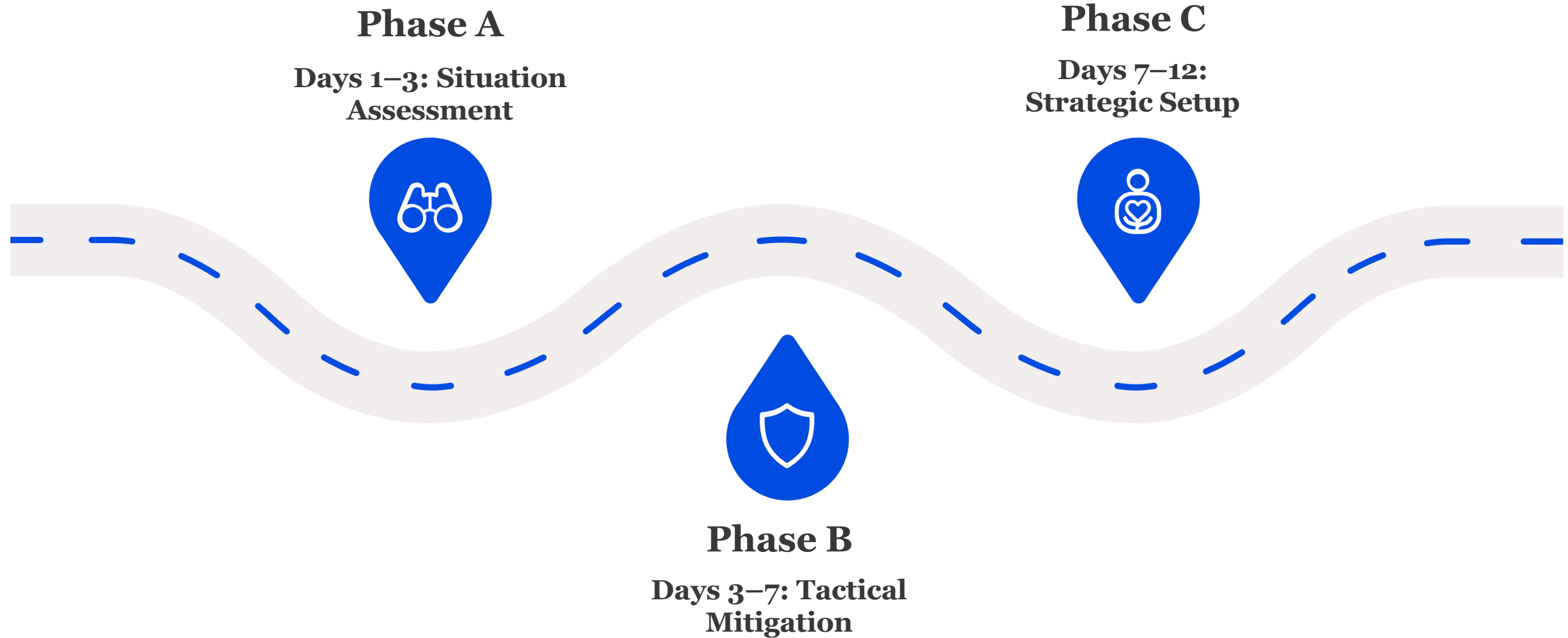
Use **air freight selectively** for high-margin, fast-moving SKUs — negotiate block space or priority with chosen carriers instead of ad-hoc bookings. Explore **near-sourcing** from Turkey, India, and East Africa to shorten routes. For KSA–UAE movements, increase use of **land transport (trucks)** via GCC corridors where security and capacity remain acceptable.



Commercial & Financial Measures

Move key customers to **variable freight or indexed pricing** (e.g., base price + maritime index surcharge) rather than fixed CIF prices. Negotiate extended payment terms with suppliers linked to actual sailing/ETA, and shorten credit terms where possible with your buyers to protect cash flow.

Concrete Actions: Next 12 Days



The 12-day action plan is structured as three overlapping phases — each building on the last to move from understanding your exposure, to protecting your operations, to repositioning for resilience.

Phase A: Situation Assessment (Days 1–3)

Map Your Exposure

For each lane and supplier, list the current route, usual transit time, carrier, INCOTERM, and contract terms — including delivery dates and penalty clauses. This gives you a complete picture of where you are most vulnerable.

Get Updated Carrier Positions

Obtain written advisories from your main shipping lines and freight forwarders covering: which routes they will or will not serve, current surcharges, and expected transit times for March–April. Do not rely on verbal updates.

Cash-Flow Stress Test

Model a scenario where transit times increase by 15–20 days and freight costs rise by 30–70%. Quantify the extra working capital required and the impact on gross margin. This stress test will drive all subsequent decisions.

Phase B: Tactical Mitigation (Days 3–7)

Inventory Moves

- Pull forward critical imports where space is still available.
- Re-prioritize SKUs: build safety stock for essentials, slow orders for low-margin/slow movers.

Logistics Reconfiguration

- Lock space with 1–2 preferred forwarders/carriers on your most critical lanes, even at a premium.
- Shift urgent POs to air or multi-modal (sea–air via Jebel Ali or Salalah) where the margin allows.

Contracts & Customer Communication

Issue **formal notices** to key clients on "extraordinary logistics conditions" and propose temporary surcharges or revised lead times. Do not wait for customers to complain — proactive communication protects relationships.

Review **force-majeure, hardship, and price-adjustment clauses** with legal support across all active contracts. Identify which agreements expose you most and prioritize renegotiation accordingly.

Phase C: Strategic Setup (Days 7–12)

01

Renegotiate Annual Supplier Contracts

Include flexible delivery windows, shared freight-surcharge mechanisms, and alternative port options. Suppliers should share the burden of logistics volatility — not leave it entirely with you.

02

Trial Alternative Origins & Backup Suppliers

Start trials with alternative origins or backup suppliers for your **top 10–20 items** by volume and contribution margin. This reduces single-route dependence and builds long-term resilience.

03

Update Internal SOPs

Implement new lead-time standards for sales and planning teams. Establish a **mandatory weekly war/logistics risk review**. Define a clear escalation path if ETAs slip beyond a defined threshold (e.g., +7 days).

3–6 Month Strategic Roadmap

War-Risk Dashboard

Track freight indices, carrier advisories, port status, and order-in-transit ageing **weekly** for both KSA and UAE lanes.

1

2

Dual-Routing Strategy

Formalize a default route plus a **pre-approved contingency route** for each major lane, with pre-negotiated rates and SOPs ready to activate.

3

Redesign Pricing & Contracts

Ensure logistics cost and lead-time risk are **shared across the chain** (supplier → you → customer) instead of sitting entirely with you.

4

Deepen Key Partnerships

Invest in stronger relationships with **2–3 logistics partners** and **5–10 key customers** for joint volume planning, stock buffers, and emergency modes.

Sea vs. Air Freight: Cost Comparison for UAE Lanes

Current Sea Freight via Cape (China → Jebel Ali)

After Red Sea/Cape rerouting, Shanghai–Jebel Ali spot rates jumped from approximately **1,800 USD per 40'** to above **4,000 USD per 40' FEU**, largely due to emergency surcharges. Cape routing adds roughly **200–400 USD per TEU** in extra operating cost — about 25–35% above pre-crisis levels. At 4,000 USD loaded with 10–12 tonnes, this works out to roughly **0.33–0.40 USD per kg** in pure ocean freight (before land costs, THC, etc.).

📌 **Key point:** Even with Cape surcharges, full-container sea freight to UAE is usually well below 1 USD per kg for dense loads.

Current Air Freight Levels to UAE

- **China → Dubai:** ~6.10 USD/kg for shipments ≥1,000 kg (Feb 2026), with some earlier indications near 3.50 USD/kg in calmer periods.
- **India → Dubai:** 250–650 INR/kg (~11–28 AED/kg, or approximately 3–7.5 USD/kg depending on weight, service, and season).
- **Delhi → Dubai (forwarder example):** ~5–12 AED/kg (1.4–3.3 USD/kg) depending on weight break.

Key point: Air is commonly **10–20x the per-kg cost** of a well-utilized sea container, even with current ocean surcharges.

Freight Cost Benchmarks at a Glance

Mode & Lane	Typical All-In Benchmark	Approx. Cost per kg
Sea – China → Jebel Ali via Cape (post-crisis)	4,000 USD per 40'	0.33–0.40 USD/kg
Sea – China → Jebel Ali (normal, pre-crisis)	~2,400–3,400 USD per 40' (Feb 2026 range)	0.20–0.30 USD/kg
Air – China → Dubai	~6.10 USD/kg for ≥1,000 kg cargo	6.10 USD/kg
Air – India → Dubai	~11–28 AED/kg	3–7.5 USD/kg

Use Sea (Cape) as Default
Bulk, commodities, low–mid value goods, anything with acceptable +10–15 extra transit days.

Reserve Air for Top 10–15% SKUs
High-margin or critical items where you can clearly justify paying 10–20x more per kg to avoid stock-outs or production stoppages.

Calculate Per-SKU/Per-PO
Extra working-capital cost of +10–15 days by sea vs. extra freight cost of switching to air. Choose the cheaper option in total profitability terms.

Key Takeaways & Next Steps

1 Act in the next 10–30 days

The window to lock space, renegotiate contracts, and pull forward critical inventory is narrow. Delay increases both cost and risk exposure significantly.

3 Share the risk across the chain


Redesign pricing, contracts, and supplier terms so that logistics volatility is distributed — not absorbed entirely by your business. Variable freight clauses and indexed pricing are your tools.

2 Sea freight remains your cost anchor

Even post-crisis Cape routing at 0.33–0.40 USD/kg is dramatically cheaper than air at 3–7.5+ USD/kg. Use air only where margin and criticality clearly justify it.

4 Build structural resilience for 3–6 months

A war-risk dashboard, dual-routing strategy, near-sourcing trials, and deeper logistics partnerships will protect you not just now — but through the next disruption cycle.

 **Tip:** Share your main product categories and typical lanes (e.g., "China–Jebel Ali–Riyadh FMCG", "India–Jeddah industrial parts") to get a lane-by-lane action sheet with specific buffer days, mode mix, and pricing clauses.