Israel and Iran armed conflict joins US tariffs at the volatility and chaos table

The global transport and logistics landscape continues to be plagued by an array of geopolitical impacts that effectively have squashed any hope of stability for the remainder of the year. While temporary US tariffs deals are entered into at a steady pace, the fact remains that uncertainty is ever present, pushing global supply chains into a "stop & go" mode, spiced with occasional demand ketchup effects.

Israel's attacks on Iran trigger chaos 2.0 in the Middle East

The failure of the US and Iran to reach an agreement on Iran's nuclear programme, and specifically the enrichment of Uranium, prompted Israel to launch what can only be described as a surprise and historic attack on Iran's nuclear and military infrastructure on Friday, 13 June.

Israel deployed warplanes and drones previously smuggled into Iran to attack key facilities and top Iranian generals and officials, asserting the attack was necessary to halt the development of Iran's nuclear programme.

Iran retaliated by firing waves of ballistic and supersonic missiles at Israel, where explosions flared in the skies over Jerusalem and Tel Aviv. Over the recent week, repeated attacks from both sides have taken place.

US strikes against Iran alongside Israel

In what can only be described as a major escalation and raising fears for an outright war in the Middle East, the US on 22 June launched a historic attack on three Iranian nuclear facilities in Fordo, Natanz and Isfahan. The attack targeted underground nuclear enrichment facilities, squashing any hope of a diplomatic resolution pertaining to Iran's nuclear program.

The US utilised so-called 30.000 pounds bunker buster bombs during the attack in a forceful show of intent to strike against the Fordo facility, which is located 300 feet under a mountain, while 30 Tomahawk missiles were used in the attacks on Natanz and Isfahan launched by US submarines over 400 miles away.

Graphic from BBC

As we speak, it is unclear which position Iran will take following the attack and whether a return to the negotiation table is a realistic scenario. US officials have warned of further attacks if Iran does not seek diplomacy as a way forward and warned against retaliation. Iran's foreign minister, Abbas Araqchi, on the other hand, angrily stated to Reuters that, "*it's irrelevant to ask Iran to return to diplomacy*"[1].

On Monday 23 Iran took the first retaliatory step by attacking the US al-Udeid air base in Qatar and a US base in Iraq. The attack was met with instant condemnation from Qatar, also prompting Qatar to close its airspace instantly. This marks yet another escalation in the conflict, and now speculations mount on the potential response from the US.

As a further and more severe step at Iran's disposal is the ever-present threat of closing the Hormuz Strait, and this potential countermeasure is edging ever closer with Iran's parliament formally approving this measure, however, yet pending a final decision by Iran's supreme leader, Ayatollah Ali Khamenei.

A potential closure of the Hormuz Strait for international shipping can trigger instant changes to supply and demand patterns, prompting ocean carriers to increase rate levels and reshuffle their networks yet again. Recent years' volatility has shown just how interconnected global carrier networks are, so while the Hormuz Strait primarily facilitates trade to Middle Eastern countries, the potential ripple effects to other trade lane networks are not to be underestimated.

While ocean freight takes the headlines in connection with the evolving Middle East conflict, the airfreight market is also prone to disruption in this regard. A wide range of airlines, including Emirates, KLM, British Airways and Qatar Airways, on Sunday, 22 June, announced cancelled flights to destinations in the Middle East, including Dubai, Doha and Saudi Arabia, albeit these cancellations are considered temporary until the situation has stabilised.

[1] https://www.reuters.com/business/media-telecom/us-strikes-iran-leave-hopes-nuclear-diplomacy-tatters-2025-06-22/

Tariff ripple effects continue to wreak havoc

With the world's largest economy taking a markedly more confrontational trade stance to main trading partners, we may be entering a new era where unpredictability becomes the baseline and good old "normal" being nothing more than a sentimental faint memory.

The intensified cost pressure US importers now face, exceeding 70% on some Chinese goods, is slowly but surely fuelling sourcing shifts. However, it is also clear that the dependency on China, being the "factory of the world," remains very high. We do foresee a muted and slow change of sourcing patterns that will accelerate the China + 1 effect for the simple reason of risk diversification.

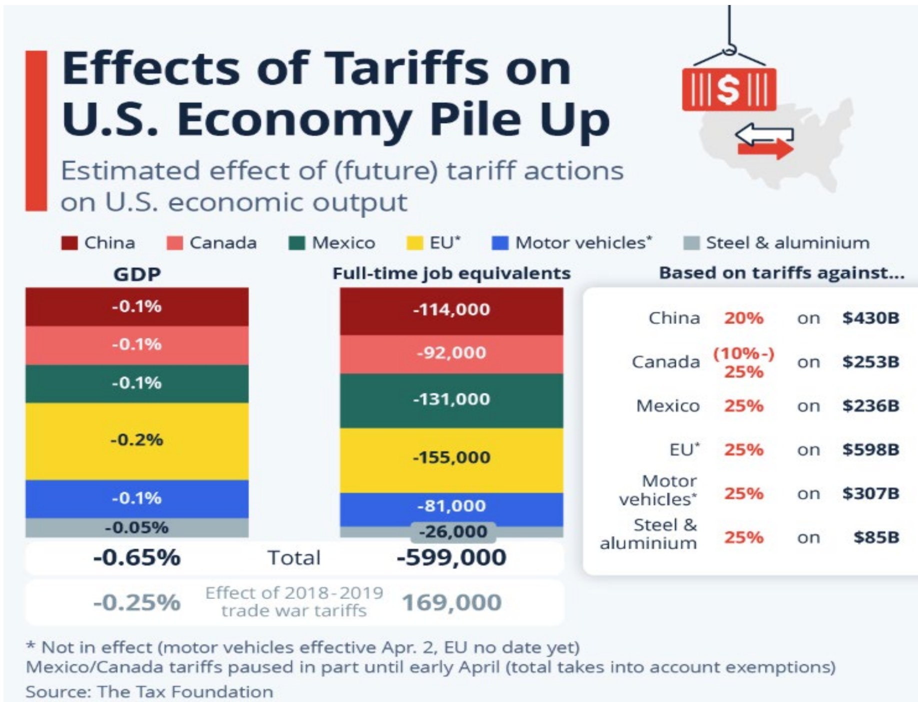


Figure from Statica

It is also clear that the US and China have a co-dependency, pointing to an end game where a near-normal situation will return. Inflationary pressure within the US will play a big role in this development, with most analysts agreeing that the price of a prolonged trade war will simply be too high for the US.

We will dive further into this hot topic further down, recognising the profound effects this is having on global trade from a supply and demand perspective.

Read on as we deep-dive into these topics, but as well address the general market airfreight and ocean market development. As always, we recommend that you keep close contact with your designated SGL contact person, allowing for close coordination and alignment on priority shipments.

Please note that all information provided is given to the best of our knowledge and is prone to change.

Enjoy the reading from here on out.

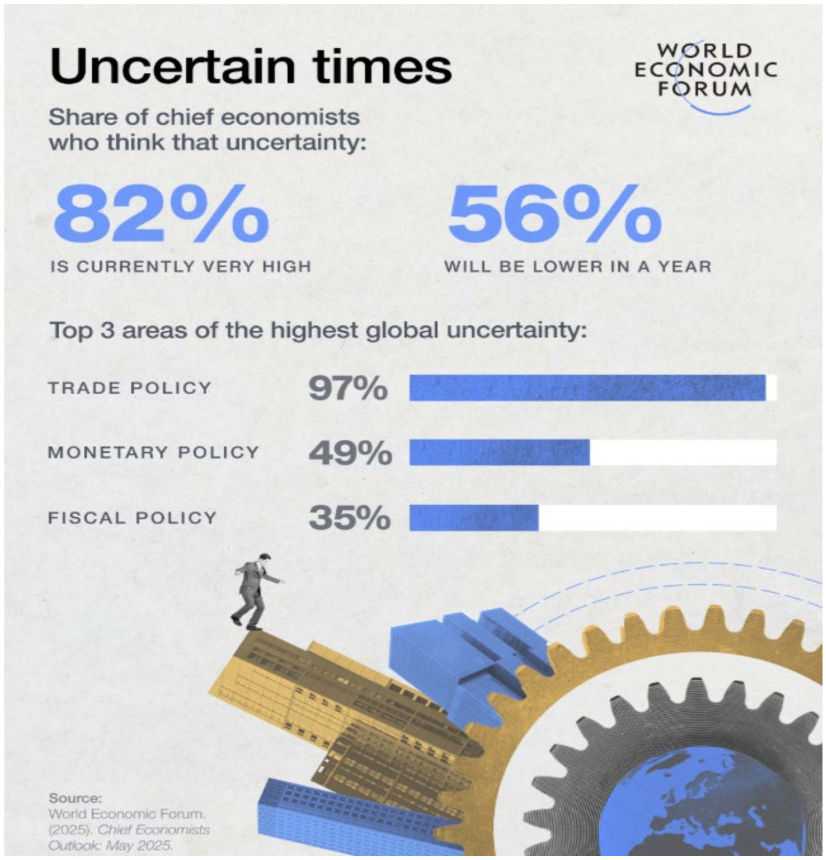
On behalf of Scan Global Logistics

Mads Drejer

Global CCO & COO

A new macroeconomic world order is born

With 82% of chief economists describing global uncertainty as "very high," the risk of delayed investments and erratic trade flows is rising rapidly. This trend will inevitably lead to production and sourcing bottlenecks for shippers, which in turn will impact supply and demand levels that will continue to fluctuate in sync with the volatility pendulum.



Infographics from World Economic Forum

The report signals a continued rise in trade barriers that will lead to trade diversification as a mega trend. Relying on a limited number of key trading partners and markets will no longer be a viable strategy, and accordingly we expect historic trade patterns will change and evolve over the coming years. However, it is also clear that changing and adapting sourcing strategies is a highly complex and long-term exercise.

While majority of the attention has been on China and the US, it is important to recognise that the US accounted for "only" 14.7 % of Chinese exports in 2024, reaching the lowest level in a decade. This shows that despite a few mega-economies dominating the headlines, global trade is by now truly diversified and will continue to be.

Tariff pause offers a brief relief amid ongoing trade tensions

The announced 90-day tariff pause on reciprocal duties between the US and China is already altering dynamics across major trade lanes. While intended to ease tension, the temporary reduction in duties triggered a wave of urgent bookings that, in return, is progressively triggering increased congestion levels in both Asia and the US.

Key dates and developments since the last advisory in the evolving tariff trade war:

- May 12, 2025: The US and China agreed to suspend selected tariffs for 90 days as of May 14, 2025. US rates drop from a high of 145% to 30%; China cuts from 125% to 10%. This truce is set to expire on August 14, 2025.
- May 23, 2025: President Trump proposes a 50% tariff on imports from the European Union on his social media platform, Truth Social, citing an "unacceptable" trade imbalance. The announcement added further uncertainty to the market, though the measure was postponed until July 9, pending further talks.
- May 28, 2025: The US Court of International Trade ruled that President Trump's tariffs exceeded his authority under the International Emergency Economic Powers Act (IEEPA). However, a federal appeals court allowed the tariffs to remain in effect temporarily as the administration prepared to appeal to the Supreme Court. This legal development did not affect the US-China tariff pause.
- June 4: President Trump signed an order doubling tariffs on steel and aluminium imports from 25% to 50%, effective immediately. While the UK was temporarily exempt, the increase significantly compounded tariff stacking for US importers sourcing metal-based products from China, raising effective rates and complicating cost projections.
- June 16: Rise in tariff "stacking" catches importers off guard: US companies importing from China discovered that the 30% headline rate was, in fact, added on top of existing duties (e.g., steel/aluminium, anti-dumping), resulting in effective tariffs of around 55–70%. This stacking made cost forecasting unpredictable, driving shifts in sourcing to countries like Mexico, India, and Southeast Asian countries.
- Mid-June: The White House referenced the 55% stacked rate as a working baseline in ongoing trade talks, suggesting this level could become the standard if broader agreements were not secured before the end of the current tariff pause on August 14.
- 20 June: The US Supreme Court declined to speed up the tariff dispute, as requested by the Toy company Learning Resources.

After weeks of stalled bookings, US importers have rushed to ship peak-season volumes ahead of the 14 August deadline. Moreover, clean-up of the backlog created from imposed tariffs and possible frontloading prior to the end of the tariff reprieve has put further pressure on capacity and equipment levels. This surge is expected to compress the entire peak season into the 90-day window, creating significant demand pressure.

With reduced sailings from the US to China following the initial blank sailing when US tariffs were introduced, empty container repositioning to Asia is set to fall short, which will amplify the risk of mid-summer equipment shortages. As vessel networks are continuously being adjusted to mitigate changes in demand from the various tariff announcements, the equipment imbalance may potentially become a global issue in the coming months.

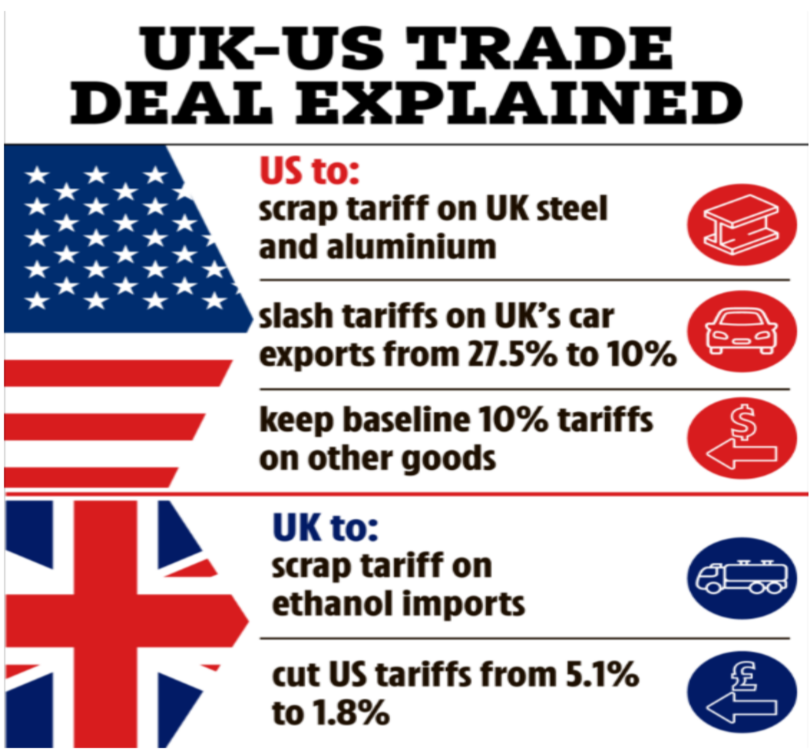
Industry associations are also raising the alarm. The US Toy Association, representing 850 US firms, warns of a "*frozen supply chain*" jeopardising Christmas deliveries. With up to 90% of seasonal toys and decorations produced in China, delays in manufacturing should not be ruled out, and Christmas sales are nearing a point of no return as we approach mid-2025.

UK-US trade deal eases sector-specific tariffs, but broader barriers remain in effect

While most headlines have focused on US–China dynamics, the UK and US signed a bilateral trade agreement on May 8, introducing targeted tariff relief, particularly for automotive and metal exports. However, despite this breakthrough, duties on most other goods were retained.

The actual scope of the joint UK and US trade agreement is as follows:

- Automotive tariffs reduced: US import duties on British cars fall from 27.5% to 10%, supporting key exporters like Jaguar Land Rover during peak transatlantic volumes.
- Selected metals exempted: Certain steel and aluminium products from the UK now enter duty-free, offering relief to British manufacturers and carriers operating roll-on/roll-off and breakbulk services.
- Baseline tariff remains: A flat 10% tariff still applies to the majority of UK-origin goods. UK exports to the US fell by 33% (£2 billion) in April, indicating the lingering economic strain from residual trade barriers.
- Global duties unaffected: The long-standing 25% US import tariffs on automotive, steel, and aluminium from other countries remain in force.
- Reciprocal measures: The UK will ease tariffs on selected US agricultural exports, with full agreement details still pending.



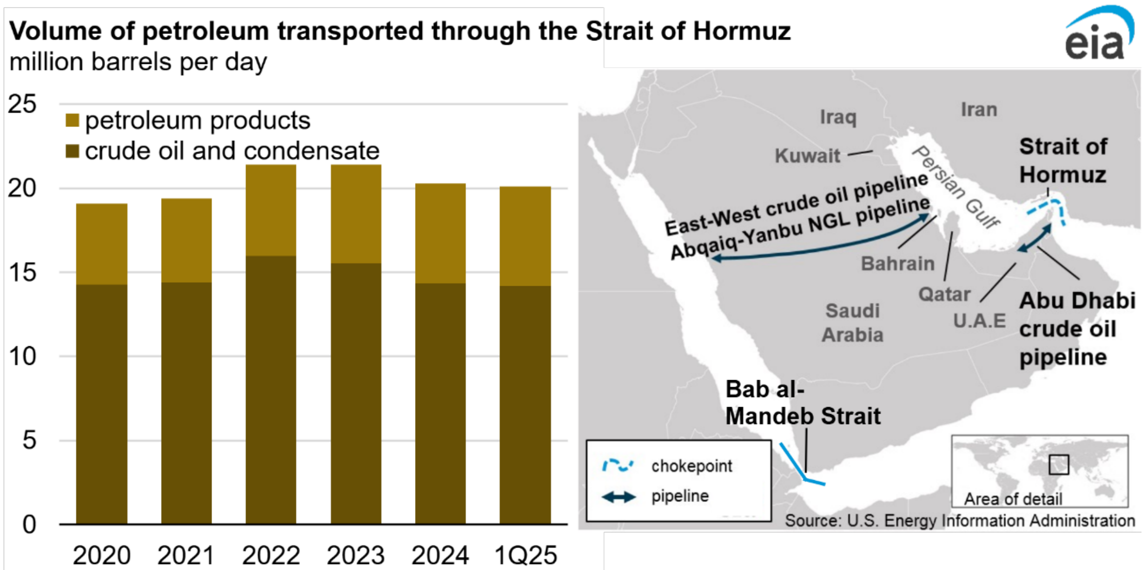
Source: The Sun, US edition

At the June G7 summit, UK Prime Minister Starmer confirmed that the trade deal is in its final implementation stages. It is expected to provide clarity and cost relief for UK exporters by late Q3.[2]

Hormuz Strait closure hangs in the balance

In the wake of the Israel and Iran conflict, all attention is now on Iran's next move and specifically a potential closure of the Hormuz Strait.

The Strait of Hormuz, which connects the Persian Gulf to the Arabian Sea, is recognised as one of the world's most important oil chokepoints. Oil's inability to traverse through the Strait of Hormuz, even temporarily, can accelerate global energy prices, raise shipping costs, and create significant supply delays. In 2023, oil flows through the waterway averaged 20.9 million barrels per day, according to the US Energy Information Administration, accounting for about 20% of global petroleum liquids consumption.



Figures from EIA

Container carriers are increasingly hesitant to transit the Hormuz Strait. Vessels are reducing transit speeds and monitoring security updates more frequently. Container traffic data confirms that transits are now occurring at one-third of their usual pace.

The threat of attacks on commercial vessels was outlined by the international shipping organisation BIMCO, citing that Iran could use anti-ship missiles or drones to attack ships in the strait, also noting that the threat of Houthi rebels has also gone up in the Red Sea. US warships and merchant ships affiliated with Israel, or the US, would be the preferred targets for Iran. Commercial vessels are still

[2] https://www.reuters.com/business/autos-transportation/us-uk-trade-deal-be-completed-very-soon-says-starmer-2025-06-16/

crossing the Strait of Hormuz, however, “things might change by the hour,” a spokesman for Hapag-Lloyd tells CNBC[3].

Map from [Channel News Asia]

From a container shipping perspective, it is though important to underline that the Strait of Hormuz totals less than 4% of global container trade. However, the ports of Jebel Ali and Khor Fakkan are critical intermediary points for global shipping networks in the region, and accordingly, the effects can be more widespread.

Majority of cargo volumes from those ports are destined for Dubai, which has become a hub for the movement of freight with feeder services in the Persian Gulf, South Asia, and East Africa.

Even before the US strikes, the escalation of the conflict between Israel and Iran had sparked ocean freight rates to surge this week from Shanghai to Jebel Ali Dubai, the Arabian Gulf’s largest port.

3 https://www.cnbc.com/2025/06/22/threat-to-commercial-shipping-around-arabian-peninsula-is-rising-largest-global-shipowners-organization-warns.html

The reason behind the increase in rates includes added expenses for security measures, higher bunker fuel prices, and fuel costs as vessels use more fuel due to faster sailing through high-risk areas.

Marsh McLennan, the world's largest marine insurance broker, noted hull and machinery insurance rates for vessels transiting the Strait of Hormuz have increased by more than 60%.

Potential closure of the Strait of Hormuz

With rising tensions in the Middle East, the focus turns to the Strait of Hormuz, where carriers have already activated contingency planning to safeguard service continuity and mitigate cargo delays. While the strait remains open for now, several operators have issued routing updates in case of closure:

- Maersk / Hapag-Lloyd: Will re-route mainline vessels to Salalah, Oman, for transhipment, with feeder connections into Sohar and Khor Fakkan.
- CMA CGM: Plans to shift operations to Sohar and Khor Fakkan using smaller feeder vessels.
- MSC: Likely to adopt a similar model as CMA CGM, however, is also considering solutions via Saudi Arabia's King Abdul Aziz Port (KAP). Final details pending.

To maintain delivery commitments across the Gulf and broader Middle East region in a full closure scenario, we tentatively recommend the following alternative routings, and remain at your disposal to discuss these options further:

- For UAE-bound cargo: Route via Khor Fakkan and trucking to the final destination.
- For cargo destined to the Upper Gulf (e.g., Iraq, Kuwait): Use Sohar as port of discharge and proceed via road transport. Khor Fakkan can also be considered, if it is assessed as more feasible in terms of customs clearance.
- For Jeddah-bound cargo: Choose Sohar or Khor Fakkan based on customs clearance speed. Salalah is not recommended, due to security concerns regarding overland transit through Yemen. Alternatively, feeder services from the Gulf to Jeddah remain available and viable from Far East origins.

In addition to carrier-based contingency plans, we are actively assessing alternative transport corridors that may offer viable routing options should access through the Strait of Hormuz be disrupted.

One such option involves routing cargo through Jeddah and Egypt, leveraging the ferry service from Sokhna to access the GCC via land. Another overland alternative under evaluation involves trucking from Turkey with potential transit through Syria and Iraq. While these routes offer potential flexibility, they also come with challenges. Most notably, limited trucking capacity across these corridors may constrain inland movement, making early planning and volume forecasting essential. We continue to work closely with local partners to validate the feasibility and security of these alternatives and will provide updates as more details emerge.

Suez Canal hopes come crashing down

Lastly, it is also clear that any hope of a return to the Suez Canal passage through the Red Sea has been eliminated for now, and likely for the remainder of 2025. Both Houthi rebels in Yemen and Hamas have condemned the US strikes. The Houthis vowed to support Iran in its fight against "the Zionist and American aggression."[4]

In a statement on Sunday, the Houthi political bureau called on Muslim nations to join "the Jihad and resistance option as one front against the Zionist-American arrogance."[5]

The situation overall remains very fluid, and it is therefore very difficult to assess the next steps. We will continue to monitor this situation and provide recommendations on the best alternatives.

Trade war "ceasefire" sets stage for new wave of disruption in ocean freight

In theory, the 90-day tariff reprieve between China and the US should have provided breathing room. In reality, it has unleashed a cascade of disruptions that bear some similarities to the early-pandemic chaos: cancelled voyages, capacity withdrawals, and rush demand compressing volumes into a tight window.

What is new since our May advisory:

- May drop in China-origin imports: US seaborne imports from China plunged 28.5% year-on-year in May. It is the steepest decline since the pandemic. West Coast ports like Long Beach and Los Angeles saw 31.6% and 29.9% drops, respectively, even as volumes overall contracted 7.2%
- Spot rates surge, then plateau: Following a sharp spike driven by front-loading ahead of the tariff pause and global GRIs, container spot rates appear to have peaked in early June.
- Capacity revamp underway: Trans-Pacific capacity withdrawals are easing, with carriers reinstating blanked sailings. MSC, ONE, ZIM, CMA CGM, and OOCL are all restoring loops from China to Long Beach, Oakland, and Los Angeles.
- Constrained rebound expected: Despite the tariff cooldown to 30%, importers remain cautious; Port of Los Angeles volumes remained 9% below last year in May, and a widespread rebound is still nowhere in sight.
- Equipment bottlenecks looming: As US imports surge into the narrow 90-day window, empty container repositioning is falling short, with equipment shortages likely to surface mid-summer amid tight chassis and rail capacity.

Carriers reacted to earlier tariff hikes by blanking sailings across the Trans-Pacific trade. Ocean Alliance withdrew roughly 25% of its planned capacity for April and May, while MSC and Zim removed two of their six weekly loops from Asia to the US East Coast.

However, the sudden policy reversal has triggered a capacity and demand scramble. US imports, having waited on the sideline for clarity, are now rushing to move peak-season volumes before the

[4] https://www.theguardian.com/world/2025/jun/22/iran-proxy-militias-may-be-unable-help-tehran-decides-strike-us
[5] https://www.theguardian.com/world/2025/jun/22/iran-proxy-militias-may-be-unable-help-tehran-decides-strike-us

14 August deadline. Transpacific lanes are nearing capacity collapse, with bookings already rolling into July.

Carriers have scrambled to reintroduce services. MSC resumed weekly calls to Long Beach from 9 June, ONE brought back its PS5 loop to Long Beach and Oakland, and ZIM reinstated its express route to Los Angeles. CMA CGM and OOCL followed suit and introduced additional capacity.

As peak cargo volumes arrive at US ports, infrastructure across terminals, trucking, rail, and chassis availability will be tested. Simultaneously, fewer empty containers are expected to return to China due to the earlier blanked sailings, potentially leading to equipment shortages right in the heart of summer peak season.

In short, the tariff ceasefire has not restored stability. Instead, it has added another layer of uncertainty to an already stretched market landscape.

We are seeing early signs of the ketchup effect slowing down on the Trans-Pacific trade, with a downward trajectory development as a good indicator.

Freight rates remain elevated, with plateau mode setting in

The tariff pause on the China-US trade caused an immediate imbalance in capacity allocation, notably on the Trans-pacific and Far-East Westbound lanes. Carriers, having previously withdrawn capacity due to collapsing volumes, scrambled to reallocate vessels to accommodate the sudden surge in volumes, sparking an acute mismatch in capacity and demand.

The result was skyrocketing rates on the Trans-Pacific, while carriers were busy allocating capacity back to the now very profitable trade from China to the US. In turn, capacity has been moved away from other trades, causing an imbalance in another blockbuster trade, namely, Far-East to Europe.

While ocean freight rates have increased significantly over the past 6 weeks, we are now seeing the effect of the increased capacity on the Trans-Pacific Eastbound trade. Over the course of the last 3 weeks, effective SCFI rates from Asia to the US West coast have more than halved from USD 5.606/40´ in week 23, to USD 2.772/40´ in week 25. The drop on the US East Coast has been far more moderate with a week 25 SCFI rate of USD 5.352/40´, however, this was nonetheless a reduction of USD 1.393/40´ compared to the previous week.

Past 4 weeks trending

Trade	202522	202523	202524	202525	Average	Chg. past 4 weeks			Chg. past week		
Europe (base port)	3.174	3.334	3.688	3.670	3.467	496	16%	↑	-18	0%	↓
MED (base port)	6.122	6.604	6.380	6.126	6.308	4	0%	↑	-254	-4%	↓
USWC	5.172	5.606	4.120	2.772	4.418	-2.400	-46%	↓	-1.348	-33%	↓
USEC	6.243	6.939	6.745	5.352	6.320	-891	-14%	↓	-1.393	-21%	↓
ANZ (MEL)	1.418	1.372	1.490	1.526	1.452	108	8%	↑	36	2%	↑
Gulf & Red Sea (DXB)	3.384	3.858	4.166	4.244	3.913	860	25%	↑	78	2%	↑
Korea (Pusan)	278	276	272	272	275	-6	-2%	↓	0	0%	↑
South America (Santos)	5.594	7.918	9.448	10.918	8.470	5.324	95%	↑	1.470	16%	↑
Southeast Asia (Singapore)	882	892	910	920	901	38	4%	↑	10	1%	↑
South Africa (Durban)	4.484	4.602	4.794	4.952	4.708	468	10%	↑	158	3%	↑
Average	**3.675**	**4.140**	**4.201**	**4.075**	**4.023**	**400**	**11%**	↑	**-126**	**-3%**	↓

Rate levels from Asia to Europe remain elevated and have increased 16% over the last four weeks. However, we also expect the plateau stage to have been reached here, with basically no change seen from week 24 to week 25.

In essence, two main effects are playing against each other, and this will continue to be the case in the coming weeks and months. Constant volatility will continue to sustain rate level increases, and carriers will utilise this momentum to enforce general rate increases and peak season surcharges.

Conversely, then volatility aside, available capacity does, on paper, exceed demand, and accordingly, rate increases will more so have a ketchup effect nature, as opposed to being long-lasting. It is, though clear that there is no sign of volatility easing up, and with steadily increasing port and terminal congestion levels both in Europe and the US, then there is sufficient fuel for increasing rate levels for shorter periods.

Global port congestion pain steadily increasing, with North Europe taking the main prize

A headline in the Loadstar.com on 20 June read: "*Port congestion in Europe will last for years – terminals chock-a-block full*."

During the recent months, a familiar but unwanted scenario has slowly but surely emerged, especially in Northern Europe, with congestion levels steadily increasing. Stanley Smulders, Director of Product & Network at ONE, stated that "the biggest challenge that faced ocean freight stakeholders has begun to materialise and will be exacerbated across the next few years."

He went on to explain: "*If tomorrow the liners returned to using the Suez Canal, they would have a lot of ships available. If we filled all these ships with cargo in Asia, we physically could not discharge a single ship more in Europe than we do today*". [6]

According to Bloomberg, port congestion at major Northern European terminals is expected to persist into July. Key gateways such as Antwerp, Rotterdam, Hamburg, and Bremerhaven are reporting escalating backlogs, with vessel waiting times stretching from several days to two weeks.[7]

This development is driven by multiple factors, including limited barge capacity, low water levels on the Rhine and high yard terminal utilisation. In Antwerp, a nationwide strike on 20 May caused significant disruption, resulting in a severe backlog that is still to be cleared.

While the pain in Europe is very real these weeks, the issues are not limited to Europe. Similar patterns are emerging at major ports in China and the US, with vessel queues growing in Shanghai, Shenzhen, Los Angeles, and New York.

It is too early to say what severity level we are looking at. While it might be easy to blame the current congestion issues on present geo-political factors, it serves as a fresh reminder that port congestion

[6] https://theloadstar.com/port-congestion-in-europe-will-last-for-years-terminals-chock-a-block-full/
[7] https://www.bloomberg.com/news/articles/2025-05-25/europe-s-shipping-bottlenecks-expected-to-persist-into-july?taid=683327a8bbd27d00012f6714&utm_campaign=trueanthem&utm_content=business&utm_medium=social&utm_source=twitter&embedded-checkout=true

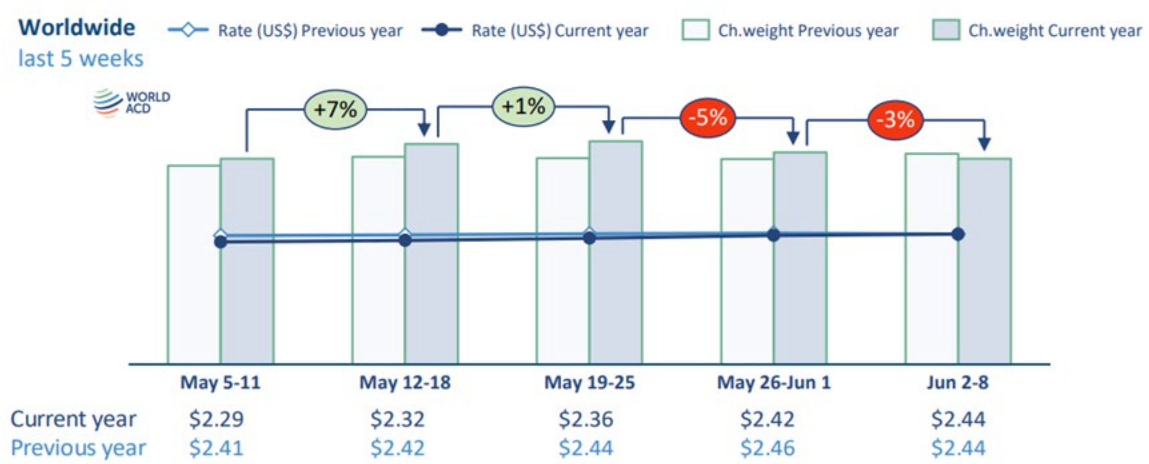
is as much a structural issue. Lack of available labor and outdated port infrastructure are just two main drivers that will continue to pose a challenge in the years to come.

Airfreight demand rebound short-lived as China-US traffic fades away

After a brief resurgence in late May, the China to US airfreight market has once again lost altitude. Tonnages from China and Hong Kong to the US fell sharply in the first week of June, dropping by 10% week-on-week (WoW) and a significant 19% compared to same week last year. Spot rates followed suit, slipping -5% WoW and -17% year-on-year (YoY), eroding the positive volume development seen during the early weeks of the tariff pause period.

The data suggests that May's rebound was less so a sign of structural recovery and more a case of deferred tariff volumes catching up. The volatility in e-commerce-heavy southern China has been a key driver, as revised US 'de minimis' rules continue to weigh heavily on low-value shipments.

The China to US downturn was the primary contributor to a -3% drop in global air cargo volumes in week 23 (2–8 June), with Asia Pacific declining -4% WoW. Eid holidays across Southeast Asia, Memorial Day in South Korea, and Pentecost in Europe added to the widespread slow-down.



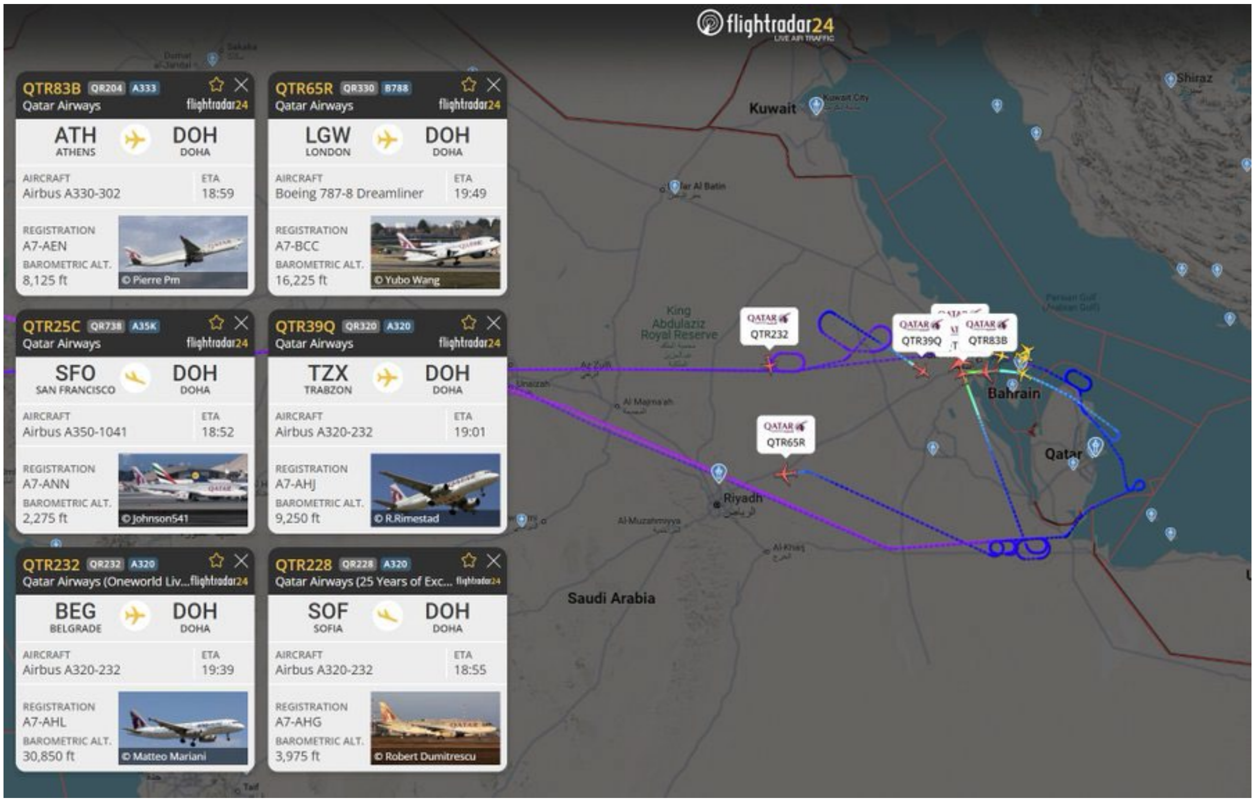
Graph from [WorldACD Weekly report]

Pricing held relatively steady, despite softer demand. Average worldwide rates rose slightly (+1% WoW) to $2.44 per kilo, in line with this time last year, while spot rates ticked up +2% WoW. But regional disparities persist, spot rates out of Hong Kong to the US plunged -12% WoW, underlining ongoing pressure on lanes dependent on e-commerce volumes.

The Middle East conflict is triggering early signs of regional airfreight chaos, with Sea-Air as one potential casualty

The recent flare-up between Israel and Iran has injected fresh uncertainty into Middle East airfreight corridors. While direct disruptions to commercial cargo operations have been limited so far, the latest attack by Iran on US air bases in Qatar and Iraq has led to the closure of Qatar´s airspace, and it is worth noting Qatar Airways is the second-largest cargo operator globally, trailing only FedEx.

Immediately, flights bound for Doha's Hamad International airport started to divert to nearby airports, with this showing the sensitive nature of the situation that is developing almost by the hour.



Picture from [Flightradar24 on X]

Prior to this latest escalation, several airlines have begun rerouting flights to avoid sensitive Middle Eastern airspace, increasing transit times and operational costs. The effect is already being felt on long-haul lanes connecting Asia and Europe via the Middle East. A range of airlines, including United Airlines and KLM have suspended operations to and from Dubai and as a result volume is redirected to carriers that still operate, however this is causing a short-term surge in demand and accordingly also increases in freight rate levels.

A prolonged conflict will also have an immense effect on the Sea-Air market with Dubai being a key hub for Asia to Europe volumes, with this in turn likely to build pressure on other well-known Sea-Air hubs such as Colombo and Singapore. Consequently, increasing rate levels on Sea-Air shipments should be expected in the coming period.

Generally, the effects related to the Israel, US and Iran conflict is for now considered to be limited to the Middle East region, and accordingly we expect a stable development on Asia to Europe still, and naturally Far-East to US is also not impacted.

CBAM spotlight: Are carbon costs slowly eroding your trade advantage for air and ocean freight?

While trade wars and tariffs dominate headlines, another structural shift is tightening its grip on global trade: the EU's Carbon Border Adjustment Mechanism (CBAM). Originally an EU-only initiative, CBAM is now spreading, with the UK confirming plans for its own carbon border regime from 2027.

These developments signal a growing trend: carbon pricing is moving from domestic policy to border enforcement. Beyond climate goals, the EU is also leveraging CBAM as a foreign policy tool using market access to incentivise global decarbonisation.

EU importers of high-carbon goods such as steel, aluminium, cement and more, are already required to report embedded emissions quarterly. But from 2026, the stakes rise: only authorised CBAM declarants will be permitted to import these goods, and financial liabilities will apply. Crucially, imported products will now face the same carbon price as goods produced within the EU. Price is set by the EU Emissions Trading System (ETS). For many EU-importers, this marks a substantial cost increase compared to pre-CBAM conditions, where foreign producers effectively operated without carbon costs. The result is growing disruption across supply chains: non-EU upstream producers are under pressure to provide verified emissions data, while downstream buyers face uncertainty around availability, lead times, and landed cost.

What this means for global logistics and sourcing:

- Hidden costs become visible: In the absence of verified emissions data, EU importers face a default and typically punitive carbon price, often higher than that paid by competitors with robust reporting. While the direct financial burden lies with EU importers, upstream producers are indirectly impacted through reduced competitiveness and strained commercial relationships.
- Sourcing criteria are shifting: Procurement decisions in Europe increasingly hinge on embedded carbon footprints, not just price or quality. High-emission suppliers risk being excluded from tenders altogether.
- Producers face compliance pressure: Non-EU manufacturers must now measure and reduce carbon intensity to remain competitive, or risk losing access to the EU market.

We are already seeing early signs of supply chain realignment, with importers mapping emissions in their upstream value chains, not for sustainability reporting, but to meet customs requirements and protect market access.

CBAM is more than just another EU regulation. It is a structural shift in how global trade is costed, planned, and negotiated. For producers, logistics planners, and procurement teams, the decisions made now will determine access, margins, and resilience in a carbon-priced trading system.

We are at your disposal in case you are interested and have further information readily available.

Trade lanes overview of airfreight

ORIGIN REGION	TRADE-LANE	CAPACITY	SCHEDULE RELIABILITY	RATE DEVELOPMENT
Asia	Asia – Europe	🟩	🟩	➔
	Asia – North America	🟨	🟨	➔
	Asia – Asia Pacific	🟩	🟩	⬇
	Asia – Middle East / Africa	🟨	🟨	➔
	Asia – Latin America	🟨	🟨	➔
Europe*	Europe – Asia Pacific	🟩	🟨	➔
	Europe – North America	🟩	🟩	⬇
	Europe – Middle East / Africa	🟨	🟨	➔
	Europe – Latin America	🟨	🟨	➔

* Continental Europe & Nordics combined

ORIGIN REGION	TRADE-LANE	CAPACITY	SCHEDULE RELIABILITY	RATE DEVELOPMENT
North America	NorAm – Asia Pacific	🟨	🟨	➔
	NorAm – Europe	🟩	🟩	➔
	NorAm – Middle East / Africa	🟩	🟨	➔
	NorAm – Latin America	🟥	🟨	➔
Latin America	LatAm – NorAm	🟨	🟨	➔
	LatAm – Europe	🟨	🟨	➔
	LatAm – Asia Pacific	🟨	🟨	➔
	LatAm – Middle East / Africa	🟨	🟨	➔

CAPACITY	SCHEDULE RELIABILITY	RATE DEVELOPMENT
🟩 Capacity open	🟩 No challenges	🟩 Down
🟨 Normal capacity	🟨 Medium challenges	🟨 Stable
🟥 Capacity constrained	🟥 Major challenges	🟥 Up

Trade lanes overview of ocean freight

ORIGIN REGION	TRADE-LANE	CAPACITY	EQUIPMENT	SCHEDULE RELIABILITY	RATE DEVELOPMENT
Asia	Asia – North Europe	Normal capacity	No challenges	Medium challenges	Down
	Asia – West Med	Normal capacity	No challenges	Medium challenges	Stable
	Asia – Black Sea & Adriatic	Normal capacity	No challenges	Medium challenges	Down
	Asia – North America	Normal capacity	No challenges	Medium challenges	Up
	Asia – Middle East	Normal capacity	No challenges	Medium challenges	Down
	Asia – Africa	Normal capacity	No challenges	Medium challenges	Down
	Asia – East Coast South America	Normal capacity	No challenges	Medium challenges	Down
	Asia – West Coast South America	Normal capacity	No challenges	Medium challenges	Down
	Asia – Australia/New Zealand	Normal capacity	No challenges	Medium challenges	Up
	Intra – Asia	Normal capacity	No challenges	Medium challenges	Stable
EMEA & Nordics	Europe – Asia	Capacity open	No challenges	Medium challenges	Stable
	Europe – Middle East	Capacity open	No challenges	Medium challenges	Stable
	Europe – Africa	Capacity open	No challenges	Medium challenges	Stable
	Europe – North America	Normal capacity	No challenges	Medium challenges	Stable
	Europe – East Coast South America	Capacity open	No challenges	Medium challenges	Stable
	Europe – West Coast South America	Capacity open	No challenges	Medium challenges	Stable
	Europe – Australia/New Zealand	Capacity open	No challenges	Medium challenges	Stable
	Intra – Europe	Capacity open	No challenges	Medium challenges	Stable
Americas	North America – Europe	Normal capacity	No challenges	Medium challenges	Stable
	North America – Asia	Capacity open	No challenges	Medium challenges	Stable
	North America – Middle East	Capacity open	No challenges	Medium challenges	Stable
	North America – Africa	Capacity open	No challenges	Medium challenges	Stable
	North America – Austr./New Zeal.	Capacity open	No challenges	Medium challenges	Stable
	Intra Americas	Capacity open	No challenges	Medium challenges	Stable

CAPACITY	EQUIPMENT	SCHEDULE RELIABILITY	RATE DEVELOPMENT
Capacity open	No challenges	No challenges	Down
Normal capacity	Medium challenges	Medium challenges	Stable
Capacity constrained	Major challenges	Major challenges	Up