

## Global shipping after the Hormuz Shock: adaptation, diversion and congestion

07/06/2026

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### Key points

*The closure of the Strait of Hormuz, through which around 8% of total maritime trade and nearly 20% of oil exports passed, has not only disrupted flows to and from the Middle East: it is having repercussions on global shipping as a whole.*

*Firstly, we are seeing a rebalancing of the world's major shipping routes. Traffic in the Red Sea is undergoing a major transformation: the tentative recovery of Asia-Europe flows – which had halved following the Houthi attacks in the Bab el-Mandeb Strait in late 2023 – witnessed in 2025 was halted even before the conflict began. This decline is being offset, on the Suez Canal side, by new Europe-Gulf sea-land routes designed to supply the Middle East. At the other end, the rerouting of Saudi oil destined for Asia via the Red Sea has led to an increase in traffic through Bab el-Mandeb, despite the Houthi threat remaining intact.*

*The Panama Canal has seen an 8% increase in traffic, linked to the rise in US oil product exports to Asia. The canal is close to maximum capacity, leading to longer waiting times and higher transit fees.*

*Transits are also up by 5% off the Cape of Good Hope, driven by a record number of tankers (+25%), highlighting its strategic role for the oil market. This trend illustrates the shift from a focus on maximum efficiency to one of “resilience at any cost”, with shipowners and their clients accepting additional costs and longer lead times if this helps mitigate geopolitical risks. Conversely, traffic is declining in the Strait of Malacca, due to a fall in hydrocarbon trade, car exports from Asia to the Middle East have also decreased.*

*The crisis is also leading to a surge in activity at certain ports: those on the Red Sea and the Gulf of Oman, of course, which offer direct alternatives to the Arabian Gulf. But peaks in activity are also being recorded in India and Pakistan, whose ports are serving as makeshift transit hubs for containers coming from Asia and bound for the Gulf or Africa. Several Mediterranean ports are also benefiting from the new sea-land links established between Europe and the Gulf. While the record is held by Latakia in Syria (+435% in activity over a year), the effect is being felt as far afield as Marseille and Alicante.*

*This adjustment is not enough to make up for the lost volumes. Many ports are congested, and longer routes, rising fuel prices and the stranding of part of the fleet within the Arabian Gulf are causing a generalised increase in freight costs. Total volumes transported by sea therefore contracted by 0.2% year-on-year in April 2026.*

*Finally, even an immediate reopening of the Strait of Hormuz would not mean a return to normality, especially if Iran manages to impose lasting control over this vital waterway. Gulf countries are therefore investing in alternative infrastructure, whilst ports that have become transit hubs are now seeking to capture these new flows in the long term.*

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# 1. New balances are emerging on the world’s major shipping routes

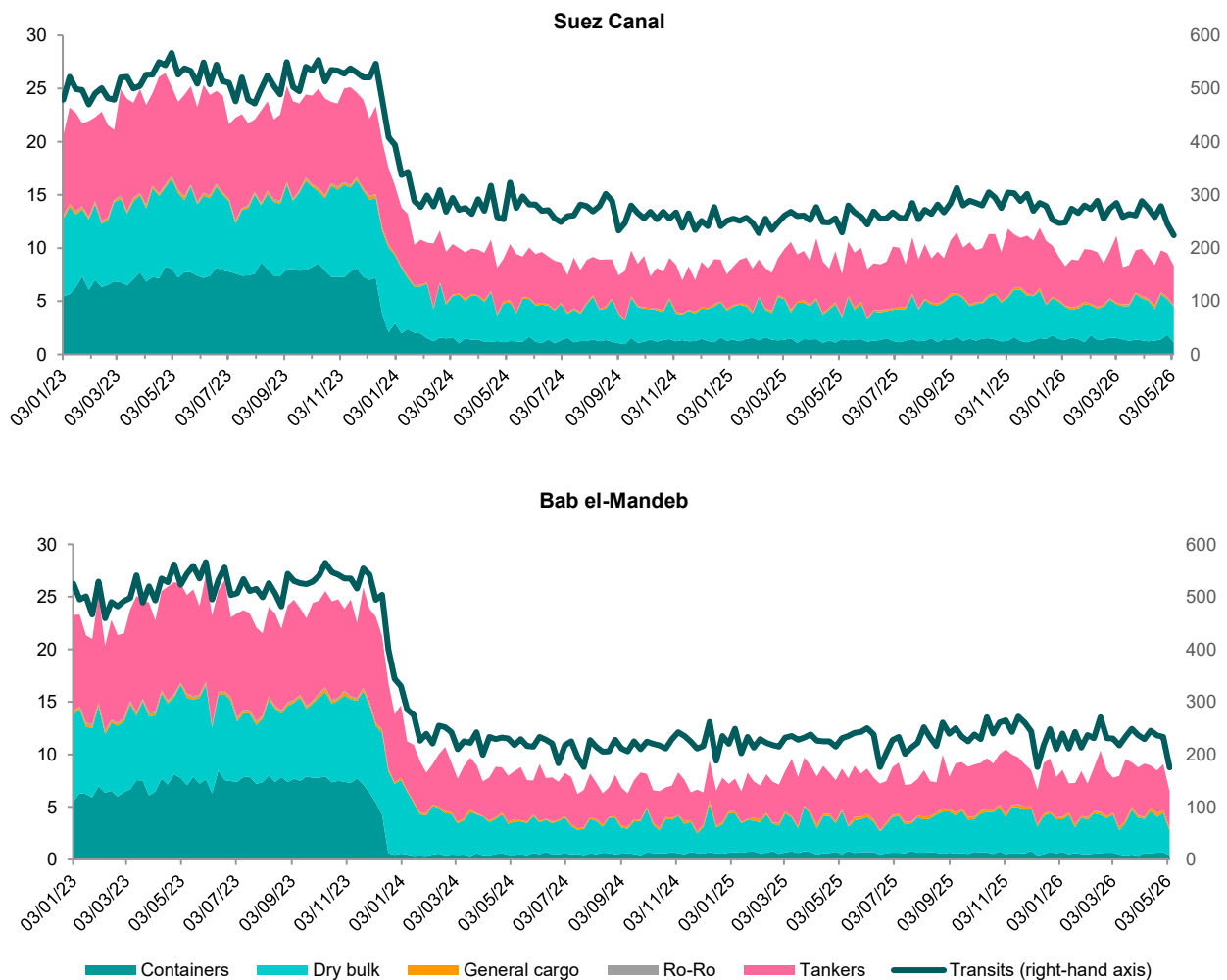
## 1.1. In the Red Sea, traffic patterns are changing

### 1.1.1 The tentative upturn in traffic observed in 2025 came to a halt as early as January

The rise in tensions in the Gulf has not only had repercussions on the Strait of Hormuz, where traffic has fallen by more than 90% on average since the first Israeli-American airstrikes against Iran on 28 February 2026. This crisis has also prompted shipowners to avoid the Red Sea as much as possible, over fears that the tensions could lead to further attacks by the Yemeni Houthi rebel movement – allied with Iran – against trade flows in the Bab el-Mandeb Strait.

A previous series of attacks in late 2023 had led to a sharp drop in the volume of traffic passing through the Red Sea, both in the Bab el-Mandeb Strait and the Suez Canal (Figure 1). Although traffic volumes never returned to their pre-2023 levels, the second half of 2025 was nevertheless marked by a modest recovery in traffic at both ends of the Red Sea. This improvement was reflected in an increase of around 20% in

Figure 1: Weekly traffic at both ends of the Red Sea, in Mt and number of transits



Source: IMF Portwatch data, GSA analysis

transits in November 2025 compared with November 2024 in both the Bab el-Mandeb Strait and the Suez Canal<sup>1</sup> – a sign of a **recovery in Asia-Europe flows via this route, even though traffic remained more than half below the averages recorded up to December 2023**. However, this upturn was halted by several factors, even before operations against Iran began. The attack on the vessel *Bobik* on 5 December by suspected Somali pirates caused an initial drop in traffic, though it did not deter major players such as Maersk, CMA-CGM or Hapag-Lloyd<sup>2</sup> from announcing a gradual return to this route. Above all, the **rise in diplomatic tensions between Iran and the United States in late December 2025 prompted shipowners to exercise caution and restrict their passages, even before the initial strikes against Iran**. These strikes therefore did not lead to a significant drop in traffic through Bab el Mandeb and the Suez Canal: it had already returned to a low ebb, comparable to that recorded after the attacks of December 2023.

### 1.1.2 This apparent stability masks a change in the nature of the flows

However, this apparent stability in volumes masks a far more complex phenomenon: that of a **partial replacement of Asia-Europe flows** – which historically accounted for the bulk of traffic transiting the Red Sea – **by new flows, reflecting a reorganisation of traffic caused by the blockade of the Strait of Hormuz**.

This change can be quantified using IMF Portwatch data, by comparing the period following the start of the conflict (28 February to 10 May 2026) with the preceding period of the same duration (18 December 2025 to 27 February 2026), and the same period in 2025 (Table 1):

**Table 1: Volumes transiting at the Red Sea's entrances, in million tonnes**

Period	Containers	Dry bulk	General cargo	Ro-Ro	Tankers	Total
<b>Suez Canal</b>						
28/02/26 to 10/05/26	14.30	37.22	1.66	0.21	42.57	95.96
Previous period	15.17	32.24	1.59	0.13	48.32	97.44
Same period in 2025	13.72	32.95	1.59	0.08	48.42	96.77
Change compared to...						
<i>Previous period</i>	<b>-5.7%</b>	<b>+15.4%</b>	<b>+5%</b>	<b>+61.9%</b>	<b>-11.9%</b>	<b>-1.5%</b>
<i>Same period in 2025</i>	<b>+4.2%</b>	<b>+13%</b>	<b>+4.6%</b>	<b>+155.8%</b>	<b>-12.1%</b>	<b>-0.8%</b>
<b>Bab el Mandeb</b>						
28/02/26 to 10/05/26	5.44	35.18	2.51	0.27	45.32	88.73
Previous period	6.05	35.12	2.02	0.20	43.32	86.71
Same period in 2025	6.59	33.72	1.97	0.10	44.93	87.31
Change compared to...						
<i>Previous period</i>	<b>-10.1%</b>	<b>+0.2%</b>	<b>+24.1%</b>	<b>+37.5%</b>	<b>+4.6%</b>	<b>+2.3%</b>
<i>Same period in 2025</i>	<b>-17.5%</b>	<b>+4.3%</b>	<b>+27.7%</b>	<b>+182.0%</b>	<b>+0.9%</b>	<b>+1.6%</b>

Source: IMF Portwatch data, GSA analysis

- **The 4.9% increase (compared with the previous period) in tanker<sup>3</sup> traffic through Bab El Mandeb** corresponds to **Saudi crude oil exports, now shipped via the port of Yanbu on the Red Sea** (see below), destined mainly for Asian customers<sup>4</sup> ;
- In the Suez Canal, the 12% drop in the total tonnage of tankers corresponds to **the halt in deliveries to Europe of petroleum products and LNG originating from the Arabian Gulf and blocked by the closure of the Strait of Hormuz**. The Suez Canal is largely unaffected by the increase in Saudi oil exports from Yanbu to Europe: not only are European customers in the minority, but most of these flows bypass the Suez Canal by using the Egyptian Sumed pipeline, allowing passage from the Red Sea to the

<sup>1</sup> Bab el-Mandeb transits hit highest level in nearly two years :: *Lloyd's List*, *Lloyd's List*, 4 December 2025

<sup>2</sup> In the Red Sea, shipping companies make a tentative return to the Bab el-Mandeb Strait - RFI, *RFI*, 20/12/2025

<sup>3</sup> Category encompassing crude oil and petroleum product carriers, LNG carriers, and chemical tankers

<sup>4</sup> Saudi Crude Exports Rise From Red Sea Ports as Gulf Shipments Remain Blocked - Bloomberg, *Bloomberg.com*, 25/03/2026

Mediterranean without using the canal (which cannot accommodate the largest VLCC tankers when they are fully loaded)

- The increase in the flow of general cargo vessels<sup>5</sup>, particularly in the Bab el-Mandeb Strait where they have risen by around 25%, likely corresponds to the **reorganisation of cargo flows destined for the Gulf states, which until now were predominantly unloaded at ports in the Arabian Gulf**;
- Similarly, there has been an **explosion in the traffic of roll-on/roll-off (Ro-Ro) vessels**, which has more than tripled in the Bab el-Mandeb Strait compared to the same period in 2025 and more than doubled in the Suez Canal. **These vessels, which can carry lorries loaded with goods, facilitate the establishment of combined sea/road logistics services. At least part of this increase therefore corresponds to the introduction of such services** by major transport groups to serve the Gulf countries – particularly from Europe – via their ports on the Red Sea (see below). The significance of these flows should not, however, be overestimated: apart from the fact that the initial volume was particularly low (1% of the tonnage transiting the Suez Canal in 2025<sup>6</sup>), it also reflects other dynamics unrelated to the conflict, such as the growth in Chinese vehicle exports to Europe. The ro-ro category includes car carriers transporting exported vehicles. Whilst most car carrier operators continue to avoid the Red Sea, some Chinese operators continue to use it. This is notably the case for the manufacturer BYD, which has acquired its own fleet of car carriers<sup>7</sup>.

In summary, **the increase in oil volumes shipped via the Red Sea to Asia**, as well as the **growth of new types of cargo carried by general-purpose cargo ships or ro-ro vessels**, largely offset the decline in container ship traffic in the Red Sea, as well as the slowdown in hydrocarbon deliveries to Europe via the Suez Canal; resulting in tonnages remaining stable at both ends of this route, and even a slight increase in traffic at Bab el-Mandeb. However, these figures remain significantly lower than the situation prior to the Houthi attacks in late 2023.

## 1.2. Panama Canal: record traffic drives up rates and wait times

Located nearly 14,000 km from the Strait of Hormuz, the Panama Canal appears, at first glance, to be largely unaffected by the diversion of shipping traffic blocked in the Arabian Gulf or no longer passing through the Red Sea. Yet it is one of the most affected chokepoints in global maritime trade, with **traffic up 8% since the start of the year** compared to the same period in 2025, as reported by the international shipping association BIMCO<sup>8</sup>. This paradox can be explained by the **sharp increase in the transit of oil tankers and LNG carriers, linked to the rise in exports from the United States to Asia – replacing those that can no longer be carried out via the Arabian Gulf – but also to shipments between the US east and west coasts, again replacing cargoes that previously came from the Gulf**. In April 2026, the number of tanker transits was 60% higher than the historical average, according to Lloyds List<sup>9</sup>. This influx caused a **16% rise in total canal traffic between mid-April and the end of May, according to BIMCO**, figures consistent with Portwatch data (Figure 2). The effect is amplified by the fact that the Panama Canal is too narrow to accommodate the largest oil tankers, such as Suezmax (800,000 barrels and above) or VLCCs (Very Large Crude Carriers, up to 2 million barrels), which account for the lion's share of global seaborne oil transport, particularly in the Gulf. A greater number of smaller-capacity vessels must therefore pass through the Panama Canal to 'compensate' for some of the volumes lost in the Strait of Hormuz.

**This increase in hydrocarbon transport flows has brought total traffic to an average of 38 vessels per day, close to the Panama Canal's maximum capacity**, which is 36 to 40 vessels per day depending on conditions. Since the end of March, this congestion has led to **longer waiting transit times** for ships without prior reservations (around 25% of total traffic): whereas on 26 March, the average waiting time was 0.2 days

<sup>5</sup> Ships designed for the transport of general cargo, not in containers or bulk

<sup>6</sup> Suez Canal Traffic Statistics 2025, *Suez Canal Authority*, 1 February 2026

<sup>7</sup> *China's BYD deploys its own car carrier fleet to bypass tariffs and sustain EV exports - CNBC TV18, CNBCTV18*, 20 May 2026

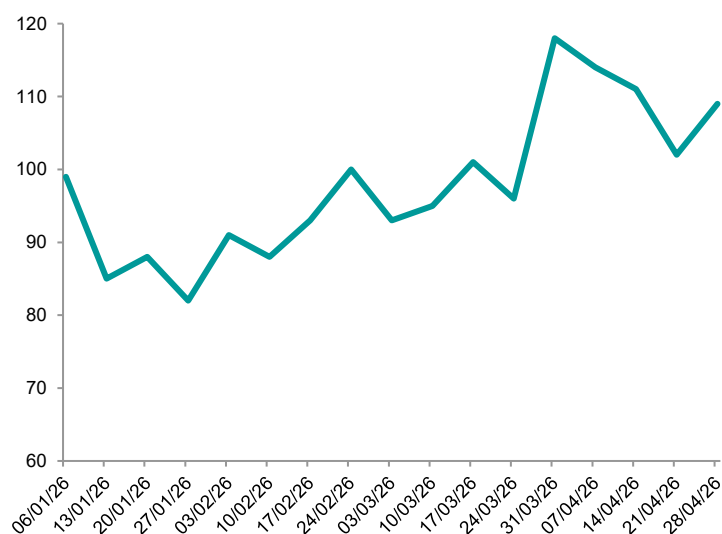
<sup>8</sup> *Iran war boosts Panama Canal traffic, Seatrade Maritime News*, 21/05/2026

<sup>9</sup> *Crisis-driven tanker demand propels Panama Canal to multiyear high :: Lloyd's List, Lloyd's List*, 08/05/2026

in the Pacific-Atlantic direction and 1.4 days in the opposite direction<sup>10</sup>, by it had risen to an average of 3.5 days in both directions in April, and to over 6 days in the first three weeks of May<sup>11</sup>, with **record waiting times of 13 and 12 days, respectively, on 24 and 25 May**.

This congestion also drives **up transit costs**, at least for vessels that have not booked their slot in advance: their charterers must then purchase their right of passage through an auction system managed by the Panama Canal Authority. Rates have skyrocketed, rising from an average of USD 250,000–300,000 per crossing to USD 425,000 by the end of April; some oil tanker charterers have paid up to USD 4 million to use the canal, to ensure urgent deliveries, particularly to Asia<sup>12</sup>.

**Figure 2: Tanker transits through the Panama Canal (weekly)**



Source: Portwatch

### 1.3. The Cape of Good Hope is increasingly strategic

The crisis has also led to an increase in the number of transits off the Cape of Good Hope, at the southern tip of Africa. This effect is not directly linked to the closure of the Strait of Hormuz itself, but to **the slowdown in Asia-Europe transit through the Red Sea**, linked to fears of a resumption of Houthi attacks against shipping in the Strait of Bab el-Mandeb<sup>13</sup>.

The number of transits via the Cape of Good Hope was, on average, **5.4% higher in the ten weeks following the first strikes against Iran compared with the previous ten weeks; this increase was particularly marked for tankers, at +25.6% (Figure 3)**. This surge is mainly attributable to:

- The increase in energy shipments from the US East Coast to Asia, comprising both LNG<sup>14</sup> and crude oil. Consequently, **Atlantic-Pacific voyages accounted for an average of 35% of total crude volumes exported by VLCCs in March–April 2026, compared with 22% in January–February<sup>15</sup>**.
- The shift in energy flows between Europe and Asia, which had previously transited via the Red Sea: in one direction, crude oil and LNG from the North Sea and the Baltic; in the other, refined products exported from India or other Asian countries to Europe<sup>16</sup>.

<sup>10</sup> [Hormuz crisis drives up Panama Canal delays and auction prices :: Lloyd's List](#), *Lloyd's List*, 23 April 2026

<sup>11</sup> [Dashboard Waiting to Transit](#), *Panama Canal Authority*, accessed 27/05/2026

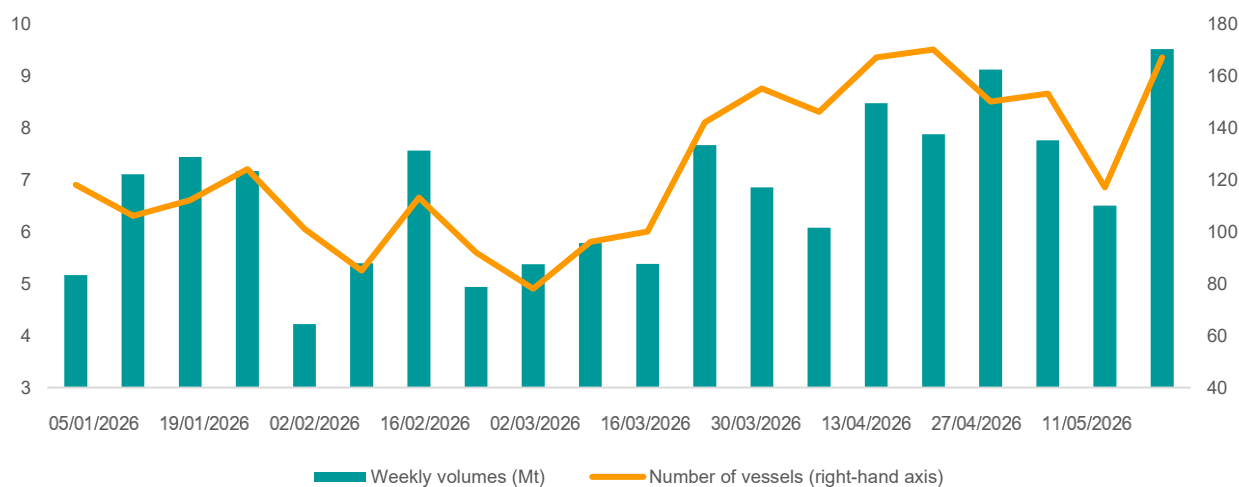
<sup>12</sup> [Companies are paying millions to cross the Panama Canal during the Strait of Hormuz chokehold | PBS News](#), *PBS News*, 24/04/2026

<sup>13</sup> [African bunkering hubs gain as ships reroute around the Cape](#), *Reuters*, 23 March 2026

<sup>14</sup> [Interbasin competition intensifies as more LNG cargoes divert to Asia | S&P Global](#), *S&P Global Energy*, 24 March 2026

<sup>15</sup> [Hormuz crisis slashes VLCC volumes by 36% but voyages are longer](#), *Lloyds List*, 6 May 2026

<sup>16</sup> [Ship Traffic Around Southern Africa Resurges](#), *Geopolitical Futures*, 8 May 2026

**Figure 3: Weekly tanker traffic off the Cape of Good Hope, by volume and number of vessels**

Source: IMF Portwatch

To a lesser extent, an upward trend is also evident in container ship traffic, which has risen by 2.8% since the start of the conflict. This can be explained by the **reorganisation of regular Asia-Europe shipping routes operated by certain major shipping companies, which previously called at ports in the Arabian Gulf. As these ports are no longer accessible, the risk of transiting the Bab El Mandeb Strait is no longer justified.** These routes therefore now completely bypass the Middle East<sup>17</sup> and circumnavigate Africa. **Even some of the Asia-Middle East traffic now uses the Cape of Good Hope:** operators such as Maersk have launched Asia-Europe-Gulf routes via the Cape of Good Hope, the Mediterranean and the Suez Canal<sup>18</sup>.

**The detour entails significant financial and logistical costs: an Asia-Europe transit via the Cape of Good Hope adds 3,000 to 3,500 nautical miles and 10 to 14 days of sailing time compared to the Suez Canal route, as well as 30% additional fuel costs. This increases the cost of the crossing and places greater strain on the global merchant fleet, although this effect is partially offset, in the case of VLCC oil tankers, by lower demand in the Gulf region.**

The rise in traffic off the Cape of Good Hope confirms its **growing importance in global trade** and its status **as an alternative to the bottlenecks of global maritime trade**, particularly for energy. Tanker traffic reached an all-time high of 24 million deadweight tonnes in the week of 13 April<sup>19</sup>. This development confirms a fundamental trend that emerged following the Bab el-Mandeb Strait crisis in late 2023 and has continued unabated. For some analysts, it illustrates **a lasting shift in global maritime logistics, moving from a focus on pure economic efficiency to one of 'resilience at any cost', with shipowners and their clients accepting additional costs and longer lead times in exchange for mitigating geopolitical risks<sup>20</sup>.**

#### 1.4. In the Strait of Malacca, oil tankers and ro-ro vessels are becoming scarcer

The Strait of Malacca, the main passageway between the Pacific and the Indian Ocean, lies at the crossroads of several key routes between East Asia (particularly China) on one side and Europe, the Middle East, South Asia and Africa on the other. This artery, which is around 60 km wide at its narrowest point, handles more than 20% of global maritime traffic, as well as 35% of oil and 20% of LNG transported by sea.

<sup>17</sup> [Global trade reroutes to Cape of Good Hope while traffic in Strait of Hormuz plunges 90%](#), Anadolu Agency, 5 February 2026

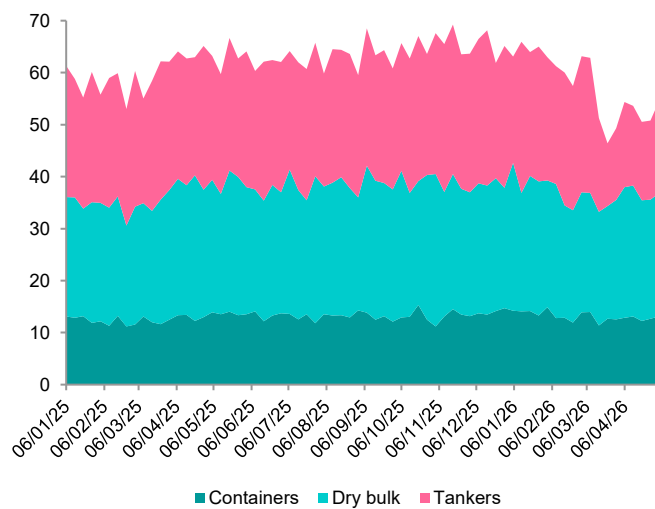
<sup>18</sup> [Red Sea Diversion Tracker](#), Drewry, 19 May 2026

<sup>19</sup> [Iran war diverts more ships from Suez to long route round Africa](#), www.ft.com, 1 May 2026

<sup>20</sup> [The 'Great Bypass' has begun](#) - Nikkei Asia, Nikkei Asia, 20/05/2026

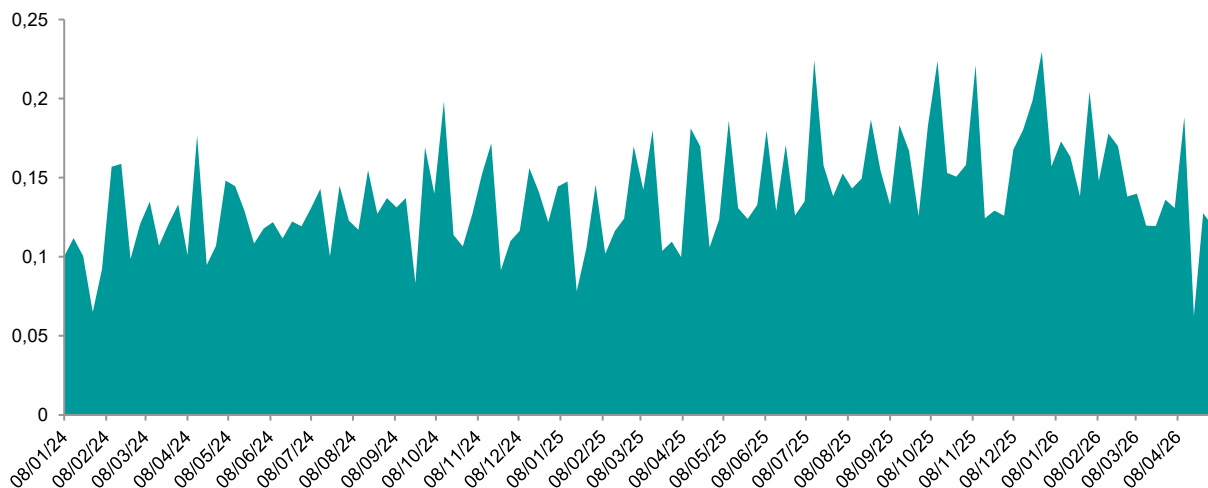
In this strait, the **closure of the Strait of Hormuz has mainly resulted in a sharp drop in the transit of crude oil, LNG and refined petroleum products**. Volumes transiting between 28 February and 10 May 2026 – approximately 175 million tonnes – are **down by 30% year-on-year and 31% compared with the previous period** (Figure 4). This drastic fall confirms that Asian importers of energy products from the Gulf are, by far, the most directly affected by the crisis. But it also reflects a decline, in the East-West direction, in exports of refined petroleum products from India to Europe, due to the government's decision to prioritise the domestic market<sup>21</sup>. Container ship traffic remains stable, whilst dry bulk carrier traffic has fallen by around 4% year-on-year and compared to the previous period.

**Figure 4: Weekly traffic through the Strait of Malacca (millions of tonnes)**



Another category of traffic has seen a notable decline: **that of ro-ro vessels, which fell to 1.3 million tonnes over the same period, compared with 1.8 million tonnes a year earlier**. This decline is attributable to the **fall in car exports from Japan and other Asian countries to the Middle East**<sup>22</sup>. However, this fall has little effect on total volumes, as ro-ro vessels account for barely 0.3% of the tonnage passing through the Strait of Malacca (Figure 5).

**Figure 5: Weekly ro-ro traffic through the Strait of Malacca (millions of tonnes)**



Source: IMF Portwatch

<sup>21</sup> India's Fuel Exports Fall to Nearly 4-Year Low on Europe Crash, *Energy Intelligence*, 2 June 2026

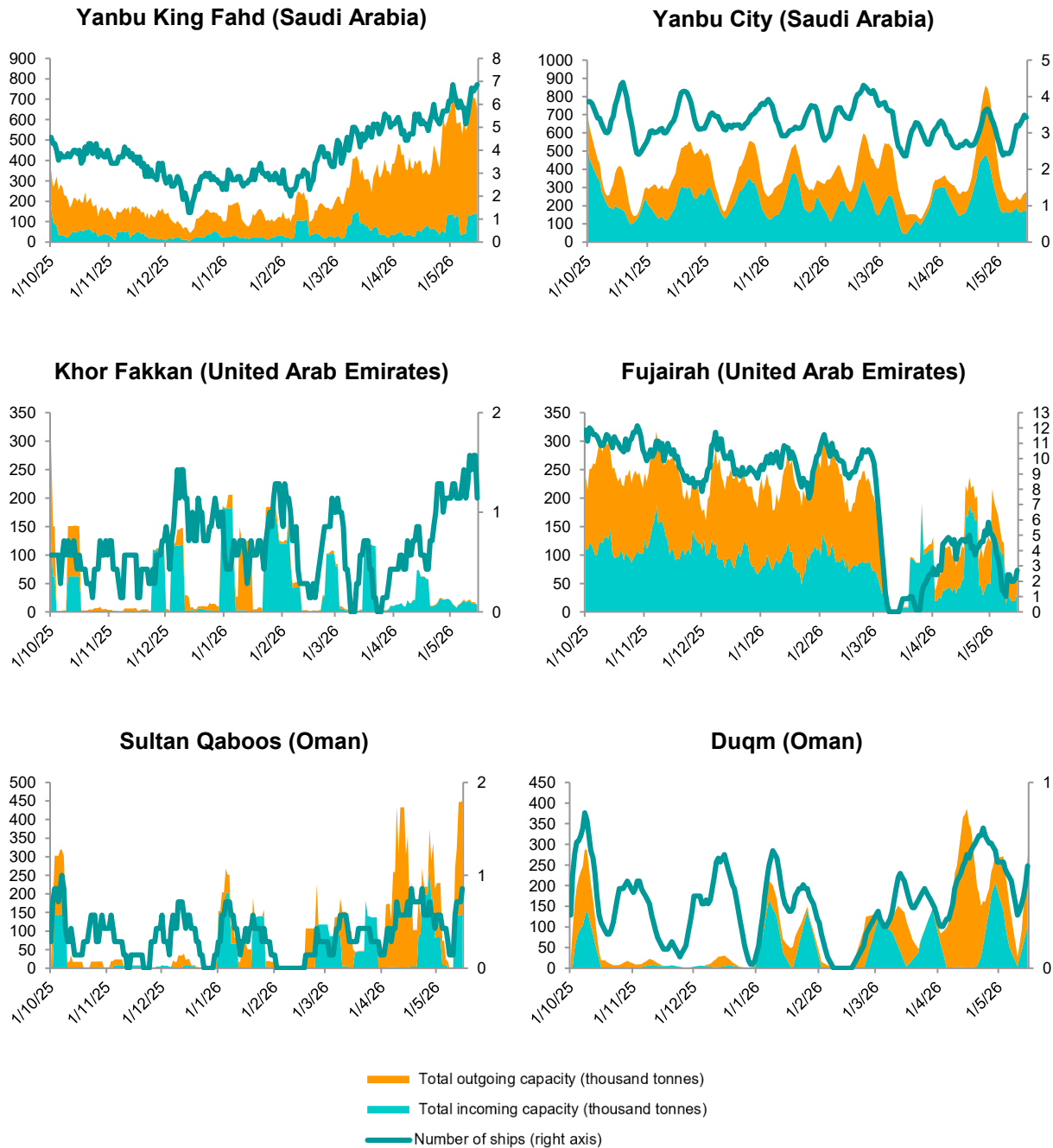
<sup>22</sup> Japanese car exports to the Middle East plunge in April as war disrupts shipping, *Reuters*, 21 May 2026

## 2. Khor Fakkan, Mumbai, Latakia...: the ports ‘benefiting’ from the crisis

### 2.1. In the GCC, Red Sea and Indian Ocean ports are replacing those in the Arabian Gulf

Ports in Gulf countries located on the Red Sea or the Indian Ocean are recording **record transit volumes**, replacing ports located within the Arabian Gulf, which until now had handled the vast majority of maritime traffic for Gulf countries, for both exports and imports.

**Figure 6: Traffic at GCC ports located outside the Arabian Gulf**

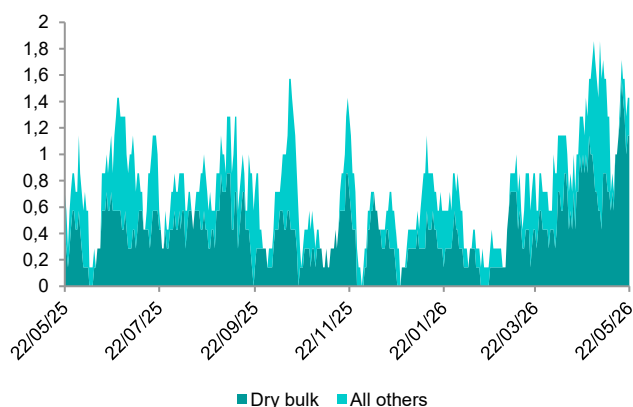


Source: IMF Portwatch data, GSA analysis. NB: data for Fujairah is underestimated, distorted by GPS jamming that affected the region

The most telling example is undoubtedly the Saudi port of Yanbu King Fahd, located at the western end of the East-West oil pipeline, which has enabled Saudi Arabia to divert part of its oil production through the Red Sea. The port saw its exports – mainly crude oil – increase nearly four-fold between the three months preceding and following 28 February, the date the bombing of Iran began (Figure 6). To a lesser extent, a similar effect has also been observed in Fujairah, an Emirati port on the Indian Ocean at the terminus of the Habshan-Fujairah pipeline, where crude oil exports have risen by 38% since the start of the war<sup>23</sup>. The increase was, however, more limited than in Yanbu, due to lower available capacity in the pipeline, and the repeated bombing of this port<sup>24</sup> or of ships moored nearby. The data collected by Portwatch (Figure 6) is, moreover, lower than the actual figures: it is partially distorted by GPS jamming that has affected the entire region, including Fujairah<sup>25</sup>, on numerous occasions since the start of the conflict. This jamming affects ships' AIS transponders, on which Portwatch's information-gathering system relies.

The neighbouring port of Yanbu City, meanwhile, recorded a marked increase in activity in April, with record levels of both imports and exports. This upturn corresponds more specifically to an increase in the movement of dry bulk vessels (Figure 7). On the export side, this notably includes **fertiliser exports by the Saudi producers Maaden<sup>26</sup> and SABIC<sup>27</sup>**, which have established land routes to export their products as they can no longer use the Strait of Hormuz. **Imports, meanwhile, likely correspond to activity at the Yanbu grain terminal, which opened in December 2024<sup>28</sup>.**

**Figure 7: Daily vessel transits at the port of Yanbu City (Saudi Arabia)**



Source: IMF Portwatch data, GSA analysis

Other ports, meanwhile, are playing an increasingly important role in the import of goods by the Gulf states. This is particularly true of **Khor Fakkan in the UAE, which now handles around 50,000 containers a week, compared with barely 2,000 before the conflict<sup>29</sup>, and which is now said to account for around 15% of the container traffic diverted due to the closure of the Strait of Hormuz<sup>30</sup>.** This traffic has almost entirely replaced the movements of tankers that previously called at the port to refuel (Figure 8). In Oman, it is the ports of Sultan Qaboos (Muscat) and Duqm, in particular, that are playing this role, with a sharp rise in import volumes (Figure 6).

<sup>23</sup> The UAE's Fujairah and Khor Fakkan ports offer a lifeline for trade as Iran blocks the Strait of Hormuz, *Arab Weekly*, 5 July 2026

<sup>24</sup> Crude oil shipments at UAE port plummet amid Iranian drone strikes, *The Wall Street Journal*, 18/03/2026

<sup>25</sup> GNSS interference incidents in the Middle East Gulf... | myKN, *mykn.kuehne-nagel.com*, 10/03/2026

<sup>26</sup> The New Route Around Hormuz Involves a Massive Convoy of Trucks - WSJ, *The Wall Street Journal*, 13/05/2026

<sup>27</sup> Saudi Arabia's Sabcic loads urea vessel at Yanbu: Update | Latest Market News, *www.argusmedia.com*, 19 May 2026

<sup>28</sup> Saudi Arabia inaugurates Yanbu Grain Terminal to boost food security, trade | *Arab News*, *Arab News*, 23/12/2024

<sup>29</sup> UAE's Fujairah and Khor Fakkan ports offer a trade lifeline as Iran blocks Hormuz, *Arab Weekly*, 5 July 2026

<sup>30</sup> Strait of Hormuz Closure Triggers 360% Surge in Ocean Freight Diversions, *project44*, 10 May 2026

**Figure 8: Traffic trends at the port of Khor Fakkan**

Source: IMF Portwatch, GSA analysis

## 2.2. The Western Mediterranean emerges as a new route to the Gulf

The closure of the Strait of Hormuz has repercussions as far as the Mediterranean, where a complex logistics chain combining road and sea transport is being established to handle freight traffic from Europe and Turkey to the Gulf states, via ports in southern Turkey (Mersin, Iskenderun, etc.), Syria, or – at the cost of transiting the Suez Canal – the ports of the Red Sea, such as Aqaba in Jordan or Jeddah in Saudi Arabia. These routes can reach the interior of the Arabian Gulf (via transshipment onto feeder vessels at Dammam, Jebel Ali, etc.) and even the Indian Ocean via the ports of Khor Fakkan, Fujairah, or Sohar.

The leaders in maritime transport, Maersk<sup>31</sup>, CMA-CGM<sup>32</sup> and MSC<sup>33</sup>, have all announced such routes, and a host of smaller operators are also active on this emerging axis.

This route has enabled certain companies, such as the Emirati supermarket chain Spinneys<sup>34</sup>, to carry out highly publicised supply operations to the Gulf states from Europe. In the opposite direction, **Iraq is now exporting heavy fuel oil by tanker truck to the Syrian port of Baniyas**, where the first tanker was loaded in mid-April<sup>35</sup>. To facilitate an increase in this flow, Baghdad and Damascus have accelerated the reopening of the Rabia-Al-Yarubiyah border crossing, which had been closed since 2014<sup>36</sup>.

This new traffic is particularly evident at **the Syrian port of Latakia, which has seen its traffic increase by 55% since the start of the war compared with the previous period, and by as much as 435% compared with the same period in 2025** (Figure 9). Whilst this rise in activity is partly explained by increased economic activity in Syria in a post-war context (reconstruction, lifting

<sup>31</sup> Middle East Landbridge Solutions | Maersk, [www.maersk.com](http://www.maersk.com), 18 March 2026

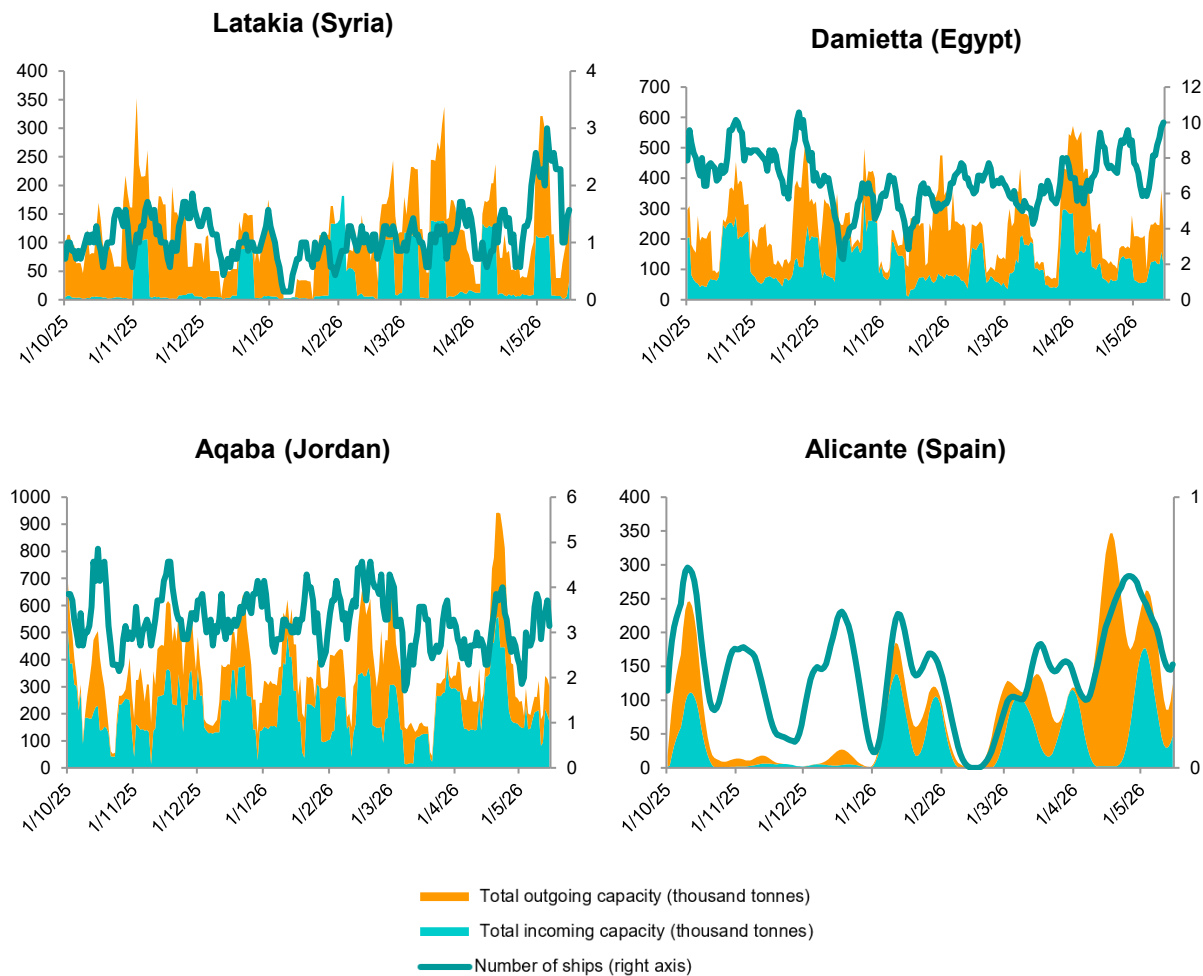
<sup>32</sup> CMA CGM sets new Hormuz land bypass routes, *FreightWaves*, 18 March 2026

<sup>33</sup> Europe Red Sea Middle East Express, *MSC*, 2 May 2026

<sup>34</sup> UAE supermarkets get British crisps and porridge after 16-day continental trek, *The National*, 14 April 2026

<sup>35</sup> Syria begins loading Iraqi oil shipments for re-export, *L'Orient-Le Jour*, 15 April 2026

<sup>36</sup> Iraq reopens Rabia border crossing to boost fuel oil exports via Syria, *Reuters*, 20 April 2026

**Figure 9: Traffic trends in selected Mediterranean and Red Sea ports**

Source: IMF Portwatch data, GSA analysis

of sanctions), part of the traffic does indeed correspond to these new, complex export routes, combining road and sea transport and enabling the shipment, particularly from Europe, of containers<sup>37</sup> or vehicles<sup>38</sup> destined for the Gulf states.

**This increase in activity is having an impact on other Mediterranean ports**, which have become land/sea transshipment points for these new flows. This is particularly the case for Marseille, which recorded a sharp rise in container traffic in the first quarter due to increased transshipments linked to the blockage of the Strait of Hormuz: TEU (twenty-foot equivalent unit) volume rose by 13% in the first quarter, and by as much as 21% in March<sup>39</sup>. This situation had already occurred following the disruptions in the Bab el-Mandeb Strait in 2024<sup>40</sup>. A similar phenomenon is at work in Alicante (Spain), but Trieste, Gioia Tauro, Barcelona or Valencia may also be called upon, as might Damietta in Egypt.

<sup>37</sup> Transit container arrives at Latakia from Aqaba, boosting Syria's regional trade route, *Syrian Arab News Agency (SANA)*, 5 April 2026

<sup>38</sup> Latakia Port launches first UAE-to-Europe vehicle transit shipment via Syria, *Syrian Arab News Agency (SANA)*, 28 April 2026

<sup>39</sup> With container traffic in fine form in the first quarter, the port of Marseille-Fos must ensure it remains efficient, *Le marin*, 29/04/2026

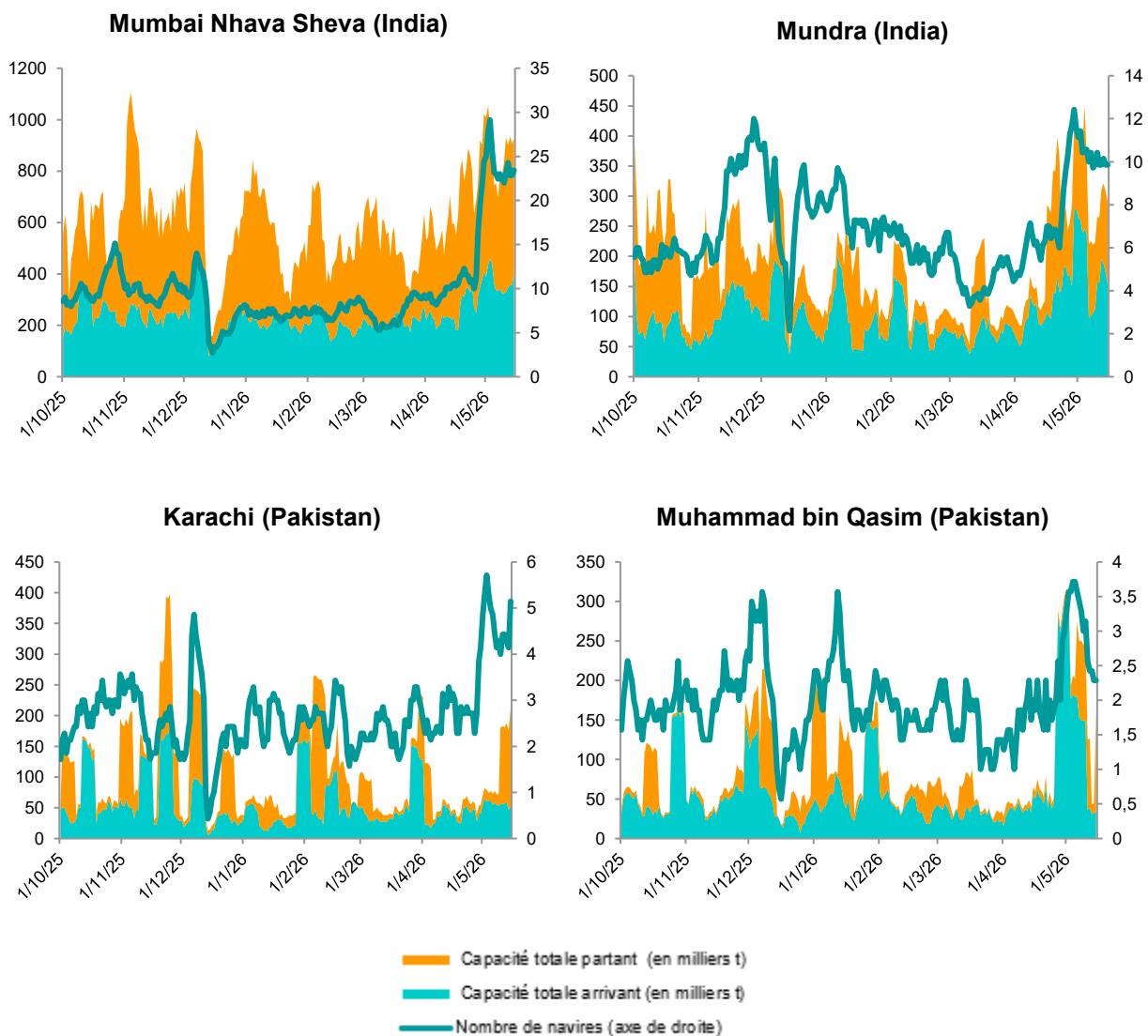
<sup>40</sup> Marseille Fos has clearly benefited from the diversion of container ships, *Le Journal de la Marine Marchande*, 29/01/2025

However, **this new logistics route faces significant constraints**. Beyond the additional costs incurred by land transport and the necessary transshipments, it is better suited to containerised or palletised goods than to dry bulk, such as cereals, ores, etc. The transport of liquids, particularly petroleum products, is possible, as demonstrated by the Iraqi example, but is limited to very small volumes: more than 4,000 tanker truck would be needed to fill a Suezmax-type tanker (around 1 million barrels) and more than 8,000 for a VLCC (2 million barrels). **Overall, the volumes using these new routes are far from compensating for those that previously transited through the Strait of Hormuz.**

### 2.3. In Pakistan and India, new container transit hubs are emerging

The closure of the Strait of Hormuz also led to **record levels of activity in the ports of Pakistan and on India's west coast, with the impact being felt as far as Sri Lanka**. The major ports of Mumbai, Nhava Sheva, Mundra (India) and Karachi (Pakistan) recorded the sharpest rises in traffic, but secondary ports

**Figure 10: Traffic trends in selected Indian Ocean ports**



Source: IMF Portwatch data, GSA analysis

(Muhammad Bin Qasim in Pakistan, Pipavav and Vizhinjam in India, Hambantota in Sri Lanka, etc.) are also affected (Figure 10).

This phenomenon **initially stemmed from the need to unload containers bound for ports in the Arabian Gulf. Indian Ocean ports served as a “refuge” for these goods, the majority of which originated from China and other Asian countries. More than 100,000 TEUs were thus diverted to Indian ports alone in the first two weeks of the conflict<sup>41</sup>**; in Pakistan, **the port of Karachi handled more than 8,000 containers in 24 days in March 2026, more than in the whole of 2025<sup>42</sup>**. At the port of Pipavav (India), the increase in container traffic more than offset the drop in activity caused by the decline in imports of liquid cargo and dry bulk (particularly fertiliser) previously received from the Gulf states<sup>43</sup>.

As the Strait of Hormuz crisis drags on, these ports are **gradually transforming into transshipment hubs**, a trend driven by the need to relieve pressure on their container storage areas. **Some of the ports concerned are now seeking to capitalise on this new situation to establish themselves as regional transshipment hubs in the long term, redistributing the volumes unloaded from large container ships onto smaller vessels (known as feeders) serving ports in the Indian Ocean, the Gulf of Oman, and even Africa – a role previously largely reserved for Jebel Ali and other ports in the Arabian Gulf. In mid-March, the port of Karachi reduced the fees applicable to vessels carrying goods intended for transshipment<sup>44</sup>, and launched a feeder service to the UAE ports that remain accessible – an initiative made all the more natural by the fact that the operator of the Karachi container terminal belongs to the UAE group AD Ports<sup>45</sup>**. For its part, the Port of Mumbai announced at the end of March a service connecting several ports on India’s west coast to a number of destinations in the Red Sea: Jeddah and King Abdullah in Saudi Arabia, Sokhna in Egypt and Aqaba in Jordan<sup>46</sup>.

### 3. These adjustments do not fully offset the impact

#### 3.1. Port congestion on the rise everywhere

For the ports concerned, the increase in activity linked to the closure of the Strait of Hormuz is not necessarily good news, as it can lead to **port congestion that ultimately hampers their operations**. Consequently, many container storage areas were **quickly overwhelmed by unloaded containers before a solution for re-routing could be found**. Even where it is possible to move these goods by road, this is hampered by a shortage of lorries and drivers. Some ports have also faced increased demand for marine fuel from ships that usually refuel in the Gulf.

**This congestion is obviously affecting ports in the Gulf region situated on the Gulf of Oman or the Red Sea, but also those in India<sup>47</sup> and Pakistan<sup>48</sup>**. From less than two days in mid-April, waiting times at the port had risen to over five days by the end of May in Jeddah and King Abdullah<sup>49</sup>, and range from five to 20 days in Dammam. Similarly, they have reached 5 to 6 days in Karachi and Mundra. Consequently, the effect is being felt at numerous ports around the world, contributing to congestion across the entire shipping network. **In the container ship sector, this port congestion takes out around 5% of global transport capacity**, according to one of the sector’s leading operators. In total, this reduction could even approach 19%<sup>50</sup> when other factors are taken into account, such as reduced vessel speeds or longer routes.

<sup>41</sup> Carriers seek to offload stranded Asia-Middle East containers at Indian ports, *Journal of Commerce*, 12 March 2026

<sup>42</sup> Pakistan’s ports emerge as transit hub after Iran war disrupts Gulf routes, *The Express Tribune*, 1 April 2026

<sup>43</sup> Pipavav Port sees up to 40% drop in liquid cargo amid West Asia tensions, *Hindu Business Line*, 29 May 2026

<sup>44</sup> Pakistan’s Ports Capitalise on Gulf Shipping Disruptions, *Sourcing Journal*, 2 April 2026

<sup>45</sup> Karachi Port Launches New Feeder Shipping Service to the UAE to Boost Maritime Connectivity, *Pak Banker*, 16 March 2026

<sup>46</sup> JNPA’s Container Terminal and PSA Mumbai Welcome Global Feeder Shipping’s JJS Service, *Maritime Gateway*, 27 March 2026

<sup>47</sup> Indian ports face mounting strain as redirected ca..., *Kuehne & Nagel*, 20 May 2026

<sup>48</sup> From Karachi’s Docks, Pakistan’s Port Boom Looks Less Like An Opportunity And More Like A Missed Opportunity, *The Friday Times*, 27 May 2026

<sup>49</sup> Real-Time Port Congestion, *www.gocomet.com*, accessed 1 June 2025

<sup>50</sup> Hormuz crisis side effect: a sharp rise in container shipping rates, *Lloyd’s List*, 29/05/2026

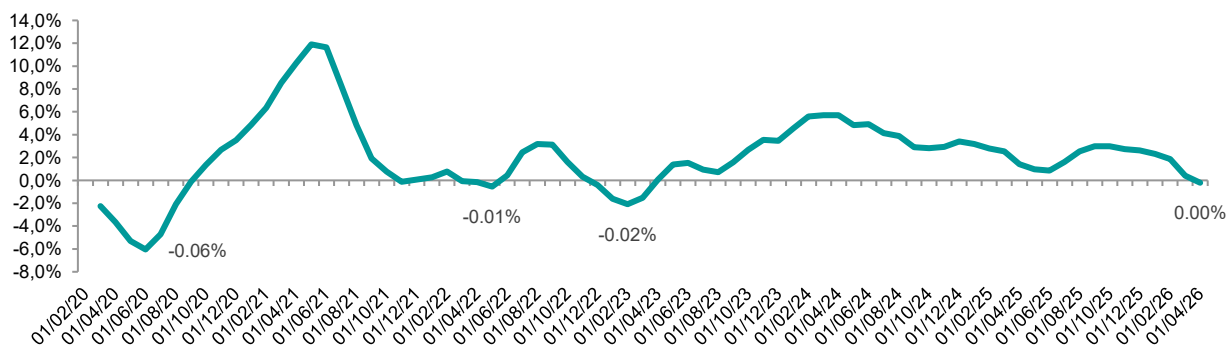


This increase in traffic also has a detrimental effect on the local economy, as it **hampers the business of these ports' regular customers**<sup>51</sup>, who are facing a slowdown in their operations. It is also contributing to a **general rise in the cost of maritime transport**: shipping companies, faced with longer waiting times at port, charge their customers demurrage fees – penalties corresponding to the time the vessel and its crew are tied up. These can amount to hundreds of thousands of dollars per day per vessel concerned.

### 3.2. Total shipping volumes remain below pre-crisis levels

The reorganisation of trade flows following the closure of the Strait of Hormuz, described above, has not fully offset its closure. **Global volumes transported by sea thus contracted by 0.2% in April 2026**. This decline remains well below that observed at the height of the Covid-19 pandemic (-6% in June 2020) or that of February 2023 (-2.1%), which was due to a combination of factors ranging from the sluggish post-pandemic recovery in China, the effects of the war in Ukraine on demand in Europe, and intensified 'friendshoring' policies causing a slowdown in trade between the United States and China. The current slowdown is, however, comparable to that triggered by the start of the war in Ukraine (-0.5% in May 2022), and more pronounced than that caused by the proliferation of tariff measures taken by the United States from April 2025 (Figure 11). The decline is particularly marked for tanker tonnages, due to the key role played by the Gulf states in hydrocarbon production.

**Figure 11: Trade trends (total volume), year-on-year, 3-month moving average, in %**



Source: IMF Portwatch

### 3.3. Sharp rise in sea freight rates

Paradoxically, the decline in volumes transported does not mean there is less demand for available transport capacity: **the increased use of the Cape of Good Hope and the reorganisation of trade routes tend to lengthen transit times, particularly as carriers are reducing their sailing speeds to limit fuel consumption, the price of which has risen sharply.**

**Furthermore, a significant proportion of the global merchant fleet remains stranded in the Arabian Gulf.** More than 160 oil tankers, representing a combined volume of 160 million barrels – over 3% of total global capacity – were still there as of 21 May, according to Kpler<sup>52</sup>, although nearly a third were able to pass through the Strait of Hormuz during the month<sup>53</sup>. **The impact was even greater for container ships: vessels prevented from leaving the Arabian Gulf initially accounted for nearly 10% of total global capacity**<sup>54</sup>. 42 of the 53 large container ships identified by Kpler in the Arabian Gulf were still there in mid-May; two others had been seized by the Iranian authorities, and one had been hit by an attack<sup>55</sup>. **This grounding also affects**

<sup>51</sup> Logistics Logjam at J N Port Undermines Production Incentives in India, ETInfra, *ETInfra.com*, 26/05/2026

<sup>52</sup> Over 160 oil tankers stuck in the Gulf as Iran tightens its grip on Hormuz - Nikkei Asia, *Nikkei Asia*, 20 May 2026

<sup>53</sup> Iran War: A Quarter of Large Oil Tankers Trapped by Conflict Have Escaped - Bloomberg, *Bloomberg.com*, 29 May 2026

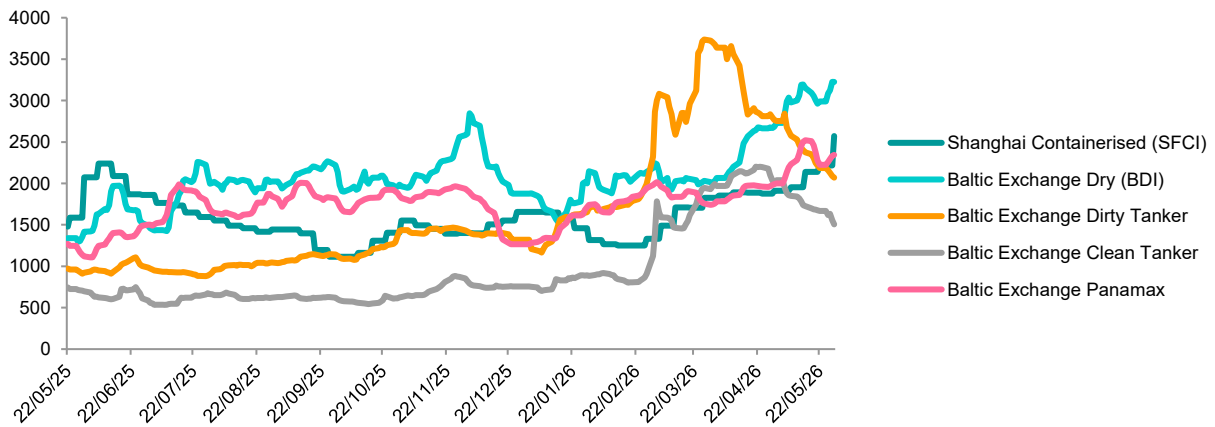
<sup>54</sup> About 10% of global container fleet caught in Hormuz backup, shipping CEO says, *Reuters*, 2 March 2026

<sup>55</sup> Two months in: What container data tells us about the Hormuz crisis, *Kpler*, 7 May 2026

**crew members:** around 20,000 seafarers remained stranded on board these vessels in mid-May, according to the International Transport Workers' Federation<sup>56</sup>, often in very difficult conditions.

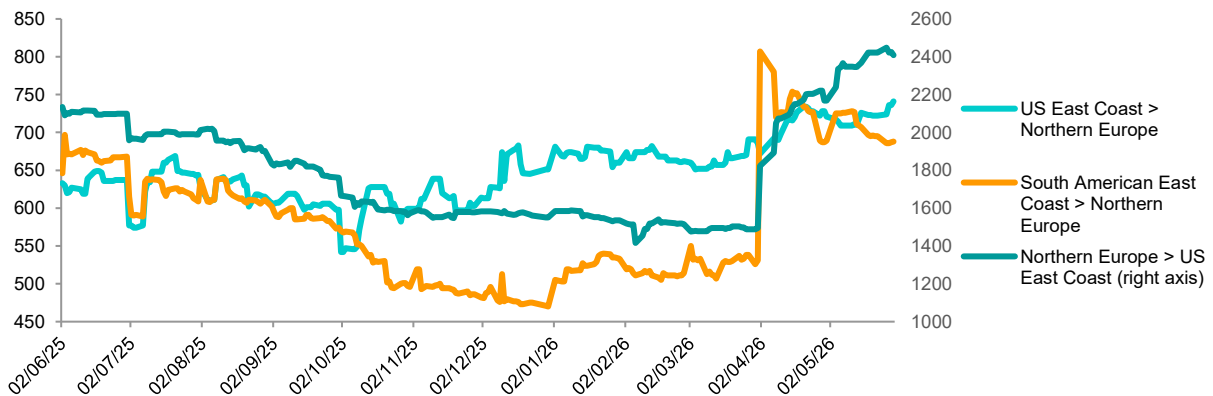
**These tensions have led to a sharp rise in the cost of sea freight, as illustrated by the rise in all indices published by the Baltic Exchange (Figure 12).** It should be noted that **this effect is evident even on routes not directly affected by the crisis**, such as transatlantic container transport between Europe and the US East Coast, or between Europe and South America (Figure 13). This rise is attributable to reduced overall capacity, its reallocation to longer routes, and higher fuel costs.

**Chart 12: Main sea freight rate indices**



Source: Baltic Exchange via Datastream

**Chart 13: Average rates for selected transatlantic routes (USD/40-foot container)**



Source: Xeneta

<sup>56</sup> [The system is broken, we have had enough](#), ITF Global, 14 May 2026

## 4. A reopening of the Strait of Hormuz would not mean an immediate return to normal

### 4.1. Even if an agreement is reached, the risk will remain elevated at Hormuz and Bab el-Mandeb

The outcome of the talks between the United States and Iran aimed at reaching a lasting settlement remains highly uncertain: these discussions do not only revolve around the status of the Strait of Hormuz, but also around other points of disagreement, such as the release of Iran's assets frozen abroad, potential compensation for the country for the destruction suffered during the war and, of course, the future of Iran's nuclear programme. In this context, **Iran's ability to close the Strait of Hormuz – which it has demonstrated despite the intensity of the bombardments it has endured – proves to be a formidable political and diplomatic weapon.** The Trump administration may therefore resign itself to ceding a certain degree of control over the strait to its adversary, in exchange, for example, for concessions on the nuclear issue.

Beyond these negotiations, **Iran is now seeking to consolidate this advantage in the long term, and even to derive financial benefit from it. This is the objective behind the creation, on 5 May, of the Persian Gulf Strait Authority, tasked with collecting a transit fee from every vessel passing through the strait, in the name of 'navigation services' and security. Iran bases its position on its own interpretation of the United Nations Convention on the Law of the Sea (which it has signed but never ratified, and certain provisions of which it disputes): this guarantees a "right of transit passage" to all ships in straits used for international navigation, including where they consist of territorial waters (which is the case with the Strait of Hormuz, shared, at its narrowest point, by Iran and Oman) and prohibits the imposition of a transit fee or other "toll" mechanism. However, its Article 26 provides that coastal States, in contributing to the safety of navigation, may charge for certain services rendered to ships<sup>57</sup>, a clause on which Iran bases its claims.**

**This interpretation is contested by all the other Gulf littoral states, and by the majority of countries worldwide; it could nevertheless prevail as part of an agreement aimed at restoring navigation. Some shipowners point out that a transit fee of between 100,000 and 200,000 USD is preferable to the closure of the Strait or the additional costs associated with security risks<sup>58</sup>.** Some are reported to have already paid a transit fee to Iran to allow their vessels to leave the Arabian Gulf<sup>59</sup>. This outcome would mainly penalise the Gulf States which, according to some models, would have to absorb more than 80% of the additional cost generated by such a fee on their oil exports<sup>60</sup>. However, **the United States has already placed the Persian Gulf Strait Authority under sanctions, creating a high legal risk for shipowners who comply with Iran's demands.**

**Uncertainty also hangs over the Bab el-Mandeb Strait, where the Yemeni Houthi rebel movement has repeatedly threatened, throughout the conflict, to target commercial shipping. Yet this ally of Iran has also demonstrated considerable resilience in the face of external military intervention.** The joint US-UK military campaign (Operation *Rough Rider*) between March and May 2025, resulted in nothing more than a ceasefire and does not appear to have permanently undermined the armed movement's capacity to launch attacks on ships. Previously, the movement had already withstood the ground and air operation launched in 2015 by a coalition led by Saudi Arabia and the United Arab Emirates.

<sup>57</sup> [United Nations Convention on the Law of the Sea, United Nations](#), 10 December 1982

<sup>58</sup> [Greek shipping tycoon Evangelos Marinakis ready to pay Strait of Hormuz transit fees, www.ft.com, 02/06/2026](#)

<sup>59</sup> [Tehran's 'toll booth' system is now controlling Hormuz traffic, Lloyd's List, 25/03/2026](#)

<sup>60</sup> [Could a Hormuz toll solve the oil crisis and who pays?, Bruegel, 8 April 2026](#)



## 4.2. Gulf states are investing in bypass infrastructure

These uncertainties are prompting Gulf states to invest in infrastructure that will enable them to bypass the Strait of Hormuz in the long term, notably via the Red Sea and the Indian Ocean.

### 4.2.1 New oil pipeline projects

The crisis has thus prompted the Emirati operator ADNOC to accelerate construction work on a **second west-east oil pipeline**, which began in 2023 and is now due to be completed in 2027. This new infrastructure will enable it to **double the volumes that can be exported via Fujairah** (on the Gulf of Oman), amounting to a total of over 3.6 million barrels per day<sup>61</sup>. **The United Arab Emirates will then be able to export, via this route, more than its current exports, which reached just under 3 million barrels per day by the end of 2025.** The country is also considering a third pipeline to Fujairah, this time reserved for refined products<sup>62</sup>.

For its part, **Iraq is seeking to boost the capacity of the Kirkuk-Ceyhan pipeline, enabling it to export crude oil to Turkey**, with capacity set to rise from 250,000 to over 700,000 barrels per day. This link was urgently restored in March 2026, following a four-year interruption caused by disagreements with the authorities of the autonomous province of Iraqi Kurdistan. In the longer term, **Iraq is planning to build oil pipelines to Baniyas (Syria) and Aqaba (Jordan)**, which would enable it to export its production via the Mediterranean and the Red Sea, respectively. Work on the Iraqi section common to both projects (Basra–Haditha), with a capacity of 2.5 million barrels per day, was officially launched on May 1<sup>63</sup>.

Qatar, which exports almost all of its gas via the Strait of Hormuz, has not yet announced any plans for alternative infrastructure. However, the crisis has brought two projects that have been under consideration for several decades back into the spotlight: a gas pipeline to Turkey (via Saudi Arabia, Jordan and Syria) and another to Egypt (via Saudi Arabia and the Gulf of Aqaba)<sup>64</sup>. An extension of the Dolphin gas project, which has enabled the export of Qatari gas to the United Arab Emirates and Oman since 2007, could also facilitate the export of liquefied natural gas via liquefaction terminals located on the eastern coasts of these two countries.

### 4.2.2 A regional railway line, and a potential direct connection to Europe

The Gulf states are also stepping up investment in **rail infrastructure**, an area that has long been neglected in the region. The main project is **the ‘Gulf Line’, which is set to link all the major cities on the Arabian Gulf** (from Kuwait to Abu Dhabi) **to ports located outside the Strait of Hormuz**: Fujairah, Sohar, Muscat, Duqm and Salalah. Discussed for over two decades and postponed several times due to disagreements between the member states of the Gulf Cooperation Council (GCC), its implementation has begun in stages, notably the Oman–United Arab Emirates link (Hafeet Rail, currently under construction<sup>65</sup>). Although no international link is yet operational, **the GCC Railway Authority, established in 2021, assures that the project will be completed by 2030<sup>66</sup>, enabling the transport of 200 million tonnes of freight per year, rising to 271 million tonnes per year by 2045** – compared to the 385 million tonnes of solid freight that passed through the Strait of Hormuz in 2025.

The crisis is also prompting Gulf states to seek ways of **connecting their rail networks to ports on the Red Sea and the Mediterranean**. In mid-April, Saudi Arabia awarded the design contract for the **Saudi Landbridge**, a railway linking the kingdom’s east and west coasts. This \$7 billion project, which has been under discussion for many years, will handle 50 million tonnes of freight per year<sup>67</sup>. Saudi Arabia is also seeking

<sup>61</sup> UAE’s new oil pipeline push to double export capacity by bypassing Hormuz, *Reuters*, 15/05/2026

<sup>62</sup> UAE Weighs New Pipeline to Bypass Strait of Hormuz for Refined Fuels, *Bloomberg.com*, 2 June 2026

<sup>63</sup> Iraq starts work on Basra-Haditha oil pipeline, state news agency says, *Reuters*, 1 May 2026

<sup>64</sup> Need for Gas Export Pipelines Bypassing Hormuz: Projects and Challenges, *Gulf Research Center*, 13 April 2026

<sup>65</sup> Hafeet Rail announces that 40% of the Oman–UAE railway link project has been completed, *Abu Dhabi Media Office*, 21 April 2026

<sup>66</sup> 50% of Gulf Railway project complete, *Gulf News*, 11 May 2026

<sup>67</sup> Spain’s Sener wins lead design role on Saudi Arabia’s \$7bn Landbridge rail project, *www.zawya.com*, 16 April 2026



to extend its railway, which currently terminates at Al Haditha on the Jordanian border, towards Aqaba and the Mediterranean ports of Syria<sup>68</sup> ; however, no investment has been announced at this stage.

An even more ambitious project involves **linking the GCC rail networks (integrated within the Gulf Line) with Turkey and, beyond that, Europe**. Broadly speaking, this line would follow the route of **the former Hejaz Railway**, built by the Ottoman Empire between Damascus and Medina, and operated until 1918.

There are no major technical barriers to such a project: the railways in the Gulf, Turkey and Europe have the same track gauge and use signalling systems that comply with the ETCS (European Train Control System) standard. The obstacle has long been geopolitical and security-related: several hundred kilometres of new track would need to be built in Jordan, but also and above all in Syria, which has been ravaged by civil war since 2012. The fall of Bashar al-Assad's regime and the relative stabilisation of the country mean that this project can once again be considered. **Turkey, Jordan and Syria signed a memorandum of understanding in April<sup>69</sup>, and Saudi Arabia is also supporting the project**, notably by funding the preliminary studies, which are due to be completed by the end of 2026<sup>70</sup>.

Finally, **Iraq is also seeking to connect its rail network to Turkey and Europe** as part of its flagship project, the 'Development Route', launched in 2023. This project involves the modernisation of over 1,000 km of railway and the construction of approximately 200 km of new track (notably between Mosul and the Turkish border)<sup>71</sup> and would enable containers to be transported from Europe to the port of Al Faw, currently under construction on the Arabian Gulf, for distribution by ship throughout the region. Whilst the closure of the Strait of Hormuz has revived interest in the project, major uncertainties continue to hang over its implementation<sup>72</sup>.

### 4.3. Already bolstered by the war in Ukraine, the rapidly growing Middle Corridor

Beyond the Middle East, the crisis is also driving growth in volumes transported via logistics routes designed as alternatives to sea transport. This is particularly the case for **the Middle Corridor, a 4,300 km rail route linking China to Europe via Azerbaijan, Georgia, Kazakhstan and Turkey**. The Kazakh rail operator KTZ, which operates the longest section (excluding China), reports a sharp rise in volumes on this route<sup>73</sup>, with 173 trains in the first quarter alone, compared to 400 for the whole of 2025<sup>74</sup>. The operator estimates that this volume could grow by a further 67% next year and has launched major infrastructure investments to cope with this increase. 4.5 million tonnes of freight passed through the Middle Corridor in 2025, compared with 800,000 tonnes seven years earlier<sup>75</sup>, a growth explained by the war in Ukraine, which has prompted some European shippers to avoid the traditional Northern Corridor route, which uses the Russian rail network.

Despite its strong growth, the significance of the Middle Corridor must be put into perspective: the 77,000 containers, 2.5 million tonnes of dry bulk and 1.7 million tonnes of petroleum products that passed through it throughout 2025 represent, respectively, the equivalent of 3 to 5 large container ships, 17 Aframax-type dry bulk carriers, and 6 VLCC tankers, which is roughly equivalent to... a single day's traffic through the Strait of Hormuz prior to its closure.

<sup>68</sup> Jordan and Saudi Arabia to study cross-border railway with Syria connection, *www.zawya.com*, 20 April 2026

<sup>69</sup> Turkey, Jordan and Syria aim to revive rail links, *Railway PRO*, 10 April 2026

<sup>70</sup> Saudi minister says railway link study with Turkey via Jordan and Syria to be completed soon, *Al Arabiya English*, 22 April 2026

<sup>71</sup> Iraq Railways Extension and Modernisation Project, World Bank, 18 March 2025

<sup>72</sup> The "Development Route" mega-project, *French Embassy in Iraq, Baghdad Economic Service*, 12/02/2025

<sup>73</sup> Iran War Boosts \$10 Billion Kazakh Rail Plan Linking EU to China - Bloomberg, *Bloomberg.com*, 26/05/2026

<sup>74</sup> Cargo transit time along Trans-Caspian International Transport Route halved - AZERTAC, 09/02/2026

<sup>75</sup> From Astana to Turkistan: Decoding Erdoğan's Middle Corridor Vision - Politics Today, *Politics Today*, 3 June 2026

