

# OCEAN MARKET UPDATE



## CURRENT STATE

The closure of the Strait of Hormuz amid the ongoing Middle East conflict continues to disrupt global shipping networks now ongoing for 2 months. As the conflict shows no signs of near-term resolution, container carriers are actively adjusting deployments, schedules, and sailing speeds, while simultaneously introducing emergency fuel surcharges across all trade lanes, treating them as exceptional pass-throughs tied to the war rather than normal fuel price adjustments. The surcharge landscape has been growing more and more complex, now expanding beyond the ocean leg into inland and intermodal transport. This is the case across most regions, with rates and mechanisms varying widely by carrier, region, and transport mode with some carriers already operating on review cycles as short as every 14 days. With multiple overlapping surcharges, industry advisers warn that total landed freight costs could be far less predictable than base rates suggest, with a range of emergency bunker surcharge levels and possible further spikes likely if the conflict continues to keep the Strait of Hormuz closed and fuel prices under pressure. While near-term disruption has supported higher rates, underlying fundamentals have not materially changed, making it all the more critical to monitor chokepoint risk, diversify routings where feasible, and engage transportation partners early to reduce both operational and financial impacts.

For the latest updates on the Middle East disruption, please visit: [Middle East Logistics Operations Update | Crane Worldwide Logistics](#)

## MARKET FORECAST

Global container shipping faces mounting headwinds as oil shortages from the closure of the Strait of Hormuz threaten manufacturing across Asia and the Indian subcontinent, which source roughly 60% and 55% of their crude oil imports from the region respectively. With crude shipments largely halted, production of fertilizers, foodstuffs, plastics, and manufactured goods such as shoes and electronics face significant disruption. These shortages are already being felt while analysts warn that a muted or non-existent peak shipping season is likely as manufacturing output weakens across key export regions. Longer term, the conflict is also expected to spur increased investment in port and landside infrastructure outside the Strait of Hormuz, as shippers and carriers seek to develop alternative transport solutions and reshape supply chains around the disruption.

While physical chokepoints are dominating headlines today, a deeper structural bottleneck is quietly building in global port infrastructure. Available terminal capacity at major gateways is approaching saturation, yet new berth construction is failing to keep pace with a rapidly expanding fleet of ultra-large container vessels, creating what analysts warn could become a severe landside chokepoint by 2028. The hesitation to build is not driven by poor economics, as terminal operators are generating returns on invested capital above 16%, but rather by an incumbent's dilemma where existing operators have little incentive to add capacity that would dilute their margins. The problem is most acute in Latin America and Africa, where local players are actively lobbying against carrier-owned terminal development. With greenfield projects taking three to five years to complete, industry voices are urging action now, arguing that without new investment today, tomorrow's port capacity crisis could dwarf the current disruptions in the Middle East.

Rerouting of Middle East-bound hazardous cargo due to ongoing regional disruptions is creating safety and operational risks at key Indian ports, particularly Nhava Sheva, where stranded hazmat containers are accumulating on terminals. Carriers have diverted cargo intended for Gulf ports such as Khor Fakkan, Fujairah, and Sohar, but evacuation from India has been slow due to capacity limits, port restrictions, and landside constraints at alternative discharge points. Indian authorities and port operators are increasingly concerned that prolonged storage of dangerous goods on congested docks heightens safety risks and strains port operations, underscoring the knock-on effects of Red Sea and Middle East trade diversions on secondary hubs outside the conflict zone.

European container flows showed early-year strain as Antwerp-Bruges reported a 2.6% year-over-year decline in Q1 volumes, reflecting the impact of severe weather and labor unrest that disrupted one of Europe's key gateway hubs. The port estimated that approximately 100,000 TEUs were lost as vessel calls were diverted and terminal capacity was constrained, contributing to congestion-related delays on Asia-Europe services. While volumes began recovering from mid-February, the disruption highlighted ongoing capacity tightness across Northwest Europe and the vulnerability of European supply chains to short-term weather, labor, and inland infrastructure disruptions.

With no swift resolution to the Middle East conflict in sight, carriers are planning for widespread blank sailings, service cancellations, and routing changes in the months ahead as container demand weakens. Drewry has cut its global container port throughput growth forecast to 1.8% from 2.2%, warning that further escalation could push growth down to between 0.5% and 1.3%. A stark contrast to the 6% growth seen over each of the past two years. Carriers are showing little urgency to return to the Red Sea, Suez Canal, or Arabian Sea, with Drewry noting that direct sailings into Gulf ports are unlikely until a substantive peace deal is reached and attack risk is very low. As a result, Cape of Good Hope rerouting is expected to become further entrenched.

With schedule reliability ticking up from February into March to reach its highest point of 2026 at 62.2%, there is some hope that carriers are building momentum heading into the busier months ahead. Should that trend hold, shippers could see meaningfully more consistent service as peak season approaches.

