THE SHIPPING STANDARD

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More Than Just Fuel Prices: Middle East Conflict Also Disrupting Global Shipping Norms

OEC GROUP

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More Than Just Fuel Prices: Middle East Conflict Also Disrupting Global Shipping Norms

Fuel costs have surged sharply since the outbreak of conflict in the Middle East, quickly becoming one of the most significant challenges facing the logistics industry. Rising prices and operating costs are creating serious financial pressure on both shippers and carriers.

The conflict is also driving a broader and arguably more damaging ripple effect. Higher fuel prices are pushing up fertilizer costs, which in turn are raising food prices.

This escalation comes at a time when U.S. consumers are already cutting back on discretionary spending due to higher health care premiums and the resumption of student loan payments. As a result, households are being forced to prepare to spend even more on essential items such as food and fuel, further straining consumer spending and economic demand.

> ***"Fuel is by far the industry's single largest cost, and the dramatic rise in prices has placed significant strain on both shippers and carriers," said Anthony Fullbrook, President of OEC Group's North American Region. "These increases are impacting shipping norms, as importers are forced to choose between absorbing higher fuel prices in the near term or delaying cargo movements in the hope that the conflict comes to a conclusion and prices return to normal."***

Unfortunately, that has not been the case. As the conflict continues, backlogs at ports of origin are expected to grow, while vessel rotations become increasingly disrupted. Industry experts already estimate that even if the conflict were to end today, it would take at least five months for global supply chain patterns to return to normal. Fuel prices, however, may remain elevated for much longer, particularly until a lasting solution is found to ensure uninterrupted access through the Strait of Hormuz.

> ***"The conflict in the Middle East could not have come at a worse time for the industry, as we continue to grapple with capacity constraints while also seeking clarity around the future direction of tariffs," said Frank Costa, Vice President of Sales at OEC Group. "This will ultimately impact space availability, as there will inevitably be increased demand to move essential goods quickly. When that happens, rates could rise rapidly, creating yet another challenge for shippers."***


INTERVIEW

NAVIGATING NEW CHALLENGES: FMC CHAIRMAN AND PORT OF VIRGINIA EXECUTIVE SHARE THEIR IDEAS ABOUT HOW TO CONTEND WITH TARIFF UNCERTAINTY AND EMERGING TECHNOLOGIES

There is never a dull moment in the logistics industry as it continues to evolve. Addressing and solving some of the industry's most pressing challenges has become more critical than ever. Two industry leaders Laura DiBella, Chairman of the Federal Maritime Commission, and Amanda Nelson, Vice President of Growth at the Port of Virginia discuss some of the obstacles facing the industry today, while also identifying where progress is being made, and sharing what shippers need to know to get ahead.

Laura DiBella, Chairman of the Federal Maritime Commission, invited OEC Group down to her offices to discuss her leadership approach and long-term goals for the agency including positioning the FMC as a more responsive and influential regulator in addressing critical global maritime issues. Ms. DiBella also shared some of her priorities which involve improving visibility across the supply chain, strengthening consumer protection, and supporting the competitiveness of U.S. maritime interests.

Amanda Nelson, Vice President of Growth at the Port of Virginia, also spoke with OEC Group, where she offered insight into what she feels is the most significant challenges created by ongoing supply chain disruptions. She also speaks about how new technologies are playing a growing role in improving efficiency and sustainability and explained how ports and shippers can both leverage innovation to better navigate an increasingly complex logistics landscape.

INDIA'S TRADE DEALS COULD QUIETLY RESHAPE GLOBAL LOGISTICS AND GIVE GREATER IMPORTANCE TO U.S. EAST COAST PORTS

For decades, global trade followed a familiar pattern. Goods were manufactured in East Asia, largely in China, shipped across the Pacific, discharged at U.S. West Coast ports, and then moved inland by rail or truck. That model cemented the West Coast as the primary gateway for American trade and shaped the nation's logistics infrastructure accordingly.

That long standing pattern may now be poised for change.

India's emerging trade agreements with the European Union and, if finalized, the United States have the potential to reshape how goods move around the world.

These agreements could alter shipping routes, rebalance cargo flows between U.S. coasts, and place new pressure on the United States to modernize its aging logistics infrastructure.

With lower trade barriers into both the U.S. and European markets, India becomes a more attractive location for manufacturing and export. As companies continue to diversify sourcing away from China, more U.S. bound cargo is likely to depart Indian ports, transit the Indian Ocean and Suez Canal, and arrive on the U.S. East Coast rather than crossing the Pacific to West Coast gateways.

That realignment places East Coast ports into a more prominent and strategic role. Ports along the East Coasts, including New York New Jersey, Savannah, Charleston, Norfolk, and Houston, could see rising volumes. The problem is that many of these ports are not fully prepared for the scale or operational demands that may follow.

Several East Coast ports still lack channels deep enough to regularly accommodate Ultra Large Container Vessels. Terminal capacity at many ports also remains constrained, limiting the ability to handle larger surges of cargo efficiently.

Additionally, rail infrastructure will face added pressure as more containers move inland from Eastern gateways. Relieving this pressure will necessitate expanded intermodal capacity, new terminals, and better connectivity near ports.

Trucking networks will also be tested, with growing demand for regional and short haul movements as distribution centers continue to shift closer to population centers in the East and South.

These challenges extend beyond individual ports. At a national level, the United States faces a narrowing window to act. Port deepening projects, terminal expansions, rail upgrades, road improvements, and digital infrastructure investments take years to plan and execute. Waiting until cargo volumes surge will leave little room to respond without severe disruption. Strategic investments must begin now if the system is to absorb change smoothly.

The timeline for improvements is tighter than it appears. Initial adjustments will begin as companies test new sourcing strategies and lanes. Larger structural shifts in trade routes, port usage, and distribution networks are likely to unfold over the next five to ten years. In terms of infrastructure, that is not distant at all. It is effectively tomorrow.

India's trade agreements will not trigger a sudden shock to the logistics system. Instead, they will quietly redirect global commerce. For the logistics industry and U.S. policymakers, the choice is clear. Prepare now and shape the outcome or react later and struggle to catch up.

Dear Ahab:

With contract season upon us and rates being low I was wondering why should I not rely solely on contracts with carriers? Why do I need to mix spot rates into my supply chain strategy?

– Contract Curious

Dear Contract Curious:

While low contract rates can feel safe, the reality is that locking all of your volume into fixed agreements can limit your flexibility. History has shown that markets rarely stay soft for long. When demand increases and capacity tightens, those same low rates can quickly become restrictive rather than protective, especially if carriers prioritize higher paying freight over your low fixed rate contract, which means your cargo is more likely to get delayed.

A blended strategy allows shippers to benefit from stability while keeping options open. Fixed contracts provide predictable pricing on core lanes, while allocating a portion of your volume to the spot market creates flexibility.

This approach allows you to take advantage of temporary pricing dips, manage volume surges, and adjust routing without renegotiating long term commitments.

Ultimately, diversification is not about chasing the cheapest rate. It is about balancing cost control with flexibility, so freight keeps moving regardless of market conditions. Shippers who rely entirely on fixed contracts during low markets often find themselves with fewer options when conditions change.

Dear Ahab:

I have not been shopping for very long. What do savvy shippers do differently during volatile periods?

– Nautical Newby

Dear Contract Curious:

Savvy shippers accept that volatility is not an exception, but an expectation. Instead of trying to time the market or chase the lowest rate, they focus on consistency, flexibility, and preparation. They diversify their transportation strategies, balancing contract stability with spot market agility so they are not overexposed when conditions shift unexpectedly.

Savvy shippers also prioritize relationships. They work closely with logistics partners that have broad carrier networks and multiple routing options, which becomes critical when capacity tightens or disruptions arise. This gives them alternatives rather than forcing last minute decisions that are rarely in their favor.

Most importantly, savvy shippers plan beyond price alone. They evaluate reliability, transit time, service performance, and risk alongside cost. In the end, what they value most is a supply chain that continues to move smoothly, even when the market does not.


I AM KAI
57
2026
APRIL
by Megan Doherty
OEC GROUP


GREAT TO SEE YOU, KAI! I AM OPEN TO ANY IDEA ON HOW TO RECOVER THE TARIFFS.
SURE, POSEIDON.
NOW IF YOU WILL EXCUSE ME, I NEED TO TAKE THIS.
YES, THIS IS POSEIDON.
YES, I AM WILLING TO HEAR YOUR IDEA ON HOW TO RECOVER MY TARIFFS.
UH HUH! UH HUH!
I LOVE YOUR IDEA!
YES, A 65/35 SPLIT WORKS FOR ME!
TARIFF
SORRY, KAI! GOTTA GO! I JUST MADE A DEAL ON HOW TO RECOVER MY LOST TARIFFS AND MAKE A LITTLE EXTRA ON THE SIDE.
WHO WAS THAT?
UH OH! THAT DOESN'T SOUND GOOD!
TOLL BOOTH
IF THE GOVERNMENT WILL NOT PAY ME BACK THEN I WILL SIMPLY START CHARGING A TOLL TO SHIPS ON ALL COASTS LOOKING TO ENTER U.S. PORTS. NOTHING IS GETTING INTO OR OUT OF THE U.S. UNTIL I GET MY MONEY BACK ... WITH INTEREST!
TOLL BOOTH
DOES NOT COMPUTE. HOW MUCH CHANGE DO I GIVE FOR $1-MILLION TOLL?
YOU'RE A ROBOT, YOU SHOULD BE ABLE TO FIGURE THIS OUT!
DOES NOT COMPUTE!
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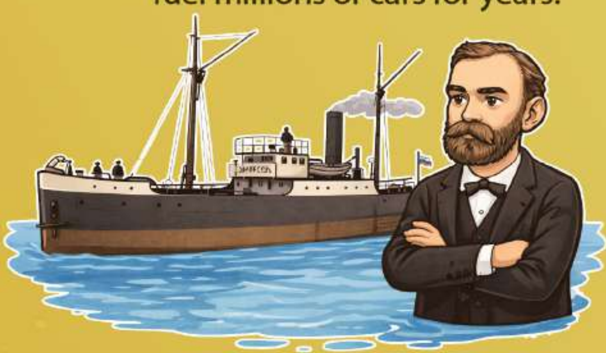
Fun Facts About
Oil Tankers

The largest oil tankers can be over 1,300 feet long, which is longer than the Empire State Building is tall.

The Seawise Giant was the biggest oil tanker ever built at 1499 feet long.

Some oil tankers can carry up to two-million barrels of crude oil, which is enough to fuel millions of cars for years.

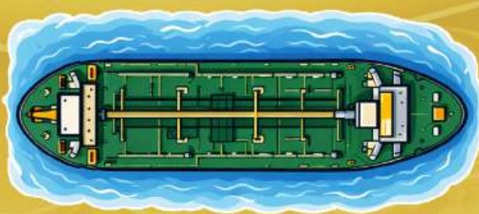
Fully loaded oil tankers can weigh up to 500,000 tons, making them among the heaviest moving objects on Earth



The first oil tanker, the Zoroaster, was built in 1878 by Ludvig Nobel, brother of Alfred Nobel, the founder of the Nobel Prize.

Modern oil tankers are built with double hulls to reduce the risk of oil spills in case of a collision or grounding.

60%



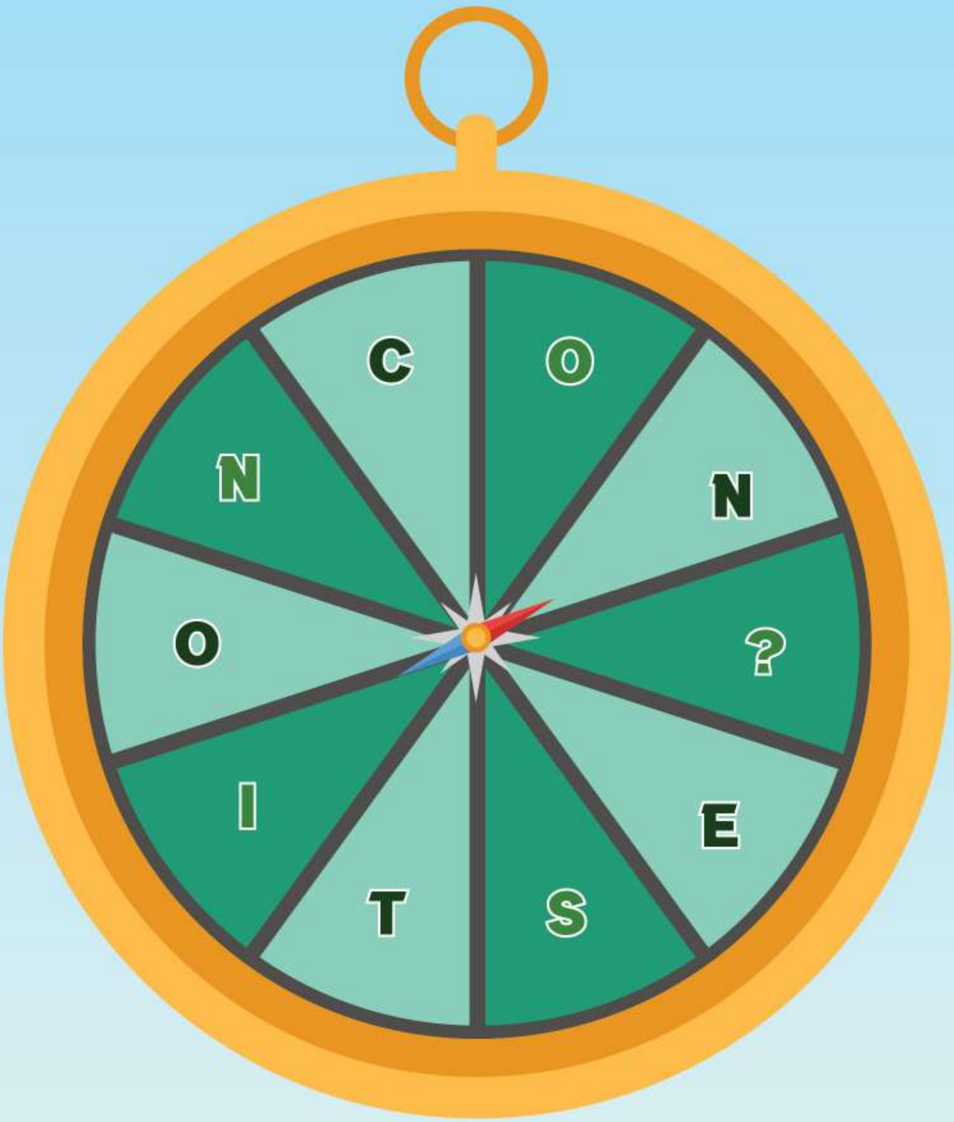
Approximately 60% of the world's oil is transported by sea.

Roughly 30-percent of the world's oil moves through the Strait of Malacca, which is a major route of Asian oil imports.

Word Wheel

Directions:

Insert the missing letter to complete the ten-letter word reading either clockwise or counterclockwise.



ABOUT

As an industry pioneer, OEC Group has become one of the world's leading logistics companies. We leverage in-house expertise, carrier partnerships, connections with ports and transportation hubs, and our network of offices in North America, Europe, Asia, India, South America, Australia, and the Middle East, to provide freight transportation, logistics, information, customs and brokerage, insurance, and technical services to over 50,000 customers of various sizes and industries.

We are also highly sought after for the advice we give shippers on how to optimally manage their supply chains. The guidance we provide is based on data analytics, best practices, and decades of industry knowledge.

We believe that relationships matter and treat your cargo as our own. Our experts are always investing in efficient, cost-effective, and cutting-edge services to evolve with the ever-changing market, address the complexities of any client's supply chain, and consistently perform at the highest level for our customers.

Our business is making our logistics expertise, your competitive advantage.

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