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***THE NEW GEOGRAPHY OF ENERGY TRADE
Can Gulf Producers Win Back
Markets Already Moving Elsewhere?***

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Fujairah's next competitive advantage will depend on evolving from a conventional storage and bunkering hub into an integrated regional energy gateway capable of supporting diversified export routes, product flows and strategic supply security.

The prolonged disruption of the Strait of Hormuz has exposed a structural vulnerability in Gulf energy trade that cannot be resolved simply by restoring shipping movements. While crude exports have demonstrated considerable resilience, refined-product flows, bunkering activity and regional logistics remain significantly constrained. The emerging challenge is no longer solely how to reopen maritime corridors, but how to redesign the region's energy infrastructure and commercial relationships to withstand future disruptions.

A critical distinction has emerged between crude and refined-product recovery. Crude movements across major regional export corridors have approached historical levels, while refined-product exports remain substantially below pre-disruption volumes. This imbalance has intensified pressure on diesel and other middle-distillate markets, elevated refining margins and exposed the limitations of infrastructure primarily designed around crude transportation.

The disruption has also challenged Fujairah's established bunkering model. Although vessel movements have continued, bunkering demand has weakened considerably as shipowners reassess insurance costs, security exposure and the economics of remaining in regional waters. Restoring competitiveness will therefore require more than available fuel supplies. Confidence among shipowners, insurers and trading companies must be rebuilt through credible security assurances and improved commercial conditions.

Regional infrastructure integration represents the most significant long-term opportunity. Pipeline connections linking Gulf producers to Fujairah, Oman's Indian Ocean ports and Saudi Arabia's Red Sea terminals could provide multiple export alternatives while reducing dependence on a single maritime chokepoint. Such projects, however, require political coordination and strategic capital allocation that extend beyond conventional commercial return calculations.

Complementarity between regional ports will be equally important. Fujairah, Duqm, Ras Markaz and other alternative gateways can collectively provide storage, processing, export and maritime services. Developing an interconnected network would strengthen regional resilience more effectively than competing investments in isolated infrastructure.

Yet infrastructure expansion alone will not guarantee market competitiveness. Gulf producers face growing competition from alternative suppliers, particularly the United States, as Asian customers diversify crude and refined-product sourcing. Supply disruptions have accelerated new trading relationships that may persist even after Hormuz reopens, creating the risk of permanent market-share erosion for Middle Eastern exporters.

The recovery of Gulf energy trade will also depend on restoring confidence in shipping security. Even if maritime access normalizes, elevated insurance premiums and changing vessel deployment patterns could delay the return of traditional trading activity.

Investment decisions must consequently balance immediate operational requirements against longer-term uncertainty. Large pipelines and terminals require substantial capital and extended development periods, making government-backed strategic investment and coordinated regional planning increasingly important.

Diplomatic efforts to restore reliable passage through Hormuz remain essential. Alternative infrastructure should complement, rather than substitute for, a secure and commercially accessible Strait.

Ultimately, Fujairah's future will be defined by its ability to combine infrastructure optionality, regional integration, maritime confidence and market responsiveness. The strongest strategy is not simply to restore its pre-disruption business model, but to establish multiple pathways for sustaining energy trade in an increasingly unpredictable global market.

Top 10 Strategic Recommendations

01 PRIORITIZE REFINED-PRODUCT EXPORT INFRASTRUCTURE

Accelerate investment assessments for diesel, jet fuel and other refined-product transportation routes, addressing export bottlenecks that persist despite improvements in crude flows and continue to constrain regional refinery operations.

02 DEVELOP AN INTEGRATED GCC ENERGY CORRIDOR NETWORK

Advance cross-border pipeline and logistics connections linking Gulf producers with Fujairah, Oman's Indian Ocean ports and Saudi Arabia's Red Sea terminals, creating diversified export pathways and reducing dependence on Hormuz.

03 REBUILD SHIPOWNER AND MARINE INSURANCE CONFIDENCE

Strengthen engagement between port authorities, insurers, shipowners and energy traders to address security concerns, elevated war-risk premiums and commercial barriers preventing the recovery of bunkering and maritime services.

04 SHIFT REGIONAL PORT DEVELOPMENT TOWARDS COLLABORATION

Establish complementary roles for Fujairah, Duqm, Ras Markaz and other regional gateways, prioritising shared infrastructure, coordinated investment and operational connectivity over duplication and competition between neighbouring energy hubs.

05 TREAT STRATEGIC REDUNDANCY AS ENERGY SECURITY INVESTMENT

Evaluate major pipeline, storage and export infrastructure against national supply-security objectives rather than conventional commercial returns alone, recognising that alternative capacity delivers value during prolonged geopolitical disruptions.

06 PROTECT GULF MARKET SHARE THROUGH SUPPLY RELIABILITY

Strengthen long-term customer commitments and alternative delivery arrangements, particularly in Asia, to counter growing competition from American and other suppliers as buyers diversify sourcing after prolonged Gulf disruptions.



07 OPTIMIZE EXISTING FUJAIRAH INFRASTRUCTURE BEFORE EXPANDING

Maximize the commercial value of existing terminals, storage, pipelines and marine facilities through operational improvements and flexible cargo handling, while carefully assessing demand and financing risks before committing to major expansions.

08 ACCELERATE GOVERNMENT-LED REGIONAL INFRASTRUCTURE COORDINATION

Establish strategic mechanisms for evaluating cross-border energy projects, aligning national priorities, financing requirements and long-term resilience objectives to overcome political and commercial obstacles that previously delayed regional integration.

09 MAINTAIN DIPLOMATIC RESTORATION OF HORMUZ AS A PRIORITY

Support coordinated regional and international efforts to restore secure, predictable maritime passage, recognizing that alternative infrastructure requires years to develop and cannot fully replace the Strait's export capacity.

10 REDESIGN FUJAIRAH'S LONG-TERM ENERGY HUB STRATEGY

Develop a diversified commercial model integrating storage, product logistics, regional connectivity and maritime services, supported by contingency plans that accommodate changing shipping patterns, customer relationships and global energy demand.



The Next Market Reality

The next phase of Gulf energy infrastructure development will be determined by three interconnected priorities: restoring confidence in existing maritime routes, developing credible alternatives to chokepoint dependence, and defending long-established export relationships against growing international competition.

For Fujairah, the opportunity extends beyond capturing displaced energy flows. Its long-term relevance will depend on becoming a central component of a more diversified, interconnected and commercially resilient Gulf energy system. The strategic objective is not simply a return to pre-disruption volumes, but the creation of an energy trading network capable of maintaining supply continuity when established routes, commercial assumptions and market relationships are challenged. ■