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Strategic Implications Of The US-Iran Conflict for Australia's Red Meat Exporters

Meat &Livestock Australia

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Theme 1

Conflict Scenarios
& Strategic Lens

Fork In Road Between Diplomacy & Escalation

Extend To End - 55% Probability:
Prolonged, Large-Scale Campaign, With Regional Spillovers, more time needed to reopen the Strait of Hormuz (Through April)

US Key Objectives
- Reduce Iran's military capability
- Prevent nuclear capabilities
- Reduce ability to sponsor regional militias
- Re-open the Strait of Hormuz

Extend To Escalate – 45% Probability
Ground operation either to retrieve the highly enriched uranium and/or to take over Kharg Island; Iran/Proxies successfully targets oil facilities/pipelines in the region, attacks result in a large number of civilian casualties ; Activation of the Houthis (risk of multi-month conflict)

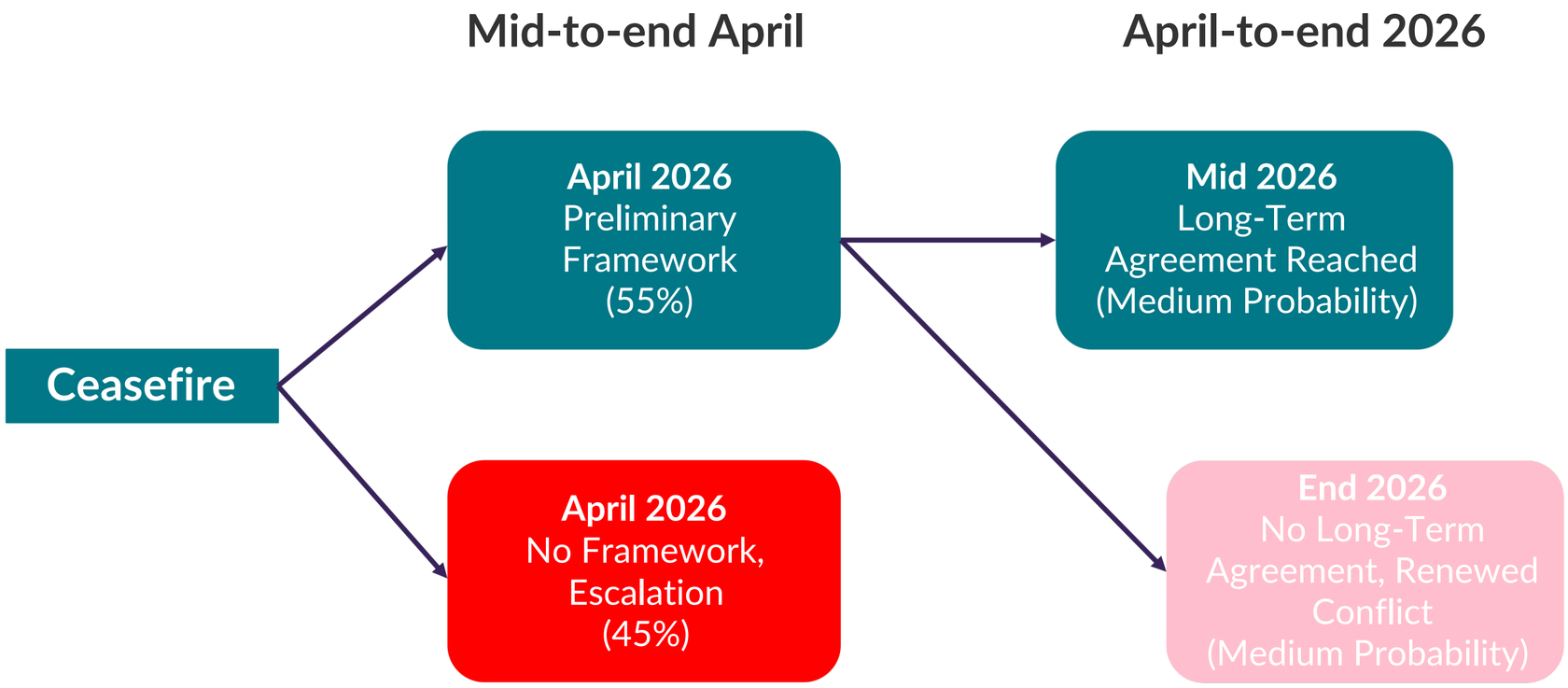
Level 1 – 45%: Moderate escalation up to 4-6 weeks, light boots on ground, Houthis impact Bab al Mandab Strait, attacks on important infrastructure limited, one-off attacks by some GCC economies on Iran to send a message.

Level 2 - 35%: Meaningful escalation lasting up to 8 weeks, regional shipping lanes blocked, significant damage to critical infrastructure, sustained attacks by GCC economies on Iran and rising militia activity in Lebanon & Iraq picks up. Limited opportunity for off-ramp.

Level 3 - 20%: Similar to level 2, but lasts up to three months. Slow normalisation of shipping and transit, which delays the pace of recovery in global oil and goods trade.

Week 5 | Week 6 | Week 7 | Week 8 | Beyond

What's Next In Terms of Negotiations?

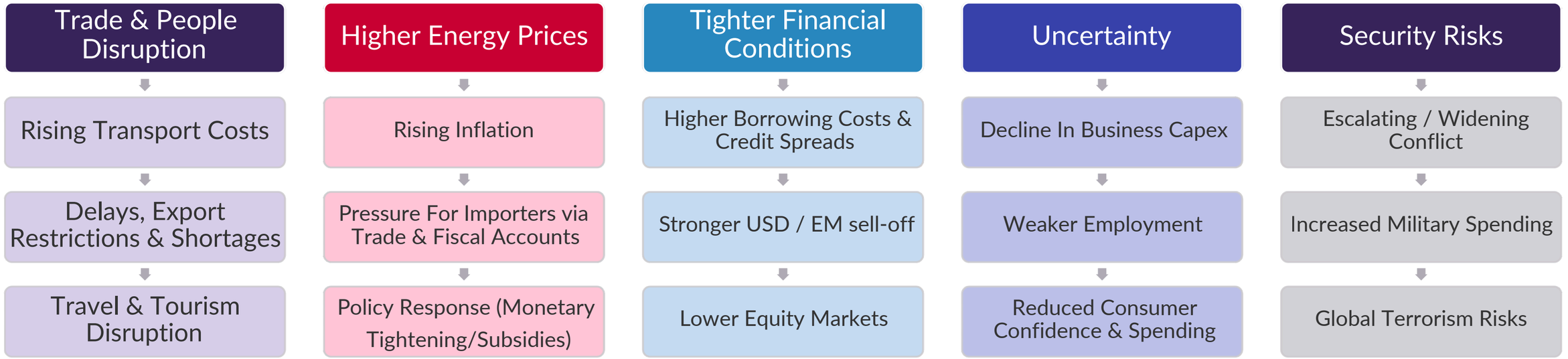


Source: BMI

Theme 2

Energy, Inflation & Financial Impacts

Iran War & Global Economy: Key Transmission Channels

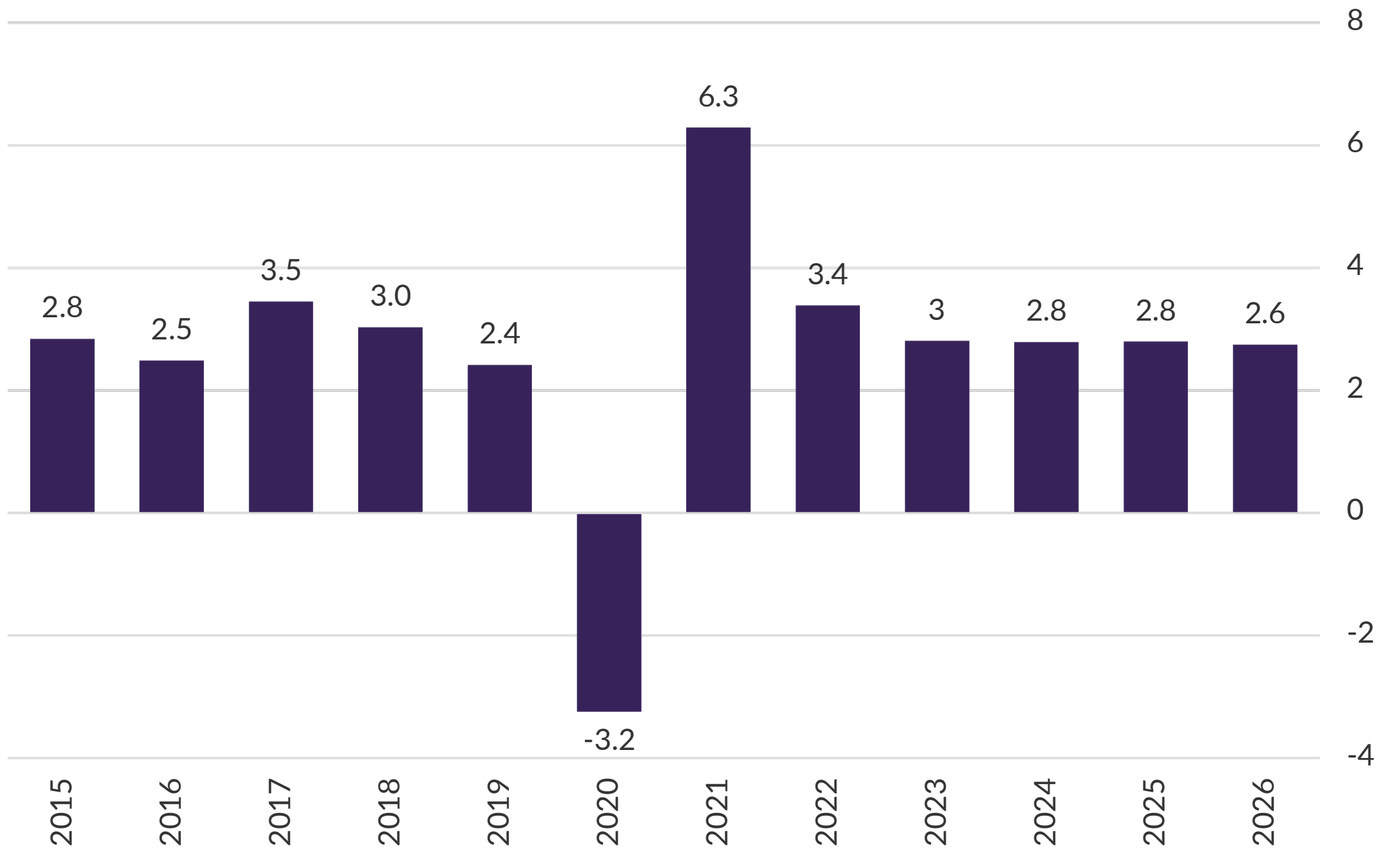


Source: BMI

Downward Revisions Starting To Hit Global Growth

2026 Global Growth Forecast Fell From 2.8% to 2.6%

Global - Real GDP Growth,% (2015 – 2026)



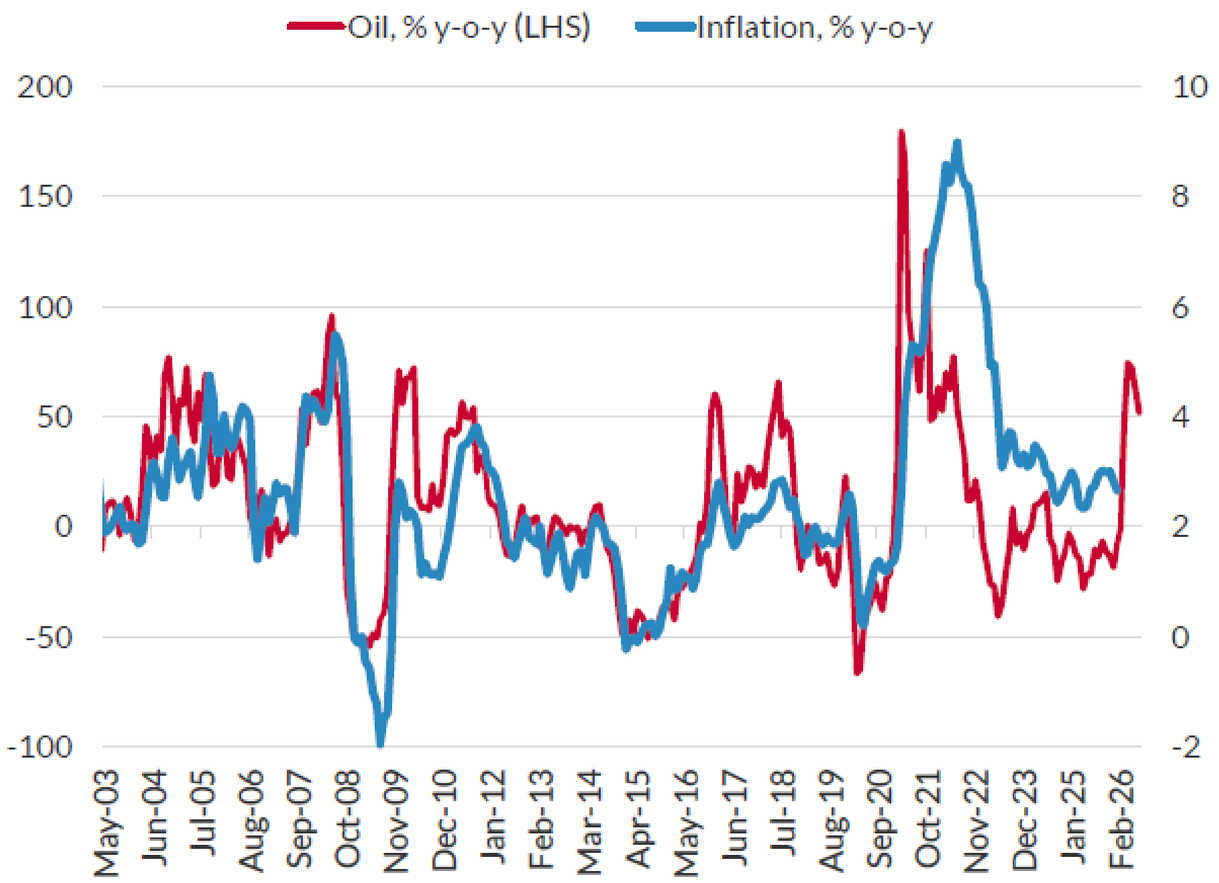
Source: BMI

- Initially, we expected a combination of loose policy settings, falling inflation and strong capex/ earnings cycle to support global growth.
- The sharp rise in oil prices poses significant upside risks to inflation, interest rates and hence downside risks to global growth.
- So far, our global growth forecast has only declined by 0.2pp to 2.6%. This is because:
  - Short-ish duration expected & lower oil intensity of global economy
  - Strong Q1 growth in Mainland China & Japan
  - Efforts to offset oil price impact via subsidies
- That said, we made several downside revisions: US growth from 2.3% to 2.1%, and average inflation up to 2.5%.
- The biggest revisions, however, were for Gulf economies.

Rising Oil & Fertiliser Prices Have An Impact On Inflation

Oil Above USD110/bbl Is a Problem

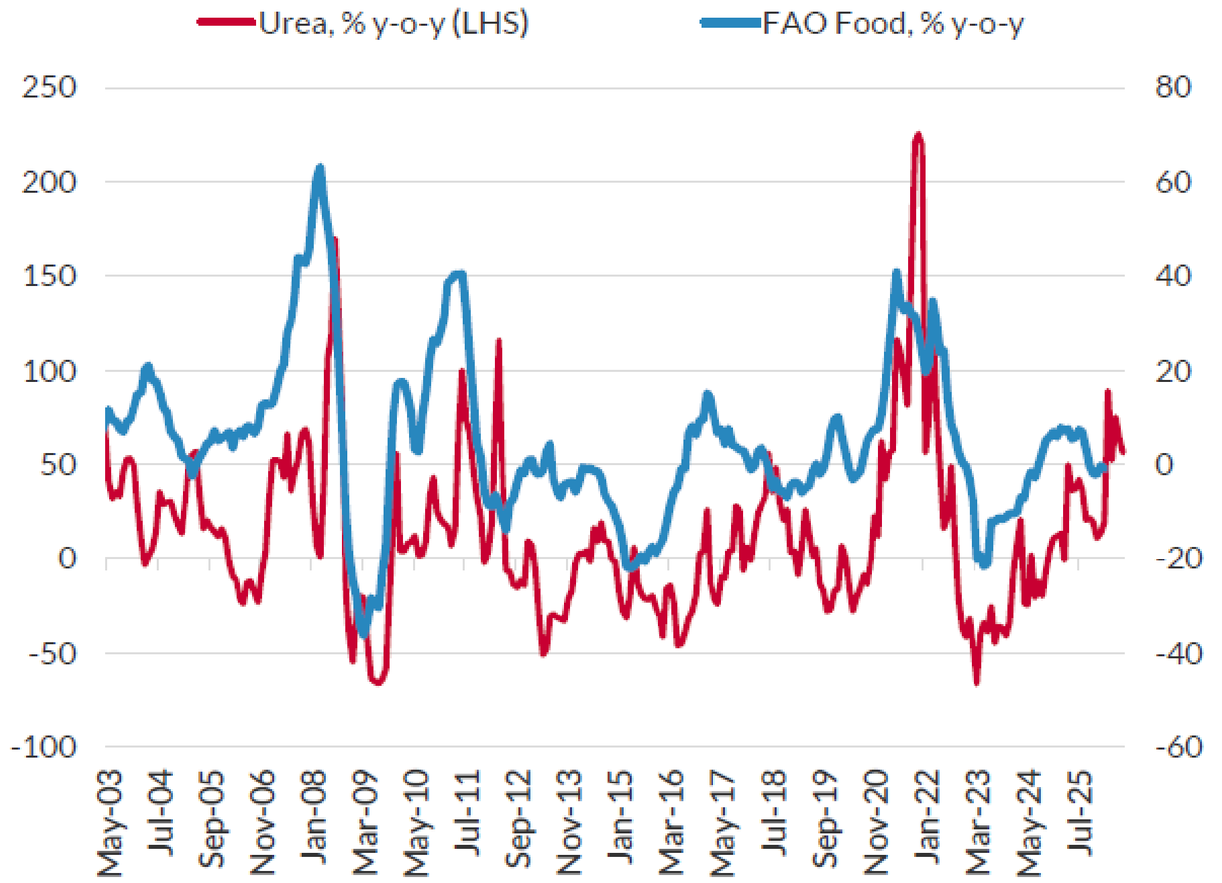
Global - Brent Crude & US Inflation* (2003-2026)



*Oil at 110/bbl until mid-year. Source: Bloomberg, BMI

Price Of Food & Fertiliser Move Together

Global - Urea & FAO Food Prices* (2003-2026)

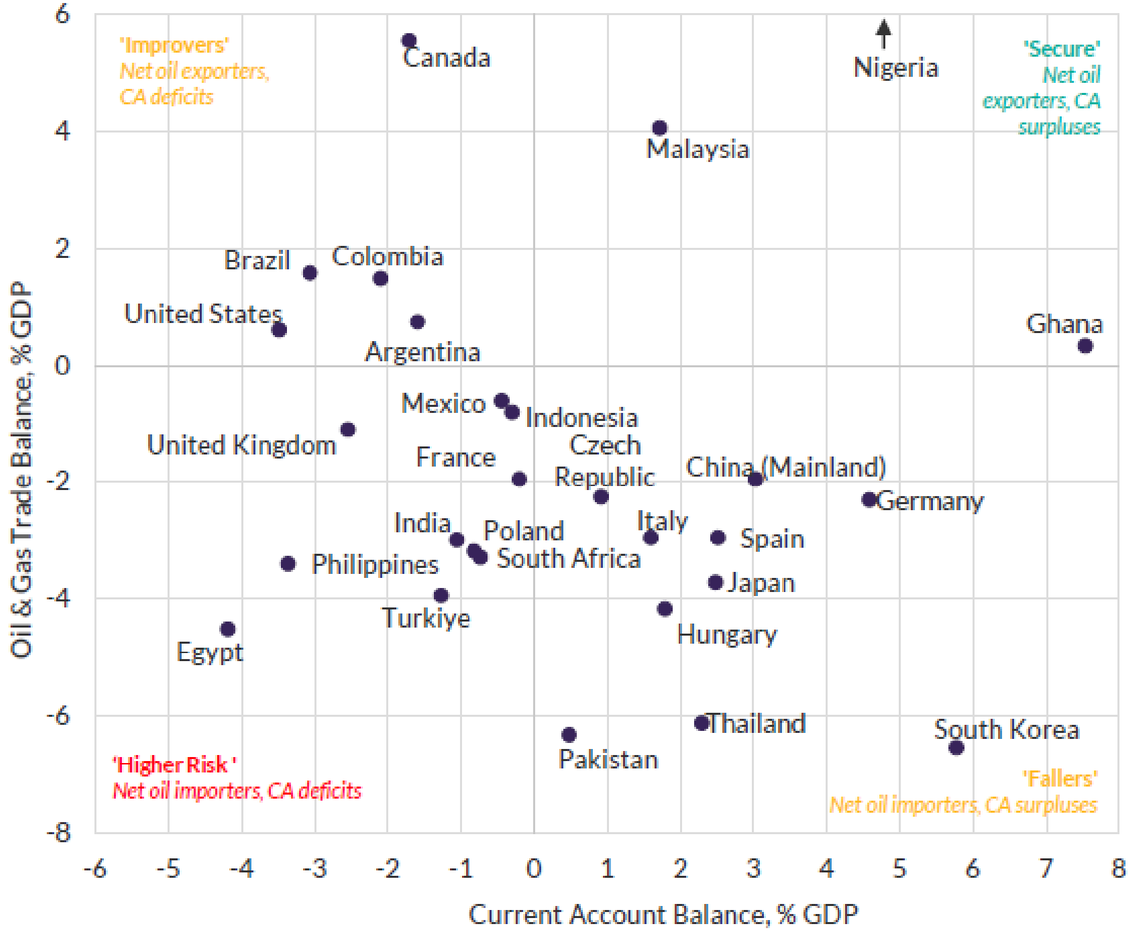


*Urea at 687 until mid-year Source: Bloomberg, BMI

Higher Energy Prices Put Pressure On EM FX

Energy Spike Will Cause A Problem For Many Economies

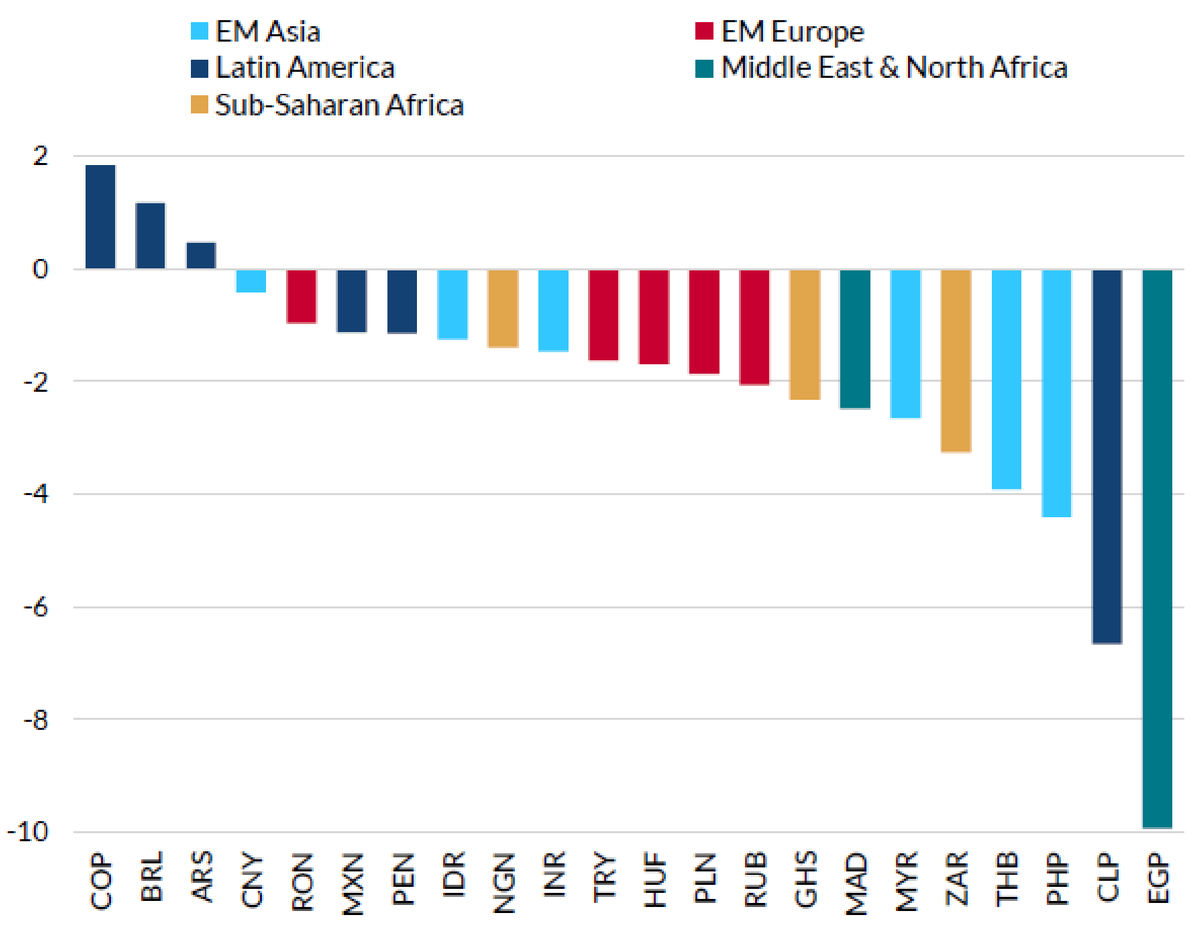
Global – Current Account Balance & Net Hydrocarbons Exports, % of GDP



Source: Haver, BMI

Broad-based Dollar Strength

Global – Change In Currencies Since US-Iran Conflict, %

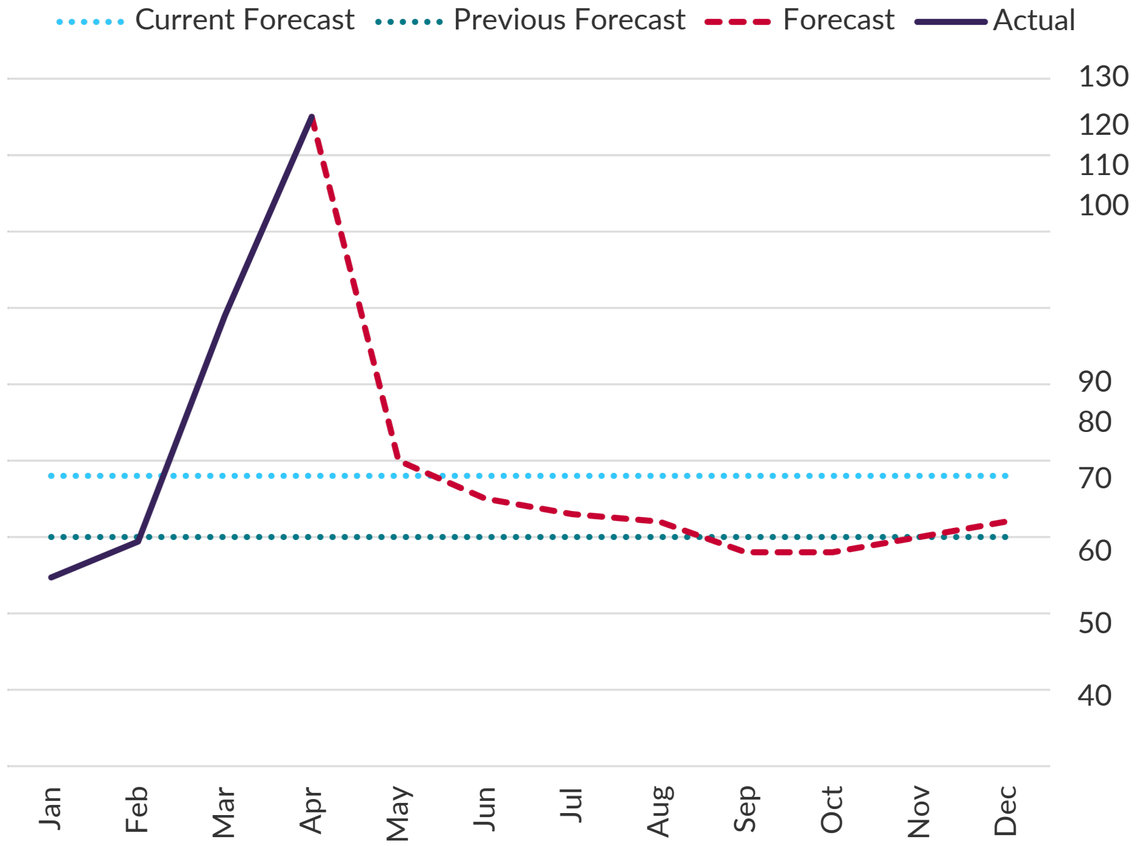


Note: Change from 28 Feb-9 Apr; Source: Haver, BMI

Crude Prices Plunge On Ceasefire Announcement

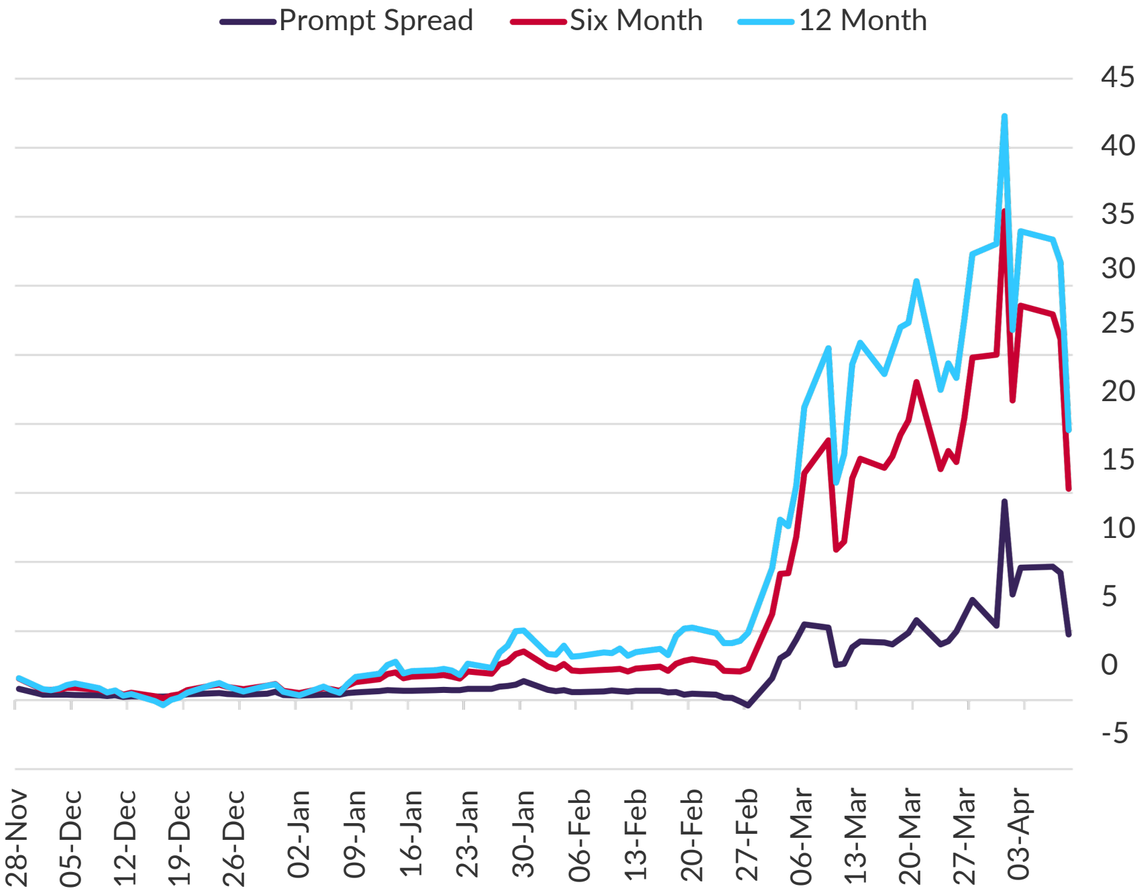
OilPricesSetToDeclineSharplyAsRisk Premium Recedes

Brent Crude Front Month Forecast, USD/bbl (2026)



Markets Price In A More Balanced Outlook

Brent Future Time Spreads, USD/bbl (2025-2026)

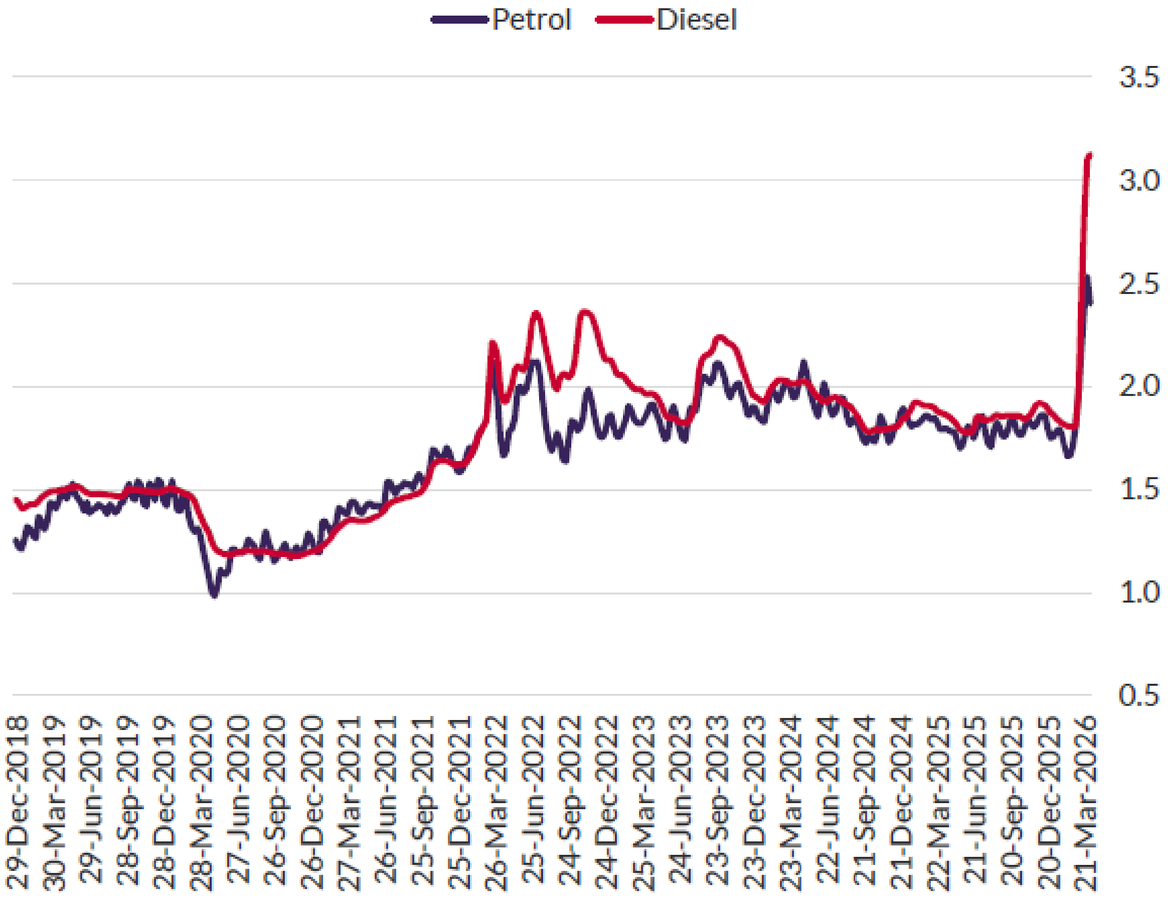


Source: Bloomberg, BMI

Diesel Prices Retreat Though Supply Disruptions To Persist

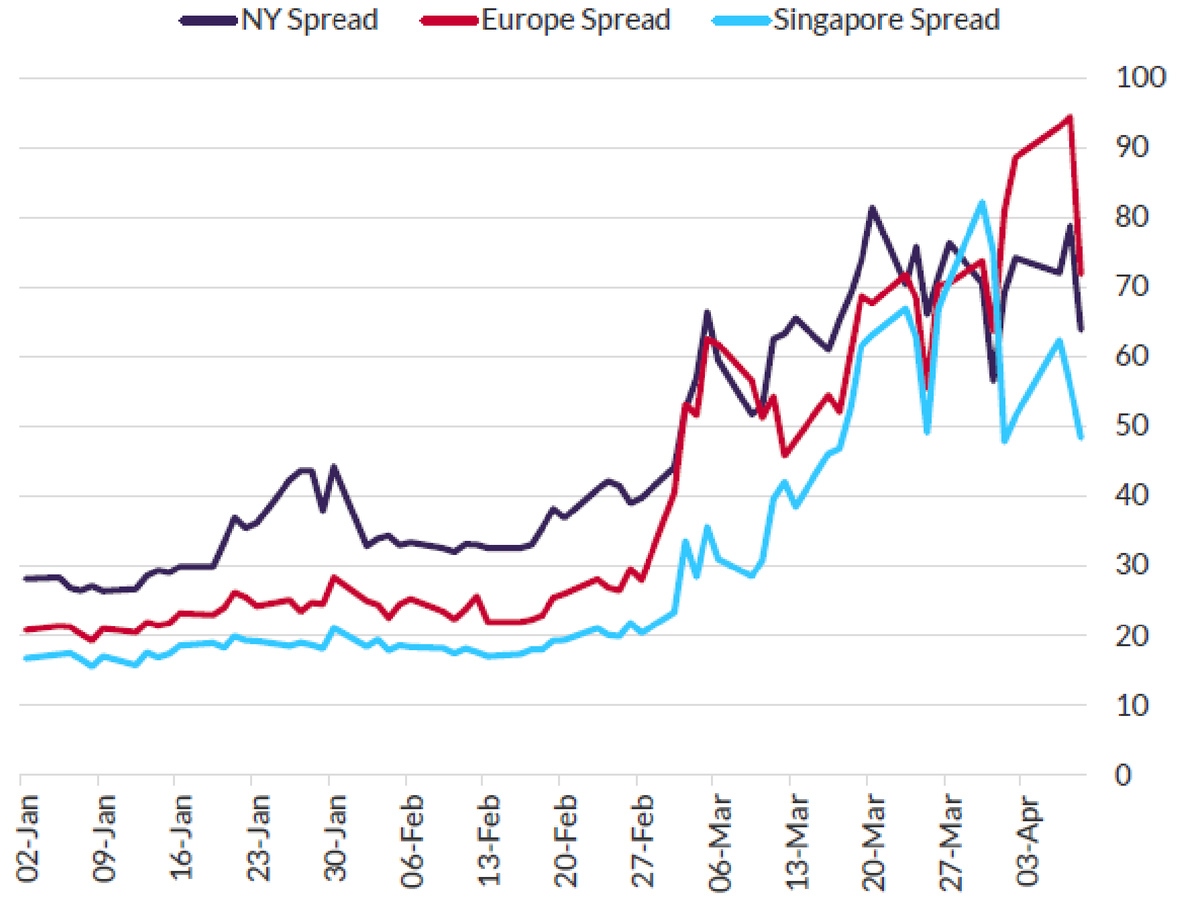
Transport Fuels Rise Faster Than Crude

Australia - Weekly National Petrol And Diesel Prices, AUD/litre (2018-2026)



Margins Contract As Supply Fears Ebb

Regional Diesel To Brent Spreads, USD/bbl (2026)



Source: Australian Institute Of Petroleum, Haver, Bloomberg, BMI

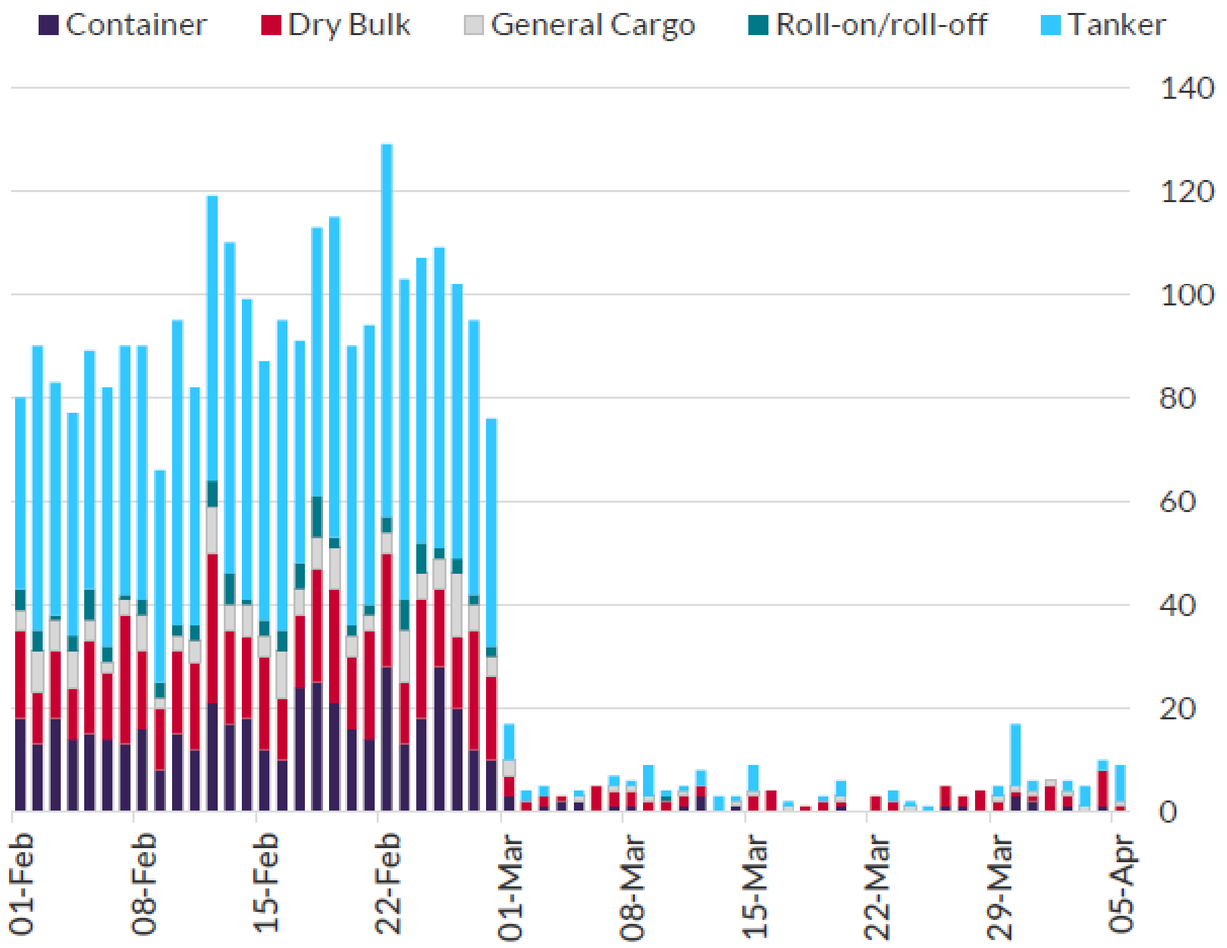
Theme 3

Transport & Logistics

Supply Chains Under Strain

Sharp Contraction in Hormuz Maritime Traffic

Strait of Hormuz – Daily Number Of Transits By Vessel Type (2026)



Source: IMF, BMI

Extend To End: Estimated Time to Normalisation by Segment

Estimated Time (In Weeks) For Full Strait Of Hormuz Shipping Normalisation

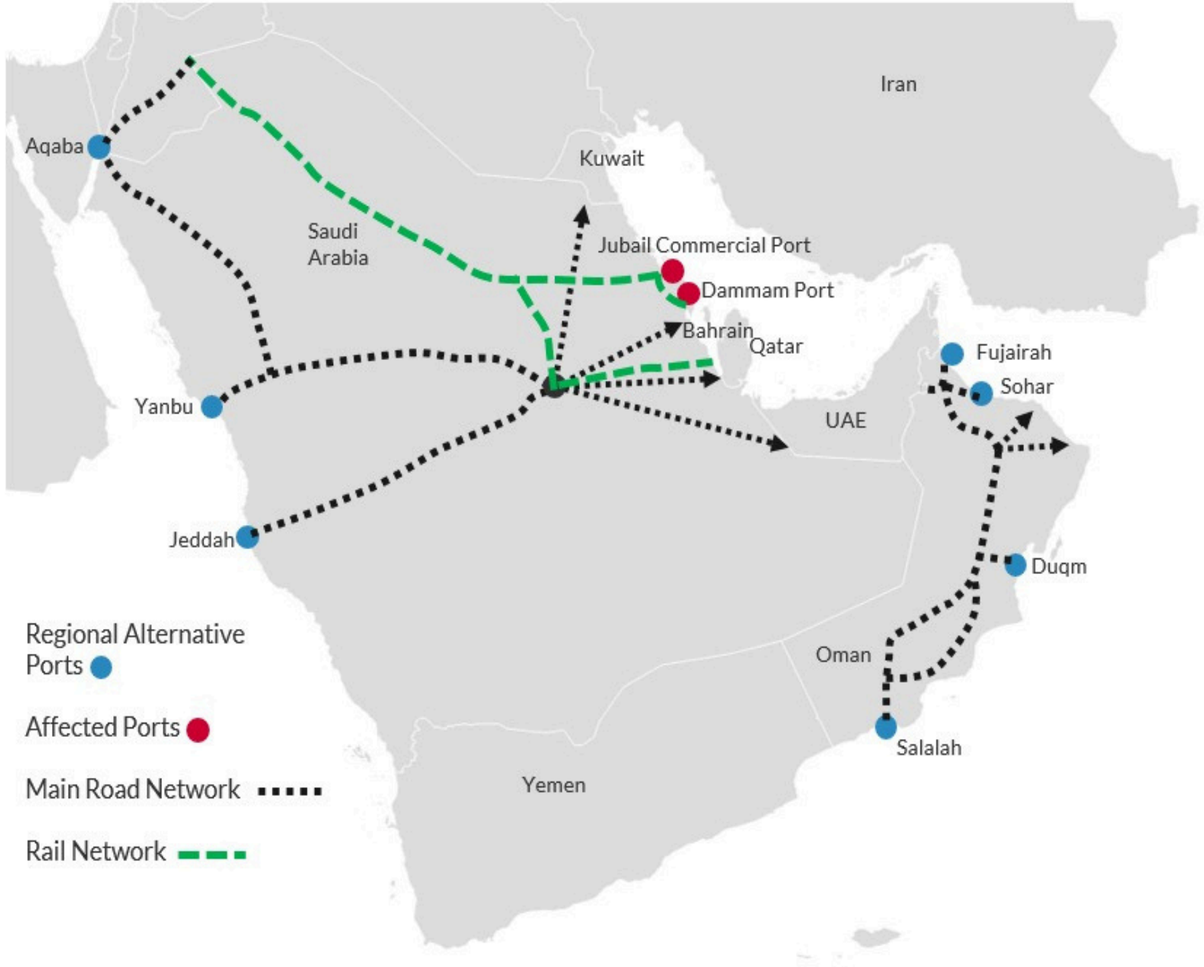
Scenario (Weeks)	Oil Tankers	LNG	Dry Bulk	Containers
Fast Normalisation	4–5	5–6	6–7	7–8
Base Case (Most Likely)	6–8	7–9	8–10	9–12
Cautious/Residual Risk Persistence	8–10	9–11	10–12	12–16

Note: Different vessel classes will normalise at different speeds depending on: cargo criticality, insurance sensitivity, owner & crew risk tolerance, availability of alternative routes or storage

Limited Viable Alternatives

Alternative Routes Can't Match Shipping Capacity

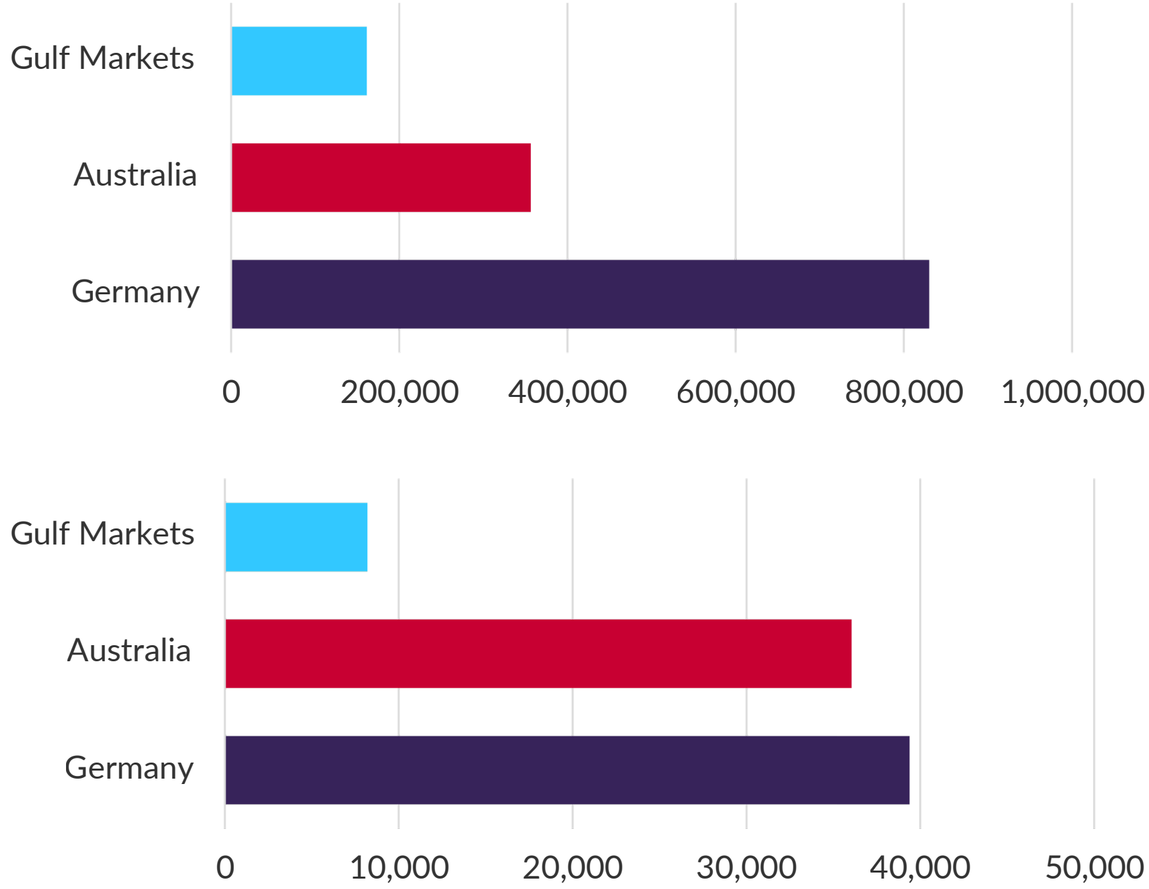
Alternative Routes



Source: BMI

GulfRoad&RailFallsShortofSingleAdvancedEconomy

Top Chart - Total Paved Road, km & Bottom Chart – Total Railway, Km

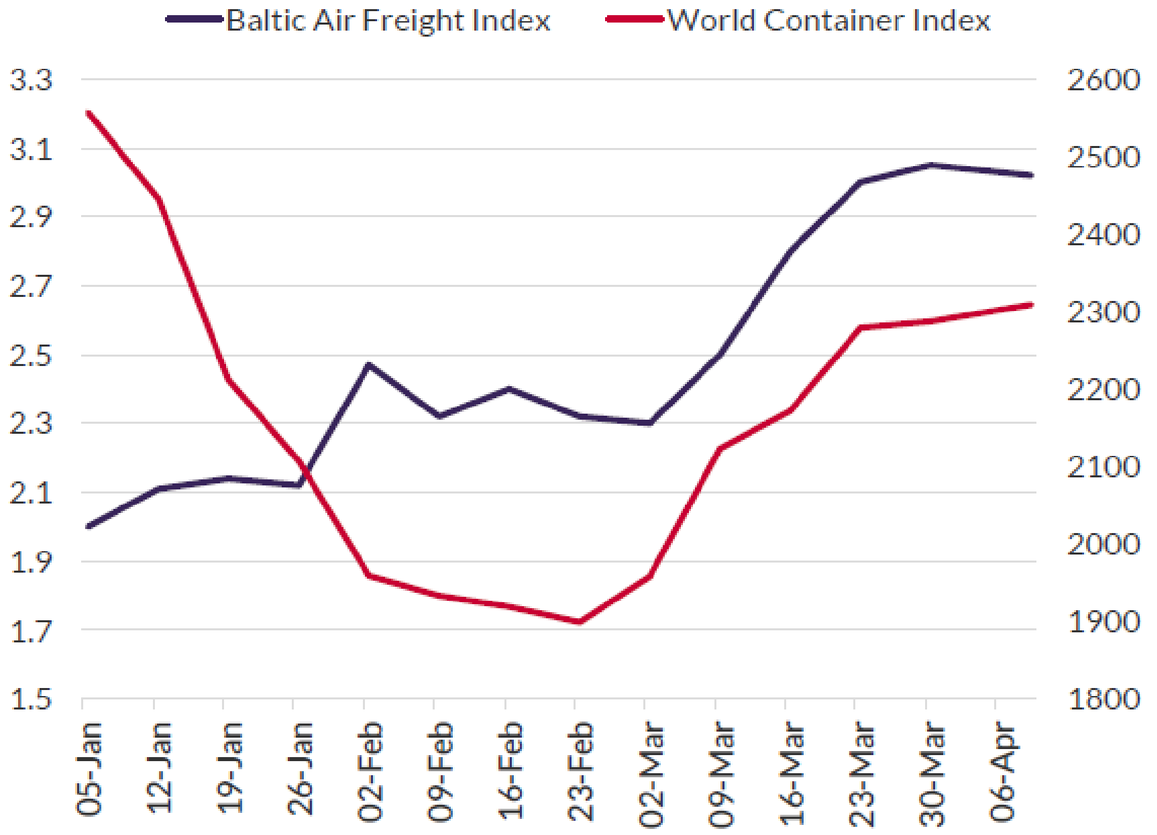


Source: World Bank, BMI

Port Congestion & Freight Rates Climb Amid Hormuz Disruptions

Rates Rise On Hormuz Disruptions But Below Covid Peaks

Freight Costs – Baltic Air Freight Index, USD/kg (LHS) & World Container Index USD/FEU (RHS)



Note: Drewry WCI = Cost to ship one 40ft box. BAI = Cost per kg of air cargo. Source: Drewry, TAC, BMI

Increased Delays Despite Operational Efficiency

Port Performance Metrics – Australia & Brazil

Port	Avg Dwell Time (days)	Ships Delayed (Weekly Avg)	Days To The Middle East (April 2025)	Days To The Middle East (April 2026)
Melbourne	4.3	52%	41	52
Sydney	2.7	40%		
Brisbane	3.6	26%		
Santos	6	63%	45	57
Itapoa	8	70%		
Paranagua	6	81%		

Source: EconDB, BMI

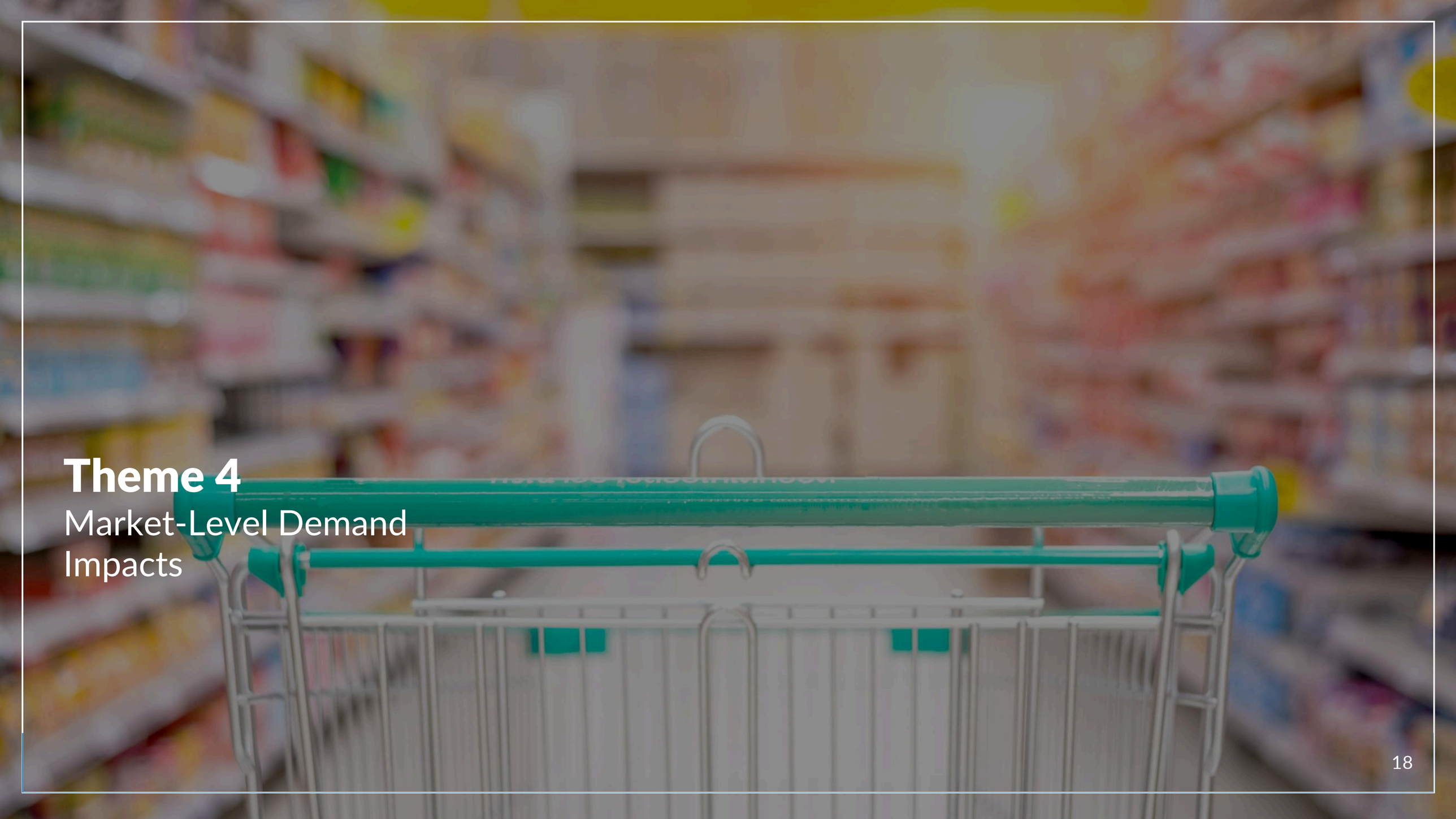
Supply Chains: Key Gulf-Sourced Inputs

Category	Product	Substitutability	Position In Global Value-chains	Global Trade Criticality	Gulf Share of Global Exports By Category
Energy & derivatives					
	Petroleum gas (LPG, NLGs)	Low	Midstream	Systemic	20%
	Crude oil	Low	Upstream	Systemic	34%
	Bitumen and asphalt	Medium	Downstream	Critical	37%
	Refined petroleum oils and oils	Medium	Downstream	Critical	15%
Petrochemicals	Sulphur (processed)	Low	Upstream	Systemic	73%
	Sulphonated derivatives	Medium	Midstream	Critical	43%
	Alkylbenzenes	Medium	Midstream	Critical	35%
	Acyclic alcohols	Low	Upstream	Systemic	25%
	Ammonia	Low	Midstream	Systemic	21%
	Sulphur (raw)	Medium	Midstream	Critical	19%
	Organic compounds (NES)	Medium	Midstream	Critical	17%
	Polyethylene (PE)	Medium	Midstream	Critical	17%
	Polypropylene (PP)	Medium	Midstream	Critical	14%
Metals	Primary iron & steel, ingots	Low	Upstream	Systemic	79%
	Cast iron pipes & tubes	Medium	Midstream	Critical	21%
	Aluminium wire	Medium	Midstream	Critical	19%
	Unwrought aluminium	Low	Upstream	Systemic	16%
	Direct-reduced iron (DRI)	Medium	Midstream	Critical	16%
	Aluminium cables	Medium	Midstream	Critical	14%
	Copper wire	Medium	Midstream	Critical	13%
	Steel bars & rods	Medium	Midstream	Critical	11%

Source: Trade Map (2023 data), BMI

Example Use Cases

- Electricity feedstock
- Construction Materials
- Transport fuels
- Semiconductors
- Fertiliser
- Plastics & Packaging
- Solvents, Polymers
- Metals & Mining Processing
- Electrical systems, EVs



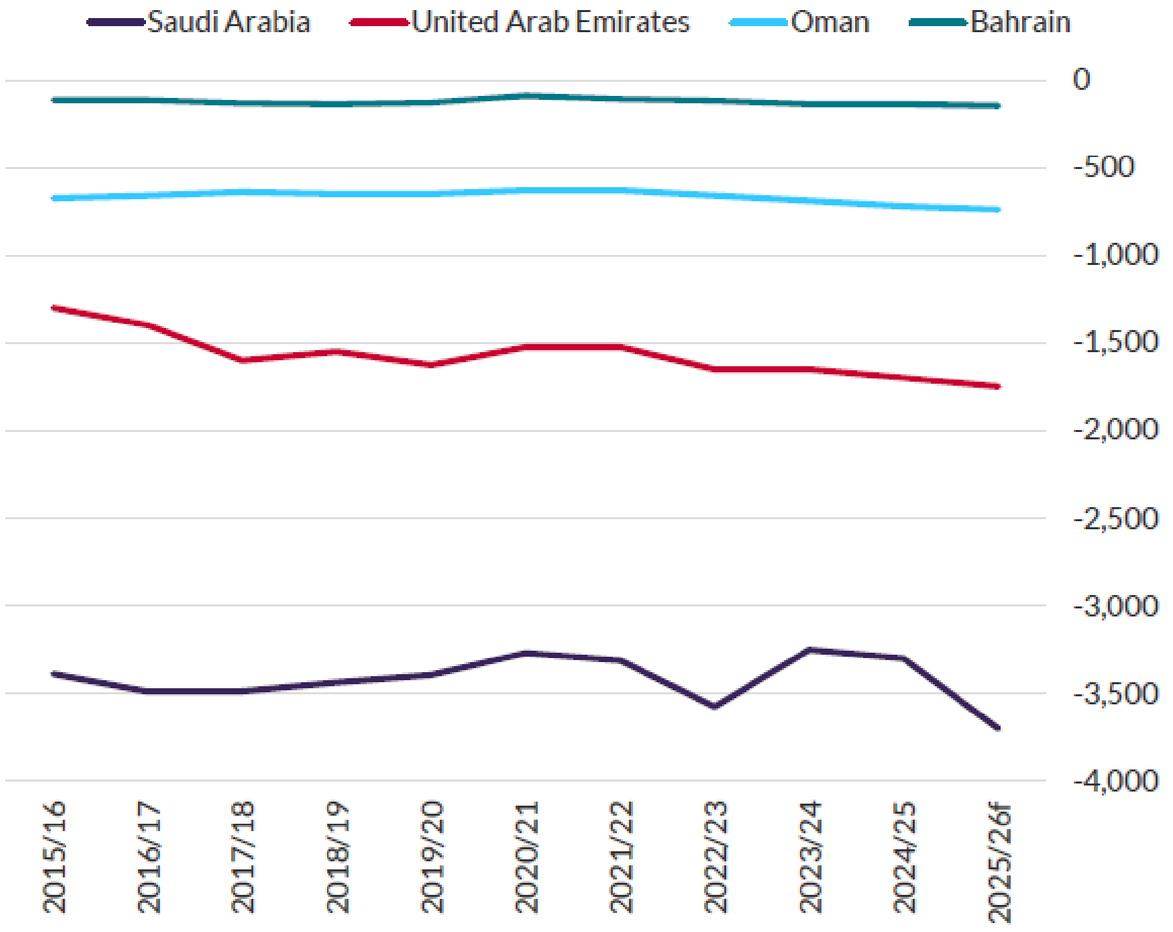
Theme 4

Market-Level Demand Impacts

GCC Food Security Risks Mitigated By Stockpile Reserves

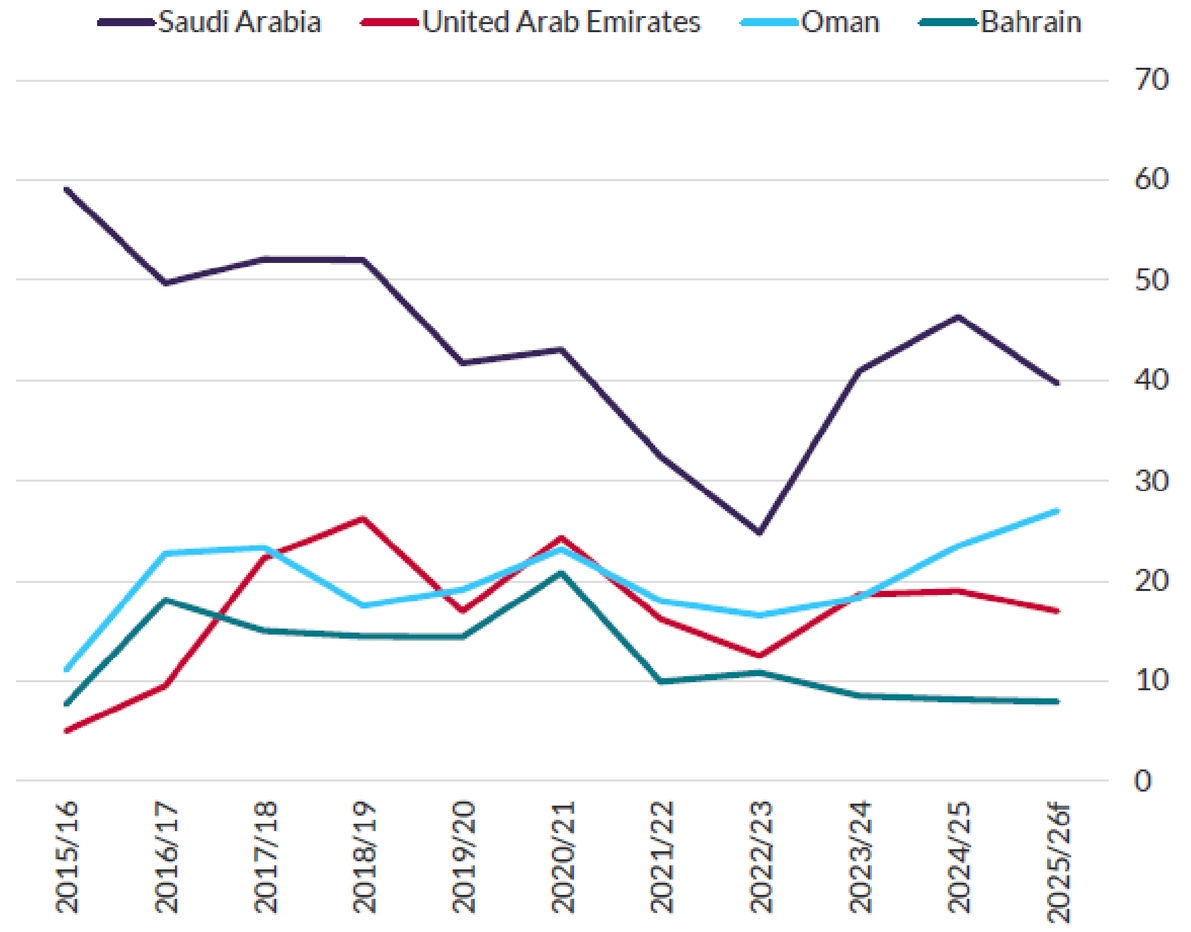
Long Term Import Dependence Due To Structural Deficits…

Select Gulf Countries – Wheat Production Balance, '000 Tonnes (2015-2026)



…But Region Well Positioned To Absorb Disruptions

Select Gulf Countries – Wheat Stockpiles , Equivalent Weeks (2015-2026)

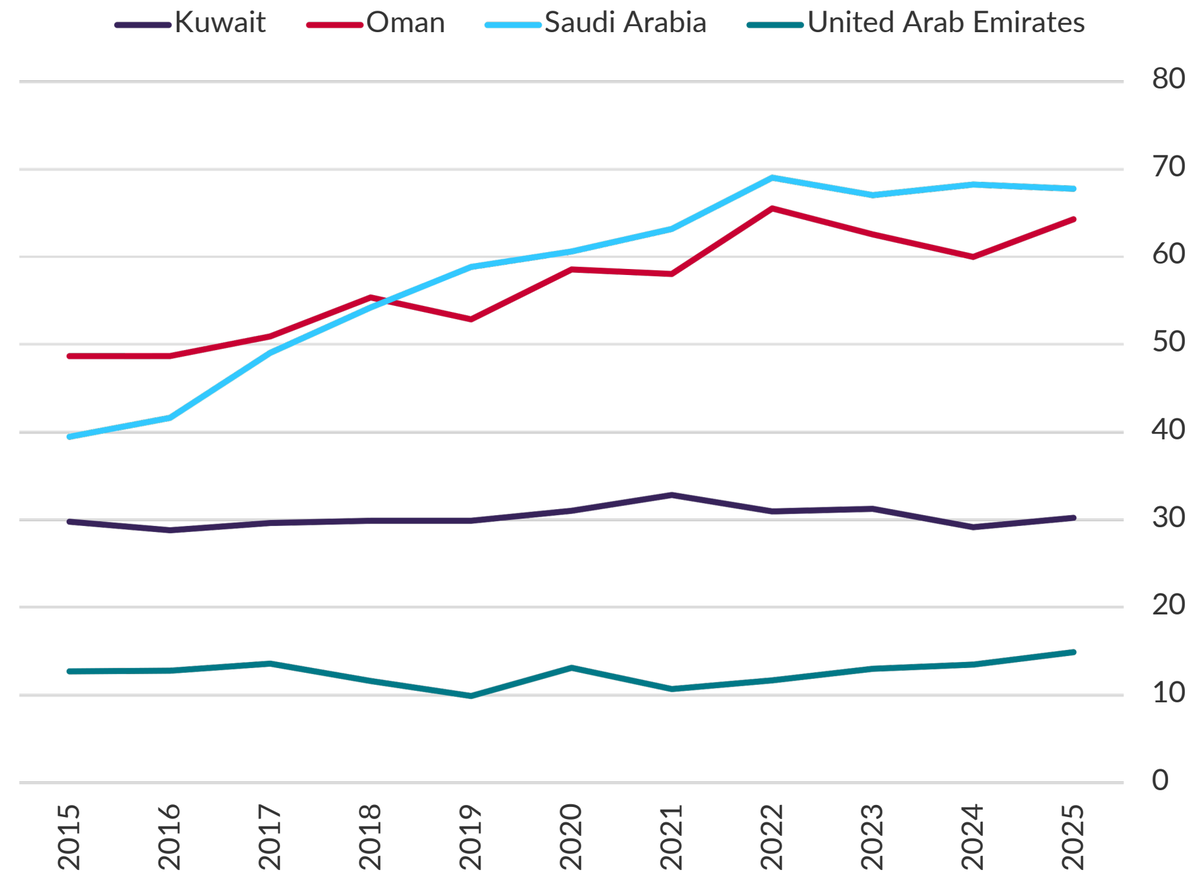


f = BMI forecast. Source: USDA, BMI

Grains Stockpiles To Limit Exposure Of Domestic Livestock Production

Food Security Strengthened By Domestic Poultry Output

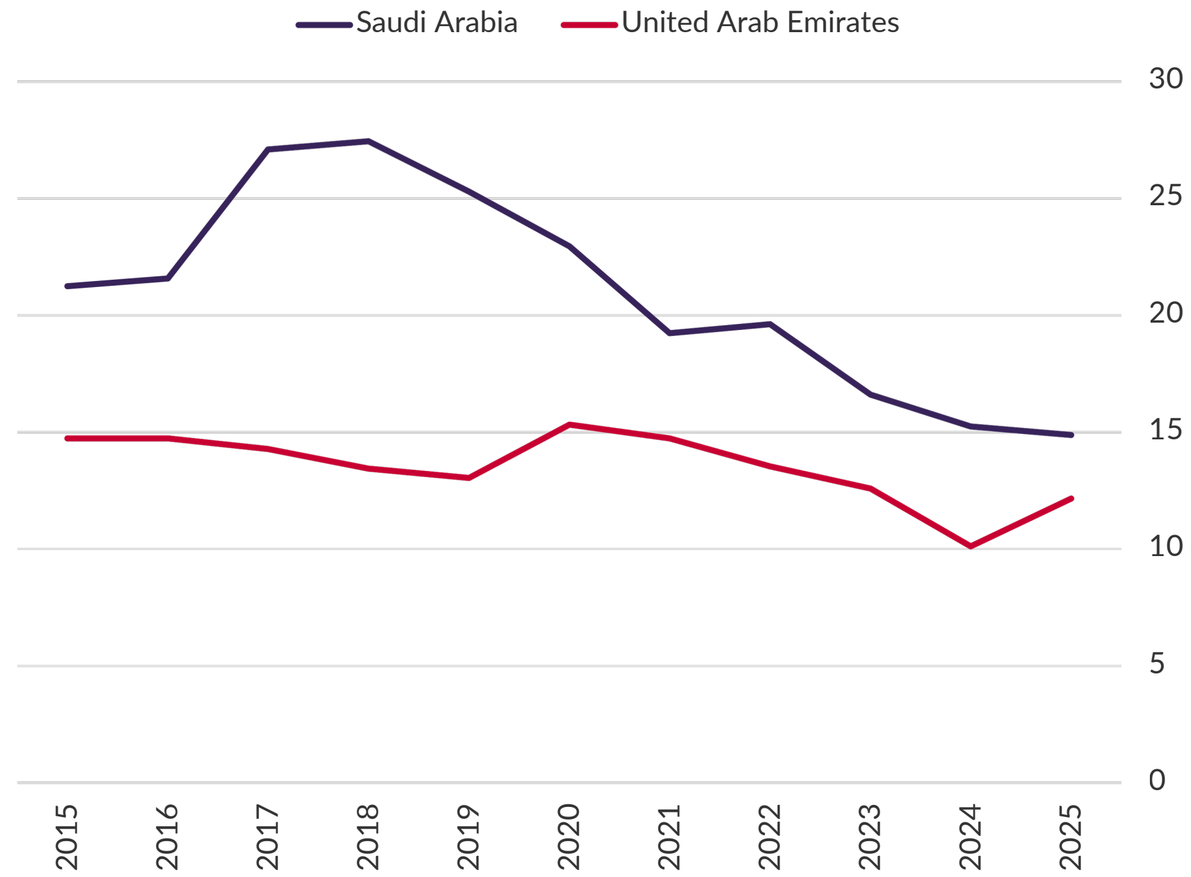
Poultry Self-Sufficiency, % (2015-2025)



f = BMI forecast. Source: USDA, BMI

But BeefImports Highly Dependent On High-Risk Markets

Saudi Arabia and UAE Beef and Veal Self-Sufficiency, % (2015-2025)

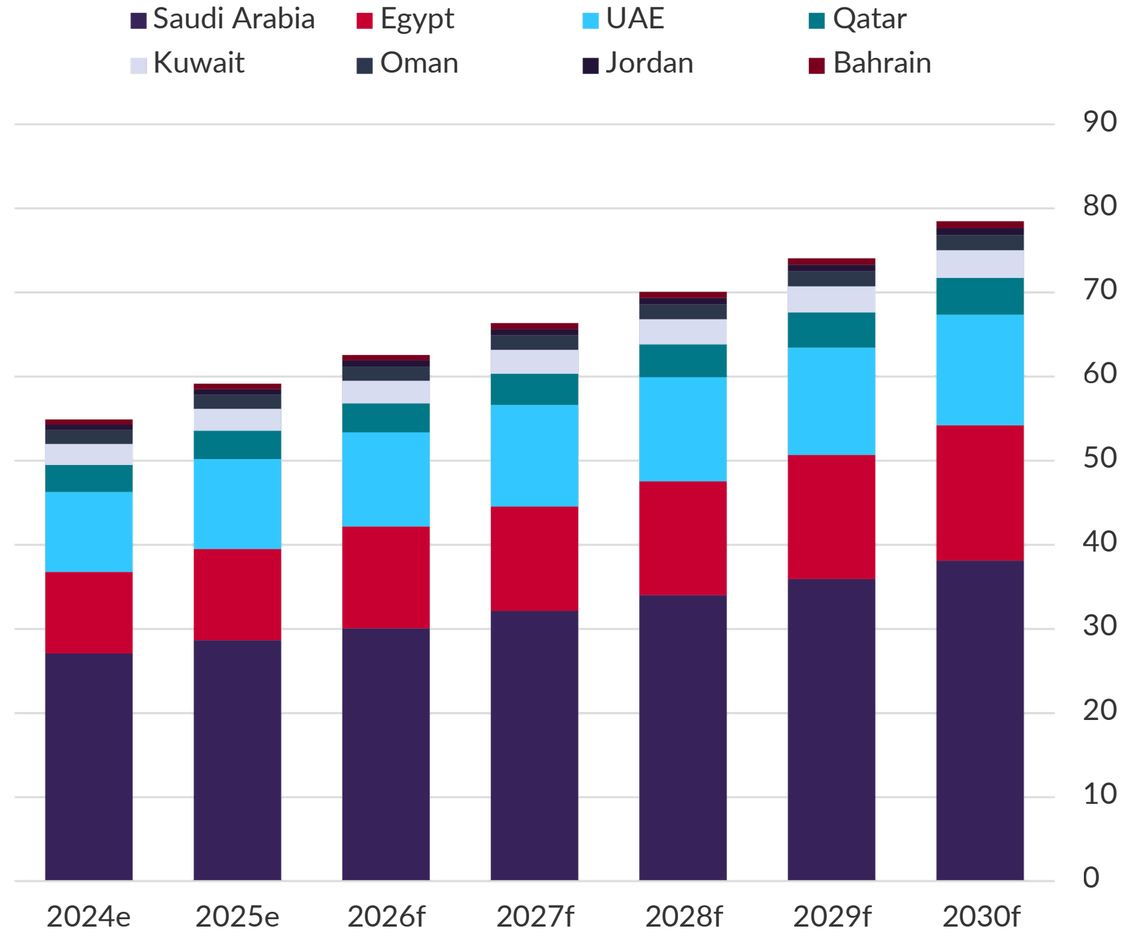


f =BMI forecast. Source: USDA, BMI

Food Services To See Most Direct Impact

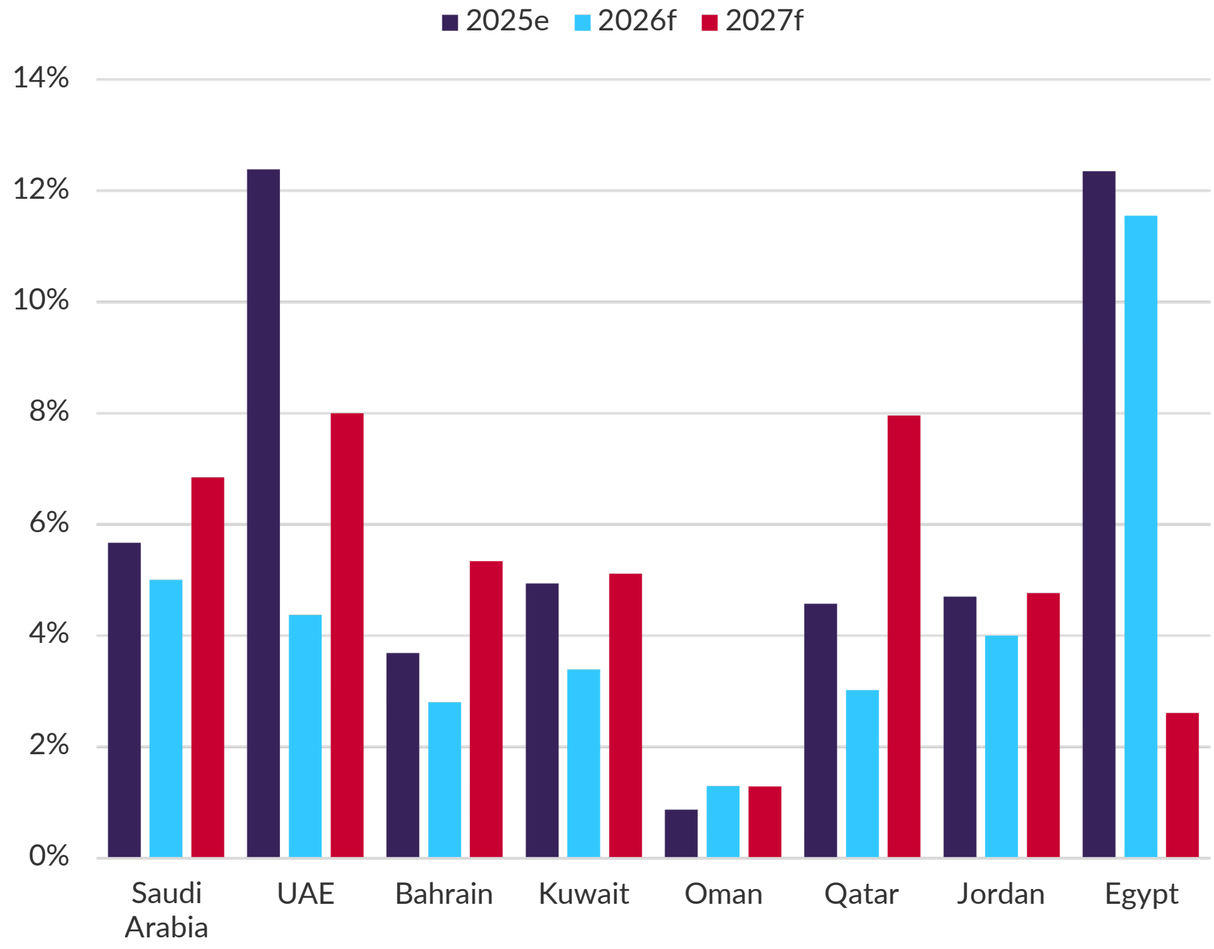
Saudi Arabia & UAE Dominate Region

GCC Plus- Restaurants & Food Services Spending, USDbn (2024-2030)



Growth Dips In 2026 As Consumers Stay Away

GCC Plus– Restaurants & Food Services Spending (2021-2030)



e/f = BMI estimate/forecast. Source: National statistics, BMI

Impact Of Middle East Conflict On GCC Retail & Tourism

Multi-Channel Outlook On Retail Impact

Impact On GCC Consumer & Retail

Oil-driven inflationary & margin pressure

- Higher oil prices will lift GCC retail costs (fuel/power/transport plus petrochemical & food inputs), with impact driven by the conflict's scale and duration.
- Globally, energy-led inflation would raise freight/manufacturing costs, keep rates higher for longer, and pressure low-margin, price-sensitive formats.

Freight, insurance & logistics disruption

- **We Already Saw:** Freight/war-risk spikes and rerouting delay imports, causing patchy stock-outs and late seasons, with temporary working-capital strain and more markdowns as lanes normalise.
- **We Might See:** Structurally higher landed costs and unreliable lead times drive persistent stock gaps, higher inventory/financing, range cuts/nearshoring and price hikes—raising trade-down and margin risk.

GCC spillover via aviation, tourism & consumer sentiment

- GCC airspace closures would cut tourism spend and footfall, hitting discretionary first while grocery shifts from pantry-loading to value-seeking, with longer closures deepening the confidence drag.
- Delivery constraints are slowing fulfilment and raising cancellations, capping quick-commerce/meal volumes and lifting fulfilment costs, pressuring near-term margins.

Source: BMI

Diverse Tourism Impact Across Markets

GCC – Projected Impact On Tourism

Market	Risk Level	2026f Baseline Forecast	Impact Range	Potential Visitor Loss Over 2026f	Share Of GCC Arrivals
UAE	High	29.5mn	-20% to - 45%	-5.9mn to - 13.3mn	33.5%
Kuwait	High	10.3mn	-20% to - 45%	-2.1mn to - 4.6mn	11.7%
Bahrain	High	7.6mn	-20% to - 45%	-1.5mn to - 3.4mn	8.6%
Qatar	High	6.1mn	-20% to - 45%	-1.2mn to - 2.7mn	6.9%
Saudi Arabia	Moderate	30.7mn	-10% to -20%	-3.1mn to - 6.1mn	34.8%
Oman	Low	4.0mn	-5% to -10%	-0.2mn to - 0.4mn	4.5%
GCC total		88.2mn	-8% to -15%	-7.07mn to - 13.2mn	

f = BMI forecast. Source: National statistics, BMI

Q&A & Appendix

Government Policies In Response To Hormuz Energy Disruptions

DMs Focus On Subsidies, EMs More On Demand Management

Policy Groupings In Responses To Hormuz Energy Supply Disruptions

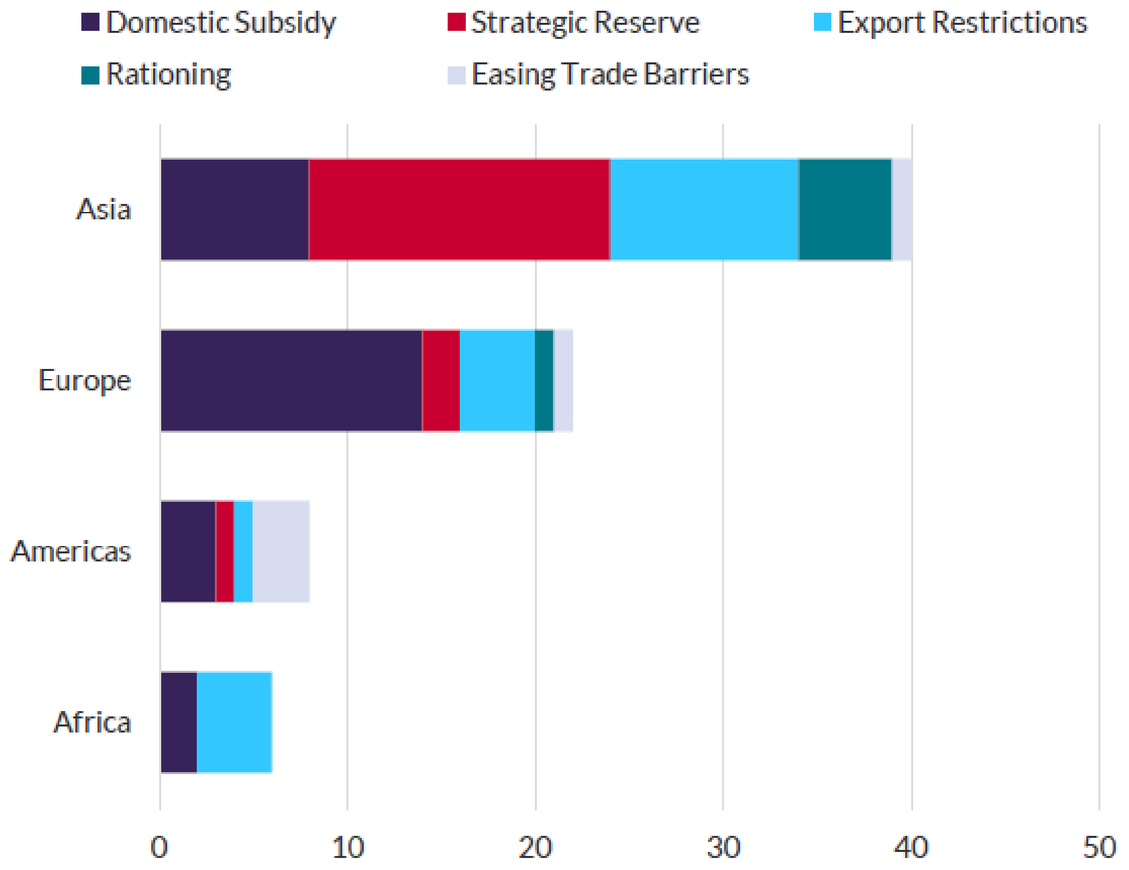
Policy Grouping	Policy Types	What It Targets	Latest Policy Announcements
Export Restrictions	Export bans, import tariffs, export quotas, export taxes, licensing requirements on energy products	Cross-border movement of oil, gas, petroleum products, and fertilizers	• China: Banned diesel & gasoline exports • Hungary: Fuel export ban • Russia: Petrol export ban (Apr-Jul 2026) • Brazil: Export taxes on crude & diesel • Egypt: Natural gas export suspension
Domestic Subsidies & Price Support	Fuel tax cuts, price caps, consumer vouchers, excise duty reductions, VAT cuts, cost absorption by state-owned companies	Retail fuel prices, energy costs for households, businesses, and farmers	• South Korea: KRW10trn stabilisation fund + price caps • Greece: EUR300mn fuel/fertiliser subsidies • Germany: Once-daily price increase limit • Italy: Excise tax cuts & tax credits • Austria: Margin caps + tax cuts
Strategic Reserves & Supply Management	Release of national oil/gas stockpiles, emergency LNG procurement, fuel switching to coal/nuclear, storage expansion, mandatory inventory requirements	Physical fuel availability, energy supply continuity, power generation capacity	• Japan: National crude oil reserves released to refiners • US: DOE approves LNG export expansion + Jones Act waiver • Philippines: 30-day minimum inventory + 1mn barrel Stockpile • South Korea: Coal/nuclear ramp-up to 80% • Indonesia: B50 biodiesel acceleration
Rationing & Demand Management	Fuel purchase limits per day/week, work-from-home mandates, vehicle bans, electricity rationing, school closures, public transport prioritization	Consumer and industrial energy consumption; reducing demand when supply cannot meet needs	• Slovenia: 50L/day limit (first EU rationing) • Sri Lanka: 25L/week via QR system • Pakistan: 4-day workweek + school closures • Myanmar: Half of private vehicles banned • Philippines: 4-day workweek for gov't

Note: This data is as of 30 March 2026. Source: BMI

Government Policies In Response To Hormuz Energy Disruptions

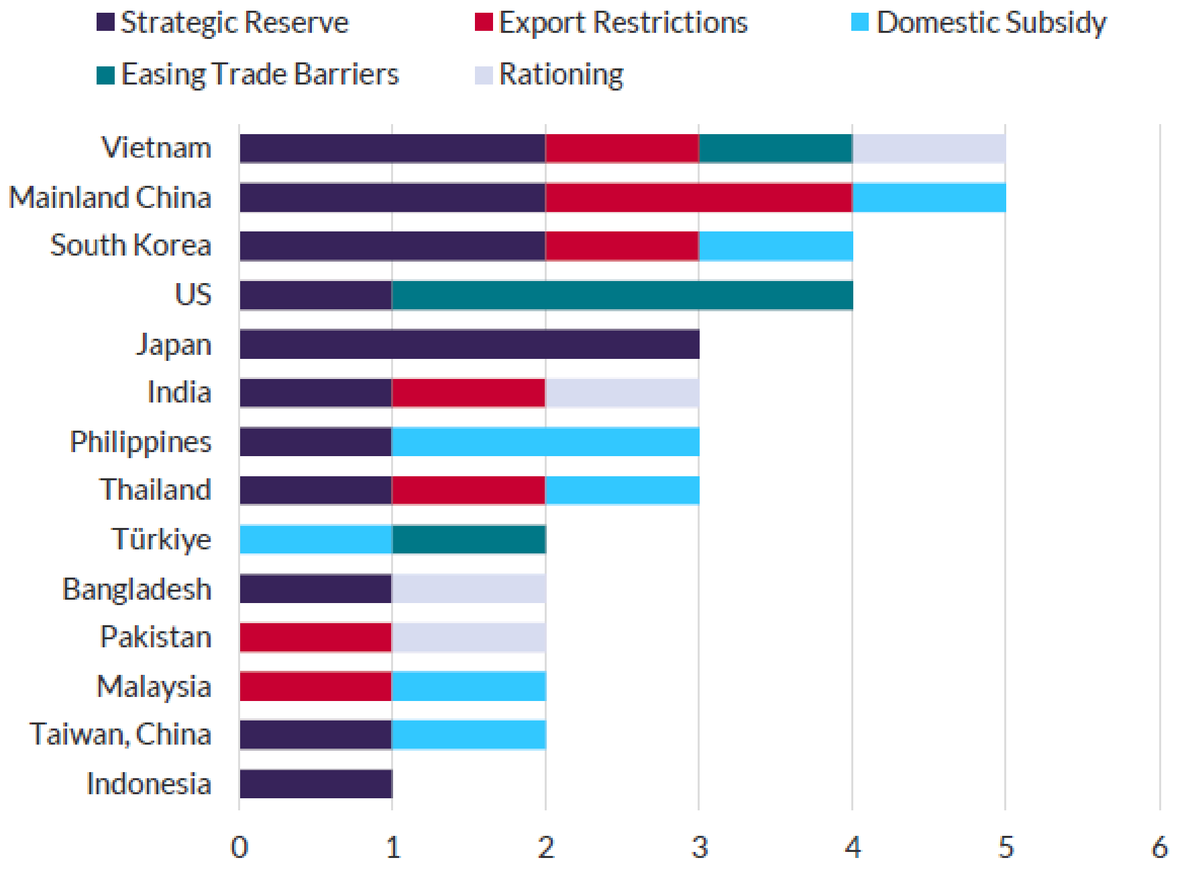
What Policies Are Governments Implementing?

Regional Policy Responses Targeting Oil, Gas & Fertiliser Supplies



Which Economy Is Doing What?

Policy Responses Targeting Oil, Gas & Fertiliser Supplies



Note: This data is as of 30 March 2026. Source: BMI

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Q&A & Appendix

Strategic Implications Of The US-Iran Conflict for Australia's Red Meat Exporters

BMI Written Responses To MLA Questions

Macro, Logistics And Supply Chains

1. System Stress And Breaking Points

a. **What breaks first under sustained disruption: demand, logistics or financing? What future signals after the first 40 days of the war should we be watching out for?**

Under a scenario that the conflict extends by up to six weeks at greater intensity (our 'Level 1' escalation scenario), global logistics would 'break' first, followed by demand and financing. Taking into account these three factors, a prolonged war over the next month could push down global GDP growth to 1.5-2.1%, from our current forecast of 2.6%.

Logistics: Key Indicator – Shipping Flows Through The Strait Of Hormuz

Reopening the Strait of Hormuz is a necessary precondition for any durable de-escalation in the Middle East, meaning that any sustained conflict would continue to constrain shipping through this critical chokepoint. A further escalation also raises the risk of Houthi involvement in Yemen, which could disrupt traffic through Bab al-Mandeb and the Red Sea and deepen the shock to regional and global trade flows. Even after the war ends, we estimate that it could take months for global shipping networks to fully normalise, implying that supply disruptions would likely persist throughout H2 2026, and some supply chains may begin to adjust structurally away from the Middle East.

The pace of recovery in shipping volumes through the Strait of Hormuz therefore remains the key indicator to watch. The latest US blockade announcement adds further uncertainty. While Washington has said that it will target vessels entering and exiting Iranian ports from April 13 2026, without impeding navigation to non-Iranian ports or ships that do not pay Iran's reported 'toll', this still falls short of a clean commercial reopening. Some non-Iranian crude flows may resume sooner, but insurers, shipowners and crews will remain focused on the risks of renewed confrontation, mine threats and enforcement ambiguity, particularly after Iran warned that approaching military vessels would be treated as a ceasefire breach. In short, the Strait of Hormuz is likely to become functionally open before it becomes commercially normal.

Demand: Key Indicator – Oil Prices

The implication of restricted logistics through the Strait of Hormuz would feed through to physical supply shortages of oil and gas, leading to demand destruction for economies depending on these flows (ie, Asia).

For other economies less directly exposed to trade from the Gulf Cooperation Council (GCC), the key channel through which demand would weaken is via lower real incomes from higher global energy prices. Continued logistical disruptions plus continued attacks on energy infrastructure could push up oil prices. We estimate that an escalation in the war would push up the Brent crude price to around USD130 per barrel (bbl), and it could stay above USD100/bbl for much of 2026.

The spillovers of higher energy prices would push up global inflation by 1.0-2.0 percentage points, relative to our current scenario, to 4.5-5.5% in 2026. This would weigh on real incomes and drag down demand across the global economy.

Financing: Key Indicator – US Treasury Yields And Dollar

The shock to energy prices may prompt the US Federal Reserve to shift towards moderate monetary tightening. A potential hawkish turn and rising geopolitical risks from a prolonged conflict would push up bond yields and the dollar (likely to rise by 5-10%), leading to greater financing constraints in the rest of the world. Some vulnerable emerging markets such as Turkiye, Egypt and Pakistan would face significant balance of payments strains and a correction in domestic demand under this scenario. More generally, tighter financial conditions would hamper business investment and further weigh on global growth.

Strategic Implications Of The US-Iran Conflict for Australia's Red Meat Exporters

BMI Written Responses To MLA Questions

2. Freight & Shipping Dynamics

a. **How are exporters rethinking market allocation amid shipping disruption: divert now or wait for recovery?**

Recovery remains highly uncertain, particularly following the collapsed first round of peace talks over the weekend of April 11-12 2026. Maritime traffic through the Strait of Hormuz is down by approximately 90%. MSC has declared 'end of voyage' on Persian Gulf-bound cargo, discharging containers at the nearest safe port, and Maersk and Hapag-Lloyd have suspended direct transits through the Strait of Hormuz and rerouted via the Cape of Good Hope. War-risk surcharges of up to USD4,000 per container have been levied by CMA CGM, with Hapag-Lloyd charging USD1,500-3,500 per twenty-foot equivalent unit (TEU). On the demand side, Gulf consumption remains subdued, tourism is minimal, hospitality is constrained and restaurant sector restrictions persist. These factors make a wait-and-see strategy increasingly untenable for exporters, especially those holding perishable inventory.

Exporters with cargo on the water are diverting to alternative demand hubs where consumption remains robust, principally North America and parts of South East Asia. While those still committed to Gulf buyers are routing through alternative Middle Eastern ports - Salalah, Jeddah and Sohar - leveraging limited overland networks through Saudi Arabia, Oman and Jordan.

b. **How long will it realistically take for freight rates and shipping networks to normalise post conflict based on previous disruptions of this magnitude (eg, Covid, Red Sea)?**

History shows that shipping disruptions of this magnitude do not resolve quickly. After Covid-19, shipping took more than 18 months to fully unwind from a container network perspective, and the Red Sea shipping disruption, now into its second year, is yet to fully normalise. The Strait of Hormuz crisis is likely to follow a similar, if not longer, trajectory, particularly for container shipping, which is the primary mode for red meat exports. Shipping does not normalise when hostilities cease. It normalises when four conditions align simultaneously: physical safety, commercial insurance reinstatement, crew confidence and operational re-synchronisation of global networks. Container vessels sit at the back of that queue. Unlike crude tankers, which governments prioritise for strategic reasons, container networks involve complex alliance structures, fixed schedules and interconnected port rotations that take considerable time to rebuild once disrupted.

Under our base case (55% probability) - conflict resolution by late April - container shipping would likely take 9-12 weeks to fully normalise, lagging oil tankers by several weeks as schedules are re-threaded and congestion at alternative ports clears.

Extend To End: Estimated Time (In Weeks) For Full Strait Of Hormuz Shipping Normalisation				
Scenario	**Oil Tankers**	**LNG Carriers**	**Dry Bulk**	**Container Vessels**
Fast normalisation	4-5	5-6	6-7	7-8
Base case (most likely)	6-8	7-9	8-10	9-12
Cautious/residual risk persistence	8-10	9-11	10-12	12-16

Under our escalation scenario (45% probability) - a prolonged or intensified conflict - container normalisation extends to 16-20-plus weeks, as the market structurally reprices the Gulf as a persistent-risk region. Insurance remains restrictive, networks are permanently rerouted and recovery hinges not on mechanics but on whether a credible, durable security framework emerges.

Extend To Escalate: Estimated Time (In Weeks) For Full Strait Of Hormuz Shipping Normalisation				
Scenario	**Oil Tankers**	**LNG Carriers**	**Dry Bulk**	**Container Vessels**
Fast Normalisation	8-10	9-11	10-12	12-14
Base Case (Most Likely)	10-14	12-16	14-18	16-20
Cautious/Residual Risk Persistence	14–18+	16–22+	18–26+	22–30+

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c. **How exposed are long-haul chilled and frozen exports (eg, to the UK/EU) to rising fuel, rerouting and refrigerated container (reefer) constraints?**

Long-haul chilled and frozen red meat exports face material exposure to compounding supply chain pressures. Rerouting via the Cape of Good Hope adds 10-15 days to standard voyage times, constraining chilled product shelf life and extending container rotation cycles, which in turn reduces effective global equipment availability. Latest data from Drewry show that reefer utilisation was 95% prior to the conflict in the Middle East, suggesting that even incremental disruption will generate capacity bottlenecks. However, we have observed that major carriers, including Maersk, MSC and CMA CGM, have reconfigured networks with greater speed than during the Covid-19 and Red Sea disruptions, reflecting institutional learning from prior episodes. This has partially offset capacity shortfalls. More structural risk lies in competitive displacement. With demand from the Middle East subdued, we expect major exporters, such as Australia, Brazil, Argentina and Uruguay, to redirect volumes into overlapping markets simultaneously.

3. Cost Pressures And Domestic Impacts (Australia)

a. **Which second- and third-order cost pressures are most likely to reshape Australia's red meat supply chain, and who ultimately absorbs them?**

The most important second-order cost pressures will come from freight, marine insurance, fuel and energy costs, and working capital strain caused by longer transit times and supply chain disruption. If shipping routes through the Middle East remain impaired, the impact will go beyond headline freight rates to include rerouting costs, port delays, cold chain risks and higher inventory management costs. These pressures would be most acute for chilled products and live exports, where timing and handling are especially important. Higher global energy prices will also feed through into processing, refrigeration, packaging and domestic transport costs across Australia's red meat supply chain.

The main third-order pressures would come through weaker consumer purchasing power, changes in buyer behaviour and tighter financing conditions, especially in more vulnerable import markets. As costs rise, importers may reduce volumes, trade down to lower-value cuts or shift towards frozen rather than chilled products, gradually reshaping the export mix and trade flows. The cost burden would be shared unevenly across the chain, where exporters and processors may absorb some of it through lower margins, importers and distributors through higher landed costs, and consumers through higher retail prices or substitution with cheaper proteins. Where demand is weaker and pass-through is harder, more of the adjustment will fall upstream through margin compression.

4. Container And Global Supply Chain Stress

a. **What is the first clear indicator that global container imbalance is becoming critical?**

Rising yard utilisation at key Asian transhipment hubs – Singapore, Port Klang and Colombo – is the earliest measurable signal that global container imbalance is increasing. When containers are discharged at intermediate ports ahead of their final destination, dwell times increase, berth turnaround deteriorates and equipment repositioning slows materially. This dynamic has clear historical precedents. During the Covid-19 pandemic, container imbalances reached such severity that empty containers briefly became the US's largest export by volume as equipment was urgently repositioned to Asia. The 2024 Red Sea crisis produced a comparable, though less acute, disruption, with Cape of Good Hope rerouting extending rotation cycles and stranding equipment at incorrect locations. For Australia, the risk is somewhat mitigated. As a net importer of containerised goods, inbound flows provide a steady supply of equipment at Australian ports, reducing, though not eliminating, the likelihood of acute container shortages for exporters.

b. **Once imbalance begins, how quickly does it escalate, and how severe can it become within 3-6 months?**

Initial trade imbalances can cause empty containers to collect in import markets while export markets face shortages. As carriers work to reposition equipment, port congestion increases, which slows container handling and further delays the return of empty units. This was a key bottleneck during the Covid-19 pandemic; however, since then supply chains have grown more resilient and ports more automated and efficient – minimising the risk of equivalent build-up and disruption for containerised freight flows. That said, once an imbalance begins, it is difficult to correct within a short time period. New container production cannot respond at the same pace as manufacturing capacity takes time to expand.

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c. **Where does Australia sit in the global queue for scarce containers and vessel space? Are Australian ports positioned to secure container access during global disruption, or are they structurally disadvantaged?**

Australia tends to receive a lower share of available containers and vessel space because it sits off main shipping routes and has relatively small export volumes.

There is no formalised global queue for containers and vessel space. Allocation is determined by a set of commercial and structural factors that create an effective hierarchy during periods of disruption. Trade lane profitability is the primary driver. Carriers consistently prioritise high-margin shipping routes – Asia-Europe and Asia-North America – when reallocating capacity. During both the Covid-19 pandemic and the 2024 Red Sea crisis, secondary trade lanes experienced disproportionate service withdrawals as carriers concentrated assets on the most commercially rewarding corridors. Contract volume and shipper bargaining power also shape allocation. Large-volume shippers with long-term commitments secure preferential access to both equipment and vessel space, while smaller exporters reliant on spot market capacity face greater exposure to rationing and surcharges. Network centrality compounds this dynamic. Origins and destinations situated on primary east-west services receive more consistent coverage, whereas secondary and north-south routes, including those serving Australasia, are structurally more vulnerable to blank sailing and service rationalisation.

d. **How dependent are Australian exports on inbound container flows, and what happens if those flows slow?**

Australian containerised exports are dependent on inbound container flows for equipment supply. Any sustained slowdown in import volumes would directly constrain export capacity, particularly for agricultural and perishable goods reliant on reefers. This dependency reflects a persistent trade imbalance. Australia's container ports handle approximately 4.3mn TEUs of imports annually, against just 2.8mn TEU of exports, according to Ports Australia. Port-level data reinforce this picture. According to port of Melbourne full-year 2025 data, imports account for 40% of container movements versus just 20% for exports, with the balance comprising empty container repositioning. Reefer equipment presents a particular vulnerability. Global reefer availability is already structurally tighter than dry equipment owing to higher manufacturing costs, longer maintenance cycles and concentrated demand during seasonal peaks. Australian agricultural exporters - shipping meat, dairy, grain and fresh produce - compete for reefer allocation against higher volume origins in South East Asia and Latin America, and shortages are already reported even under normal operating conditions.

If inbound container flows were to slow, whether through weakening consumer and industrial demand, carrier service rationalisation or broader global disruption such as the US-Iran conflict, the pool of available equipment at Australian ports for exporters would contract in parallel. Agricultural exporters would face the most acute pressure, as reefer scarcity would compound the broader equipment shortfall.

e. **What happens to Australian exporters when key transhipment hubs become congested or bypassed?**

Australian exporters remain exposed to disruption at key transhipment hubs, particularly Singapore, through which the majority of Australia's container services connect. However, unlike the severe congestion triggered by the 2024 Red Sea crisis, shipping networks appear to have adapted more effectively to the current Middle East disruption. During the Red Sea rerouting, vessel wait times at Singapore reached seven days, yard utilisation rose above 90% and transhipment backlogs extended to up to two weeks, according to Kuehne+Nagel. To date, the partial closure of the Strait of Hormuz has not produced comparable levels of congestion or delays. PSA Singapore has stated that the port is not experiencing congestion due to the Middle East situation as carriers pre-emptively adjusted routing and scheduling to distribute volumes more evenly across regional hubs.

f. **What are the implications if containers are stranded and fail to return to global circulation?**

Containers stranded outside global circulation would reduce available equipment supply, increase repositioning costs and extend lead times across connecting trade lanes. According to data from BIMCO, approximately 130 container ships, equivalent to around 1.5% of global fleet capacity, were stuck in the Persian Gulf as of March 26 2026.

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g. **How does the red meat sector compete for reefers against higher margin cargo in constrained markets?**

The red meat sector faces a structural disadvantage when competing for reefer capacity during periods of market constraint. Several factors combine to weaken its competitive position. Reefers account for a relatively small share of the global container fleet. Any disruption tightens reefer supply faster than dry equipment, and carriers allocate scarce reefer slots based on yield per TEU. This favours higher-margin perishable cargoes, including pharmaceuticals, premium seafood and high-value dairy, over red meat. Perishability constrains negotiating leverage. Red meat cannot be warehoused indefinitely to await cheaper capacity. Carriers are able to extract premium rates knowing that exporters face spoilage risk and time-sensitive market access windows.

5. Scenario Simulations

a. **What do or can the next three, six and 12 months look like under different disruption scenarios for Australian red meat, livestock and trade flows, and how should Australian exporters prepare now?**

We cannot provide business or commercial advice on how individual Australian exporters should respond. However, from a market commentary perspective, the key issue over the next 3-6 months will be disruption to logistics rather than an immediate collapse in end demand. Higher freight and insurance costs, longer transit times, and greater uncertainty around shipping routes into the Middle East would be the main near-term effects, with chilled meat and live export flows more exposed than frozen products. If disruption persists, the impact will broaden beyond transport into buyer behaviour, with stronger Gulf markets likely to remain more resilient while more vulnerable importers could reduce volumes, delay purchases or shift towards lower-value proteins and cuts.

Over a 12-month horizon, the more important question becomes whether temporary disruption hardens into structural change in trade flows. A prolonged conflict could lead to persistently higher shipping costs, greater use of alternative routes, more cautious procurement patterns and a stronger preference in affected markets for frozen rather than chilled products. Live exports would remain particularly sensitive given voyage timing, port access and compliance risks. More broadly, if elevated energy prices weaken global economic growth and household purchasing power, demand for higher-value red meat products could soften across some markets. From a commentary standpoint, the main signals to watch would be shipping conditions through the Strait of Hormuz and adjacent routes, freight and insurance costs, oil prices, and signs of weakening import demand or payment stress in key destination markets.