

Beyond Rerouting:

How the GCC Can Turn Supply-Chain Disruption into Sustainable Trade Resiliency

By Maha Raad, partner, and Hamza El Mounhi, principal
with Strategy& part of the PwC network

After the crisis erupted in February and disrupted traffic through the Strait of Hormuz, the GCC region quickly rerouted supply chains using overland routes via trucks and trains as well as air corridors. With the conflict dragging on and the blockade of the Bab el-Mandeb Strait in the Red Sea further complicating the picture, the GCC needs to convert some crisis corridors into commercially competitive logistics and trade platforms for the long term.

This approach is critical for the region's trade resiliency because even if the conflict were to end tomorrow, insurance risk premiums for traveling through the Strait of Hormuz would remain highly elevated for many months if not years. Moreover, the maritime liner capacity that once served the Strait of Hormuz has been rerouted around the Cape of Good Hope would take time to return.

Emergency corridors do not automatically become sustainable ones. They must be planned, governed and commercialized as end-to-end systems. A logistics corridor is an operating system, not simply a port-to-border connection. To endure, it needs a geographic advantage, competitive economics, cargo density and end-to-end coordination. Urgency can justify higher costs temporarily, but permanent corridors need predictable flows, balanced utilization and commercial logic.

Many routes that have gained importance during the crisis are import-heavy. Across Saudi-linked corridors to Qatar, Kuwait and Bahrain, dry bulk imports are estimated at around 56 million tons, compared with 20 million tons of exports. Breakbulk is more balanced, at roughly 7.5 million tons of imports and 6.3 million tons of exports. Containerized flows are smaller—around 1.3 million twenty-foot equivalent units (Mn TEUs) inbound and 1.0 million Mn TEUs outbound—but are materially higher in value density.

This imbalance matters because empty returns keep unit costs high, feed inflation, make the routes commercially uncompetitive and ultimately unsustainable. Cargo type matters too. Dry bulk is large but cost sensitive. Breakbulk can work when fragmented shipments are consolidated. Containers are better suited to service frequency and backhaul optimization.



A trade corridor's long-term sustainability depends as much on trade policy as transport policy.

Thus, a trade corridor's long-term sustainability depends as much on trade policy as transport policy. GCC authorities need to connect inbound and outbound cargo and align contingency routes with industrial priorities. If staging and consolidation hubs are established, businesses can more easily aggregate volumes, improve truck-load factors, coordinate return flows and reduce unit costs.

Saudi Arabia brings this logic into focus. The Kingdom combines a Red Sea position, inland connectivity to the GCC, a large economy and growing industrial clusters. It offers Qatar, Kuwait and Bahrain controlled Red Sea-to-GCC corridors, with cargo entering west-coast ports and moving inland to neighboring markets. The benefits include fewer handoffs, greater control and more predictable service than fragmented multi-country routing.

Moreover, these routes are well suited to moving goods in both directions. Saudi exporters can use the same routes to serve neighboring markets, while Qatar, Kuwait and Bahrain can move exports and re-exports into Saudi Arabia or onward. Al Khumrah in Jeddah can consolidate cargo before it moves inland, while hubs around Dammam and the Eastern Province can support dispatches toward Kuwait, Qatar and Bahrain. Our analysis suggests that improved backhaul on Saudi-linked corridors could reduce inland transport costs by 15%-30%, and overall corridor costs by about 5%-10%.

The same principle applies elsewhere. Oman can connect Sohar, Duqm and Salalah with logistics zones and onward GCC routes. The UAE can link east-coast gateways with depots, bonded corridors, rail and value-added logistics, while strengthening connectivity into Saudi Arabia through Al Ghuwaifat and Al Batha. Qatar, Kuwait and Bahrain can deepen fallback corridors and use them to promote exports. This activity strengthens the region's supply security. GCC-made goods offer proximity, regulatory familiarity and lower exposure to maritime disruption.

Going forward, governments across the GCC need to decide which of these emergency routes to institutionalize, which flows and sectors they should serve, and which public and private actors must align. Some routes should remain resilience corridors, ready to protect supply continuity. But others should become permanent, with enough demand, two-way trade potential and commercial competitiveness to persist beyond the crisis.

The region has shown that it can reroute under pressure. The next step is to institutionalize those routes with long-term trade potential—and use them to build a more connected, resilient and export-oriented GCC trade system.

A trade corridor's long-term sustainability depends as much on trade policy as transport policy.

Maha Ramad
Partner
+971-50-813-1272
maha.raad
@strategyand.pwc.com

Hamza El Mounhi
Principal
+971-50-416-7613
hamza.el.mounhi
@strategyand.pwc.com