

## Geopolitical Risk Analysis

Middle East Conflict Disrupts Fuel and Input Supply, Raising Risks to Malaysian Logistics, Agriculture, and Semiconductor Operations

March 19, 2026



### Bottom Line Up Front

- Middle East-related supply disruption is beginning to affect Malaysian business operations through higher logistics costs, fuel pressure, and tighter availability of selected industrial and agricultural inputs.
- This matters now because the impact has moved beyond market volatility into operational planning. Companies in Malaysia are already facing higher shipping costs, constrained fertilizer ordering, and closer monitoring of helium supply used in semiconductor production.
- The sectors most exposed are logistics, agribusiness, and manufacturing, especially firms that rely on air-linked freight, imported inputs, or specialized industrial gases.
- The clearest near-term effects are likely to be higher transport costs, tighter input procurement, and less predictable operating conditions for parcel and distribution networks, plantation and food-related supply chains, and semiconductor-linked manufacturing.

### Risks and Vulnerabilities Summary

- **Fuel and transport pressure:** Higher fuel costs are increasing the price of moving goods within Malaysia and across borders. This creates near-term risk for logistics, distribution, and other business functions that depend on reliable and cost-stable transport.
- **Agricultural supply risk:** Fertilizer production shutdowns and order suspensions are raising the risk of supply gaps and higher input costs for plantation and food-related businesses. This could affect production planning, operating costs, and supply chain stability in one of Malaysia's key sectors.
- **Semiconductor production risk:** Concern over helium supply is increasing risk for Malaysia's semiconductor sector, which depends on steady access to specialized industrial inputs. Even without confirmed disruption, prolonged supply pressure could affect production schedules, customer delivery timelines, and export-oriented manufacturing operations.
- **Rising cost and planning uncertainty:** Higher fuel prices and tighter input supply are making operating conditions less predictable for exposed sectors. For decision-makers, the main near-term concern is greater difficulty in managing costs, securing supplies, and planning operations with confidence.

### Outlook and Assessment

- Higher fuel and input costs are likely to continue affecting Malaysian business operations over the near term, especially in logistics, agriculture, and manufacturing.
  - **Confidence: High.** This judgment is based on multiple current indicators across sectors, including fuel price increases, shipping surcharges, fertilizer order suspensions, and concern over helium supply. The main uncertainty is how long these pressures will last, not whether they are already affecting operating conditions.
- The most immediate impact is likely to be higher costs and less predictable planning rather than broad operational disruption across Malaysia.

## Outlook and Assessment (continued)

- **Confidence: High.** Current reporting points to rising costs, tighter supply, and more cautious procurement behavior, but not to widespread shutdowns or system-wide disruption. The main uncertainty is whether prolonged pressure could move some sectors from cost exposure into direct supply interruption.
  - Agriculture and semiconductor-related manufacturing are likely to face the clearest supply-side risks if current disruptions persist.
    - **Confidence: Moderate.** Fertilizer producers have already halted or limited new orders, while semiconductor firms are monitoring helium availability as a potential constraint on production. The main uncertainty is whether companies have enough inventory or supplier flexibility to absorb near-term disruption without affecting output.
  - Cross-border transport and regional operations may become less predictable if fuel pressure in Thailand and surrounding markets continues.
    - **Confidence: Moderate.** Current reporting suggests fuel shortages and management measures in Thailand are already affecting travel and operating conditions in some areas. Uncertainty remains around whether these pressures stay localized or create broader friction for business travel, freight movement, and regional supply chains.
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- **Potential indicators of escalation:** further fuel price increases in Malaysia, additional shipping or airline surcharges, broader fertilizer order suspensions, confirmed helium delivery delays, tighter fuel-control measures in Thailand, longer delivery times, or reports of production adjustments in exposed sectors.
  - **Potential indicators of de-escalation:** stabilization in fuel prices, removal or reduction of transport surcharges, resumed fertilizer order intake, confirmation that helium supply remains steady, easing fuel-management measures in Thailand, or fewer reports of transport disruption.
  - **Business implications:** Companies with exposure to Malaysia should prepare for a period of higher costs and less predictable supply conditions, especially where operations depend on transport-intensive delivery or imported inputs. For business leaders, the near-term priority is to review supplier dependence, inventory coverage, and cost exposure in sectors most affected by fuel and input pressure.

### Global Insights Confidence Levels

High	Moderate	Low
This judgment is based on strong, credible, and typically corroborated reporting, supported by a clear analytic basis and relevant precedent or observable indicators. Some uncertainty may remain, but it is unlikely to change the core assessment.	This judgment is based on a reasonable body of reporting and sound analytic reasoning, but important gaps, conflicting information, or a fluid environment leave meaningful uncertainty. New information could materially refine or alter the assessment.	This judgment is based on limited, fragmentary, weakly corroborated, or highly uncertain reporting, or on a scenario with several unresolved variables. The assessment is plausible, but it should be treated with caution because new information could significantly change it.

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