

## UKUPC special member update – March 2026

### Middle East situation – supply chain and category impacts

The current situation in the Middle East continues to develop, and while there are no confirmed widespread disruptions to supply at present, emerging pressures are beginning to affect several procurement categories. UKUPC is closely monitoring the potential implications for logistics, energy, and commodity-linked products, working with suppliers and sector partners to maintain a clear view of risks as they evolve. This special update outlines the latest intelligence across key areas and highlights where early impacts are starting to be felt.

Below is a summary of the current position across key areas.

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#### Energy and utilities

The National Energy Frameworks continue to provide strong protection against current market volatility.

Unit rate pricing for the **current supply period to 31 March 2026** remains fixed and unaffected. The only variable is the potential impact on the 10% floating volume of gas, which is settled on the day-ahead market. Exposure is minimal for the remaining 31 days of March and, whilst any additional gas volume purchased will have an impact on the reconciliation tracker balance that is currently in credit, it is hoped that this may be offset by the sale of any surplus gas over this period due to the warmer seasonal weather, which could generate a profit.

For the supply period **April 26 to March 27**, 100% of electricity and over 80% of gas has already been purchased. The annual price-setting exercise for the 'wholesale or commodity' element of electricity costs is close to completion and gas will be completed w/c 23/03/26. The wholesale (raw energy) cost for electricity will be lower than 2025/26, however, as previously advised, due to increases in the non-energy charge element set by Ofgem, which accounts for approx. 60% of billed values, costs are not expected to reduce by any significant margin.

Gas costs, including transportation and metering charges, are hoped to be lower compared to 2025/26, but these are now not expected to reduce by the level previously predicted, and the outcome will be confirmed in due course.

For the period from **April 27 to March 28** so far, gas and electricity prices have seemed less volatile with smaller price increases. However, with the resolution timescale and outcome of the current Middle East situation unknown, the outlook remains uncertain and future purchase requirements will be reviewed against market conditions in line with the risk management strategy. To date, between 35% and 43% of energy requirements for this supply period have been closed out.

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#### Gases and laboratory supplies

The disruption to LNG production in Qatar is beginning to have a knock-on effect on the global helium market, with Qatar representing a significant proportion of worldwide supply.

Suppliers have confirmed that, in order to maintain continuity of supply, they are adjusting their global distribution strategies. This has resulted in the introduction of **operational surcharges** to reflect increased costs associated with sourcing, storage, and transportation.

While supply is currently being maintained through contingency arrangements, **cost pressures are now evident within this category.**

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## Travel and logistics

Airspace restrictions across several countries in the region, including the UAE, Qatar, Kuwait, Israel, Bahrain, and Iraq, are significantly impacting aviation routes.

Airlines and logistics providers are rerouting flights, which is resulting in:

- Increased journey times
- Congestion across alternative routes
- Rising operational and fuel costs

This is beginning to feed through into both **business travel and air freight pricing**, and institutions may experience increased costs and reduced flexibility in the short term.

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## Couriers and freight

International courier and freight networks are now experiencing disruption due to reduced cargo capacity and the need to reroute shipments.

Logistics providers are reporting:

- Extended transit times
- Reduced service reliability
- Greater use of alternative transport methods, including regional road networks

Shipments to, from, or routed through parts of the Middle East, South Asia, and surrounding regions may be impacted.

**Members are advised to plan for longer lead times and to check service availability where shipments are time-critical.**

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## Catering and food supply (emerging considerations)

At present, there are no confirmed disruptions to food supply. However, suppliers have indicated potential **emerging risks** linked to:

- Increased energy costs affecting food production
- The Middle East's role in fertiliser exports (e.g. urea and ammonia), which may impact agricultural production longer term
- Ongoing logistics disruption affecting global food distribution.

These factors may contribute to **future cost pressures**, and UKUPC will continue to monitor developments closely.

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## Petrochemical-based products

Suppliers are beginning to report upward cost pressure on products derived from petrochemicals, including:

- Plastic food packaging
- Polythene-based products
- Disposable gloves

These increases are directly linked to volatility in global oil and gas markets and may begin to feed through into pricing over the coming months.

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## ICT

Global technology manufacturers are seeing some extended lead times and increased volatility due to re-routed freight and tighter capacity. Suppliers are working with multiple logistics partners and alternative routes to keep product moving where possible.

Major chip manufacturers, such as **Samsung and SK Hynix**, are having to look at other ways of sourcing helium. This gas is used to flush out any other gases inside the wafer fabrication systems, which needs to be extremely pure. In the case of South Korea's semiconductor industry, 64% of last year's imports were shipped from Qatar, which has suddenly ceased almost entirely because of the Gulf conflict. If the situation continues for an extended period, major chip producers will inevitably reduce production of less-profitable chips to ensure that their biggest orders, typically AI infrastructure projects, are fulfilled in time. There is potential for a shortage of crucial PC components, which will have significant impacts on supply.

**Members should communicate any large orders, projects or time-sensitive deadlines to suppliers as early as possible.**

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## Useful resources

[CIPS Risk, Resilience & Response: An Expert Panel on the Middle East Situation Webinar Recording](#) - A one-hour discussion featuring several CIPS panel experts, including participants based in the Gulf states.

[The Impacts of the Iran Attack on Supply Chains & Global Business](#) - Institute for Supply Management (ISM) publication.

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## Ongoing monitoring and sector coordination

UKUPC consortia are continuing to:

- Engage directly with suppliers across all key categories
  - Share intelligence and updates across the UKUPC network
  - Monitor both immediate and longer-term supply chain risks, including Tier 2 and Tier 3 impacts.
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## Support and further information

If you have any questions, concerns, or are experiencing issues in relation to supply or framework agreements, please contact your relevant consortium. We are happy to support and, where appropriate, engage with suppliers on your behalf.

We will continue to provide further updates as the situation evolves.