“From the Iran War to the World’s Dinner Table”: Implications for the Food Supply Chain to Watch Closely

22 April 2026

“From the Iran War to the World’s Dinner Table”: Implications for the Food Supply Chain to Watch Closely

KEY SUMMARY

The conflict in the Middle East is increasingly having a clear impact on the global food supply chain and Thailand’s food and beverage industry, both through rising costs and slowing consumption, as well as through the risk of shortages of raw materials and production inputs arising from supply disruptions.

- Food and beverage production costs have increased in line with higher energy prices, raw material costs, and production inputs linked to energy—particularly chemical fertilizer prices, which have surged sharply and face the risk of shortages—directly affecting a wide range of upstream players in the food production chain, including agriculture, livestock, and fisheries.
- At the same time, players in the food and beverage production chain also face sharply rising energy costs, as well as transportation and logistics costs, significantly affecting businesses, especially those with high energy intensity in their production processes or with export markets located relatively far away.
- In addition, the energy crisis is also affecting the supply chain of the packaging industry, particularly plastic packaging, as reflected in the surge in plastic resin prices in line with upstream raw material costs and the likelihood of shortages in the coming period. Such risks affect the manufacturing supply chain of a wide range of downstream industries, including food and beverage.
- On the demand side, although Thailand’s overall food exports to the Middle East remain limited, the slowdown in both the global and Thai economies, together with the prospect of accelerating inflation, may dampen or even contract consumption of certain discretionary food and beverage products. At the same time, consumers are likely to shift their consumption behavior toward more value-for-money products, which will affect the competitive landscape. Therefore, cost-efficient enterprises with resilient supply chains will maintain a competitive edge.

The prolonged warfare is also heightening the vulnerability of global food security.

- Currently, a number of countries have begun announcing suspensions of agricultural and food exports in order to strengthen domestic food security and build emergency reserves for consumption amid a war situation that is likely to be more prolonged than expected, resulting in reduced supplies of some certain food products reaching the global market.
- Disruptions to shipping routes or logistics systems would further exacerbate shortages in global food supply and could lead to soaring food prices, thereby affecting consumers' food security, particularly among vulnerable groups, as well as consumers in countries that are net food importers.

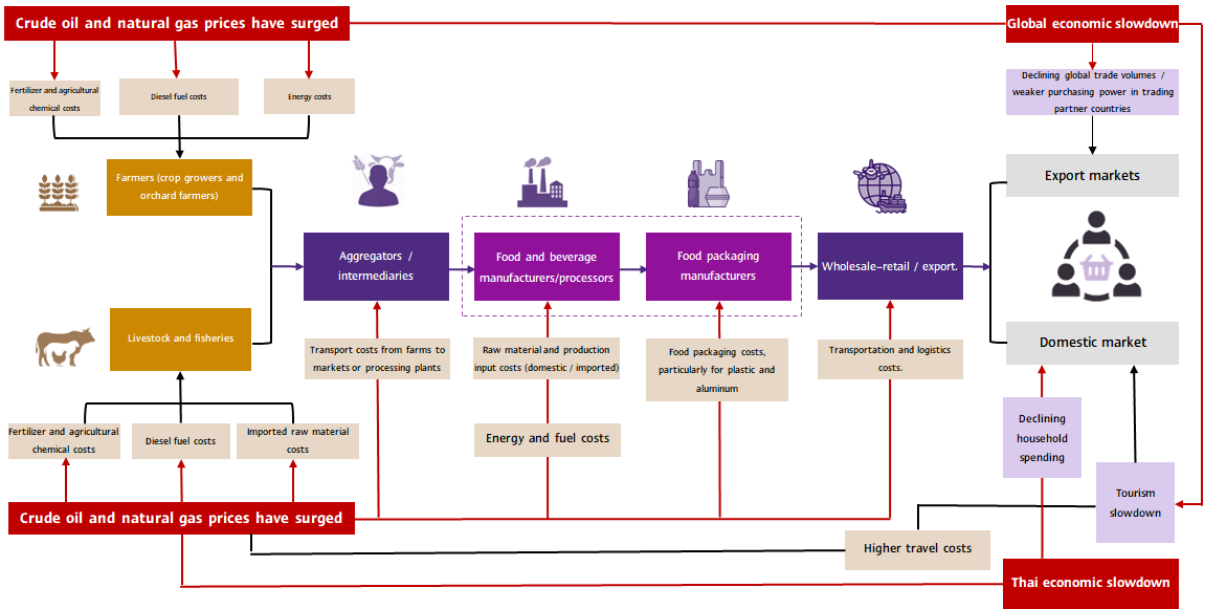
Nevertheless, Thailand may benefit and capitalize on the surging demand for some certain food categories, particularly those with a long shelf life, including semi-prepared foods, ready-to-eat meals, and low-cost basic proteins, which are poised to see a substantial uptick in export volumes from trading partners, including those in the Middle East, as countries accelerate stockpiling to strengthen food security and build emergency reserves for consumption should the war persist longer than expected. This crisis therefore represents a significant opportunity for producers of certain food products to expand their export markets and generate additional revenue.

In light of this, businesses should expeditepreemptive shifts to capitalize on emerging opportunities from this crisis, particularly through managing transport routes and logistics to avoid high-risk areas, as well as booking cargo space and shipping services in advance and entering into long-term contracts to lock in costs that are likely to rise. They may also consider diversifying export market risk by increasing the share of exports to destination markets that are closer to Thailand or offer greater safety. In addition, businesses may consider modifying or redesigning packaging to reduce dependence on plastic resin and shift toward domestically sourced substitute materials, such as bioplastics. This would not only help mitigate risks and costs arising from external volatility, but also driving value addition for Thai agricultural commodities and mitigating environmental impacts.

The geopolitical instability in the Middle East is exerting systemic pressure across Thailand's entire food and beverage value chain (Figure 1). The impact begins with sharply rising costs and production inputs faced by upstream farmers engaged in crop cultivation, livestock raising, and fisheries, in line with higher crude oil and natural gas prices. This, in turn, creates a domino effect, pushing up raw material procurement costs for businesses in the food and beverage industry. In addition, various players

involved in the food production chain must also contend with significantly higher fuel and energy costs, as well as transportation and logistics costs, since the outbreak of the war in the Middle East. This does not yet include the rising cost of food and beverage packaging, particularly plastic packaging, which has become more expensive in line with upstream raw material prices linked to energy. On the demand side, rising energy prices and production costs have led to higher inflationary pressure, reducing consumers' real purchasing power and putting pressure on household and service-sector consumption and spending. In addition, the prevailing global economic headwinds have also eroded consumer purchasing power and weakened global demand, thereby stifling overall trade momentum.

Figure 1: The Middle East conflict exerts systemic pressure across the entire food and beverage value chain, from upstream to downstream.



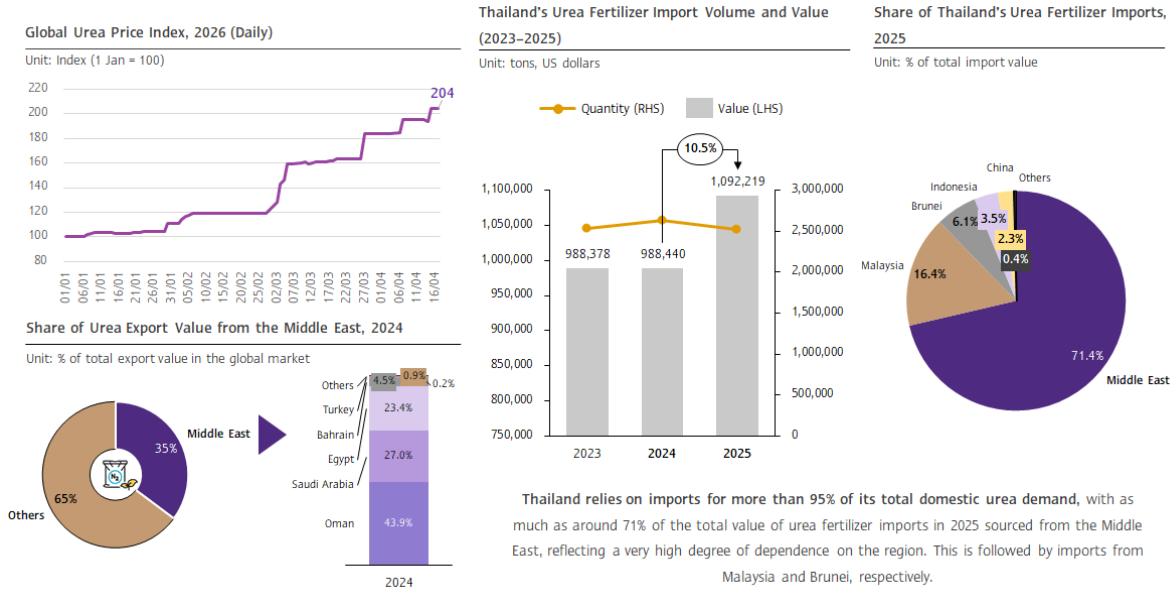
Source: SCB EIC analysis.

The ongoing chemical fertilizer crisis is fundamentally destabilizing food production chain and posing a significant risk to the availability of essential production inputs.

The Middle East is a major producer of chemical fertilizers and one of the world's leading exporters of urea, accounting for more than one-third of the total value of global urea exports (Figure 2), with Oman, Saudi Arabia, and Egypt as the key exporters. Accordingly, when fertilizer supply from the Middle East is disrupted by war, it has a significant impact on fertilizer trade volumes in the global market, as reflected in the global urea price index, which has surged by more than 70% compared with its pre-war level. This situation has significant implications for Thailand, as over 95% of the nation's fertilizer supply is sourced internationally, underscoring a significant exposure to global market shocks. In particular, Thailand's urea supply is strategically vulnerable, as the Middle East accounts for more than 70% of the country's total import value. Although the current increase in fertilizer prices will not affect output in this growing season, as fertilizer has already been applied, the impact on cultivation costs and the adequacy

of domestic fertilizer supply still warrants close monitoring. The persistence of high fertilizer prices risks a downward trend in agricultural productivity in the next growing season, as reduced fertilizer usage may adversely impact both yield and quality of agricultural output.

Figure 2: Thailand relies heavily on imported chemical fertilizers, with a strategic dependency on the Middle East for its urea supply.



Source: SCB EIC analysis based on data from Bloomberg and Trade Map.

Moreover, escalating fertilizer prices also indirectly affect costs in the livestock industry, both through rising costs of cultivating feed crops in line with higher prices of key production inputs such as fertilizer, and through increased import costs for animal feed raw materials from abroad. One example is soybeans, for which Thailand depends on imports for almost all domestic demand, with Brazil as the main source of imports. In this regard, the crisis arising from conflict in the Middle East affects Thailand in three main dimensions: 1) higher transportation costs from Brazil due to increased freight rates and war risk premiums; 2) longer transit times as vessels avoid the Suez Canal and Red Sea corridors, opting instead for a lengthy diversion via the Cape of Good Hope; and 3) sharply higher domestic costs within Brazil itself, including higher soybean cultivation costs for Brazil's next planting season, which are likely to rise in line with fertilizer costs (Brazil imports around one-third of its domestic urea requirements from the Middle East), as well as higher transport costs from farms to ports. These cost increases will drive up soybean prices in the global market and will inevitably affect animal feed costs in Thailand.

Amid these developments, some leading fertilizer-exporting nations have implemented export restrictions or moratoriums of some certain fertilizer products to safeguard domestic supply security and stabilize local price levels. For example, China recently ordered the suspension of exports of phosphate fertilizers, such as DAP and MAP, at least until August 2026, and also suspended exports of compound fertilizers (NPK and other compound fertilizers). In addition, it has restricted urea exports

through a quota system and tightened export inspections in order to reserve fertilizer supplies for the upcoming planting season. Similarly, Russia suspended exports of ammonium nitrate fertilizer for a period of one month (21 March–21 April 2026). These measures reflect growing concerns over the adequacy of fertilizer supply in the global market, which may become more severe in the near future.

Conversely, many fertilizer-importing countries, including Thailand, have accelerated the implementation of response measures to support domestic farmers and mitigate the impact of the ongoing fertilizer crisis. These measures include efforts to secure new import sources (India and Brazil), expedite direct government-to-government fertilizer procurement negotiations with producing countries in the Middle East and ASEAN (the Philippines and Vietnam), and even promote the use of alternative fertilizers, such as organic fertilizers, or the use of biogas to reduce dependence on imported natural gas (Europe and Africa). In Thailand's case, the government has also continued to roll out support measures for farmers. In the short term, these measures focus on reducing cost burdens, such as the fertilizer co-payment scheme, fertilizer price controls, and accelerated negotiations to procure fertilizer from other major producing countries, including China, Russia, and Saudi Arabia. Medium-to long-term measures, meanwhile, focus on promoting the use of tailor-made fertilizers, organic and bio-fertilizers, and precision farming technologies in order to control fertilizer application and improve the efficiency of fertilizer use among farmers.

Beyond agriculture and livestock, the energy crisis is also driving up operational overheads for the fisheries sector, creating a ripple effect on aquatic output and the future trajectory of seafood pricing.

Data from the National Fisheries Association of Thailand indicate that the main cost in the fisheries sector is fuel, which accounts for as much as around 70% of total vessel operating costs. It was found that within approximately one month following the eruption of the Middle East crisis, the price of "green diesel," or diesel fuel for fishing vessels, surged sharply from around 30 baht per liter (price as of February 2026) to a peak of about 50 baht per liter in early April. Escalating fuel prices have forced some fishers, particularly small-scale fishers to suspend operations because they can no longer bear the rising fuel cost burden. To stay afloat, some operators have reduced their transit distances and focused on near-shore fishing, which has directly resulted in lower catch volumes of aquatic products. In addition to directly affecting fishers' incomes, this problem has also reduced the volume of aquatic products supplied to the market and has put upward pressure on seafood prices. Moreover, it has created ripple effects on related businesses in the fisheries industry, such as fish piers, fresh markets, cold storage facilities, seafood processing industries, and the livestock industry (through higher fishmeal prices, as fishmeal—an animal feed ingredient—is mostly derived from marine catches), which may face raw material shortages and experience cascading disruptions to business operations.

Competition for resources across various industrial sectors represents an additional raw material risk that should not be overlooked.

During periods of elevated oil prices or energy crises, certain agricultural commodities tend to be increasingly diverted for use as energy crops or biofuel feedstocks. For example, corn or cassava may be used more extensively in the production of ethanol or biodiesel, leading to competition for resources between the animal feed industry and the energy industry. As a result, the volume of raw materials available to the animal feed industry is likely to decline, thereby contributing to higher prices for such feed crops. Soybeans provide another clear example of this resource competition, as they can be separated and processed for use across a wide range of industries, including food, animal feed, and energy. Accordingly, when global crude oil prices rise, major producing countries such as Brazil or the United States may have greater incentives to use soybeans for biodiesel production in order to reduce oil imports. This would affect the volume of soybeans supplied to the animal feed industry and the industry producing refined palm oil for consumption.

Simultaneously, stakeholders across the food and beverage value chain must navigate intensifying pressure from energy overheads alongside escalating transportation and logistics expenses.

Elevated energy and utility costs are set to drive a significant spike in the overall production overheads for F&B enterprises, with particularly significant effects on businesses with high energy intensity. These include food and beverage processing plants that require heating systems for sterilization, pasteurization, and food processing, as well as food processing plants that rely on cooling systems for freezing or temperature control in order to preserve the quality of raw materials or finished products. In addition, machinery and cooling systems in food and beverage factories also require diesel fuel or fuel oil, making energy costs unavoidably subject to fluctuations in global crude oil prices.

Concurrently, the rise in crude oil prices is driving a proportional increase in transportation and logistics outlays across the sector, whether for transport from cultivated areas, livestock farms, or fish landing sites to fresh markets or processing plants, or from processing plants onward to distributors. This also includes higher freight charges, war risk insurance premiums, as well as additional fees and other hidden costs arising from the war, and even additional expenses from rerouting shipments to avoid high-risk areas. In this regard, chilled and frozen food products, as well as fresh food products with high perishability, are likely to be the most affected, as they depend on temperature-controlled transport systems and the continuity of logistics operations. If transportation times become longer or are delayed, both shipping costs and product quality may be adversely affected. Exporters therefore need to plan transportation routes carefully in order to prepare for increasingly unpredictable shipping lead times.

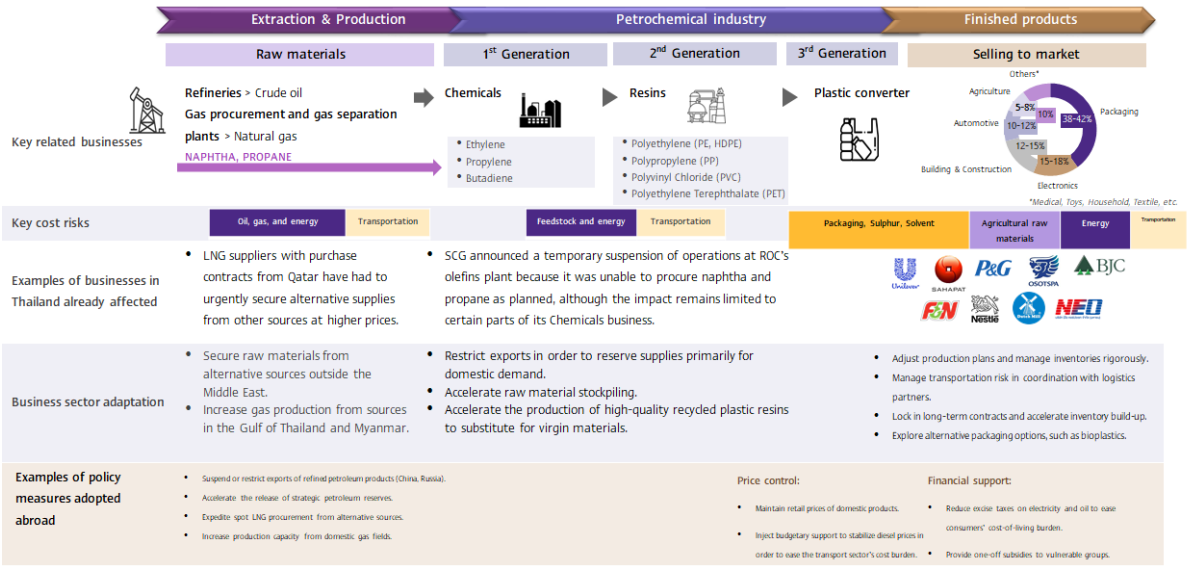
Moreover, the conflict in the Middle East has also led to shortages of upstream raw materials used in plastic resin production, causing the cost of plastic packaging for food and beverages to rise sharply and creating the risk of shortages should the war become prolonged.

The war in the Middle East has caused shortages of key feedstocks for the upstream petrochemical industry, such as naphtha and propane, in the global market due to supply disruptions, thereby creating knock-on effects for the plastic packaging industry (Figure 3). Part of this problem has resulted from attacks on major natural gas production sources, including the South Pars field (the largest gas field in the world) and gas fields in Qatar, which are upstream sources for the petrochemical industry, as well as damage to the Juaymah export terminal in Saudi Arabia, one of the world's largest export points for propane and butane, forcing a temporary suspension of shipments. In addition, restrictions on navigation through the Strait of Hormuz, a key shipping route, have disrupted the supply of upstream raw materials from the Middle East, preventing exports to petrochemical plants in Asia, including those in Thailand.

The escalating supply shock is precipitating a sharp disruption throughout the olefin and plastic resin production chains, which produce key raw materials for the packaging industry, and has generated broad downstream effects on industries that rely on such plastic packaging, including the food and beverage industry, one of the principal users. In addition to being affected by higher packaging costs, these industries may also face the risk of plastic packaging shortages, particularly plastic films used for packaging pouches and plastic resins used for molding various types of bottles.

The surging price of food-grade plastic resins has emerged as a primary concern for Thailand's major food and beverage producers, particularly PE, PP, and LDPE, which have increased considerably compared with their average price levels in February (pre-war). This is compounded by the relatively limited raw material inventories currently on hand, with some manufacturers holding only around 20–30 days of buffer stock. As a result, some have had to partially reduce production capacity to align with available raw material volumes, or adjust production plans by prioritizing best-selling flavors or products in order to mitigate risks to business revenue and financial liquidity. In response to the shifting economic landscape, some firms have indicated a phased implementation of price increases from April 2026 onward to reflect escalating input costs.

Figure 3: The Middle East conflict is affecting the supply chain of the plastic packaging industry and creating downstream impacts across a wide range of industries, including the food and beverage industry.



Source: SCB EIC analysis

Beyond the dimension of escalating cost, the conflict in the Middle East is also intensifying the vulnerability and fragility of global food security landscape

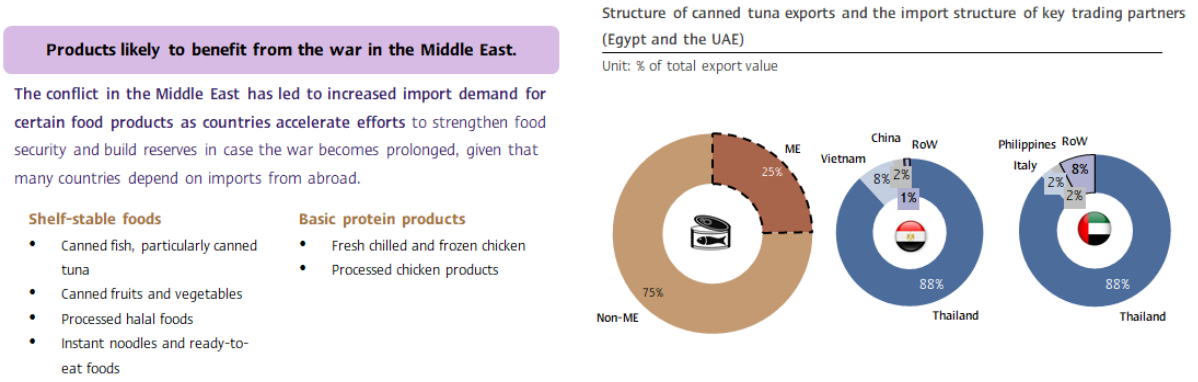
At present, many countries have begun announcing suspensions of agricultural and food exports in order to strengthen domestic food security amid a war situation that is likely to become prolonged. For example, Iran has announced an indefinite suspension of exports of "all agricultural and food products" in order to reserve resources for domestic use during wartime. Kuwait has temporarily suspended exports of "food consumer goods" in order to manage domestic price levels and prevent shortages. Pakistan has suspended wheat exports to control domestic stock levels, while Russia has restricted the outflow of goods by imposing high export duties on barley, corn, and wheat. These measures further aggravate disruptions to shipping routes and logistics systems, leading to reduced or insufficient food supply in the market and giving rise to soaring food prices. This, in turn, would significantly affect the cost of living of vulnerable consumers, particularly in countries that are net food importers.

On the contrary, certain food products—particularly those in categories where Thailand already has strong competitiveness in the global market—are likely to benefit from this crisis.

Although the economic slowdown and the prospect of accelerating inflation are likely to weigh on consumption of certain food and beverage products—particularly discretionary items such as seafood, high-priced meat, and alcoholic beverages—some food products are, conversely, likely to benefit from this war. The conflict in the Middle East has increased import demand for certain food products in order to strengthen food security, particularly food items with a long shelf life, such as canned foods—especially

canned tuna, in which Thailand is highly competitive in the global market and for which Middle Eastern markets rank Thailand as their leading import source—canned fruits and vegetables, processed halal foods, as well as semi-prepared foods and ready-to-eat products such as instant noodles, ready-to-eat meals, dried foods, and biscuits that provide high energy and protein. Demand has also increased for low-cost basic protein products such as chicken, as many countries, including those in the Middle East, are accelerating imports for the purpose of enhancing food security and build reserves for emergency consumption.

Figure 4: Certain food products may benefit from the Middle East war, particularly canned tuna, in which Thailand has strong competitiveness in the global market and for which the Middle East relies primarily on imports from Thailand.



Source: SCB EIC analysis based on data from the Ministry of Commerce and Trade Map

Therefore, Thai businesses should accelerate proactive adaptation in order to seize opportunities amid this crisis, so as to maximize potential gains and reduce risks arising from the war in the Middle East.

This includes planning and managing transportation routes and logistics to avoid strategic high-risk areas such as the Strait of Hormuz or the Red Sea. Businesses may consider land bridge routes or shipping goods to ports outside the conflict zone, such as Jebel Ali Port in Dubai instead (if access remains possible). This should be accompanied by advance booking of cargo space and shipping lines, as well as the use of long-term contracts to lock in freight rates that are likely to rise, together with war risk insurance to help ensure that goods and export revenues are well protected in the event of unforeseen incidents.

In addition to managing transport routes and logistics, exporters may also consider diversifying risk by increasing the share of exports to destination markets that are closer to Thailand or offer greater safety, such as export markets within ASEAN itself, which, although facing lower war-related risk, may likewise see rising demand for food stockpiling. Businesses may also explore opportunities to export food products to replace supplies from certain Middle Eastern countries that have suspended food exports during

this period. At the same time, they may **consider adjusting food and beverage packaging through packaging innovation** in order to reduce dependence on plastic resins that are at risk of shortage and shift toward other types of packaging, such as glass, paper, or even domestically produced bioplastic packaging as a substitute. In addition to reducing dependence on crude oil, such measures would also help businesses manage packaging costs more effectively and reduce volatility arising from external factors, while also supporting value creation for Thai agricultural products and reducing environmental problems.

Although the conflict crisis in the Middle East is having significant structural impacts on Thailand's food and beverage industry as a whole, the situation is, conversely, also creating strategic opportunities for Thailand to expand its export markets as the "Kitchen of the World" and as a producer of secure and safe food, while also upgrading halal-standard products for the global market. Businesses therefore need to accelerate adaptation through the application of precision agriculture to reduce dependence on imported inputs such as fertilizer, as well as through the transition toward sustainable bioplastic packaging and more efficient and resilient supply chain management. These measures will not only help reduce costs, but also support food security and foster sustainable growth in Thailand's agricultural and food industries.

Author

CHOTIKA CHUMMEE (chotika.chummee@scb.co.th)
MANAGER AGRICULTURE AND MANUFACTURING INDUSTRIES

———

INDUSTRY ANALYSIS

YUNYONG THAICHAROEN, Ph.D.

Chief Economist and Sustainability Officer

PRANIDA SYAMANANDA

HEAD OF INDUSTRY ANALYSIS

CHOTIKA CHUMMEE

MANAGER AGRICULTURE AND MANUFACTURING INDUSTRIES

TITA PHEKANONTH

SENIOR ANALYST

JIRAPA BOONPASUK

ANALYST

CHAYANIT SOMSUK

ANALYST

How satisfied are you with this analysis?

YOUR OPINION IS IMPORTANT TO US

Please take a 7-question survey to help improve SCB EIC's analysis

Click to take the survey

SCB EIC

"Economic and business intelligence for effective decision making"

ECONOMIC INTELLIGENCE CENTER

Siam Commercial Bank

In-depth:
Economics Indicators

Impact:
Business Briefs

Update:
Stories that Matter

Stay connected
Find us at

LINE @scbeic

www.scbeic.com